Health Research Authority

Health Research Authority
Annual Report and Accounts

For the 9 Months to 31 December 2014

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1.0 The Health Research Authority: Making a Difference

The Health Research Authority (HRA) was a Special Health Authority (SpHA) established on 1 December 2011 and remained a Special Health Authority during the period covered by this annual report. Its purpose is to protect and promote the interests of patients and the public in health research. This is accomplished by supporting and promoting a robust and efficient regulatory and governance framework in the UK.

Our vision and ambition is to develop an organisation that is:

- Driven by our key purpose of protecting and promoting the interests of patients and the public in health research;
- Underpinned by our leadership in creating a streamlined and efficient framework for the approval and management of research; and
- With success acknowledged by key stakeholders, as well as seen through improved approval times, increased numbers of research participants, and greater confidence in health research.

We will work with all the relevant partners to help create an environment where:

- Greater numbers of patients and the public can and do take part in health research, and continue to feel safe when they do;
- Applying to do research is simpler, and getting a decision is quicker and more predictable;
- Researchers find it easier to do high-quality, ethical research;
- Commissioners and providers in the NHS appreciate how health research benefits patients and staff;
- Industry sees the UK as a great place to do health research;
- More money from charities and other research funders goes into carrying out research, and less into getting through unnecessary hoops before it starts; and
- Clinical trials get registered and research results get published.

On 1st January 2015 the HRA became a Non Departmental Public Body (NDPB) established under the Care Act provisions of 2014. The timing of this change in status is the rationale behind presenting an Annual Report for the nine month period 1st April 2014 to December 2015. The next HRA Annual Report as a NDPB will be for the 15 month period from 1st January 2015 to 31st March 2016.

As a NDPB the HRA's main purpose will continue to be to protect and promote the interests of patients and the public in health research, though the remit will be broadened to include social care. Important new roles will additionally be acquired to assume responsibility for the publishing of guidance on the good management and conduct of research from the Department of Health and to further promote transparency in research.

The key benefits of being a statutory NDPB include increased independence from central government, a greater ability to maintain impartiality, continued transparency in its objectives and communications, and longer-term protection from dissolution (it would require statute to dissolve the NDPB). As a statutory body, the newly constituted HRA will not be required to act under direction of the Secretary of State for Health as it is directly accountable to Parliament. It will however continue to work in accordance with the Framework Agreement with the Department of Health.

2.0 Strategic Report

2.1 Our Strategic Objectives

i. Strategic Direction

Our overall strategic goal is to make the UK a global leader for health research.

We will work with a wide range of partners to help create an environment where more money invested in research goes into carrying out relevant, good quality research that is registered and published. To achieve this we will deliver the following strategic aims:

- Leading improvements that make it easier to conduct good quality research in the UK;
- Improving efficiency and effectiveness of systems, and of advice and guidance;
- Building and consolidating productive relationships with public and professional stakeholders;
- Having a skilled, dedicated and motivated workforce and HRA volunteer committee members; and
- Ensuring the HRA is managed and governed effectively, and provides value for money to the tax payer.

We will help increase public participation in research by continuing to ensure it is explained well, conducted safely, and to appropriate ethical standards including registration and publication of trial results.

We have committed to a range of actions to improve transparency in health research. We require that clinical trials are registered as a condition of a favourable ethical opinion and we publish the summary and ethical opinion of health research approved by the HRA in England. The HRA recognises that transparency of research is essential so that participants and patients are protected from unnecessary research and patients benefit from improved outcomes and care informed by high quality research.

We will aim to make the approval and management of health research even simpler and more efficient to help attract global research to the UK. This, in turn, will help speed up the adoption of proven new treatments.

We will reduce bureaucracy within the framework for the approval and management of research in the UK to ensure a greater proportion of research funds are used for direct research purposes to inform improvements to patient treatments and care.

ii. Implementing the Strategy

Streamlining Research

We have a set out an ambitious programme of work to improve the framework and processes for the approval and management of health research in the NHS. Many of the projects involve collaboration with partners, and some are led by them. We work closely with other bodies, including the NIHR (National Institute for Health Research) and MHRA (Medicines and Healthcare Products Regulatory Agency), to provide proportionate and effective processes for approving research and with colleagues in the Devolved Administrations to provide a UK wide system for research. We also promote proportionate standards within a consistent national system of research governance. Regular updates on progress are available on our website and newsletter.

Transparency

Our plans to promote transparency in research will provide important reassurances to the public, and are part of our duty to support good quality, ethical research. These include the registration of clinical trials as a formal condition of Research Ethics Committee (REC) approval (from September 2013), working with partners to understand what is meant by publication, and developing standards for publication to ensure findings are available for participants, patients and the public, researchers, clinicians and commissioners of health care.

We publish a summary and the ethical opinion of every health research project conducted in England that requires HRA ethical approval.

Given the support for our transparency agenda, we expect that the vast majority of researchers, sponsors and funders will embrace the plans. In implementing our plans we have been mindful of our ambition to make it easier to do good quality research in the UK and have set out sensible and proportionate measures to increase transparency and increase confidence in UK-based research.

Protecting the interests of the Public

The HRA has responsibility for the 68 NHS Research Ethics Committees (RECs) in England, and works with colleagues in the Devolved Administrations to provide a UK wide service working to HRA Standard Operating Procedures (SOPs). RECs meet regularly to consider UK wide applications for new research projects each year. The HRA is also responsible for the Gene Therapy Advisory Committee (GTAC), which reviews gene and stem cell therapy clinical trial applications from an ethical perspective.

The HRA, through its independent Confidentiality Advisory Group (CAG), provides advice about appropriate use of confidential patient information without consent in the NHS for research, and for other purposes, such as commissioning. The HRA is responsible for approving access in research and for advising the Secretary of State for purposes outside of research.

As well as protecting the public interest through our system of RECs and the CAG, the HRA oversees TOPS (The Over-Volunteering Prevention System), to prevent healthy volunteers from taking part too often in trials of new medicines.

Working with Devolved Administrations

Whilst the HRA's remit covers England, we work closely with the devolved administrations in Scotland, Wales and Northern Ireland to provide a UK wide ethics service and support UK-wide compatibility for the governance and management of research.

The HRA provides the Integrated Research Application System (IRAS) on behalf of partners, including the devolved administrations.

2.2 History

There have been some significant milestones leading to the establishment of the HRA. Some of the key points in this history are:

- The formal establishment of research ethics committees in the National Health Service in England in 1991, following the publication of Department of Health guidance HSG(91)5 (known as 'The Red Book');
- The establishment of multi-centre research ethics committees (MRECs) in 1997, following the publication of Department of Health guidance HSG (97)23;

- The establishment of the Central Office for Research Ethics Committees (COREC) in 2000;
- The publication of Governance Arrangements for NHS Research Ethics Committees (GAfREC) in July 2001;
- The provision of a single UK-wide ethical opinion, following the implementation of version 1.0 of the Standard Operating Procedures for RECs in the United Kingdom on 1 March 2004;
- The implementation of the EU Clinical Trials Directive 2001/20/EC on 1 May 2004 'Building on Improvement' plan to deliver the ideas on REC operation and the interfaces with other research approvals processes set out by the advisory group chaired by Lord Warner;
- The establishment of NRES on 1 April 2007, which incorporated COREC and NHS RECs (in England);
- An independent review of medical research regulation and governance by the Academy of Medical Sciences, which reported in January 2011, recommended rationalising research regulation into a new arm's length body;
- The legislation to establish the HRA as a SpHA and provide a new pathway for the regulation and governance of health research was laid before Parliament on 27 September 2011 and the HRA was formally established on December 2011; and
- On 31 March 2013 all functions that advised on the use of confidential patient information without consent, according to regulations made under section 251 of the NHS Act 2006, transferred from the National Information Governance Board (NIGB) to the HRA. To undertake the work, the HRA established the Confidentiality Advisory Group (CAG), replacing the Ethics and Confidentiality Committee (ECC).
- On the 1 January 2015 the Health Research Authority became a NDPB.

2.3 Statutory Basis, Governance and Functions

i. Statutory Basis

The HRA, as a SpHA, was an Arm's Length Body (ALB) of the Department of Health (DH), which operated within a framework agreement with DH and governed by Statutory Instrument (On 1 January 2015 the Health Research Authority became a NDPB). The HRA lays its Annual Report and Accounts before Parliament, and robust public and Parliamentary accountability arrangements are in place between the DH and the HRA to ensure good communication and effective collaborative working between the two organisations. Monthly sponsorship and accountability meetings are held which provide a mechanism for the DH to assure itself of the HRA's delivery of its objectives.

The HRA's key statutory functions are:

- Facilitating and promoting research; and
- It is the Appointing Authority for research ethics committees (RECs) in England, indemnifies their members and provides the National Research Ethics Service.

In discharging these functions it will act economically, efficiently and effectively.

The HRA also has a number of other functions:

- By agreement with the Devolved Administrations, supports a UK-wide system for ethical review in the UK;
- Has an on-going programme of work to shape effective national roles for the HRA within its remit to provide a unified approval process and to promote consistent, proportionate standards for compliance and inspection (also see HRA Assessment and Approval above);
- Works in partnership to coordinate activity with other organisations including the Devolved Administrations, Medicines and Healthcare products Regulatory Agency (MHRA), Human Tissue Authority (HTA), Human Fertilisation and Embryology Authority (HFEA), National Information Governance Board (NIGB), National

Institute for Health Research (NIHR) and Administration of Radioactive Substances Advisory Committee (ARSAC);
- Provides advice and support through an advice service, published guidance, information and training programmes;
- Provides the Integrated Research Application System (IRAS), through which applications for regulatory and governance approvals of health research are made in the UK, and have agreed plans to provide a platform for the unified approval process from IRAS; and
- Through the Confidentiality Advisory Group (CAG), advises on the use of confidential patient information without consent, according to regulations made under section 251 of the NHS Act 2006.

ii. Governance

The HRA as a SpHA was governed by a Board that functions as a corporate decision-making body. The Board was composed of four non-executive directors (including the Chair) and two executive directors (including the Chief Executive). Four further non-voting directors attended the Board:

Chair	Professor Jonathan Montgomery
Non-Executive Directors	Sally Cheshire, Dr Allison Jeynes-Ellis, Julie Stone
Chief Executive	Dr Janet Wisely
Executive Director	Dr Shaun Griffin/ Debbie Corrigan *
Director	Debbie Corrigan *(to May 2014)*
Director	Joan Kirkbride
Director	Tom Smith
Director	Ian Cook
Director	Janet Messer **

* *Change of Executive Director in May 2014*
** *From September 2014*

After the period covered in this report and at the time of its publication, the HRA has been established as a Non Departmental Public Body with the Board composed of five NEDs (including the Chair) and three executive Directors (including the Chief Executive).

The HRA is committed to openness and transparency with Board meetings held in public and Board papers and minutes available on the HRA website.

The HRA Board has established:
- An Audit and Risk Management Committee, which meets quarterly to scrutinise audit services, risk management policy and activity, the annual governance statement, statutory annual accounts and corporate governance arrangements, providing assurance to the Board that the HRA is meeting its statutory and regulatory requirements; and
- A Remuneration Committee to advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and those on Very Senior Manager Terms and Conditions of Service.

To ensure the organisation operates to the highest standards of information governance, Dr. Hugh Davies, HRA Ethics Advisor, was the Caldicott Guardian to October 2014 when Ian Cook, Director of Corporate Services took over, and Stephen Robinson (Corporate Secretary) is the board-level Senior Information Risk Owner (SIRO).

The HRA has an engagement strategy that includes a staff partnership forum and established formal feedback routes for the users of our services. The HRA has commissioned specific projects for patient and public involvement that inform the HRA public and patient involvement strategy.

The HRA was responsible for a revenue expenditure budget of £13.8M (*full year 2014/5*) and 156 (*Dec 2014*) full time equivalent (fte) staff based in London, at the HRA office at Skipton House, and four offices in Bristol, Jarrow, Manchester and Nottingham.

