

The NHS logo, consisting of the letters 'NHS' in a bold, white, sans-serif font inside a blue square.

Health Research
Authority

A photograph of a woman holding a baby, talking to a female doctor in a white coat with a stethoscope. The scene is set in a clinical or hospital environment. The image is overlaid with a blue gradient that darkens towards the bottom.

Health Research Authority Annual Report and Accounts

2017/2018

Health Research Authority Annual Report and Accounts 2017/18

Presented to Parliament pursuant to Schedule 7 of the Care Act 2014

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HRA annual report at a glance



Our volunteers and staff have worked tirelessly to make a positive impact and ensure that the HRA has fulfilled its remit in delivering high quality, safe research to patients and the public who will ultimately be the beneficiaries of their work.
- Teresa Allen, Interim Chief Exec



We refreshed our strategic aims to reflect the Care Act 2014 and to respond to three key trends central to our work:



UK's relationship
with the EU



Evolving
uses of data



Changing
technology

This has been a successful year for the HRA. We have reframed our strategic objectives and delivered much to achieve these and plan for the future. Highlights include:



Approval for
4,568 studies



Predictable
timelines



Fewer
incomplete
applications



We've developed new ways to measure our impact and how our work ultimately benefits patients and the public. This is set out in our performance scorecard



We managed
our finances
well within
tight funding
limits



Our corporate governance report gives a detailed picture of how we make sure the HRA continues to operate successfully.

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The NHS logo, consisting of the letters 'NHS' in a bold, white, sans-serif font inside a blue rectangular box.

Health Research
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The background of the cover is a photograph of a woman in a white lab coat with a stethoscope around her neck, smiling and looking towards a young child. The child is being held by an adult and is looking back at the woman. The entire image has a light blue tint. At the bottom, there is a dark blue horizontal bar containing the text 'Performance report' in white.

Performance report

This section provides an overview of the Health Research Authority and our work. This includes our purpose, the key risks to the achievement of our objectives and a summary of some of the key activities we have undertaken in the past year to meet our five strategic aims. For more details about how we have delivered against our aims, please review the 'performance analysis' section.



Chief Executive's introduction

Welcome to the 2017/18 annual report for the HRA. This year marked the five year anniversary of the HRA and we took the opportunity to review our strategic aims in the light of an established HRA Approval service, the publication of the Life Sciences Strategy and the need to prepare for forthcoming regulations ahead of and during the Brexit Transition period. 2017 has been a busy but productive year.

The operational focus for the year has been focussed on optimising and integrating processes across the organisation through our service improvement programme which has already started to deliver benefits to applicants from the research community who submit applications and amendments. During the year we introduced a number of new performance metrics applying a balanced scorecard approach to ensure that each of the projects in the programme delivered value.

Our timelines for approving research applications have improved throughout the year reaching their target range in the summer of 2017. We are delighted that we are now able to consistently issue a single approval communication covering both assessment and an ethical opinion on the same day for the majority of studies. We have successfully adopted a co-production model of working with service users and other key stakeholders to deliver a new public website, a single UK Governance Framework for Health and Social Care Research (replacing country specific documents) and a set of user requirements for a replacement of our Integrated Research Application System (IRAS) which we plan to implement in 2018/19.

Recent work with the Association of the British Pharmaceutical Industry, NHS R&D departments and NHS England has resulted in new model contract agreements with the collective goal of speeding up the research processes before studies reach the HRA, reducing delays occurring as a result of costing negotiation between different NHS organisations.

A renewed focus on training and development of our own workforce and the research community has resulted in the release of six new e-learning platforms and a group of our staff developed new appraisal documentation which has now been embedded across the HRA. Our finance and HR teams have also successfully introduced new systems supporting an increased level of staff self-service.

Changes to the way that data is processed and managed have featured highly on our agenda and we have issued new guidance to the research community to assist with the General Data Protection Regulations in addition to preparing for these changes ourselves. We have been working with the MHRA on their systems for clinical trials to ensure we align across the research system with our technological developments. During 2017, we commissioned an independent review of our research IT systems (IRAS and

HARP to assess their ability to meet future requirements to support wider research governance systems, which recommended changes to both systems. A successful business case submission means that we are procuring a new version of IRAS that will be based around the needs of a range of users as well as enabling us to fulfil our regularity remit and align with the digital strategies of key stakeholders in the research community. Our ambition is that the new system will be easier to use and will automate a number of the current work processes, releasing some capacity, improving quality and allowing us to make use of new software developments.

Our volunteers and staff have worked tirelessly to make a positive impact and ensure that the HRA has fulfilled its remit in delivering high quality, safe research to patients and the public who will ultimately be the beneficiaries of their work.

Who we are and what we do

Our aim is to make sure the UK is the best place in the world to do research. Constituted as a Non Departmental Public Body (NDPB), we work with partners, to build confidence and participation in health research, and so improve the nation's health.

Our core purpose is to protect and promote the interests of patients and the public in health and social care research. To achieve this we:

- make sure research is ethically reviewed and approved,
- promote transparency in research,
- enable research governance by overseeing a range of committees and services, and
- provide independent recommendations on the processing of identifiable patient information where it is not always practical to obtain consent, for research and non-research projects.

We are one of a number of organisations that work together in the UK to regulate different aspects of health and social care research. Most of our functions apply to research undertaken in England, but we also work closely with the other countries in the UK to provide a UK-wide system.

We provide the following approvals and opinions for research studies:

- HRA Approval brings together the HRA's assessment of governance and legal compliance with the independent ethical opinion by a Research Ethics Committee (REC). HRA Approval is for all project based research involving NHS and Health and Social Care (HSC) that is being led from England.
- Research tissue banks, research databases, and project-based research not involving the NHS only require REC review.
- Our Confidentiality Advisory Group makes recommendations on projects for approval that require identifiable patient information where it is not always practical to obtain consent.

We have refreshed our strategic aims to reflect the requirements of the Care Act 2014 and to respond to three key trends central to our work:

- The UK's relationship with the European Union
- Evolving uses of data

- Changing technology

This work created 5 strategic objectives which guide our work and enable us to achieve our core purpose.

1. Championing health and social care research

The research sector is a major contributor to the UK economy. The HRA will play a key role in maintain this by:

- Being a champion for transparency in research
- Involving the public in research

2. Making it easier to conduct high quality research in the UK

The HRA will ensure approval is proportionate, equitable and fair by:

- Streamlining processes for researchers
- Improving the advice provided to researchers
- Contributing to a UK-wide approval system

3. Developing a pro-active, strategically focused organization

The HRA has an important role to play in the research system. We aim to:

- Invest in strategic intelligence and respond to opportunities
- Increase our visibility and understanding of who we are and how we work with others
- Align our role and ambition with other key stakeholders

4. Capitalising on technological developments

The HRA will remain relevant by:

- Looking where technology can improve the service we offer
- Understanding and supporting the important role of data in research

5. Ensuring the HRA is governed effectively and provides value for the tax payer

We will deliver:

- A programme of work to ensure the effectiveness and efficiency of our internal processes and support the organisation's strategic realignment
- A benefits realisation approach to demonstrating value
- A way of using our data more effectively to manage our workload and measure our performance

Our achievements for the year

This has been a successful year for the HRA. We have reframed our strategic objectives and delivered much to achieve these and plan for the future following the introduction of the new approval service in 2016.