An invaluable contribution to the HRA is made by the 1,000 committee members who voluntarily serve on the 68 National Research Ethics Committees (RECs) and the National Research Ethics Advisors' Panel (NREAP) and the 17 members of the Confidentiality Advisory Group (CAG) and who give their time freely to provide robust and independent ethical review of research proposals and advice to the HRA, research funders, research sponsors and those responsible for managing and conducting research in the UK .

iii. Executive Functions

HRA's Senior Executive team have the day-to-day responsibility of managing the organisation and have specific executive responsibilities to deliver both strategic, operational and tactical objectives and functional, statutory or mandatory requirements. They are accountable, primarily through the Chief Executive, to the Board for delivery.

The HRA's current Executive Management Team (EMT) comprised two executive Directors (Chief Executive and Director of Finance) and four non-voting Directors namely Director of Operations & Approval, Director of Corporate Services, Director of Systems & Development and Director of Quality, Standards and Information. A copy of the HRA's senior management organisational structure is provided at **Appendix A1.**

2.4 Performance

i. Highlights of 2014

HRA Approval Programme and Collaborative Projects

Funding for the HRA Approval Programme was announced at the end of 2013-14, following the successful submission of a business case in October 2013. After an initial phase of recruitment of programme resources, detailed work on the standards and processes for HRA Approval has been undertaken.

In collaboration with Cancer Research UK and the Experimental Cancer Medicine Centres, the standards and process for a single technical pharmacy assurance and ionising radiation assurance as part of HRA Approval has been implemented. The arrangements are being refined and evaluated to inform the subsequent roll-out, with early signs of reduction in duplication of review across sites.

Standards for template agreements and review of legal and practical considerations of studies have been agreed with relevant stakeholders. Detailed exploration of the issues relating to information governance has begun. The process of recruiting staff to HRA to undertake assessments and coordinate the technical assurance has commenced. Working with the NIHR Clinical Research Network and the devolved administrations, a UK-wide process to simplify and streamline the process for protocol amendments has been agreed. HRA has started coordinating the process for studies outside the NIHR portfolio in advance of the full implementation of HRA Approval for all studies.

Alongside the HRA Approval programme, the expectations of sponsorship of research have been explored extensively and work with non-commercial sponsors is developing

toolkits and training to improve standards. With significant input from expert groups, including EQUATOR, the HRA has published for consultation-in-use the first of a suite of protocol templates to improve the standards of these important documents, with the potential in the longer term to reduce form-filling in applying for approvals. An application management service has supported researchers facing particular difficulties under current regulatory arrangements, improving the potential for successful completion of complex and novel research.

Please refer to Section 2.7 (*p18)* for information on future development of HRA Approval.

Research Ethics Committees

The HRA has 68 RECs and has continued to deliver an excellent service to researchers. The London REC office was rationalised with the administrative support for six RECs being moved to other HRA Centres. The change was implemented successfully with no disruption to service, and generated financial savings.

The timelines for Ethical Review in England have continued to improve and the performance within statutory timelines is excellent with good efforts being made to achieve the stretch targets, particularly in relation to processing substantial amendments. Those efforts will continue in 2015. The number of applications reviewed by full committee was 3770 in England (4665 UK wide) and proportionate review applications (low risk applications through sub-committee) 1063 in England (1439 UK wide). The type of applications which can be processed through the proportionate review service was further developed and the use of this service is increasing with applications being reviewed in an average of 10 days. All applications reviewed through the Gene Therapy Advisory Committee have been reviewed within the 60 day target.

The HRA has continued to work with the Phase 1 community to improve the review of Phase 1 studies which are clinical trials of drugs at the first stage of testing in human subjects, normally healthy volunteers. A new advanced training programme including presentations from Phase 1 CROs has been developed and implemented to the REC and wider research community.

A national booking service has been implemented so that researchers need only to dial a single number to book the first available agenda slot within the UK or a meeting of their choice.

Confidentiality Advisory Group

CAG is an expert advisory group appointed by the HRA. CAG members provide expert and independent advice to the HRA on access to confidential patient information for medical research purposes under section 251 of the NHS Act 2006 and the Health Service (Control of Patient Information) Regulations 2002 in line with the Health Research Authority Directions 2013.

The CAG is now firmly established within the HRA. The CAG now meets more frequently, improving the service provision to applicants, and timelines for processing applications continue to improve. Application processes are becoming standardised through the development of standard operating procedures and improved streamlined links have been embedded with Research Ethics Committees. Training to RECs and researchers on the use of personal data in research and the role of the CAG and its processes has been provided throughout the year. All CAG advice and approval decisions continue to be made publicly available on the HRA website and the CAG has strongly supported moves towards improved transparency through its advice recommendations.

The HRA has had the opportunity to comment on the Health & Social Care Information Centre (HSCIC) Code of Practice on Confidential Information and the Department of Health '*Protecting Health and Care Information – A consultation on proposals to introduce new Regulations'*. The HRA is also working with the Department of Health on the development of new Regulations that will set out in statute criteria the CAG will take into account when providing advice so as to ensure greater public confidence in decisions taken by the approval bodies.

Public Involvement

The HRA has made significant progress with work to implement the HRA's public involvement strategy, which was approved by the Board in 2013-14. It has also established our Public Involvement Network, a panel of more than 70 people.

An interactive session on public involvement has been firmly established as the finale to the induction programme for new staff. As well as setting out the important part public involvement plays in health research and the work of the HRA this session also emphasises how important the work of all staff is to patients and the public. The session has been co-produced with Richard Stephens, one of our public contributors, and has been reviewed and improved with him between each induction course. Building on that we have run two interactive all-office video conference sessions on public involvement for staff who started at the HRA before the induction sessions and who wanted to learn more.

The HRA has also started to involve public contributors from our Public Involvement Network in the recruitment of new staff. In 2014-15 this has been done this for one director level post and two deputy director posts. This approach is being built into recruitment policy and processes for senior posts and all staff where public involvement is relevant to the post. A project to develop the public involvement pages of the HRA's web site has also been initiated, working with members of the Public Involvement Network to co-design and co-produce new content, which is scheduled to be completed in June 2015.

The second joint project with INVOLVE to analyse the amount and nature of the public involvement reported in applications for ethical review in 2010 and 2012 has been completed. This showed an increase in the amount of public involvement reported for non-commercial funded studies and commercially funded studies. Work also started to improve the way public involvement is assessed as part of ethical review in order to try to increase the amount and quality of public involvement in health research more widely.

Financial Balance and Budgeting

The HRA remained within agreed revenue, capital cash and resource limits and ensured that budgets were managed throughout the organisation. We achieved this by delivering:

- A published Financial Plan for 2014-15 and agreed budgets being in place;
- Preparations for a strategic 5 year financial plan during the course of the year;
- Financial reports within 4 working days and reporting to the EMT and the Board as agreed; and
- Forecasts which are reviewed monthly through close finance to service partnering.

Quality Assurance

The Quality Assurance Department holds ISO 9001:2008 Certification and has continued to build upon well-established quality principles over the last year. Noteworthy achievements in this area over the last year include:

- Successfully recruiting a small team of trained internal auditors;

- Introducing an electronic Document Management System to record, control, archive and version control HRA policies, procedures, SOPs, and other documents;
- Undertaking internal audits /gap analysis of HRA functions /departments on schedule and in consultation with managers; and
- Having a highly successful ISO 9001:2008 external audit with no observations / non-conformities being raised by BSI, the UK's National Standards Body.

BSI commented (21/07/14): '"The organisation continues to demonstrate commitment to quality and improvements through transparent and comprehensive monitoring, analysis and reporting".

In order to further improve the level of service offered by the HRA, the QA Department is widening the scope of auditing and seeking to further embed quality across the Authority.

Transparency

The HRA continues to recognise that the Transparency agenda is one which is global with a wide range of stakeholders. Within this agenda, the HRA is committed to ensuring that the UK is taking the lead whilst remaining a great place in which to undertake research. Significant progress was made over the year in many areas including:

- Refreshing the HRA Research Summaries' web pages to create an improved service;
- Since September 2014 requiring the sponsor to declare that all clinical trials approved by a REC since September 2013 have been registered on a publicly accessible registry;
- Receiving almost 200 responses to our call for comment on improving transparency, the vast majority being greatly supportive; and
- Working with Phase 1 CROs in terms of the forthcoming EU Clinical Trial Regulations.

Over the last year, we have responded to consultations / initiatives others have led, such as the WHO consultation on publishing. We have undertaken a small scale audit of publication rates, to be shared during 2015-16 and have publicly committed to the deferral option request for Phase1 studies to be registered continuing until the introduction of the EU Clinical Trial Directives, thus allowing research development whilst protecting the interests of participants.

Advice and Guidance

Notable successes of the past year include:

- Dedicated software to facilitate an improving service to Queries Line has been procured;
- The HRA Queries Line has continued to see and assist increasing numbers of enquiries over the last year.1,287 enquiries were received in the period April – September 2014 (an increase of 38% year-on-year) and 4 out 5 were responded to on the same day as received;
- Put in place a panel to provide decisions on whether projects are managed as research and require NHS REC review; this panel complements the decision tools and provides additional support where decisions are not clear-cut;
- HRA has developed guidance for those working in regenerative medicine and has partnered with the Medicines and Healthcare Products Regulatory Agency (MHRA), the Human Tissue Authority (HTA) and the Human Fertilisation and Embryology Authority (HFEA) to deliver a one stop shop for regulatory advice for regenerative medicine studies; and
- Launched the final, definitive version of the web-based guidance for consent and participant information sheets and worked with the National Institute for Health

Research (NIHR), the Medical Research Council (MRC) and others to develop training to complement the online guidance.

Estates Strategy

A detailed review of the HRA estates footprint and space utilisation was undertaken and following consideration of a number of options a medium term estates strategy was agreed by the board as follows:

- To maintain the current 5 geographic office locations in the medium term (3 years) whilst focus is maintained on delivering HRA Approval and its implementation and acceptance;
- HRA adopting the industry standard of 8 desks to 10 staff ratio; and
- To achieve this by March 2016 if not sooner.

HARP and IRAS

HARP (HRA Assessment & Review Portal) was launched to time and budget in spring 2014 to replace the technology for the system that supports the REC review process. This new platform will provide a foundation for the implementation of HRA Approval. During 2014 the procurement and contractual processes for further development of HARP and IRAS were completed, ensuring that HRA is well-placed to implement a series of releases to these systems during 2015-16 that will streamline and simplify the research approvals process.

ii. Performance

The HRA Board reviews progress against delivery of objectives quarterly with the HRA Executive Management Team (EMT) reviewing progress bi-monthly, and the Senior Management Committees (SMCs) monthly. To support these processes, a performance management framework has been developed to report progress against each objective.

The HRA has a set of operational measures that it monitors closely to determine and demonstrate progress against key objectives. Each director is responsible for managing and measuring performance against objectives and will have detailed metrics to inform the reports scrutinised by the Executive Team and Board. The HRA recognises that these indicators can provide core components of an overall measure of its performance, but that success in many areas is much more than a simple quantitative measure. Success is that the HRA has delivered outputs that have led to tangible improvements that are realised and valued by stakeholders including patients and the public, researchers, others involved in the regulation and management of research in the UK and other key stakeholders and opinion leaders. So we are making judgements about our ultimate ambition to make the UK a great place to do health research and to build patient confidence in health research.

The HRA has set out key performance indicators for each high level business objective, together with the component measures that will be used to make judgements on the successful improvement and delivery of these indicators.

Individual staff objectives that complement and reflect these organisational objectives are developed during the Appraisal process and monitored during regular 1-1s between staff and line managers.

HRA Approval

- The HRA aims to implement HRA Approval across all study types by the end of 2015, using a phased approach by study type. The timing of each cohort will be confirmed following a review of the implementation of the previous cohort. Discussions with the devolved administrations are underway to ensure that a compatible UK-wide system for researchers continues. The HRA acknowledges the importance of ensuring that the pace of implementation of HRA Approval takes account of the need to maintain UK-wide compatibility.

- Following the welcome, but late, announcement of the funding for the business case in March 2014, the programme plan and staff recruitment were revised. This has ensured that the plan retains the potential to meet the original completion date, whilst adjusting to circumstances.

- A Benefits Realisation Plan has been developed, supported by input from stakeholders. A number of funders have indicated willingness to analyse the impact of implementation of HRA Approval. Data on efficiencies relating to technical assurances are being collated. Possible local metrics have been discussed in a wide variety of forums, although responsibility for performance management of NHS organisations will remain with the Department of Health and the NIHR Clinical Research Network.

Key Performance Indicators

The HRA's headline achievements for performance against Key Performance Indicators up to December 2014 are set out below:

Ethical Review

The Operations Directorate is responsible for ensuring that key statutory targets are met in relation to the ethical review process. A summary of performance is included in the table below:

Mandatory targets	Comment
95% of applications to full research ethics committee meetings to receive final decisions within 60 calendar days	Exceeded or met for each month
95% of amendments on approved applications submitted to research ethics committee meetings to receive a decision within 35 calendar days	Exceeded or met for each month

To note that 100% of research summaries and REC opinion being published within 90 days of a favourable opinion has also been met

Stretch targets (locally determined by the HRA)	Comment
95% of applications to full research ethics committee meetings to receive final decisions within 40 calendar days	Has increased from 86% in April 2014 to 91% in December 2014
95% of amendments on approved applications submitted to research ethics committee meetings to receive a decision within 28 calendar days	Met for six out of the twelve months and achieved an overall average performance of 94.33%

Confidentiality Advisory Group

The HRA, through its independent Confidentiality Advisory Group (CAG) processes applications on the use of confidential patient information without consent in the NHS for research, and for other purposes.

Target	Comment
CAG/CAT – 75% of full applications to be processed in 60 days	Exceeded for each month
CAG/CAT 75% of Precedent Set review applications to be processed in 30 days	Exceeded or met target for period July 2014 - Dec 2014

System availability

Target	Comment
All systems to achieve agreed contractual availability targets	Met for all systems each month

Response to requests/complaints

Target	Comment
100% of all FOI requests (valid and invalid) acknowledged and additional clarification sought within 10 working days (Quarterly report)	Met for each quarter
100% of valid FOI requests to receive final response within 20 working days of receipt (where qualified exemption does not apply) (Quarterly report)	Met for each quarter
90% of requests for advice met in 4 working days (excluding complex /HRA Approval enquiries) [recognising the unknown nature at this time]	Exceeded for each month
Responding to complaints within 25 working days or if longer, by keeping the complainant fully informed.	Met for last two quarters

Finance

Target	Comment
95% of all invoices to paid within 30 days (BPPC Target)	Exceeded for each month
95% of value of all invoices paid within 30 days	Exceeded or met for period September 2014 – December 2014

50% of all invoices to be paid within 10 days (HRA Target)	Exceeded or met for eight out of nine months
50% of value all invoices to be paid within 10 days (HRA Target)	Exceeded for each month

It is worth noting that, overall, December 2014 represented the best performing month for the operations team

2.5 Employees

i. Analysis

2014 (as at 31/12/14)	Male	Female	Ethnicity	Disability	Age Range
On payroll	41 26%	115 74%	23 of those declared (Non White British)	5.6% of those declared	Under 20 = 1 (<1%) 20 – 29 = 35 (22%) 30 – 39 = 45 (29%) 40 – 49 = 35 (22%) 50 – 59 = 31 (20%) 60 and above = 9 (6%)

NB: percentages are of all staff

	Male	Female	Total
Directors	3 (43%)	4 (57%)	7
Other Senior Managers	11 (35%)	20 (65%)	31
Employees	27	91	118

ii. Equal Opportunities

The HRA is committed to ensuring that all its practices are carried out in a fair, reasonable and consistent manner and will promote human rights and equality and diversity and will not discriminate against any staff, potential staff, members, partners, service users or anyone that deals with the HRA in any way.

The HRA's Equality Policy is at the heart of enabling it to deliver its core values. Through implementation of the policy, the HRA will ensure that commitment to fairness and equality is evident at every level throughout the organisation and that everyone is treated fairly, reasonably and consistently regardless of background or personal characteristics.

The HRA will promote equality and integrate an anti-discriminatory approach into all areas of its work. It will ensure that barriers to accessing services and employment are identified and removed, and that no person is treated less favourably on the grounds of their race, ethnicity, religion or belief, age, gender, marital status, trans status, disability, sexual orientation, mental health status, caring responsibilities or socio-economic background.

The HRA recognises the importance of this policy in both the employment relationship and service provision, and will reflect these commitments in all HRA policies.

Anyone that deals with the HRA will receive equitable treatment whether they are staff, members, receiving a service, providing a service, tendering for a contract or any other relationship and the HRA will uphold the Human Rights of all service users, staff and anyone else with a relationship to it. These include practices that reflect the principles of the right to a fair trial, respect for private and family life and freedom of thought, conscience and religion.

2.6 Sustainability Report

Whilst the HRA may potentially be exempt from formal reporting on a number of Greening Government Commitments as it has less than 250 FTE, it has already demonstrated its commitment to the sustainability agenda. Since its establishment in December 2011 it has reduced the number of its regional offices from seven to five, introduced video conferencing in its remaining offices to reduce the need to travel and developed policies that ensure HRA staff consider the necessity of travel before doing so.

It is also currently in the process of implementing an estates strategy which is committed to the government standard of eight desks to ten staff as well as offering opportunities for an enhanced level of flexible working which will reduce the number of trips to and from the office .

During 2015-16 it will also be moving towards an increasingly paperless approach of its main operational function of reviewing Health Research Applications (c 6000 p.a.). The aim is go from receipt of application to final review without the necessity to print documents for all REC members. The pilot phase has commenced and this will inform a future more comprehensive roll-out. From 1 May 2014 applicants were able to submit their documentation directly from IRAS to our HARP database. We are continuing to roll out the electronic review of papers and with effect from late March 2015 the member portal on HARP will be available to all REC members to use if they wish.

The HRA realises it has a real responsibility for ensuring sustainability remains a fundamental principle of how it does it business and is committed to capture the data* it is able to during 2015-16 to determine a baseline from which it can effectively measure progress.

** Data related to energy, waste and water is very difficult to access as we are tenants in shared accommodation in each of our offices*

2.7 Key Future Developments

i. HRA Approval

HRA Approval will provide a single system for all studies in England, replacing the current separate systems for ethical review and NHS permissions with an integrated process and single approval that provides assurance to researchers and to organisations hosting research. Following the award of funding at the beginning of 2014-15, the HRA has recruited resources, agreed standards and developed the detailed plans for the programme. Full implementation of HRA Approval will significantly reduce the complexity of the approvals process for academic and industry research.

The controlled roll out of HRA Approval by study type will take place during 2015. Each phase will be announced in time to allow others to prepare to adopt HRA Approval. Each phase is dependent on the success of the previous phase and will not be announced until the previous phase has been initially tested. Process flows will be tested to inform the required information system specification. This careful approach is essential to maintain confidence in the process and to avoid local preparation against dates that subsequently

change. It will also ensure the information system specifications are driven by the informed testing of process flows so we create a system platform that maximises the efficiency of the new Approval programme in the NHS. The initial shadow testing on old studies is in progress and the launch date for the first live implementation will be announced early in 2015. The ambition is to complete roll out for all study types by the end of 2015.

ii. Establishing Principles for Good Research

On becoming an NDPB on the 1st January 2015, we acquired a new responsibility from the Department of Health for issuing guidance for research in England, in place of the Research Governance Framework (RGF).

The RGF was last updated in 2005 and the HRA and Devolved Administrations have committed to fundamentally review the framework with the ambition of having a single UK wide framework for research. The framework is relevant not only to researchers but also to those who participate in research and the wider public to help ensure principles for good research are understood and followed.

Health research by its nature can contain an element of risk, which must be minimised and mitigated against. It is essential to ensure suitable governance measures are in place to make sure the public benefit from, and have assurance in, good quality research in health and social care. We are working on projects to understand the level and impact of these risks, and to see whether there is a difference between this actual level and the risk perceived by researchers and their organisations.

Several projects are already underway to better understand issues with the current document. This work is overseen by a steering group involving stakeholders (including representatives of each of the Devolved Administrations). We will be seeking comments on the reports resulting from this work, this process being completed in early summer 2015. This allows time to draft the framework of principles for good research, ahead of the Care Bill's enactment.

Janet Wisely
Chief Executive
Health Research Authority
15 June 2015

3.0 Directors' Report

3.1 Governance

The HRA was established in December 2011 by Statutory Instrument signed by the authority of the Secretary of State for Health:

"This Order provides for the establishment and constitution of a Special Health Authority under section 28 of the National Health Service Act 2006 to be known as the Health Research Authority ("the Authority") to exercise such of the Secretary of State's functions in connection with the facilitation and promotion of research and the establishment, and appointment of members to, Research Ethics Committees, and such other functions, as the Secretary of State may direct".
From the Explanatory Note to The Health Research Authority (Establishment and Constitution) Order 2011

The HRA's relationship with the Department of Health acting on behalf of the Secretary of State, is regulated by a Framework Agreement that sets out the respective roles and responsibilities of each party, the shared principles that underpin the relationship and the arrangements for ensuring that the Department is able to discharge its responsibilities as sponsor and in relation to accountability. It also explains the HRA's governance arrangements as well as clarifying the lines of accountability for its performance.

As an arm's length body, the HRA works in close partnership with the Department to deliver its objectives. Whilst the HRA is responsible for its operational decisions and the way in which it discharges its functions, the Framework Agreement helps to describe how the Department will assure itself of the Health Research Authority's performance without interfering in its day-to-day decision making.

The Department's Research and Development Directorate act as Sponsors for the HRA and provide assurance to the Department's Permanent Secretary and the Secretary of State that it is meeting its obligations.

As detailed in the Strategic Report (see 2.3.ii Page 9), the HRA is governed by a Board that functions as the corporate decision-making body and comprises of a Chair, three Non-Executive Directors, two Executive Directors (one of which is the Chief Executive) and four non-voting Directors. Also as detailed the HRA Board has established:

- An Audit and Risk Management Committee which provides assurance to the Board that the HRA is meeting its statutory and regulatory requirements; and
- A Remuneration Committee to advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and those on Very Senior Manager Terms and Conditions of Service.

The Chief Executive, the Executive Director and the non-voting Directors comprise the Executive Management Team (EMT) who are charged with the day to day responsibility for managing the organisation and delivering the strategic and business plan objectives set by the Board.

3.2 Pension Liabilities

Past and present employees of the Health Research Authority are covered by the provisions of the NHS Pensions Scheme. Note 3.2 of the accounts presents how pension liabilities have been treated.

3.3 Declaration of Interests

The HRA maintains a formal register of Board member's interests as set out in the Code of Accountability for the NHS. Board members are asked to confirm any declarations of interest at each Board meeting and at any time that changes take place. This includes any interests in relation to specific items on a Board agenda. Board members are also asked to declare any spouse / partner interests. The register, showing current declarations made by the Board, is updated on a regular basis and made available to the public on the HRA website at: http://www.hra.nhs.uk/wp-content/uploads/2013/06/HRA-Board-Declaration-of-interest-register-for-website-April-2014.pdf

3.4 Remuneration to Auditors

The accounts have been prepared according to accounts direction of the Secretary of State, with approval of HM Treasury. The accounts have been audited by the Comptroller and Auditor General in accordance with the National Health Service Act 2006 at the cost of £33,000. The audit certificate can be found on page 42.

So far as the Chief Executive is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Chief Executive has taken all the steps that they ought to have taken to make them aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

3.5 Sickness Absence

Statistics Produced by hscic from ESR Data Warehouse		Figures Converted by DH to Best Estimates of Required Data Items		
Quarterly Sickness Absence Publications	Monthly Workforce Publication			
Average of 12 Months (2014 Calendar Year)	Average FTE 2014	FTE-Days Available	FTE-Days Lost to Sickness Absence	Average Sick Days per FTE
2.6%	132	29,931	788	5.9

Source: hscic - Sickness Absence and Workforce Publications - based on data from the ESR Data Warehouse
Period covered: January to December 2014
Data items: ESR does not hold details of normal number of days worked by each employee. (Data on days lost and days available produced in reports are based on a 365-day year.)
The number of FTE-days available has been estimated by multiplying the average FTE for 2014 (from March 2014 Workforce publication) by 225.
The number of FTE-days lost to sickness absence has been estimated by multiplying the estimated FTE-days available by the average sickness absence rate.
The average number of sick days per FTE has been estimated by dividing the estimated number of FTE-days sick by the average FTE.
Sickness absence rate is calculated by dividing the sum total sickness absence days (including non-working days) by the sum total days available per month for each member of staff).