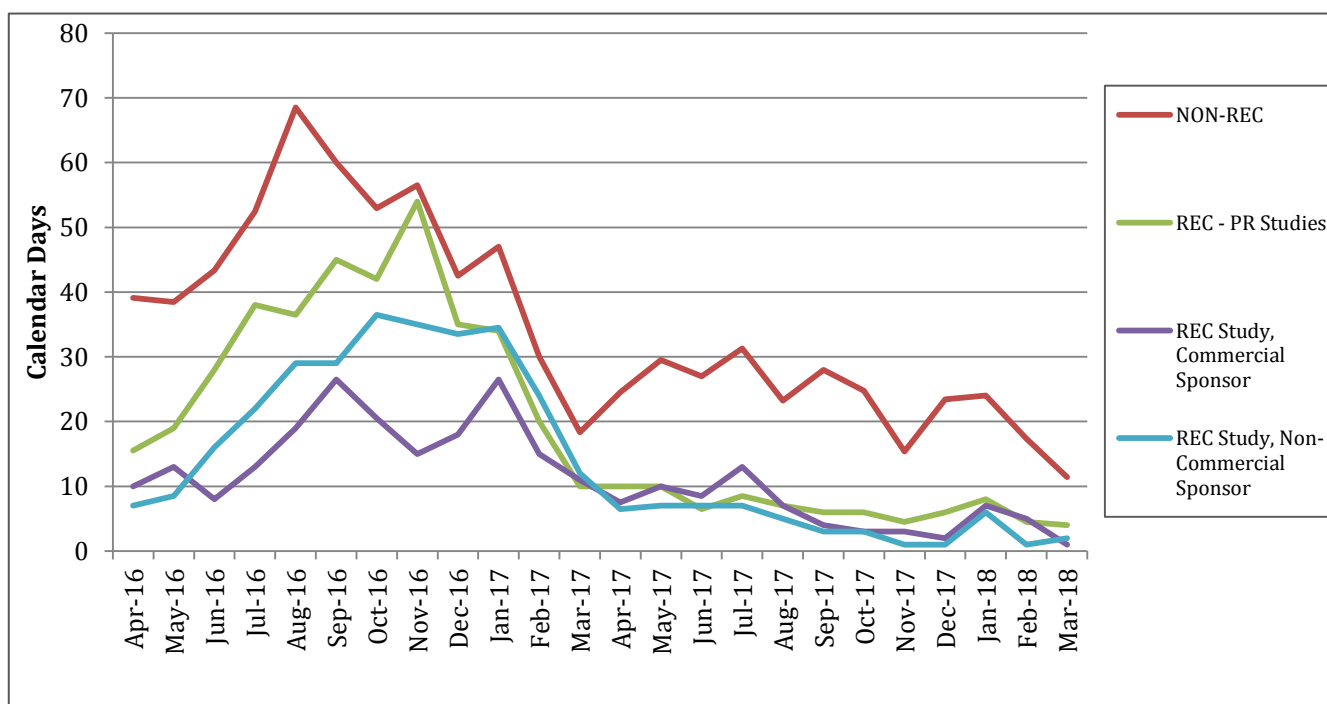
We have developed metrics and benefit profiles which better reflect the end to end user experience of our service and are more closely aligned to our strategic aims. We are also developing our performance management and reporting systems to enhance these and ensure we drive our performance to meet our strategic aims and statutory requirements.

Overall we have provided approval for 4,568 studies through our approval service and of these, 3,689 required ethical approval. We have also processed 16,225 amendments to studies previously approved.

We have engaged and listened to the research community and have developed our systems and processes to provide a more predictable, streamlined and simpler approval service. Importantly, the full elapsed time for a valid application to receive HRA approval from meeting Research Ethics Committee conditions has reduced to less than 10 days in most cases in 2017/18. This means that the time taken to set up research studies is quicker, more predictable and will improve the potential for researchers to recruit to target and complete studies to schedule.

HRA median approval timelines April 2016 – March 2018.

This graph shows the improvements to timelines achieved for HRA Approval. It demonstrates that the median number of calendar days it takes from REC opinion to final approval has consistently reduced across different study types.



- **Non-REC studies:** Studies that do not need research ethics approval
- **REC-PR studies:** Studies that require research ethics proportionate review approval
- **Full REC, non-commercial studies:** Non-commercial studies that require full research ethics approval
- **Full-REC, commercial studies:** Commercial studies that require full research ethics approval

We have also worked hard to help researchers ‘get it right first time’ and have seen a small improvement in the percentage of incomplete applications received, reduced from 36% on average in the first 6 months of the year to 32% in the last. Targeted communications across a variety of different methods including face to face meetings, tweets and updates in HRA news as well as improved learning and development opportunities for the research community have all helped to achieve this improvement.

We hope to build on this in 2018/19 with the introduction of automated validation checks in our research IT system, further reducing waste in the system. We are pleased to report that our user satisfaction scores remain high at 78% overall.

Supporting the UK-wide approvals process, we co-produced and launched a single UK policy framework for Health and Social Care Research (replacing country specific documents) and worked with key stakeholders to review and revise the Governance Arrangements for Research Ethics Committees (GAfREC), launched this Spring. We also provided guidance to the research community on the implications of the General Data Protection Regulations (GDPR) for the delivery of health and social care research in the UK helping researchers prepare for these new requirements.

We have been working with the MHRA on their systems for clinical trials to ensure we align across the research system with our technological developments. During 2017, we developed a successful business case to enhance our technology.

Our plan is to create a new version of IRAS that will be based around user need as well as enabling us to fulfil our remit and align with the digital strategies of key stakeholders in the research community. Our ambition is that the new system will be easier to use, streamline current work processes, enhance quality and transparency and provide improved business intelligence of the research eco-system

All this would not be possible without the invaluable contribution made by over 900 volunteers who are members of the Research Ethics Committees (RECs), the National Research Ethics Advisors' Panel (NREAP), the Public and Patient Involvement Panel and the Confidentiality Advisory Group (CAG) who give their time freely to support the HRA and our work.

Our key issues and risks

This year one of our key issues and risks is the impact of our transformation programme on resourcing throughout the organization. Our extensive change programme has required us to adapt to ensure we are able to target scarce resources effectively to achieve the impact our strategy requires. To this end, we have restructured our governance arrangements including the creation of the transformation board and workforce planning board. These structures help manage and progress our transformation agenda allowing time to be spent more efficiently and effectively by those involved. Similarly an agile approach is being followed in a number of key programmes including our service improvement programme and the research systems development to support targeted delivery of each work stream, business as usual activity as well as other key programmes of work.

Another key risk for the HRA relates to expectations around transparency and the HRA's ability to deliver within its current remit. Further work to consider transparency is underway, with closer links with key partners being made to support the delivery of the transparency agenda together with refreshed key performance indicators for 2018/19. We

have also identified a significant risk related to the changing external environment and associated requirements for our technology systems to adapt to continue to be fit for purpose. To manage this risk, we have agreed with DHSC and our key stakeholders that we will transform our research IT systems by 2019 to ensure we align across the research system with our technological developments and are able to meet future requirements to support UK research governance and fulfil our statutory roles as the approval body for health and adult social care research.



Performance analysis

As part of the 2017/18 and 2018/19 business planning, linking directly to our refreshed strategic aims, we set out and developed a balanced scorecard of strategic key performance indicators and benefits to measure the impact our work has on the wider research eco-system. These KPIs and benefits have been co-created with our user community who through various forms of engagement have helped develop our benefits profiles so that we can define and monitor the improvements to the system that make a difference to their work and ultimately outcomes for patients and the public.

At a high level, our KPIs provide assurance and performance information to our Board, DHSC and the wider research community. Internally, they drive continuous improvement for our operational teams. The way that we manage our performance and its relationship with risk and uncertainty is explained in more detail in our governance statement.

We are also refining our performance management and reporting systems to ensure we continue to drive our performance in meeting our strategic aims and statutory requirements. Monthly operational KPIs reporting and monitoring, strategic quarterly performance reporting to our leadership team and Board combined with user satisfaction data and financial reporting all provide assurance and enable effective performance management. Individual staff objectives that complement and reflect these organisational objectives are developed during the annual appraisal process and monitored during regular 1-1s between staff and their managers.

Our KPIs measure both financial and non-financial performance to provide a comprehensive view of our activities. Non-financial performance indicators include social matters such as how engaged our staff are and user satisfaction ratings.