3.6 Personal Data Related Incidents

No significant personal information incidents have occurred throughout 2014 resulting in a submission to the Information Commissioner. There have been fourteen minor breaches (the majority comprising of e-mails sent to wrong address) which have all been investigated and appropriate action taken.

3.7 Financial Instrument

Financial instruments relating to the HRA can be found in Note 18 of the accounts Page 63.

Janet Wisely
Chief Executive
Health Research Authority
15 June 2015

4.0 Remuneration Report

4.1 Sub Committees

There are two sub-committees of the HRA Board: Audit and Risk Committee and Pay and Remuneration Committee (See also 2.3.ii.).

4.2 Pay and Remuneration

The Chairman and Non-Executive Board members are remunerated in line with DH guidance that applies to all NHS bodies. Details of the senior managers' remuneration are given below. Pay for one Executive is set and reviewed in line with the DH guidance 'Pay Framework for Very Senior Managers in Strategic and Special Health Authorities, Primary Care Trusts and Ambulance Trusts' (VSM). Senior managers employed under the VSM framework are under stated contracts of employment as set out by NHS Employers.

Pay for the other Executives employed and contained in the report is set and reviewed in line with Agenda for Change terms and conditions. There is 1 member of the Executive Management team, Shaun Griffin, who was not directly employed by the HRA.

	Salaries and Allowances			
	9 months to 31 December 2014			
Name and Title of Directors	**Salary (bands of £5,000)**	**Performance related bonuses (bands of £5,000)**	**All Pension related benefits (bands of £2500)**	**Total (bands of £5,000)**
	£000	**£000**	**£000**	**£000**
Non-Executive Directors				
Jonathan Montgomery, Chairman	30-35	0	0	30-35
Sally Cheshire, Non-Executive Director and Audit Chair	5-10	0	0	5-10
Allison Jeynes-Ellis, Non-Executive Director	5-10	0	0	5-10
Julie Stone, Non-Executive Director	5-10	0	0	5-10
Directors				
Janet Wisely, Chief Executive	90-95	0	7.5 - 10.0	100 - 105
Deborah Corrigan, Director of Finance (Note 4)	50-55	0	22.5 - 25.0	70 - 75
Joan Kirkbride, Director of Operations	65-70	0	2.5 - 5.0	70 - 75
Tom Smith, Director of Quality, Standards and Information	45-50	0	20 .0 - 22.5	65 - 70
Ian Cook, Director of Corporate Services	60-65	0	0	60 - 65
Shaun Griffin, Director of Communication (left 9th January 2015)	25-30	0	See note 2	25-30
Janet Messer, Director of Systems & Development (from 15th September 2014)	20-25	0	10.0 - 12.5	30 - 35

Band of Highest Paid Directors Total Remuneration (£000's) annualised	120-125	0 -5		
Median Total	26,822			
Remuneration ratio	4.57			

	Salaries and Allowances			
	2013-14			
Name and Title of Directors	**Salary (bands of £5,000)**	**Performance related bonuses (bands of £5,000)**	**All Pension related benefits (bands of £2500)**	**Total (bands of £5,000)**
	£000	**£000**	**£000**	**£000**
Non-Executive Directors				
Jonathan Montgomery, Chairman See Note (1)	45-50	0	0	45 -50
Sally Cheshire, Non-Executive Director and Audit Chair	10-15	0	0	10 - 15
Allison Jeynes-Ellis, Non-Executive Director	5-10	0	0	5 - 10
Julie Stone, Non-Executive Director	5-10	0	0	5 - 10
Directors				
Janet Wisely, Chief Executive (Note 5)	120-125	5-10	42.5 - 45	170 - 175
Deborah Corrigan, Director of Finance (Note 4)	60-65	0	57.5 - 60	115 - 120
Joan Kirkbride, Director of Operations	85-90	0	62.5 - 65	150 - 155
Tom Smith, Director of Quality, Standards and Information (appointed 3 March 2013)	55-60	0	22.5 - 25	80 - 85
Ian Cook, Director of Business Support (appointed 22 July 2013)	55-60	0	0	55 - 60
Shaun Griffin, Director of Communication	45-50	0	See note 2	45-50
Janet Messer, Director of Systems & Development (from 15th September 2014)	0	0	0	0
Rebecca Stanbrook, Director of Confidential Advice, Section 251 (from 1st April 2013 to 31st December 2013)	30-35	0	See note 3	30-35

Band of Highest Paid Directors Total Remuneration (£000's) annualised	120-125	5-10		
Median Total	25,783			
Remuneration ratio	4.95			

Note (1): Jonathan Montgomery, Chairman was seconded from the University of Southampton until the 30th October 2013 and was remunerated for his role as Chair in line with Department of Health (DH) guidance that applies to all NHS bodies. From the 1st November 2013, he was apppointed onto the Health Research Authority's payroll. The 2013-14 figures above were the amounts earned in the year at both the University of Southampton and the Health Research Authority.

Note (2): Shaun Griffin, Director of Communication, was seconded to the Health Research Authority for two days a week. He was employed by the Human Tissue Authority, who re-charge the Health Research Authority for his services. In the 9 months to 31 December 2014, the HRA has paid the Human Tissue Authority £26,555.70 in respect of his services. (2013-14 paid £34,463.50 and accrued £11,393.07). Details of his remuneration are included in the Annual Report of the Human Tissue Authority.

Note (3): Rebecca Stanbrook, Director of Confidential Advice, Section 251, was seconded to the Health Research Authority for 2 days a week. She was employed by the MHRA, who re-charged the Health Research Authority for her services. In 2013-14, the HRA paid the MHRA £33121.68 in respect of her services. Rebecca Stanbrook, Director of Confidential Advice, Section 251, was in the Civil Pension Scheme and the HRA were unable to obtain her pension details. Rebecca's secondment ended on the 31st December 2013.

Note (4): Debbie Corrigan, Director of Finance, works 3 days a week.

Note (5): Janet Wisely, Chief Executive, other remuneration is in recognition of her individual contribution to the Authority, approved by the Pay and Remuneration Committee in line with the terms and conditions of the VSM framework.

The information in the salary tables above have been subject to audit

The claimed expenses of the Board members are disclosed on the HRA website. There were no other benefits in kind.

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

The remuneration of the highest paid Director in the HRA in the period 01 April 2014 to 31 December 2014 was 4.57 times the median remuneration of the directly employed workforce, which was £26,822. The ratio has decreased slightly compared to the 12 month period to the 31st March 2014.

There were no staff employed by the HRA who received remuneration at a higher level than the highest paid director.

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

Name and Title	Pension Benefits 9 months to 31 December 2014 Real Increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2500)	Total accrued pension at age 60 at 31 December 2014 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 December 2014 (bands of £5,000)
	£000	£000	£000	£000
Janet Wisely, Chief Executive	0 - 2.5	0 - 2.5	25 - 30	80 - 85
Deborah Corrigan, Director of Finance	0 - 2.5	2.5 - 5.0	15 - 20	55 - 60
Joan Kirkbride, Director of Operations	0 - 2.5	0 - 2.5	35 - 40	110 - 115
Tom Smith, Director of Quality, Standards and Information	0 - 2.5	2.5 - 5.0	10 - 15	30 - 35
Janet Messer, Director of Systems and Development (from 15th September 2014)	0 - 2.5	0 - 2.5	5 - 10	25 - 30
Shaun Griffin, Director of Communications, Engagement and Partnerships	Note 1	Note 1	Note 1	Note 1

Name and Title	Pension Benefits 9 months to 31 December 2014 Cash Equivalent Transfer Value at 31 December 2014	Cash Equivalent Transfer Value at 31 March 2014	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension	Total pension entitlement at 31 December 2014 (Bands of £5,000)
	£000	£000	£000	£000	£000
Janet Wisely, Chief Executive	486	452	22	0	110 - 115
Deborah Corrigan, Director of Finance	327	293	26	0	75 - 80
Joan Kirkbride, Director of Operations	623	586	21	0	145 - 150
Tom Smith, Director of Quality, Standards and Information	149	137	8	0	40 - 45
Janet Messer, Director of Systems and Development (From 15 September 2014)	166	131	9	0	35 - 40
Shaun Griffin, Director of Communications, Engagement and Partnerships	Note 1	Note 1	Note 1	Note 1	Note 1

Note 1: Shaun Griffin, Executive Director of Communications, Engagement and Partnerships, was seconded to the Health Research Authority for two days a week. He was employed the Human Tissue Authority, who re-charged the Health Research Authority for his services. Details of his pension entitlements are included in the Annual Report of the Human Tissue Authority.

Note 2: Ian Cook is not a member of the NHS Pensions Scheme.

The information in the pension tables above have been subject to audit.

4.3 Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosures applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. 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. CETVs are calculated within the guidelines and framework prescribed by the Institute of Faculty of Actuaries.

On 1 October 2008, a change in the way the factors used to calculate CETVs came into force as a result of the Occupational Pension Scheme (Transfer Value Amendment) regulations. These placed responsibility for the calculation method for CETVs (following actuarial advice) on Scheme Managers or Trustees. Further regulations from the Department of Work and Pensions to determine cash equivalent transfer values (CETV) from Public Sector Pensions Schemes came into force on 13 October 2008.

In his budget of 22 June 2010 the Chancellor announced that the uprating (annual increase) of public sector pensions would change from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) with the change expected from April 2011. As a result, the Government Actuaries Department undertook a review of all transfer factors. The new CETV factors have been used in our calculations.

4.4 Off Payroll Engagements

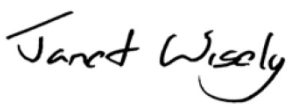
Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, the Health Research Authority must publish the following tables of information on their highly paid and/or senior off-payroll engagements.

Table 1: For all off-payroll engagements as at 31 December 2014, for more than £220 per day and that last longer than six months:	
	Number
Number of existing engagements as of 31 December 2014	5
Of which, the number that have existed:	
for less than one year at the time of reporting	1
for between one and two years at the time of reporting	1
for between 2 and 3 years at the time of reporting	2
for between 3 and 4 years at the time of reporting	1
for 4 or more years at the time of reporting	0

The HRA can confirm that all existing off-payroll engagements have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements between 1 April 2014 and 31 December 2014, for more than £220 per day and that last longer than six months:	
	Number
Number of new engagements, or those that reached 6 months in duration, between 1 April 2014 and 31 December 2014	2
Number of new engagements which include contractual clauses giving the Health Research Authority the right to request assurance in relation to income tax and National insurance obligations	2
Number for whom assurance has been requested	2
Of which:	
assurance has been received	2
assurance has not been received	0
engagements terminated as a result of assurance not being received	0
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility during the year	1
Number of Individuals that have been deemed "board members, and/or senior officers with significant financial responsibility" during the financial year. This figure includes both off-payroll and on-payroll engagements	11

The off-payroll board member is as a result of formal joint arrangements with other Arm's Length Body organisations in order to maximise efficiencies. This engagement has now ceased, with the individual leaving the organisation.



Janet Wisely
Chief Executive
Health Research Authority
15 June 2015

5.0 Statement of Accounting Officer's Responsibilities

Under the National Health Service Act 2006, Section 232 (Schedule 15, paragraph 3) the Secretary of State has directed the HRA to prepare a financial statement of accounts for each year in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the HRA and of its net resource outturn, application of resources, changes in tax payers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State, with the approval of HM Treasury, including the relevant accounting and disclosure requirements and apply sensible 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; and
- prepare the accounts on a going concern basis.

The Accounting Officer of the Department of Health has designated the Chief Executive as Accounting Officer of the HRA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the HRA's assets, are set out in Managing Public Money published by the HM Treasury.

6.0 Governance Statement

6.1 Introduction

This Governance Statement sets out the framework utilised by the Health Research Authority (HRA) to regulate its activities and to ensure delivery of its functions and objectives. In addition to setting out the governance structure, it outlines the way in which performance is managed and reviewed; the risk management processes; and the process for setting Directors Remuneration. The Authority complies with the requirements of the Corporate Governance in Central Government Departments: Code of Good Practice (2011) insofar as they relate to public bodies.

6.2 Governance Structure

i. Responsibilities of Accounting Officer

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

I have been the Accounting Officer for the period reported in the Annual Report and Accounts, 01 April 2014 to 31 December 2014. I am accountable for the discharge of my functions to the Authority's Board and appropriate arrangements are in place for the appropriate discharge of all statutory functions attached to the HRA. The HRA is aware of the findings from the Harris Report and ensures it has the capacity and capability to comply with the statutory functions.

I am also accountable to the Minister of State at the Department of Health. This line of accountability is managed through a Framework Agreement between the Department of Health and the Health Research Authority, an Annual Accountability Review with the Minister through monthly reviews with officials at the Department of Health and close working on a day-to-day basis between my staff and those in the Sponsor Branch at the Department.

ii. The Board

The HRA is governed by a Board that functions as a corporate decision-making body. The Board was composed of the Chair and three Non-Executive Directors (NEDs) and two executive directors (including the Chief Executive). The Board therefore conformed to the recommendations set out in the Corporate Governance in Central Government Departments: Code of Good Practice (2011). Other Non-voting directors (listed below) are required to attend the board meetings. After the period covered in this report and at the time of its publication, the HRA has been established as a Non Departmental Public Body with the Board composed of five NEDs (including the Chair) and three executive Directors (including the Chief Executive).

Six public HRA Board meetings have been held between 01 April 2014 and 31 December 2014. One part 2, private meeting was held to sign off the Annual Report and Accounts. Information regarding Board membership, meeting dates and attendance is shown below:

Name	Position	Meeting date						
		12/05/14	30/05/14*	16/06/14	07/07/14	24/09/14	29/10/14	26/11/14
Professor Jonathan Montgomery	Chair	Present	Present	Present	Present	Present	Present	Present
Sally Cheshire	NED	Present	Apologies	Present	Present	Present	Present	Present
Dr Allison Jeynes-Ellis	NED	Present	Present	Present	Present	Present	Present	Present
Julie Stone	NED	Present	Present	Apologies	Present	Present	Present	Present
Dr Janet Wisely	Chief Executive	Present	Present	Present	Present	Present	Present	Present
Debbie Corrigan *Exec Director May 2014*	Executive Director	Present	Present	Apologies	Present	Present	Present	Present
Dr Shaun Griffin *Executive Director until 29/10/14*	Executive Director	Present	Present	Present	Present	Present	Present	In attendance
Ian Cook	Director (non-voting)	Present	N/A	Present	Present	Present	Present	Apologies
Joan Kirkbride	Director (non-voting)	Present	N/A	Present	Present	Apologies	Present	Present
Dr Janet Messer *Non-Voting Director from 24/09/14 meeting onwards*	Director (non-voting)	In attendance	N/A	In attendance	In attendance	Present	Present	Present
Tom Smith	Director (non-voting)	Present	N/A	Present	Present	Present	Apologies	Present

** This was a confidential part 2 meeting to receive and approve the HRA Annual Report and Accounts for 2013-14*The Board has operated within the framework agreement as agreed with the Department of Health, and a statutory instrument governs its functions.

The Board has committed to regularly review its effectiveness and performance and two Board seminars have been held this year, in addition to the formal public Board meetings detailed above. Board seminars were held on 12th May and 24th September. Areas for Board development were identified including how the Board could function more effectively, how stakeholders could be engaged with better and a schedule for the development of the executive management team agreed. For the new Board as a Non Departmental Public Body a further review of effectiveness after each Board meeting has been agreed alongside a full induction programme with ways of working and Board development needs to be considered.

Key areas of business considered by the Board over the past year include:

- Key Performance Indicators development
- Talent Management and Leadership Programmes
- HRA Approval Programme
- HRA Estates strategy
- Transition to Non Departmental Public Body Status
- Transparency agenda

The HRA has developed a key performance indicator report which is reviewed on a quarterly basis. The report provides the Board with an overview of the RAG status of the HRA Business Plan 2014-15 objectives plus detailed management information relating to these objectives.

Corporate level risks and their mitigation and management are considered via the HRA Corporate risk register on a quarterly basis by the Board. The Board will consider if the appropriate risks are captured on the register with the mitigations detailed appropriately and the strategic and reputational impacts discussed fully.

Declaration of interests are declared and formally recorded (can be made available upon request) and all Board members' expenses are published.

iii. Sub Committees

The Board has two sub committees: the Audit and Risk Committee and the Pay and Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee has the role of overseeing the governance process. It has reviewed the Corporate Assurance Framework and any key risks resulting from the transition at its meetings, together with movements in those risks and the management of them.

The role of the HRA Audit & Risk Committee is to advise the HRA's Accounting Officer and the HRA Board on risk management, corporate governance and assurance arrangements in the HRA. The HRA Audit & Risk Committee has met three times during the period 01 April 2014 to 31 December 2014. Information regarding Audit and Risk Committee membership, meehting dates and attendance is shown below:

Name	Position	Meeting		
		22/04/14	16/06/14	29/10/14
Sally Cheshire (Chair)	HRA, NED	Present	Present	Present
Shelley Dolan	Chief Nurse, The Royal Marsden NHS Foundation Trust	Apologies	Present	Apologies

Allison Jeynes-Ellis	HRA, NED	Apologies	Present	Present
Julie Stone	HRA, NED	Present	Apologies	Present

The following individuals, from the HRA, DH Internal Audit and the National Audit Office have been invited and regularly attend the Audit and Risk Committee.

Name	**Position**	**Meeting**		
		22/04/14	**16/06/14**	**29/10/14**
Solomon Ako-Otchere	Department of Health, Head of Internal Audit for HRA	Present	Not in post	Not in post
Zafir Ali	Department of Health, Head of Internal Audit for HRA	Not in post	Apologies	Present
Adrian Brook	Partner, Moore Stephens	Apologies	Present	Present
Debbie Corrigan	HRA, Director of Finance	Present	Apologies	Present
Paul Holland	National Audit Office	Present	Present	Present
Stephen Robinson	HRA, Corporate Secretary	Present	Present	Present
Collette Rowe	HRA, Senior Finance Manager	Present	Present	Present
Janet Wisely	HRA, Chief Executive	Present	Present	Present

Once a year, the Committee will review the annual report and accounts, including the consideration of related reports from auditors and an annual report on the activities and effectiveness of the committee. The Terms of reference, audit manual and audit timetable have all been reviewed and approved this year. The HRA Audit and Risk Committee regularly reviews the HRA Corporate Risk Register , Financial reports, Corporate Gift and Hospitality reports, Single tender actions and loss and compensation reports.

Following the establishment of the HRA as a Non-Departmental Public Body from 1st January 2015 a hand over meeting was held between the outgoing and incoming Audit and Risk Committee Chairs to ensure an appropriate transition took place with any outstanding matters conveyed.

Pay and Remuneration Committee

The duties of the Remuneration Committee include:

- to advise the Board about appropriate remuneration and terms of service for the Chief Executive, other Executive Directors and those on Very Senior Manager Terms and Conditions of Service including:
    i. all aspects of salary (including any performance-related elements/bonuses);
    ii. provisions for other benefits, including pensions and cars;
    iii. arrangements for termination of employment and other contractual terms;
- Standing Orders and Standing Financial Instructions;

- make recommendations to the Board on the remuneration and terms of service of the Chief Executive, other Executive Directors and those on Very Senior Manages Terms and Conditions of Service to ensure they are fairly rewarded for their individual contribution to the Authority – having proper regard to the Authority's circumstances and performance and to the provisions of any national arrangements for such staff;
- proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advise on and oversee appropriate contractual arrangements for such staff; and
- the Committee shall report in writing to the Board the basis for its recommendations.

The committee met on 17 April, 30 May and 29 October.

iv. HRA Executive Management Team

The HRA is committed to ensuring there are robust and transparent reporting frameworks in place, which are also proportionate and appropriate to the nature of the HRA business.

The Executive Management Team (EMT) is the senior executive decision making body of the HRA responsible for managing HRA business within agreed objectives, resources and according to the HRA / DH framework agreement and standing orders. The EMT is accountable to the Chief Executive.

6.3 Effectiveness

The system of performance monitoring in place throughout the period is designed to ensure appropriate delegation and segregation of duties. The following sections describe the operation.

i. The Risk and Control Framework

The Board has overall responsibility for risk management and for clear lines of individual accountability for managing risk throughout the organisation, leading up to the Board. There is a Risk Management and Corporate Assurance policy and guidance in place. The Board reviews the HRA Corporate risk register on a quarterly basis.

The HRA aims to maximise the impact of its operations within the resources available to it. In so doing it aims to manage risks at all levels in the organisation from the top strategic level to the bottom operational / project levels without dampening innovation, including the projects delivered by partner organisations. This requires consideration of a full cross section of risks to the organisation including; reputation risks, financial risks, organisational risks, health and safety risks and risks to the achievement of the organisation's objectives

In addressing issues relating to risk, the HRA seeks to be as transparent and open as possible and, through this approach, aims to identify and address those areas where there is a need for improvement in the risk management processes and/or controls and contingencies.

The Audit and Risk Committee is the Board's sub-committee that reviews risk and ensures that the systems are in place to ensure effective risk management. The Board retains overall responsibility for risk management and governance. There are clear lines of responsibility of individual accountability for managing risk throughout the Authority, leading up to the Board. I have delegated the day-to-day responsibility for maintaining the system of risk management and risk reporting to the Board Secretary and Chief Executive Business Manager.

As agreed in the Business Plan, senior managers lead on the objectives of the Authority and, as such, they are responsible for managing risk at the project delivery and day-to-day operational level, as well as relating to transition planning. Each Directorate holds its own risk register and reviews it on a regular basis. A risk register is also held by the Executive Management Team (EMT) for additional risks which do not sit with any one Director. The risk registers report the escalated risks and risk scores, risk owners, mitigating actions and due dates, as well as residual risk and assurances.

Any risks rated 12 and over by the Director are raised to the Executive Management Team and reviewed on a quarterly basis. The EMT will review each risk and determine whether the risk is significant enough to be added to the HRA Corporate Risk Register which is reviewed in a public session of the Board. The HRA also has a confidential corporate risk register for any risks which are confidential in nature and need to be reviewed by the Board in its confidential, part 2 session. The Corporate Risk Register is shared with the Audit and Risk Committee and DH sponsor team on a quarterly basis. Any risk rated as 20 and over on a Directorate or the EMT risk register is raised to the sponsor team as well as any risk identified by EMT as requiring escalation.

The Audit and Risk Committee reviews and ensures that systems are in place to ensure effective risk management. The Internal Audit function forms part of the review process and provides assurance on the risk management process, and advises the Audit Committee accordingly.

The table below highlights a number of risks which were considered and managed by the Board over the past year.

Risk	Initial rating	End of year rating	Comments
Risk: HRA unable to deliver to the level of expectation of stakeholders within its role to promote transparency in research **Cause:** Timescales of moving forward with stakeholders, interdependency of work streams, capacity and environment **Effect:** Reputation of HRA damaged	**12**	**8**	Extensive engagement maintained throughout the year.
Risk: HRA led roles to improve research transparency in the UK perceived to make the UK a less attractive place to do research **Cause:** Transparency work appearing to restrict researchers, increase red tape and / or researcher burdens **Effect:** Reputation of HRA damaged with decrease in amount of research taking place in the UK	**12**	**9**	Extensive engagement maintained throughout the year.
Risk: Unacceptable level of IT service **Cause:** Sporadic level of performance provided resulting in issues which have a significant impact on operations **Effect:** Disruption to operations affecting performance standards and staff morale	**16**	**16**	A risk which the HRA is unable to resolve directly. Regular monitoring. Risk escalated and reviewed by DH sponsor team and higher.