Performance scorecard

Strategic objective	Key deliverables and metrics
<p>Championing health and social care research</p>	<p>Public Involvement in Research</p>
<p>Why: Increased participant numbers will benefit the needs of patients and helps ensure research is more likely to be understood by and accessible to patients and members of the public taking part.</p>	<ul style="list-style-type: none"> Completed and published the third and final analysis of what applicants for ethical review write about public involvement together with an associated qualitative analysis. Engaged with our RECs to explore where RECs seek assurances there has been public involvement in research applications and what information they would find most helpful to know about the involvement in a study to aid discussions on ethical issues relating to a research study. Grew our Public Involvement Network which now has over 90 patients, service users, carers and members of the public offering their perspectives on research and our work at the HRA Involved 2 public contributors in the recruitment of our executive director of policy role
<p>Championing health and social care research</p>	<p>Transparency</p>
<p>Why: Improved rates of research registration are important to enable other researchers to see that research is underway, avoid duplicating effort and know to expect findings to be reported.</p>	<ul style="list-style-type: none"> Performed an audit of clinical trial registration and published the findings report on our website Compiled a list of accepted clinical trial registers with our Transparency Forum and published this list on our website
<p>Making it easier to conduct high quality research in the UK</p>	<p>Streamline processes for researchers</p>
<p>Why: Offers the applicant a more precise timetable to allow them to plan subsequent activity</p> <p>Improved speed of study set-up will improve potential for researchers to recruit to target and complete studies</p>	<ul style="list-style-type: none"> Collated baseline data on predictable outcomes for different types of studies to inform our process development in this area Significantly reduced timelines for gaining study approval (once REC conditions have been met) to under 10 days for most of the financial year Developed and implemented a joined up validation process and model contract agreements making it simpler for researchers to set up studies

Strategic objective	Key deliverables and metrics
to schedule.	<ul style="list-style-type: none"> Performed stakeholder engagement review on proportionality and how this might inform and simplify our future process
Making it easier to conduct high quality research in the UK	Improving the advice provided to researchers
<p>Why:</p> <p>Improved turnaround timescales of approval outcome</p> <p>Reduced cost of re-working applications</p>	<ul style="list-style-type: none"> Launched 8 e-learning modules over the year with 76% user satisfaction score and over 1,000 learners each quarter Delivered 6,098 person hours of learning Applications with missing documentation reduced from 36% in first 6 months to 32% in last 6 months (average) Launched our new website with 72% satisfaction
Making it easier to conduct high quality research in the UK	Contributing to UK-wide approval systems
<p>Why:</p> <p>Offers the researcher a simpler, more consistent process to gain approval throughout the UK</p>	<ul style="list-style-type: none"> Co-produced and launched a single UK policy framework for Health and Social Care Research (replacing country specific documents) Worked with key stakeholders to review and revise Governance Arrangements for Research Ethics Committees (GAfREC) Established a new model for our ethics and advisory panel – NREAP
Developing a pro-active, strategically focused organization	Investing in strategic intelligence and responding to opportunities
<p>Why:</p> <p>HRA becomes more visible with positive reputation and, is recognised as a key opinion leader</p>	<ul style="list-style-type: none"> Restructured the executive team and successfully recruited to a new Director of Policy role to increase strategic focus and capacity Developed and implemented a strategic KPI for our executive team to engage externally with the research, health and social care community at least 20% of their time Refreshed and further developed our key stakeholder map
Developing a pro-active, strategically focused organization	Increase our visibility and understanding of who we are and how we work with others
<p>Why:</p> <p>Our people will understand user needs and feel more</p>	<ul style="list-style-type: none"> New website has seen 135,000 users / quarter Our executive directors spent over 20% of their time engaging with the research, health and social

Strategic objective	Key deliverables and metrics
engaged	care community (from Feb 2018) <ul style="list-style-type: none"> 61 staff members (greater than 50% of those who wouldn't normally engage externally) had an opportunity to interact outside their direct role at the HRA
Developing a pro-active, strategically focused organization	Align our role and ambition with other key stakeholders
Why: To achieve most impact for patients and the public by working collaboratively with key stakeholders in the research and health community	<ul style="list-style-type: none"> Provided programme leadership for developments involving the 4 Nations and other key stakeholders including the launch of a single IRAS form for the UK Actively engaged with the development of NIHR's digital strategy and worked with MHRA on their systems strategy Worked collaboratively with DHSC and other key stakeholders to develop a business case to transform our Research IT Systems in 2019
Capitalising on technological developments	Looking where technology can improve the service we offer
Why: To enhance the service we provide to the research community and meet future regulatory requirements effectively	<ul style="list-style-type: none"> Enhanced our Research IT Systems by creating a UK wide IRAS form, improving cyber security protection and resilience and introducing multiple file upload functionality Looking to the future we commissioned an independent review of our Research IT Systems and gained approval to transform our systems to meet future requirements Rolled our Employee Self Service and Manager Self Service throughout the HRA , automating and streamlining our processes
Capitalising on technological developments	Understanding and supporting the important role of data
Why: Data is changing the face of health and social care provision and is also a rich source for research that can take advantage of technology to analyse large data sets that hasn't previously been possible	<ul style="list-style-type: none"> Worked collaboratively with NHS Digital to ensure their systems are compliant in respect to the confidentiality of data Engaged with the public through a series of workshops, in partnership with the Human Tissue Authority (HTA), to gain a better understanding of public attitudes to when tissue becomes data Issued guidance to support the new General Data Protection Regulations in the research community
Ensuring the HRA is governed effectively and	Improve the effectiveness and efficiency of our internal processes

Strategic objective	Key deliverables and metrics
<p>provides value for money</p> <p>Why: HRA will be able to meet its strategic and operational objectives in a lean spending review environment</p>	<ul style="list-style-type: none"> • Launched and delivered a programme of corporate service improvement including automation of people processes, streamlining business partnering arrangements and enhancing video conferencing functionality • Shared our office space with health organisations saving £300k over three years, and ensuring we are on target to meet space utilization ratio of 8sqm/desk in 2018/19 • Ensured financial forecasts were within the 4% target range throughout the year and under 0.5% at year-end
<p>Ensuring the HRA is governed effectively and provides value for money</p> <p>Why: HRA will be able to better understand, monitor and report on the impact it brings to the research community and value it provides to the public purse</p>	<p>Deliver a benefits realization approach to demonstrating value</p> <ul style="list-style-type: none"> • Developed and rolled out training to our people on benefits realization approach • Compiled benefits profiles for the workstreams included our transformation programme • Collected baseline data for our benefit profiles to help track progress and target resources
<p>Ensuring the HRA is governed effectively and provides value for money</p> <p>Why: To better understand the difference the HRA makes to the research community and we target resources for most impact.</p>	<p>Using our data more effectively to manage our workload and measure our performance</p> <ul style="list-style-type: none"> • Developed and implemented an assurance framework process for the HRA • Co-produced and tested a new approach to REC accreditation and quality control to be implemented in 2018/19 • Introduced a quarterly performance report based on our performance scorecard providing leadership team and our Board with regular reports on our performance and impact

Our People

Our people are our greatest asset. We know that high engagement enables people to be the best they can be at work, recognising that this can only happen if people feel respected, involved, heard, well led and valued by those they work for and with. We are pleased to report that our people are highly engaged with their work and consistently survey a high staff engagement score in our annual people survey. This year the engagement score was 78% consistent with 2016/17 and just shy of our target score of 80%. This score also compares favourably with the sector benchmark of 67%.

We are keen to improve this score further and have developed an action plan to address some of the concerns raised in the survey. This includes understanding better how our

technology can support our people to deliver their work, and a renewed commitment to supporting a flexible and agile working environment. It also includes further development of our learning and development programme, creation of a workforce board and Union recognition.

Financial review

Our accounts consist of primary statements (providing summary information about our income and expenditure in the year, our assets and liabilities at the end of the year and how we have managed our cashflows) and detailed notes to these statements. These accounts have been prepared based on the standards set out in the Government Financial Reporting Manual (FRM) to give a true and fair view.