The majority of remaining risks detailed on the HRA Corporate Risk Register relate to the HRA Approval Programme. The HRA has established the HRA Approval Programme Board to take forward this important area of work and the Board received assurance with regular updates on progress reported to the Board. An independent Gateway review was conducted which provided the Board with further assurance. For the latest version of the HRA Corporate Risk Register and to review those risks relating to HRA Approval Programme, please see the HRA Board page of the website.

ii. Quality Assurance

The HRA has given careful consideration to the requirements and coverage of the Macpherson recommendations, including direct discussions with the modelling oversight committee within DH. With the endorsement of that committee we have confirmed that the HRA does not operate any business critical models. We have sought separate views on our broader quality assurance processes and to the extent they are able to comment, the modelling oversight committee has observed that the processes appear thorough and well developed. We are therefore fully compliant with the Macpherson recommendations.

iii. Information Governance

The HRA has an established Information Governance structure:

- The Board has designated the Corporate Secretary as Senior Responsible Information Officer (SIRO) with responsibility for the system of safeguarding and protecting personal identifiable, confidential and sensitive data;
- the Information Governance Lead is also the Corporate Secretary;
- Dr Hugh Davies, HRA Ethics Advisor was the Caldicott Guardian to November 2014 with Ian Cook, Director of Corporate Services subsequently taking over; and
- Directors, REC Centre managers and Heads of Department are Information Asset Owners (IAOs) as appropriate.

The Information Governance Steering Group (IGSG) is a formal sub-committee of the Corporate Management Group (CMG), which reports to the EMT. Its purpose is to coordinate, supervise and direct the work of others, as appropriate, to ensure the HRA maintains a coordinated approach to Information Governance. It implements organisational and managerial structures that support appropriate consideration of Information Governance issues to sustain continual improvement.

Data security risks are managed and monitored within the overall risk management framework overseen by the Information Governance Lead and IGSG to ensure security threats are followed up and appropriately managed.

The key risks the Steering Group has addressed include:

1. **Risk:** Through the Quality Assurance programme, risk that small issues identified in isolated areas when combined and may pose a larger risk are not identified.
   Cause: Lack of organisational oversight and analysis of data
   Effect: Serious risks may not be identified and mitigated

   Opening Risk rating: Likelihood 2 x Impact 3 = 6

   The QA programme has undergone significant revision and the HRA's Management Information has improved significantly. The IGSG however has not received a report on the outcome of these activities and has therefore retained the risk at level 6.

2. **Risk:** Risk that on-line training does not improve IG compliance.
   Cause: Increase in adverse IG incidents
   Effect: Loss of reputation

   Opening Risk rating: Likelihood 2 x Impact 4 = 8

   The IGSC has seen a reduction in reported incidents for the year and reporting on the level of compliance against mandatory training targets is improving. However the Committee is not convinced that this is enough to reduce the level of risk yet.

3. **Risk:** Information Asset security is compromised
   Cause: Failure of IAO to undertake relevant IG Training
   Effect: Loss of assets and information

   Opening Risk rating: Likelihood 3 x Impact 3 = 9

   Training of IAO's has received high priority and whilst all IAO's have received training, it varies from Civil Service to NHS course and requires standardisation. All IAO's are now required to complete the Connecting for Health IAO modules and will do so prior to the next Annual Asset review.

All information assets and associated systems are identified and included in an Information Asset Register and are subject to annual information asset assessments. These assessments inform the Corporate and Information Risk Registers and an associated Action Plan.

No significant information incidents have occurred throughout 2014 resulting in a submission to the Information Commissioner.

The Board regularly reviews the quality of the data it receives with recommendations made to improve the design and content at each meeting. For example the Key Performance Indicator document has evolved to meet the needs of the Board and the organisation after recommendations made whenever the document is presented

I, in my capacity as Chief Executive, confirm that the Corporate Secretary as SIRO for the Health Research Authority has completed and submitted the Information Assurance Annual Report to the Department of Health.

iv. The System of Internal Control

As Accounting Officer, I have responsibility, for reviewing the effectiveness of the system of internal control, which has been in place in the HRA for the period April 2014 to December 2014 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Head of Internal audit provides me with an opinion, in accordance with Government Internal Audit Standards, on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work.

The EMT, led by myself, reviews and monitors progress with action plans and the Corporate Management Group (CMG), Operational Management Group (OMG) and Systems Development Board (SDB) provide focal points for operating divisions and teams to raise local risk management issues.

Senior managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that

manage the risks to the organisation achieving its principal objective have been reviewed and this aspect of the Authority's activities has been subject to external review.

A Business Plan for 2015-16 is in the process of being developed which will set out a clear purpose and business objectives for the HRA. Our controls assurance and risk management processes are closely aligned to the twin objectives of maintaining on-going activities and managing significant transition issues.

Reports are provided to the Board on a quarterly basis on achievements and progress against the objectives and plans, and this report includes risks and controls in place to mitigate them.

I am not aware of any significant internal control issues.

The effectiveness of the system of internal control has been, and continues to be, subject to review by our internal auditors who, in liaison with HRA management, plan and carry out a programme of work, that has been approved by the Audit and Risk Committee, to review the design and operation of the systems of internal control.

Where weaknesses are identified, these will be reported to the Audit and Risk Committee and an action plan agreed with management to implement the recommendations agreed as part of this process.

The Head of Internal audit provides me with an opinion, in accordance with Government Internal Audit Standards, on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work.

The following assurance and advisory work has been undertaken by Internal Audit this year:

	Audit Title	**Status**	**Outcome**
1.	Counter Fraud	Completed	N/A
2.	HRA Stakeholder management and engagement	Completed	Limited
3.	Governance review of HRA Quality Assurance Dept	Completed	Substantial
4.	Management of HRA IT Security Risks	Completed	Limited
5.	Review of arrangements to ensure good ethical conduct by employees	Completed	Moderate
6.	HRA Public Involvement Objective	Completed	Moderate
7.	**HRA Improvement plan**	Completed	Moderate
8.	HRA Financial Planning and Budgeting Arrangements	Completed	Substantial
9.	IRAS development and implementation	Ongoing	-
10.	HRA advice and decision making policies and procedures	Ongoing	-
11.	TOPS data security and quality arrangements	Ongoing	-
12.	Recommendations Follow-up	Ongoing	-
13.	HRA Status change - Transition Programme review	Completed	Substantial

Head of Internal Audit Opinion 2014

In accordance with the requirements of the UK Public Sector Internal Audit Standards, I am required to provide the Accounting Officer with my annual opinion of the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.
My opinion is based on the outcomes of the work that Internal Audit has conducted throughout the course of the reporting year and on the follow up action from Internal Audits conducted in the previous reporting year. There have been no undue limitations on the scope of audit work and the appropriate level of resource has been in place to enable the function to satisfactorily complete the work planned.

For the three areas on which I must report, I have concluded the following:

- In the case of risk management and governance - satisfactory. During 2014/2015 the HRA has successfully established itself as a Non Departmental Public Body. The HRA has also been undertaking a key programme of change regarding the Approval Programme. There have been appropriate and proportionate systems in place during the structured programme of change. The HRA has continued work to develop and strengthen accountability (e.g. via appointment of new Non-Executive Directors), including roles and responsibilities. This aims to strengthen accountability across HRA for business delivery, core controls and related risk management.
- In the case of control – satisfactory. Seven assurance based reviews have been conducted; of which most were rated as 'moderate or substantial opinion'. For the two limited rated reviews, we are satisfied that HRA management have already instigated action to remediate the issues identified. We also concluded that good progress had been made in implementing internal audit recommendations.

In January 2015, the HRA transitioned from a Special Health Authority to a Non Departmental Public Body (NDPB) under the Care Act 2014. The control systems, policies and procedures remained the same during the whole of 2014/2015 therefore the overall opinion is valid for pre and post NDPB status.

In summary, my overall opinion is that I can give reasonable assurance to the Accounting Officer that the HRA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2014/15.

Head of Internal Audit

v. Capacity to Handle Risk

The Board of the HRA has overall responsibility for risk management throughout the HRA. Its responsibilities include:

- agreeing the Risk Management Policy;
- assigning a Responsible Senior Manager with oversight of Risk Management and who is responsible for championing risk management at HRA;
- ensuring risk management is embedded into all processes;
- reviewing the strategic risks identified in the Corporate Assurance Framework (CAF) bi-annually;
- reviewing significant programme and operational / project risks;
- reviewing critical risk management activities / controls and their verification; and
- ensure that the appropriate structure exists within the HRA to ensure risk management processes are effective at dealing with risks, controls, contingencies and action plans, including defined audit committee and people responsibilities.

Currently responsibilities are as follows:

- ensuring all required risk management systems, policy and strategy and support are in place: (Chief Executive, Director of Finance, Board Secretary);
- scheduling and facilitating Internal Audit activities: (Director of Finance);
- regularly reviewing and following-up risk management activities with all parties. This will include ensuring the verification / assurance of risk management activities and key controls/contingencies: (Board Secretary);
- writing the Governance Statement: (Chief Executive, Director of Finance);
- ensuring the appropriate risk structure is in place including the Audit Committee: (Board Secretary); and
- monitoring risk performance. As part of the routine progress reports the Audit Committee receives information on the risk performance in terms of the current risk profile, risk management activity performance, and implementation and verification of risk management controls and contingencies: (Board Secretary).

6.4 Director's Remuneration

The detail of the remuneration during the year is shown in the remuneration report at Section 4.0 above.

6.5 Compliance with NHS Pension Scheme Regulations

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

6.6 Summary

The HRA has delivered a substantive programme of work this year to improve the framework and processes for the approval and management of health research in the NHS. This has involved collaboration with others to achieve our continued aim of making the UK a great place to do research whilst building confidence and participation in health research and so improve the nation's health. Core services have been maintained with key performance indicators achieved. The HRA has demonstrated the effective delivery of governance requirements will all key corporate governance functions being executive effectively, robustly and efficiently.

Janet Wisely,
Chief Executive
Health Research Authority
15 June 2015

7.0 The Certificate and Report of the Comptroller and Audit General to the Houses of Parliament

I certify that I have audited the financial statements of the Health Research Authority for the 9 months ended 31 December 2014 under the National Health Service Act 2006. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service Act 2006. 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 Health Research Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Health Research 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Health Research Authority's affairs as at 31 December 2014 and of the net expenditure for the 9 months then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service Act 2006 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 made under the National Health Service Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse **Date 23rd June 2015**

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

8.0 The Accounts of the Health Research Authority for the 9 months to 31 December 2014

Statement of Comprehensive Net Expenditure for the 9 months to 31 December 2014

	Notes	**9 months to 31 Dec 2014**	12 months to 31 March 2014
		£'000	£'000
Administration			
Expenditure			
Staff Costs	4	**4,596**	**5,581**
Amortisation and Depreciation	4	**117**	**141**
Other Expenditure	4	**2,652**	**3,058**
		7,365	**8,780**
Income			
Income from Activities	6	**193**	**258**
		193	**258**
Net Expenditure		**7,172**	**8,522**
Net Resource outturn		**7,172**	**8,522**

The notes on pages 48 to 64 form part of these accounts.

Statement of Financial Position as at 31 December 2014

	Notes	9 months as at 31 December 2014	12 months as at 31 March 2014
		£'000	£'000
Non Current Assets			
Property, Plant & Equipment	7.1	**78**	**86**
Intangible Assets	7.2	**753**	**625**
Total non-current assets		**831**	**711**
Current assets			
Trade and other receivables	8	**183**	**183**
Cash and cash equivalents	9	**2,394**	**3,819**
Total current assets		**2,577**	**4,002**
Total Assets		**3,408**	**4,713**
Current Liabilities			
Trade and other payables	10	**1,189**	**1,289**
Other liabilities	10	**225**	**8**
Total current liabilities		**1,414**	**1,297**
Non-current assets less net current liabilities		**1,994**	**3,416**
Assets less liabilities		**1,994**	**3,416**
Taxpayers' Equity			
General Fund		**1,994**	**3,416**
Total Taxpayers' Equity		**1,994**	**3,416**

The notes on pages 48 to 64 form part of these accounts.

The financial statements on pages 44 to 47 were signed on behalf of the Health Research Authority by:

Chief Executive
June 2015

Statement of Cash Flows for the 9 months to 31 December 2014

	Notes	**9 months to 31 Dec 2014**	12 months to 31 March 2014
		£'000	£'000
Cash flows from operating activities			
Net expenditure for the period after interest		**(7,172)**	(8,522)
Adjustments amortisation and depreciation	4	**117**	141
(Increase)/Decrease in trade and other receivables	8	**0**	(27)
Increase/(Decrease) in trade payables	10	**117**	93
Less: liabilities assumed not passing through Statement of Comprehensive Net Expenditure	11	**0**	0
Net cash (outflow) from operating activities		**(6,938)**	(8,315)
Cash flows from investing activities			
Purchase of plant, property and equipment	7.1	**(8)**	**(34)**
Purchase of intangible assets	7.2	**(229)**	**(621)**
Proceeds of disposal of property, plant & equipment		**0**	0
Proceeds of disposal of intangibles		**0**	0
Net cash inflow/(outflow) from investing activities		**(237)**	(655)
Cash flows from financing activities			
Net Parliamentary funding		**5,750**	10,510
Net financing		**5,750**	10,510
Net increase/(decrease) in cash and cash equivalents		**(1,425)**	1,540
Cash and cash equivalents at the beginning of the period		**3,819**	2,279
Cash and cash equivalents at the end of the period	9	**2,394**	3,819

The notes on pages 48 to 64 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the 9 months to 31 December 2014

	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2013	**1,428**	**0**	**1,428**
Net expenditure 2013-14	(8,522)	0	(8,522)
Total recognised income and expenditure for the period	**(8,522)**	**0**	**(8,522)**
Parliamentary funding for resources 2013-14	**10,510**	**0**	**10,510**
Total Parliamentary Funding from Department of Health	**10,510**	**0**	**10,510**
Balance as at 12 months to 31 March 2014	**3,416**	**0**	**3,416**
Net expenditure 9 months to 31 Dec 2014	(7,172)	0	(7,172)
Total recognised income and expenditure for the period	**(7,172)**	**0**	**(7,172)**
Parliamentary funding for resources for the 9 months to 31 December 2014	**5,750**	**0**	**5,750**
Total Parliamentary Funding from Department of Health	**5,750**	**0**	**5,750**
Balance as at 9 months to 31 December 2014	**1,994**	**0**	**1,994**

The notes on pages 48 to 64 form part of these accounts.

Notes to the Accounts

1. Accounting Policies

These financial statements have been prepared in accordance with the 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 Health Research Authority has been selected for the purpose of giving a true and fair view.

The particular policies adopted by the Health Research Authority are described below. They have been applied consistently in dealing with items considered material in relation to the accounts. There have been no revisions of estimation techniques. Accruals are estimated with reference to available documentation, advice from management and from information gained from similar previous events and are the best estimate at the date of these financial statements. Staff holiday is recorded and therefore the holiday pay accrual calculation is an accurate assessment. Useful economic lives are reviewed at least annually. The basis for estimating useful economic life include experience of previous similar assets, the condition and performance of the asset and the knowledge of technological advances and obsolescence.

1.1 Accounting Conventions

These account is prepared under the historical cost convention, modified to account for the revaluation of fixed assets at their value to the business by reference to current costs. This is in accordance with directions issued by the Secretary of State for Health and approved by HM Treasury. On the 1st January 2015 the HRA became a Non Departmental Public Body. This does not impact upon the going concern assumption as the functions of the HRA will remain the same. These accounts have therefore been prepared on a Going Concern basis. The main source of funding will continue to be from the Department of Health.

Acquisitions and Discontinued Operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be ‘discontinued’ only if they cease entirely. They are not considered to be ‘discontinued’ if they transfer from one NHS body to another.

1.2 Income

Income is accounted for applying the accruals convention. The main source of funding for the Special Health Authority is Parliamentary grant from the Department of Health, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it is received.

Operating income is income which relates directly to the operating activities of the authority. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, but it also includes other income such as that from Devolved Administrations and from other NHS and non NHS organisations. It includes both income appropriated-in-aid and income to the Consolidated Fund which HM Treasury has agreed should be treated as operating income. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.3 Taxation

The Authority is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.4 Information Technology

(a) Capitalisation

Information Technology which is capable of being used for more than one year and they:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost of at least £5,000 and an individual cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

(b) Valuation

Information technology assets are capitalised initially at cost. They are carried on the Statement of Financial Position at cost net of depreciation and impairment, or at depreciated replacement cost where materially different.

(c) Depreciation

IT Assets are depreciated evenly over the expected useful life:

	Years
Tangible Information Technology	5

1.5 Intangible Assets

(a) Capitalisation

Intangible assets with a useful economic life of more than a year and a cost of at least £5,000 are capitalised initially at cost.

(b) Valuation

Intangible assets are capitalised initially at cost. They are carried on the Statement of Financial Position at cost net of amortisation and impairment, or at amortised replacement cost where materially different.

(c) Amortisation

Amortisation is charged on each individual component of non-current assets.

Assets under construction are not amortised.

Intangible Assets are currently grouped under Information Technology and the lives of these assets are assessed as set out below. They are amortised on a straight line basis over the estimated lives of the assets.

Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives.

	Years
Software Licences	3 to 5
Bespoke Software licence	7
Intangible Information Technology	5 to 7

1.6 Inventories

Inventories are valued at the lower of cost and net realisable value.

1.7 Cash and cash equivalents

Cash is the balance held with the Government Banking Service. Cash in hand are petty cash imprests held within the Health Research Authority.

1.8 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 each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the operating cost statement on an accruals basis, including losses which would have been made good through insurance cover had the Authority not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, note 15 is compiled directly from the losses and special payments register which is prepared on a cash basis.

1.9 Employee benefits

Short term employee benefits

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

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. 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 assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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 expenditure at the time the Authority commits itself to the retirement, regardless of the method of payment.

1.10 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease

incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Where arrangements are in place that imply a lease arrangement the costs have been charged as an expense on a straight-line basis and disclosed as part of note 13.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separately assessed as to whether they meet the criterion of an operating or finance lease.

1.11 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. Resulting exchange gains and losses are taken to the Operating Cost Statement.

1.12 Provisions

The Authority provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

1.13 Financial Instruments

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. The Authority's loans and receivables comprise: cash at bank and in hand, NHS Receivables, prepayments and accrued income and 'other receivables'.

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Authority becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired. The Authority's financial liabilities comprise: NHS Payables, other payables and accruals.

Financial liabilities are initially recognised at fair value

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

1.14 IFRS disclosure

Early adoption of IFRS's, amendments or interpretations

The Health Research Authority has not adopted any IFRS’s, amendments or interpretations early.

IFRS's, amendments and interpretations in issue but not yet effective or adopted

The following is a list of changes to IFRS that have been issued but which were not effective in the reporting period. They are not considered to have a material effect on the financial statements of the Health Research Authority

IAS 19 Post-Employment Benefits (Pensions)

IFRS 9 Financial Instruments

IFRS 13 Fair Value Measurement

2. Analysis of Net Expenditure by segment

The Health Research Authority currently reports the financial information to the Board as one segment and therefore no segmental analysis is disclosed.

3. Staff numbers and related costs

	9 months to 31 Dec 2014			12 months to 31 March 2014		
	Total	**Permanently employed**	**Other**	Total	Permanently employed	Other
	£000	**£000**	**£000**	£000	£000	£000
Salaries and wages	**3,848**	3,293	555	4,672	3,824	848
Social security costs	**264**	264	0	321	321	0
Employer contributions to NHSPA	**424**	424	0	470	470	0
Redundancies/notice	**0**	0	**0**	34	34	**0**
Total	**4,536**	**3,981**	**555**	5,497	4,649	848

The average number of persons employed during the period was:

	9 months to 31 Dec 2014 Permanently			12 months to 31 March 2014 Permanently		
	Total Number	**Employed Number**	**Other Number**	Total Number	Employed Number	Other Number
Total	**143**	**132**	**11**	130	113	17

The costs and average numbers of staff include the costs of staff employed by other NHS bodies that are recharged to the Health Resource Authority. These are included within the 'Other' column. These figures include social security costs and employer contributions to the NHSPA.

The Health Research Authority received approval for the HRA Approval Business Case on the 31st March 2014. During the period, phased recruitment has taken place to appoint staff into posts identified in the Business Case, which explains the reasons for the changes in the figures

Retirements due to ill-health

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the period. There were no such retirements in the period to 31 December 2014 (Period to 31 March 2014 - £0).

Exit packages agreed in the period to 31st December 2014

£0 (2013-14: £32k) has been charged to the revenue account in respect of redundancies, exit packages and the cost of notice worked.

3. Staff numbers and related costs (continued)

Early Retirements and Redundancies

Exit package cost band	9 months to 31 December 2014			12 months to 31 March 2014		
	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by cost band (£000)	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by cost band (£000)
<£20,001				5		32
£20,001 - £40,000						
£40,001 - £100,000						
£100,001 - £150,000						
£150,001 - £200,000						
£200,001 - £250,000						
£250,001 - £300,000						
£300,001 - £350,000						
Total number and cost of exit packages where notice issued in ()	**0**	**0**	**0**	5	0	32

There are no redundancy costs for the period to the 31st December 2014. Redundancy costs have been calculated in accordance with the provisions of NHS Agenda for Change Terms and Conditions. Where there is an entitlement to Early Retirement under those conditions the actuarial cost payable to the NHS Pensions Agency is shown. Exit costs have been accounted for in the year in which the triggering event occurs that will result in that redundancy. The figures above include only those staff who received notice of their redundancy as a result of a triggering event in the period. For those staff who did not receive notice they will be disclosed in the year notice is issued. The triggering event that led to the redundancies in 2013-14was the management decision to reconfigure the London REC Centre by 31 March 2014.

There are no redundancy payments that are Special Payments.

3.2 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at 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 assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014 is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

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

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

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

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

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

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

4. Other Operating Costs

The Health Research Authority's costs all relate to Administration costs

	Note		9 months to 31 Dec 2014		12 months to 31 March 2014
			£'000		£'000
Non-executive members' remuneration			60		84
Other salaries and wages	3		4,536		5,463
Redundancies and notice not worked	3		0		34
Total Staff Costs			4,596		5,581
Supplies and Services - general			237		340
Establishment expenses			869		940
Transport and moveable plant			2		6
Premises and fixed plant			1,487		1,656
Capital: Depreciation	7.1	16		17	
Amortisation	7.2	101		124	
			117		141
Auditors' remuneration: (*) Audit fees			33		40
Miscellaneous			24		76
Total programme costs			**7,365**		**8,780**

(*) The Audit Fee for the period to the 31st December 2014 is £33k. The Audit Fee for 2013-14 includes £3k relating to a late adjustment to the 2012-13 fee, which was notified to the Authority after the accounts had been laid. The audit fee for 2013-14 is £37k. The Authority did not make any payments to Audit for non audit work.

4.1 Better Payment Practice Code - measure of compliance

	9 mths to 31 Dec 2014 Number	12 months to 31 March 2014 Number
Total Non-NHS trade invoices paid in the period	**3,068**	4,519
Total Non-NHS trade invoices paid within target	**3,011**	4,381
Percentage of Non-NHS trade invoices paid within target	**98.1**	96.9
Total NHS trade invoices in the period	**167**	235
Total NHS trade invoices paid within target	**158**	227
Percentage of NHS trade invoices paid within target	**94.6**	96.6

5.1 Reconciliation of net operating cost to revenue resource limit

	9 months to 31 Dec 2014 £'000	12 months to 31 March 2014 £'000
Net operating costs for the financial period	**7,172**	8,522
Charge Against Revenue Resource Limit	7,172	8,522
Revenue Resource Limit (full period)	**(7,421)**	(9,460)
Underspend against Revenue Resource Limit	**(249)**	**(938)**

5.2 Reconciliation of gross capital expenditure to capital resource limit

	9 months to 31 Dec 2014 £'000	12 months to 31 March 2014 £'000
Gross Capital Expenditure	**237**	655
Less: Net Book Value of assets disposed of	**0**	0
Charge against the Capital Resource Limit	**237**	655
Capital Resource Limit (full period)	**(237)**	(1,050)
Underspend Against Capital Resource Limit	**0**	(395)

6. Operating revenue

	Appropriated in Aid	**Not Appropriated in Aid**	**9 months to 31 Dec 2014**	Appropriated in Aid	Not Appropriated in Aid	12 months to 31 March 2014
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Administration						
Fees & charges to external customers	**2**	**0**	**2**	**2**	**0**	**2**
Income received from Scottish Parliament	**0**	**92**	**92**	**0**	**114**	**114**
Income received from National Assembly for Wales	**0**	**57**	**57**	**0**	**72**	**72**
Income received from Northern Ireland Assembly	**0**	**31**	**31**	**0**	**39**	**39**
Income received from other Departments	**0**	**11**	**11**	**0**	**31**	**31**
Total Administration revenue	**2**	**191**	**193**	**2**	**256**	**258**