The HRA remained within agreed revenue and capital allocations for 2017/18 and our financial reporting targets were met throughout the year. Careful financial management and improved strategic investment appraisal procedures meant that the HRA fully used our resources within 0.3% variance. This reflects the leaner spending review environment and also our widening strategic remit. We have made sure this year that we have invested all our resources to achieve value for the research community and ultimately, patients and the public.

Our total budgeted income for the year was £14,443k (2016/17: £14,170k), of which

- £13,400k (2016/17: £13,260k) was grant in aid revenue funding, from the Department of Health and Social Care
- £800k (2016/17: £910k) was grant in aid capital funding from the Department of Health and Social Care
- £205k other income from the devolved administrations for providing support and IT systems for the research ethics service
- £38k contribution towards the costs of our London regional office from NHS Business Services Authority

Our total net expenditure for the year was £13,396k, (2016/17 £12,755k) resulting in an underspend on our committed funding of £4k, 0.03%.

- £7,300k (54%) funded our core services including HRA approval, the research ethics service and the confidentiality advisory service and
- £2,136k (16%) supported our research IT systems, including amortisation costs of £654k.
- £1,441k (11%) funded our chief executive office, policy activities corporate governance and external engagement costs.

In addition, to deliver on our refreshed strategic objectives we invested in a number of key programmes including:

1. £100k on our service improvement programme, streamlining and integrating our approval and ethics services to improve researcher experience
2. £85k on our new website to enable users to better understand the role of the HRA and the services we offer.

This year we reduced our cash holdings to bring them more in line with our annual cash requirements. This has resulted in a net reduction in cash of £2,539k and whilst lower than we had originally planned, it still provides sufficient cover to pay future commitments as they fall due. Looking forward, we plan to increase our cash balances to match our net liabilities, through tighter cash-flow management.

Sustainability report

Whilst the HRA may be exempt from formal reporting on a number of Greening Government Commitments as it has less than 250 FTE staff, we are keen to demonstrate our commitment to the sustainability agenda. Since our establishment in December 2011 we have reduced the number of our regional offices from seven to five and have this year shared two of our offices with fellow health arms-length bodies to further reduce our impact.

We also actively promote and encourage the use of video conferencing throughout our offices, regularly holding a variety of meetings including 'all staff' meetings using this technology, reducing the need to travel where it is practical to do so. This has resulted in a reduction in miles travelled by our people of 5% on 2016/17.

This year we reviewed our home-working policies to ensure they continued to reflect our flexible and mobile ways of working. To meet the government's target of eight desks to ten FTE staff we encourage our people to work from home two days per week where business requirements allow. We are on target to achieve 8sqm/desk occupancy ratio across all our offices in 2018/19 and aim to achieve 8 desks / 10 FTE staff as we merge with the government hub strategy over the next three years.

These factors taken together have and will continue to reduce costs as well as contribute to the reduction of the HRA's carbon footprint.

We have also moved to 80% usage of recycled paper consolidating the significant improvement seen in recent years. Alongside this, the managed print service has seen a further measurable reduction in paper use and postage costs following the launch of our research ethics service portal for our research ethics committee members in 2016.



Teresa Allen
Interim Chief Executive
Health Research Authority
14 June 2018

The NHS logo, consisting of the letters 'NHS' in a bold, white, sans-serif font inside a blue rectangular box.

Health Research
Authority

A blue-tinted photograph of a female doctor with curly hair, wearing a white lab coat and a stethoscope, sitting on the floor and smiling at a young child. The child is sitting on the lap of an adult, looking towards the doctor. The background is a blurred clinical setting.

Accountability report



Corporate governance report: Directors' report

Governance

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

Our relationship with the Department of Health and Social Care (DHSC) 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 DHSC 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 ALB, we work in close partnership with the DHSC 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 DHSC will assure itself of our performance without interfering in its day-to-day decision making.

The DHSC's Science, Research and Evidence 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.

The HRA is governed by a Board that is its corporate decision-making body. It is composed of five non-executive directors (including the Chair, Jonathan Montgomery) and three executive directors (including the Interim Chief Executive, Teresa Allen). Two further directors attend the Board. We are committed to openness and transparency with Board meetings held in public and papers and minutes available on our website.

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:

<https://www.hra.nhs.uk/about-us/governance/publication-scheme/list-and-registers/>

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 Care Act 2014 at the cost of £35,000. The audit certificate can be found on page 41.

Personal Data related Incidents

No significant personal information incidents have occurred throughout 2017-18 resulting in a submission to the Information Commissioner. There have been fourteen minor breaches (the majority comprising of e-mails sent to a wrong address) which have all been investigated and appropriate action taken.

Statement of accounting officer's responsibilities

Under the Care Act 2014, Section 109 (Schedule 7, paragraph 20) 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;
- Prepare the accounts on a going concern basis;
- confirm that the annual report and accounts as a whole is fair, balanced and understandable; and
- Confirm that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Accounting Officer of the DHSC has designated the Interim Chief Executive, Teresa Allen as Accounting Officer of the HRA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the HRA's assets, are set out in Managing Public Money published by the HM Treasury. Accounting Officer responsibilities have been undertaken by the Interim Chief Executive for the full reporting period.

As far as the Interim Chief Executive is aware, there is no relevant audit information of which the entity's auditors are unaware and the Interim 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.

Governance statement

This Governance Statement sets out the framework utilised by the 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 HRA complies with the requirements of HM Treasury Corporate Governance in Central Government Departments: Code of Good Practice (2017) insofar as they relate to public bodies.

The Accounting Officer has 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 the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in HM Treasury: Managing Public Money.

For the period reported in the Annual Report and Accounts, 01 April 2017 to 31 March 2018 Teresa Allen was the Accounting Officer. The Accounting Officer is accountable for the discharge of functions to the Authority's Board and ensuring appropriate arrangements are in place for the appropriate discharge of all statutory functions attached to the HRA.

The Accounting Officer is also accountable to the Minister of State at the DHSC. This line of accountability is managed through a Framework Agreement between the DHSC and the HRA, an Annual Accountability Review with the Minister through quarterly reviews with officials at the DHSC and close working on a day-to-day basis between HRA staff and those in the DHSC Sponsor Branch.

Governance Structure

The Board

The HRA is governed by a Board that functions as a corporate decision-making body. The Board is composed of the Chair and four Non-Executive Directors (NEDs) and three executive directors. The Board conforms to the recommendations set out in the Corporate Governance in Central Government Departments: Code of Good Practice (2017). Other Non-voting directors (listed below) are required to attend the board meetings.

Eight public HRA Board meetings have been held between 01 April 2017 and 31 March 2018.

The Board membership attendance over the period was as follows:

Professor Jonathan Montgomery (Chair) (attended 8 out of 8 meetings),

- Graham Clarke (NED) (7/8),
- Dr Allison Jeynes-Ellis (NED) (6/8),
- Professor Deirdre Kelly (NED) (8/8),
- Professor Nalin Thakkar (NED) (5/8),
- Dr Janet Wisely (Executive Director) (stepped down 31st July 2017) (0/3)
- Teresa Allen (Executive Director) (8/8),

- Ian Cook (Executive Director) (8/8),
- Karen Williams (Executive Director) (8/8),
- Dr Janet Messer (Director – Non-voting) (6/8),
- Juliet Tizzard (Director – Non voting) (started at HRA 2nd January 18) (2/2)
- Joan Kirkbride (Director – Non-voting) (left HRA September 2017) (3/3),
- Tom Smith (Director – Non-voting) (left HRA April 2017) (1/1).

Key areas of business considered by the Board, in addition to standing items over the reporting period such as performance reporting (including financial analysis) and risk management, include:

- The initiation, governance and regular review of the Transformation Programme (including our Service Improvement Programme) and its projects
- Response to the HRA staff survey 2016 and review of the findings and response to the HRA staff survey 2017
- Consideration of Information Governance risks following WannaCry ransomware attack on the NHS
- Approval of the UK policy framework for health and social care research
- Consideration of relevant reviews and strategies including:
 - Academy of Medical Sciences (AMS), Cancer Research UK (CRUK) and the Wellcome Trust on the 'Regulation and governance of health research: five years on',
 - Life Sciences: Industrial Strategy
 - NIHR Health futures 20 year forward review
- Consideration of findings from deep dives undertaken by the HRA Audit and Risk Committee, in particular into social care research and HRA volunteer membership.
- Review of the HRA's continued work on improving research transparency to protect and promote patients' and the public interest in research and next steps

The Board is committed to improving its performance and effectiveness with seminars often held prior to the main Board meeting. Topics covered in these seminars include:

- Strategic stakeholder engagement
- Preparing for the General Data Protection Regulation (GDPR) and what this means for the HRA
- Public dialogue work exploring attitudes towards commercial use of patient data for public benefit
- HRA Strategic risk
- Board effectiveness and NED portfolios
- Update on the progress of the new Clinical Trial Regulation and potential impact of Brexit
- Development of the HRA's Target Operating Model and update on progress of the procurement of a new research system

The Board reviews a key performance indicator report on a quarterly basis. The report provides the Board with an overview of the RAG status of the HRA Business Plan 2017/18 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 and all Board members' expenses are published.

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

Audit and Risk Committee

The HRA Audit and Risk Committee has continued to deliver its role 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 and Risk Committee has met five times in the year to 31 March 2018. The Committee membership attendance over the period was:

- Graham Clarke (Chair, NED) (5/5),
- Professor Deirdre Kelly (NED) (4/5),
- Professor Nalin Thakker (NED) (5/5),
- Marc Taylor (Audit and Risk Committee member) (3/5).

In addition, individuals from the HRA, Health Group Internal Audit and the National Audit Office were invited and regularly attended the Committee.

This year, the Audit and Risk Committee reviewed and approved the annual report and accounts, as well as the Committee's terms of reference, audit manual and audit timetable. The Committee regularly reviews the HRA corporate risk register, internal and external audit reports, corporate gift and hospitality reports, single tender actions and loss and compensation reports.

New developments this year that the Committee reviewed and supported include:

- the development of our assurance mapping framework,
- options appraisals for the replacement of our IT infrastructure contract
- business case for the replacement and enhancement of our research IT systems

The Committee reviewed its effectiveness in August 2017 following a more detailed effectiveness audit last year. Only one outstanding recommendation remains, relating to Committee membership and this will be addressed in 2018.

Pay and Remuneration Committee

The membership of the Pay and Remuneration Committee is made up of the Chair and NEDs. The business conducted by the Pay and Remuneration Committee over the period includes:

- i. Advising the Board about appropriate remuneration and terms of service for the Chief Executive / Interim Chief Executive and any Directors on Very Senior Managers 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 including:
 - a. All aspects of salary (including any performance-related elements/bonuses);
 - b. Provisions for other benefits, including pensions and cars;
 - c. Arrangements for termination of employment and other contractual terms.
- ii. Having oversight in relation to remuneration and terms of service for those Directors and other staff who are covered under Agenda for Change terms and conditions who are direct line reports of the Chief / Interim Chief Executive;
- iii. 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 met five times in the reporting period in order to deliver its functions for the HRA. The Interim Chief Executive is normally invited to attend the Committee unless discussions relate to the remuneration and terms of services of the Chief Executive or Interim Chief Executive.

HRA Senior Leadership Team

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

The SLT is responsible for ensuring an effective bridge from executive to Board business and the formulation of HRA strategy.

The SLT has delegated responsibility to the Leadership Team (LT) for the management of day to day, routine corporate business within agreed objectives, resources and according to the HRA / DHSC framework agreement and standing orders.

Effectiveness

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

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. There is a Risk Management policy and procedure in place and the Board reviews the HRA Corporate Risk Register on a quarterly basis. The Board has undertaken two Board seminars to develop its Strategic Risk Register which will in future support the HRA in achieving its strategic aims and objectives and provide greater assurance to the Board.

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 Head of Corporate Governance.

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 those relating to transition planning. Each Directorate

holds its own risk register and reviews it on a regular basis. 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 reaching agreed thresholds by the Director are raised to the Leadership Team which reviews each risk quarterly to 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 private, part 2 sessions. The Corporate Risk Register is shared with the Audit and Risk Committee and DHSC sponsor team on a quarterly basis.

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 and Risk Committee accordingly. The risks that have been considered and managed by the Board this year include:

- The long term financial risk due to the spending review and external environment;
- The lack of understanding of timelines and identification of baseline metrics associated with HRA Approval;
- The complexity and scale of multiple change programmes including Service Improvement Programme, Executive Restructure and Research Systems development;
- The impact of the Service Improvement Programme on UK wide compatibility and relationships;
- The challenges of the development to IRAS and HARP linked to the progress of the EU Clinical Trials Portal;
- The extended remit to adult social care and unknowns regarding the current landscape and impact therefore on the HRA; and
- The expectations around transparency and the HRA's ability to deliver within its current remit.

The Audit and Risk Committee also undertake regular risk deep dives into particular topic areas to better understand the issues. NEDs who are not formal members of the Committee are invited to attend for this part of the meeting. The Audit and Risk Committee undertook the following deep dives during this reporting period:

- The project for the integration of iCasework to support queries received into the HRA which was subsequently abandoned;
- An exploration of the challenges facing Communications; and
- A consideration of some of the issues and uncertainties with regard to social care research.

For the latest version of the HRA Corporate Risk Register please see the HRA Board page of the website.

Quality Assurance

The HRA has given careful consideration to the requirements and coverage of the best practice guide 'The Aqua Book' produced by the working group set up following the Macpherson recommendations, as well as direct discussions with the modelling oversight committee within DHSC. 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.

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 personally identifiable, confidential and sensitive data;
- The Information Governance Lead is also the Corporate Secretary;
- Ian Cook, Director of Transformation and Corporate Services is the Caldicott Guardian
- Directors and managers are Information Asset Owners (IAOs) as appropriate.

The Information Governance Steering Group (IGSG) is a formal sub- committee of the leadership team. 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 meets four times annually and 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, the HMG Security Policy Framework, overseen by the Information Governance Lead and IGSG to ensure security threats are followed up and appropriately managed. The HRA is also committed to the 10 Steps to Cyber Security and where appropriate implementing the National Data Guardian's Data Security Standards.

The key risks the IGSG has continued to address include:

- Unauthorised staff may inadvertently access confidential information on the HRA Shared Drive;
- There may be an organisational under-reporting of IG incidents;
- Potential loss of Sensitive Personally Identifiable Information sent to the shared service authority, BSA, who process HRA HR information; and
- HRA staff may not be properly trained in Information Governance.

The IGSG is content that these risks are being appropriately managed and mitigated to an acceptable level.

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 are supporting the work to ensure the HRA conforms to the new General Data Protection Regulations (GDPR).

No significant information incidents have occurred throughout 2017 – 18 resulting in a submission to the Information Commissioner.

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 01 April 2017 to 31

March 2018 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Senior Leadership Team, led by myself, reviews and monitors progress with other management groups providing input as required. These include a recruitment control panel and management groups specifically for the information systems we provide and major programmes (HRA Approval, Transformation Board, Service Improvement Programme) or steering groups for significant projects.

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 objectives have been reviewed and this aspect of the Authority's activities has been subject to external review.

A Business Plan for 2018-19 has been developed and approved by the Board which sets 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.

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 which external audit attends, to review the design and operation of the systems of internal control.

Where weaknesses are identified, these are 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 Public Sector 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.

Head of Internal Audit Opinion 2017-18

"My overall opinion is that I can give **moderate 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 2017/18".

Capacity to Handle Risk

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

- Agreeing the Risk Management Policy;
- Assigning a Responsible Senior Manager for Risk Management;

- Ensuring risk management processes are effective and embedded throughout the work of the HRA
- Reviewing significant programme, strategic and operational / project risks; and
- Reviewing critical risk management activities / controls and their verification.