7. Non-current assets

7.1 Property, Plant and Equipment

	Information technology £'000	Total £'000
Cost or Valuation at 1 April 2014	103	103
Additions - purchased	8	8
Gross cost at 9 months to 31 December 2014	111	111
Depreciation		
Accumulated depreciation at 1 April 2014	17	17
Charged during the period	16	16
Disposals	0	0
Accumulated depreciation at 9 months to 31 December 2014	33	33
Net book value at 12 months to 31 March 2014	86	86
Net book value at 9 months to 31 December 2014	78	78

	Information technology £'000	Total £'000
Cost or Valuation at 1 April 2013	69	69
Additions - purchased	34	34
Gross cost at 12 months to 31 March 2014	103	103
Depreciation		
Accumulated depreciation at 1 April 2013	0	0
Charged during the period	17	17
Disposals	0	0
Accumulated depreciation at 12 months to 31 March 2014	17	17
Net book value at 31 March 2012	69	69
Net book value at 12 months to 31 March 2014	**86**	**86**

7.2 Intangible assets

	Assets under Construction	Software licences	Information Technology	Total 9 months to 31 December 2014
	£'000	£'000	£'000	£'000
Gross cost at 1 April 2014	81	540	982	1,603
Additions - purchased	0	0	229	229
Transfers	(81)	0	81	0
Gross cost at 9 months to 31 December 2014	0	540	1,292	1,832
Amortisation				
Accumulated amortisation at 1 April 2014	0	0	978	978
Charged during the period	0	81	20	101
Disposals	0	0	0	0
Accumulated amortisation at 9 months to 31 December 2014	0	81	998	1,079
Net book value at 12 months to 31 March 2014	81	540	4	625
Net book value at 9 months to 31 December 2014	0	459	294	753

	Assets under Construction	Software licences	Information technology	Total
	£'000	£'000	£'000	£'000
Gross cost at 1 April 2013	0	0	982	982
Additions - purchased	81	540	0	621
Transfers	0	0	0	0
Disposals	0	0	0	0
Gross cost at 12 months to 31 March 2014	81	540	982	1,603
Amortisation				
Accumulated amortisation at 1 April 2013	0	0	854	854
Charged during the period	0	0	124	124
Disposals	0	0	0	0
Accumulated amortisation at 12 months to 31 March 2014	0	0	978	978
Net book value at 31 March 2013	0	0	128	128
Net book value at 12 months to 31 March 2014	**81**	**540**	**4**	**625**

7.3 Profit / (loss) on disposal of fixed assets

The Health Research Authority did not make any disposals of non-current assets during the period up to the 31 December 2014 (12 month period to 31 March 2014 £nil).

8. Trade Receivables

Amounts falling due within one year

	9 months to 31 December 2014 £'000	12 months to 31 March 2014 £'000
Trade Receivables	**21**	20
Other receivables	**57**	50
Accrued income and prepayments	**105**	113
Trade and other receivables	**183**	183

9. Cash and Cash equivalents

	9 months to 31 December 2014 £'000	12 months to 31 March 2014 £'000
Opening balance	**3,819**	2,279
Net change in period	**(1,425)**	1,540
Total	**2,394**	**3,819**
Comprising:		
Held with office of Government Banking Service	2,394	3,819
Commercial banks and cash in hand	0	0
Balance at 9 months to 31 December 2014	**2,394**	3,819

10. Trade Payables and other current liabilities

Amounts falling due within one year

	9 months to 31 December 2014	12 months to 31 March 2014
	£'000	£'000
Trade payables	**268**	**91**
Accruals and deferred income	**921**	**1,198**
Trade and other payables	**1,189**	1,289
Other taxation and social security	**134**	**0**
Other Current Liabilities	**91**	**8**
Other Current Liabilities	**225**	**8**
Total Trade Payables and other current liabilities	**1,414**	1,297

11. Contingent Liabilities

At 9 months to 31 December 2014 there were no known contingent liabilities (12 months to 31 March 2014: £nil).

12. Capital Commitments

At 9 months to 31 December 2014 the value of contracted capital commitments was £nil (12 months to 31 March 2014: £nil).

13. Commitments under leases

Operating leases

There is an implied lease between the HRA and the DH for the Authority's occupation of Skipton House. There is no formal agreement relating to the lease but there is a Civil Estate Occupancy Agreement with the authority/ memorandum of term of occupation for use between crown bodies. The Health Research Authority also has agreed leases for offices in Nottingham, Bristol and Manchester.

Total future minimum lease payments under this implied operating lease are given in the table below for each of the following periods.

	9 months to 31 December 2014 £'000	12 months to 31 March 2014 £'000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	339	358
Later than one year and not later than five years	235	413
Later than five years	0	0
	574	771
Other Leases		
Not later than one year	0	0
Later than one year and not later than five years	0	0
	0	0

14. Other financial commitments

The Health Research Authority entered on 1 April 2012 into a contract relating to the provision of financial and accounting and payroll services. The contract was for a year with the option to extend for a further year to 31 March 2014, followed by a further four years if required with a notice period of 12 months. The annual cost of the contract is £170,000.

	9 months to 31 December 2014 £'000	12 months to 31 March 2014 £'000
Not later than one year	170	170
Later than one year and not later than five years	382	510
	552	680

15. Losses and special payments

The authority had two losses totalling £945.71 relating to bad debts written off and a non cancellable unused travel ticket (Special Payment in 12 months to 31 March 2014: £20,000)

16. Related Party Transactions

The Health Research Authority is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a controlling related party. During the period the Health Research Authority has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. All transactions are at arms length.

The Health Research Authority has considered materiality in line with the manual for accounts guidelines for agreeing creditor and debtor balances (£50k) and income and expenditure balances (£100k).

	Receivables @ 9 months to 31 December 2014 £'000	**Payables @ 9 months to 31 December 2014 £'000**	**Income in 9 months to 31 December 2014 £'000**	**Expenditure in 9 months to 31 December 2014 £'000**
Department of Health	0	421	0	576

No Board Member or key manager has undertaken any material transactions with the Health Research Authority during the period.

17. Events after the reporting period

The Health Research Authority became a Non Departmental Body on the 1st January 2015. The annual report and accounts have been authorised for issue on the date the accounts were certified by the Comptroller and Auditor General.

18. Financial Instruments

Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. As the cash requirements of the Authority are met through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The Health Research Authority has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Agency is undertaking its activities.

The Authority's treasury management operations are carried out by the finance department, within parameters defined formally within the Authority's Standing Financial Instructions and policies agreed by the Board. The Authority's treasury management activity is subject to review by the Authority's internal auditors

Foreign Currency risk

The Health Research Authority takes measures to minimise all foreign currency risk, the Health Research Authority has no foreign currency risk

Interest rate risk

100% of the Health Research Authority's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The Health Research Authority is not, therefore, exposed to significant interest-rate risk.

Liquidity risk

The Health Research Authority's net operating costs are financed from resources voted annually by Parliament. The Health Research Authority largely finances its capital expenditure from funds made available from Government under an agreed capital resource limit. The Health Research Authority is not, therefore exposed to significant liquidity risks.

Credit risk

The Health Research Authority operates primarily within the NHS market and receives the majority of its income from the Department of Health and Devolved Administrations. Provisions against receivables are calculated based on the type of receivable, ageing or the outstanding debt and knowledge of specific queries on the balances.

Trade receivables are disclosed in Note 8. The Health Research Authority had no trade receivables requiring provision at the 31st March 2014.

Supplier risk

The Health Research Authority operates within both the NHS and non-NHS market for the supplies of goods and services.

The ageing of NHS and non-NHS payables at the reporting date was:

	£000
Not past due	191
Past due 0-30 days	77
Past due 31-120 days	0
More than 121 days	0

Fair values

The Health Research Authority has no significant long term receivables and payables and therefore the book values are not different from the fair value

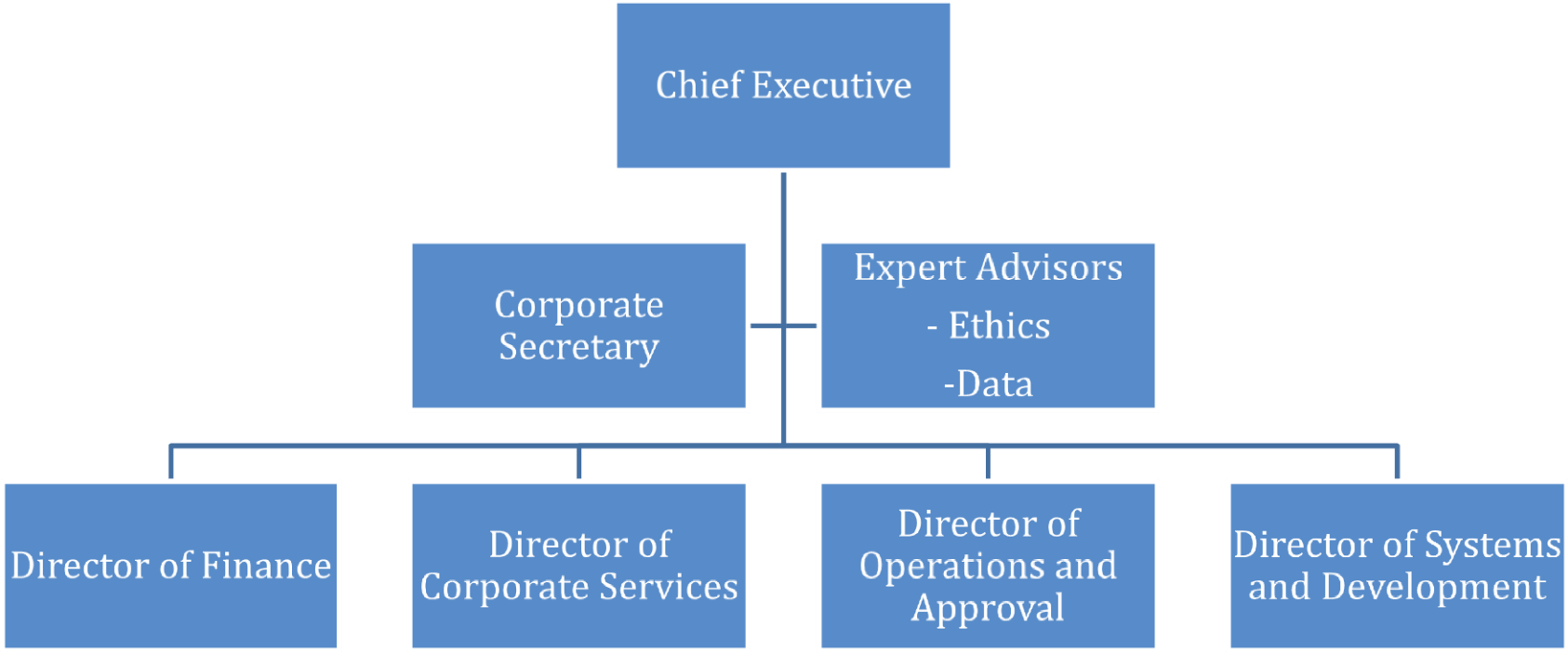
19. Intra-government balances

	9 months to 31 December 2014 Current receivables £'000	12 months to 31 March 2014 Current receivables £'000	9 months to 31 December 2014 Current payables £'000	12 months to 31 March 2014 Current payables £'000
Balances with Department of Health	0	7	421	109
Balances with other central government bodies	82	8	102	15
Balances with local authorities	0	0	0	0
Balances with NHS England	0	4	10	7
Balances with Special Health Authorities	0	0	27	13
Balances with Primary Care Trusts	0	0	0	0
Balances with NHS Trusts	0	0	64	9
Balances with Foundation Trusts	0	0	57	59
Balances with public corporations and trading funds	0	0		0
Balances with HMRC	45	43	134	0
	127	62	815	212
Balances with bodies external to government	56	121	599	1,085
As at 9 months to 31 December 2014	183	183	1,414	1,297

The Health Research Authority did not have any non-current receivables or non-current payables in the 9 months to 31 December 2014 (12 months period 2013-14: nil)

Appendix

A1. Senior Management Organisational Structure



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