Current responsibilities are as follows:

- Ensuring appropriate risk management systems are in place: Interim Chief Executive, Director of Finance, Procurement & Estates, Head of Corporate Governance;
- Scheduling and facilitating Internal Audit activities: Director of Finance, Procurement & Estates
- 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: Head of Corporate Governance;
- Writing the Governance Statement: Interim Chief Executive, Director of Finance and Head of Corporate Governance
- Ensuring the appropriate risk structure is in place including the Audit and Risk Committee: Head of Corporate Governance; and
- Monitoring risk performance. As part of the routine progress reports the Audit and Risk 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: Head of Corporate Governance

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.

Summary

The HRA has delivered a substantive programme of work this year to further improve the framework and processes for the approval and management of health and social care research. 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 and social care 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 with all key corporate governance functions being managed effectively, robustly and efficiently.



Teresa Allen
Interim Chief Executive
Health Research Authority
14 June 2018



Remuneration and staff report

Remuneration Policy

The Chairman and Non-Executive Director Board members are remunerated in line with DHSC guidance that applies to all NHS bodies. Details of the senior managers' remuneration, given in the following tables, with one exception, is set and reviewed in line with the DHSC guidance 'Pay Framework for Executive and Senior Managers in Arms' Length Bodies'. Senior managers employed under the ESM framework are under stated contracts of employment on terms and conditions as set out by NHS Employers. Pay for one Executive Director employed and contained in the report is set and reviewed in line with Agenda for Change terms and conditions. All those contained in the senior managers' remuneration table below are subject to annual appraisals on their performance.

Remuneration and Pension for Directors (subject to audit)

Name and Title of Directors	Salaries and Allowances			
	12 months to 31 March 2018			
	Salary (bands of £5,000)	Other Remuneration (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	45 - 50	0	0	45 - 50
Allison Jeynes-Ellis, Non-Executive Director	5 - 10	0	0	5 - 10
Graham John Clarke, Non-Executive Director and Audit Chair	10 - 15	0	0	10 - 15
Deirdre Kelly, Non-Executive Director	5 - 10	0	0	5 - 10
Nalin Thakker, Non-Executive Director	5 - 10	0	0	5 - 10
Directors				
Janet Wisely, Chief Executive (until 01/08/2017 – note 1)	40 – 45 (130 – 135)*	0	15 - 17.5	60 - 65
Teresa Allen, Interim Chief Executive (Note 2)	120 – 125 (110 – 115)*	0	250 – 252.5	370 - 375
Joan Kirkbride, Director of Operations (left 23/08/2017 - note 3)	130 – 135 (90 – 95)*	0	32.5 - 35	165 - 170
Tom Smith, Director of Quality, Guidance & Learning (left 01/05/2017)	5 – 10 (60 - 65)*	0	0	5 - 10
Ian Cook, Director of Transformation & Corporate Services	90 - 95	0	20 - 22.5	110 - 115
Janet Messer, Director of Approvals Service	85 - 90	0	52.5 - 55.0	140 - 145
Karen Williams, Director of Finance, Procurement and Estates	95 - 100	0	0	95 - 100
Juliet Tizzard, Director of Policy (from 02/01/2018)	25 – 30 (100 - 105)*	0	0	25 - 30

* denotes full year equivalent

Note 1: Janet Wisely stepped down as Chief Executive on 31 July 2017 due to an unexpected and life changing health situation. She has continued to be employed by the HRA and has been paid her full salary for the year. She will leave the HRA on 30 June 2018

Note 2: Teresa Allen, Interim Chief Executive, was seconded to the Health Research Authority from NHS Blood and Transplant on a full time basis until the 31st July 2017, from when Teresa became an HRA member of staff. Teresa's salary was increased to recognise her role as the HRA's Interim Chief Executive, backdated to the start of her appointment at the HRA. The arrears paid upon her transfer to the HRA, are included in the table above. Pension related benefits have also increased correspondingly as they are based on this increased salary. Details of Teresa's remuneration are not included within the Annual Report of NHS Blood and Transplant.

Note 3: As part of the HRA executive restructure in 2017, Joan Kirkbride was made redundant and decided to take early retirement. Joan received a redundancy payment of £94,314 and a further payment of £65,905 was made to NHS Pensions for the capitalisation costs of early retirement, in accordance with the NHS Pension scheme. The total cost of both payments was £160,219 and this is disclosed within the exit packages table.

Salaries and Allowances				
12 months to 31 March 2017				
Name and Title of Directors	Salary (bands of £5,000)	Other Remuneration (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	45 - 50	0	0	45 - 50
Allison Jeynes-Ellis, Non-Executive Director	5 - 10	0	0	5 - 10
Graham John Clarke, Non-Executive Director and Audit Chair	10 - 15	0	0	10 - 15
Deirdre Kelly, Non-Executive Director	5 - 10	0	0	5 - 10
Nalin Thakker, Non-Executive Director	5 - 10	0	0	5 - 10
Directors				
Janet Wisely, Chief Executive	130 - 135	0 - 5	0	130 - 135
Teresa Allen, Interim Assistant Chief Executive (from 22/08/2016 – 17/11/2016) (Note 2)	20 – 25 (85 – 90)*	0	2.5 - 5.0	25 - 30
Teresa Allen, Interim Chief Executive (from 18/11/2016) (Note 2)	30 – 35 (85 – 90)*	0	5.0 - 7.5	35 - 40
Deborah Corrigan Director of Finance, Procurement and Estates (to 30/09/2016)	30 – 35 (70 – 75)*	0	5.0 – 7.5	35 - 40
Joan Kirkbride, Director of Operations	90 - 95	0	22.5 - 25.0	110 - 115
Tom Smith, Director of Quality, Guidance and Learning	60 - 65	0	37.5 - 40.0	100 - 105
Ian Cook, Director of Corporate Services	85 - 90	0	7.5 - 10.0	95 - 100
Janet Messer, Director of Research Systems, Standards and HRA Approval	75 - 80	0	27.5 - 30.0	105 - 110
Karen Williams, Director of Finance, Procurement and Estates (from 05/01/2017)	20 – 25 (95 - 100)*	0	7.5 – 10	30 - 35

* denotes full year equivalent

Name and Title	Pension Benefits			
	Real Increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2500)	Total accrued pension at pension age at 31 March 2018 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000)
	£000	£000	£000	£000
Janet Wisely, Chief Executive (until 01/08/2017)	0 – 2.5	0 – 2.5	30 – 35	85 - 90
Teresa Allen, Interim Chief Executive (Note 2)	10 – 12.5	32.5 – 35	40 – 45	130 - 135
Joan Kirkbride, Director of Operations (left 23/08/2017)	0 – 2.5	37.5 – 40	40 – 45	215 - 220
Tom Smith, Director of Quality, Guidance and Learning (left 01/05/2017)	0 - 2.5	0	15 -20	35 - 40
Ian Cook, Director of Transformation & Corporate Services (*)	0 - 2.5	0	0 - 5	0
Janet Messer, Director of Approvals Service	2.5 - 5.0	2.5 - 5.0	15 -20	35 - 40
Karen Williams, Director of Finance, Procurement and Estates (*)	0 - 2.5	0	0 - 5	0
Juliet Tizzard, Director of Policy (from 02/01/2018)	0 – 2.5	0	0 – 5	0

Name and Title	Pension Benefits (continued)				
	Cash Equivalent Transfer Value at 31 March 2018	Cash Equivalent Transfer Value at 31 March 2017	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension	Total pension entitlement at 31 March 2018 (Bands of £5,000)
	£000	£000	£000	£000	£000
Janet Wisely, Chief Executive	590	526	15	0	120 - 125
Teresa Allen, Interim Chief Executive (Note 2)	1,014	708	283	0	175 - 180
Joan Kirkbride, Director of Operations (left 23/08/2017)	-	880	-	0	255 - 260
Tom Smith, Director of Quality, Guidance and Learning (left 01/05/2017)	231	217	0	0	50 - 55
Ian Cook, Director of Transformation (*)	56	32	11	0	0 - 5
Janet Messer, Director of Approvals Service	284	222	47	0	50 - 55
Karen Williams, Director of Finance, Procurement and Estates (*)	23	18	(8)	0	0 - 5
Juliet Tizzard, Director of Policy (from 02/01/2018)	5	0	(2)	0	0 - 5

Notes: (*) NHS Pensions did not provide a lump sum figure for senior managers who only have membership in the 2015 or 2008 section, unless they chose to move their 1995 section benefits under the Choice option.

Cash Equivalent Transfers

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. The total entitlement will increase from one year to the next, by virtue of staff having an additional year's service. In certain circumstances, the extra service accrued may not be sufficient to offset the inflation increase, in which case, in real terms the pension value can reduce and are therefore shown as negative values. The CETV figures 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.

Fair Pay Disclosures (subject to audit)

The relationship between the remuneration of our highest-paid director and the median remuneration is 4.79, a slight decrease on last year of 2%.

	As At 31 March 2018	As At 31 March 2017
Band of Highest Paid Directors Total Remuneration (£000's) annualised	130 – 135	130 – 135
Lowest pay range	15 – 20	15 – 20
Median Total	27,635	27,361
Remuneration ratio	4.79	4.84

Staff Report

Early retirements and redundancies (subject to audit)

Exit package cost band	Year to 31 March 2018		
	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by cost band (£)
<£20,001	0	3	24,896
£20,001 - £40,000	2	0	74,010
£40,001 - £100,000	0	0	0
£100,001 - £150,000	0	0	0
£150,001 - £200,000	1	0	160,219
£200,001 - £250,000	0	0	0
£250,001 - £300,000	0	0	0
£300,001 - £350,000	0	0	0
Total number and cost of exit packages	3	3	259,125

Exit package cost band	Year to 31 March 2017		
	Number of compulsory redundancies	Number of other departures agreed	Total cost of exit packages by cost band (£)
<£20,001	0	0	0
£20,001 - £40,000	0	1	20,068
£40,001 - £100,000	0	0	0
£100,001 - £150,000	0	0	0
£150,001 - £200,000	0	0	0
£200,001 - £250,000	0	0	0
£250,001 - £300,000	0	0	0
£300,001 - £350,000			
Total number and cost of exit packages	0	1	20,068

There are 3 compulsory redundancy cases for the year-ended to 31 March 2018 totalling £234,229 (£0 2016/17). The other departures are exit packages relating to payment in lieu of notice within contractual arrangements.

There are no redundancy payments that are special payments.

Analysis of Staff Costs (subject to audit)

	Year to 31 March 2018			Year to 31 March 2017
	Permanently employed	Others	Total	Total
	£000	£000	£000	£000
Salaries and wages	6,819	280	7,099	7,177
Social security costs	726	0	726	640
Employer contributions to NHSPA	921	0	921	809
Redundancies / notice	234	0	234	0
Total	8,700	280	8,980	8,626

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 average number of persons employed during the period (subject to audit)

	Year to 31 March 2018			Year to 31 March 2017
	Total Number	Permanently Employed Staff Number	Other Number	Total Number
Total	207	201	6	203

Expenditure on staff benefits

There was no expenditure made on staff benefits in the year to the 31 March 2018 (£0 2016/17).

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 year. There were no such retirements in the year to 31 March 2018 (£0 2016/17). This information has been supplied by NHS Pensions.

Pension Costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each

scheme is taken as equal to the contributions payable to that 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:

Accounting Valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) 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 scheme liability as at 31 March 2018 is based on valuation data as 31 March 2017, updated to 31 March 2018 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 Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

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 March 2018, for more than £245 per day and that last longer than six months:

	Number
Number of existing engagements as of 31 March 2018	-
Of which:	
for less than one year at the time of reporting	-
for between one and two years at the time of reporting	-
for between 2 and 3 years at the time of reporting	-
for between 3 and 4 years at the time of reporting	-
for 4 or more years at the time of reporting	-

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 2017 and 31 March 2018, for more than £245 per day and that last longer than six months:

	31 st March 2018
	Number
Number of new engagements, or those that reached 6 months in duration, between 1 April 2017 and 31 March 2018	1
Of which:	
No. assessed as caught by IR35	-
No. assessed as not caught by IR35	1
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	-
No. of engagements reassessed for consistency / Assurance purposes during the year	-
No. of engagements that saw a change to IR35 status following the consistency review	-

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1st April 2017 and 31st March 2018:

	31 st March 2018
	Number
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements	10

Consultancy expenditure

The Health Research Authority spent £196,800 on consultancy for the year-ended the 31 March 2018 (£0 2016/17) This was to undertake a market assessment and option appraisals exercise and subsequent procurement support for our research IT systems.

Sickness Absence Data

Statistics Produced by HSCIC from Electronic Staff Record (ESR) Data Warehouse		
Quarterly Sickness Absence Publications	Monthly Workforce Publication	
Average FTE 2017 202.3	FTE-Days Lost to Sickness Absence 1,533	Average Sick Days per FTE 7.6
Source: NHS Digital - Sickness Absence Publication - based on data from the ESR Data Warehouse		
Period covered: January – December 2017		
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 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).		

Other Employee Matters

Diversity and Inclusion

The HRA promotes equality and integrates an anti-discriminatory approach into all areas of its work by:

- ensuring that barriers to accessing services and employment are identified and removed,
- being committed to ensuring that all its practices are carried out in a fair, reasonable and consistent manner, promoting human rights and equality and diversity: and
- not discriminating against any staff, potential staff, members, partners, service users or anyone that deals with the HRA in any way.

This ensures that anyone that deals with the HRA will receive equitable treatment whether they are receiving a service, providing a service, applying for a job, tendering for a contract or any other relationship.

We are proud that during 2017/18 we received a substantial rating for an audit that found that the HRA is compliant with best practice in the area of equality and diversity in the workplace as defined by Equality and Human Rights Commission (EHRC).

The Board's Audit and Risk Committee (ARC) were pleased to note that there had not been any allegations of discrimination against anyone with protected characteristics since the HRA's inception.

The HRA is also committed to ensuring equality of opportunity for all disabled staff and we promote a culture that enables staff with disabilities to participate fully in working life and we are a registered Disability Confident employer.

Equality Information for Staff (as at March 2018)

Gender	Number	%
Female	155	74%
Male	55	26%
Grand Total	210	100%
Ethnic Origin (Grouped)		
Asian or British Asian	17	8%
Black or Black British / Mixed / Other ethnic group	20	9%
Not Stated/Undefined	14	7%
White	159	76%
Grand Total	210	100%
Disabled		
No	180	85%
Not Declared / Undefined	19	9%
Yes	11	6%
Grand Total	210	100%
Age Range		
21-25	12	6%
26-35	74	35%
36-45	58	28%
46-55	40	19%
56-75	26	12%
Grand Total	210	100%

	Male	%	Female	%	
Directors	1	17%	5	83%	6
Other senior managers	13	35%	24	65%	37
Employees	41	25%	126	75%	167
	55	26%	155	74%	210

The HRA has for the first time published gender pay gap information for 2017/18 showing the difference in average earnings between women and men. The results show that the average hourly rate is 11% higher for men with the median being 20%. This does not mean that men get paid more than women for doing the same job as this is highly unlikely given the NHS pay grade structure and employment practices the HRA uses. What it does show however is that the lower average pay for women reflects the fact that there are fewer women in management roles compared to men.

The HRA is pleased that women are well represented across the workforce but appreciates that more can be done to address this gap and will be taking work forward through the Board and the Staff Partnership Forum actions to help reduce this difference.

We publish diversity information on our website at:

<https://www.hra.nhs.uk/about-us/governance/equality-and-diversity/>

Our gender pay gap data is also published on the Gov.uk website: <https://gender-pay-gap.service.gov.uk>

Health, Safety and Welfare

The HRA embraces health, safety and welfare as an integral part of its culture. It is committed to pursuing the fundamental right of all employees to work in a safe and healthy environment and is committed to a holistic approach to identifying and mitigating associated risks.

Managers and staff are supported by comprehensive health, safety and welfare arrangements including an active Health Safety & Welfare Committee (HS&WC), comprehensive policies and procedures and access to expert advice.

We encourage our employees to report accidents or instances of work-related ill health to highlight trends and inform health and safety performance. We are pleased to report that we have had only one reportable incident, down from two last year. The HS&WC is satisfied that if an incident were to occur it would be known immediately and reported. No reports under Reporting Injuries, Diseases and Dangerous Occurrences Regulations 2013 have been made.

Trade Union Recognition

The HRA already has in place a well-established and embedded Staff Partnership Forum although no formal recognition arrangements existed with trade unions. A leading healthcare trade union, Unison, approached the HRA during this year to request formal recognition. This request was discussed with Staff Partnership Forum and opened out to all staff through our Annual Employee Engagement Survey to assess the level of interest in recognising Unison and entering into a formal partnership arrangement. As the survey showed very strong staff supported a formal agreement, discussions have progressed with Unison and an agreement has been finalised at the end of March (pending formal sign off during April 2018).

Pension Liabilities

Past and present employees of the HRA are covered by the provisions of the NHS Pensions Scheme. Page 34 of the annual report presents how pension liabilities have been treated.



Parliamentary accountability and audit report

This section provides other information disclosed in the public interest and is subject to audit.

Remote Contingent Liabilities

There are no known material remote contingent liabilities.

Regularity of Expenditure: Losses and Special Payments

For the year-ended 31st March 2018, the HRA had no losses and special payments to report. (£0 2016/17)

Teresa Allen
Interim Chief Executive
Health Research Authority
14 June 2018

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Health Research Authority for the year ended 31 March 2018 under the Care Act 2014. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 March 2018 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Care Act 2014 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Health Research Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Care Act 2014.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Research Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Health Research Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Care Act 2014;
- in the light of the knowledge and understanding of the Health research Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability 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 19 June 2018

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

The NHS logo, consisting of the letters 'NHS' in a bold, white, sans-serif font inside a blue square.

Health Research
Authority

A blue-tinted photograph of a doctor with curly hair, wearing a white lab coat and a stethoscope, sitting on the floor and smiling at a young child. The child is sitting on a woman's lap, looking at the doctor. The background is a blurred clinical setting.

Financial statements

The Accounts of the Health Research Authority for the year ended 31 March 2018

Statement of Comprehensive Net Expenditure for the year ended Year to 31 March 2018

	Notes	Year to 31 March 2018	Year to 31 March 2017
		£'000	£'000
Administration			
Expenditure			
Staff Costs	4	9,068	8,714
Amortisation and Depreciation	4	670	410
Other Expenditure	4	3,901	3,812
		13,639	12,936
Income			
Income from Activities	5	243	181
		243	181
Net Expenditure for the period		13,396	12,755

The notes on pages 50 to 63 form part of these accounts.

Statement of Financial Position As at 31 March 2018

	Notes	As at 31 March 2018	As at 31 March 2017
		£'000	£'000
Non Current Assets			
Information Technology Assets	6.1	140	83
Intangible Assets	6.2	1,838	1,769
Total non-current assets		1,978	1,852
Current assets			
Trade and other receivables	7	185	198
Cash and cash equivalents	8	957	3,496
Total current assets		1,142	3,694
Total Assets		3,120	5,546
Current Liabilities			
Trade and other payables	9	1,651	993
Other liabilities	9	2	0
Total current liabilities		1,653	993
Non-current assets less net current liabilities		1,467	4,553
Assets less liabilities		1,467	4,553
Taxpayers' Equity			
General Fund		1,467	4,553
Total Taxpayers' Equity		1,467	4,553

The notes on pages 50 to 63 form part of these accounts.

The financial statements on pages 46 to 49 were signed on behalf of the Health Research Authority by:



Interim Chief Executive

14 June 2018

Statement of Cash Flows for the year ended Year to 31 March 2018

	Notes	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Cash flows from operating activities			
Net expenditure for the period after interest		(13,396)	(12,755)
Adjustments amortisation and depreciation	4	670	410
Decrease/(Increase) in trade and other receivables	7	13	72
(Decrease) in trade payables	9	660	(303)
Loss on disposal of property, plant & equipment		0	18
Net cash (outflow) from operating activities		(12,053)	(12,558)
Cash flows from investing activities			
Purchase of plant, property and equipment	6.1	(73)	(65)
Purchase of intangible assets	6.2	(723)	(705)
Net cash (outflow) from investing activities		(796)	(770)
Cash flows from financing activities			
Net Parliamentary funding		10,310	13,339
Net financing		10,310	13,339
Net increase / (decrease) in cash and cash equivalents		(2,539)	11
Cash and cash equivalents at the beginning of the period		3,496	3,485
Cash and cash equivalents at the end of the period	8	957	3,496

The notes on pages 50 to 63 form part of these accounts

Statement of Changes in Taxpayers' Equity for the year ended Year to 31 March 2018

	General Fund £'000	Total Reserves £'000
Balance as at 31 March 2016	3,969	3,969
Net Expenditure to 31 March 2017	(12,755)	(12,755)
Total recognised income and expenditure for the period	(12,755)	(12,755)
Parliamentary funding for resources to 31 March 2017	13,339	13,339
Total Parliamentary Funding from Department of Health and Social Care	13,339	13,339
Balance as at 31 March 2017	4,553	4,553
Net Expenditure to 31 March 2018	(13,396)	(13,396)
Total recognised income and expenditure for the year	(13,396)	(13,396)
Parliamentary funding for resources to 31 March 2018	10,310	10,310
Total Parliamentary Funding from Department of Health and Social Care	10,310	10,310
Balance as at 31 March 2018	1,467	1,467

The notes on pages 50 to 63 form part of these accounts.

Notes to the Accounts

1. Accounting Policies

These financial statements have been prepared in line with directions issued by the Secretary of State, under the Care Act 2014 and 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 based on 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.

Asset 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

This 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.

1.2 Income

Income is accounted for applying the accruals convention. The main source of funding is Parliamentary grant from the Department of Health and Social Care, 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 to the Devolved Administrations, as well as income from NHS and non NHS organisations. 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 Tangible assets - Property, Plant and Equipment

(a) Capitalisation

Information Technology asset which are capable of being used for more than one year are capitalised when:

- 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.

(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.

These assets have not been revalued in the accounts due to their low value and short economic life.

(c) Depreciation

Information Technology Assets are depreciated evenly over the expected useful life:

	Years
Tangible Information Technology	5
Laptops	4

(d) Assets under construction

Assets are held under construction where the assets have not been built to specification and distributed to staff for their use.

1.5 Intangible assets

(a) Capitalisation

Intangible assets are capitalised initially at cost.

(b) Valuation

Intangible assets are carried in the Statement of Financial Position at cost net of amortisation and impairment, or at amortised replacement cost where materially different. These assets have not been revalued in the accounts due to their short economic life.

(c) Amortisation

Amortisation is charged on each individual component of intangible assets.

Intangible Assets are currently grouped under Information Technology and the estimated 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 - 5
Bespoke Software licence	3 - 7
Intangible Information Technology	5 to 7

(d) Assets under construction

Assets are held under construction where development work has been undertaken but further work is required to bring the assets into use.

(e) Impairment

An annual review is undertaken of all assets to consider any changes in the useful economic life. Impairments that arise from a clear consumption of economic benefits or of service potential in the asset, are charged to operating expenses.

1.6 Cash and cash equivalents

Cash is the balance held with the Government Banking Service. The Health Research Authority does not hold any petty cash.

1.7 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 and employee records support this.

Retirement benefit costs

Past and present employees are covered by the provisions of the two NHS Pensions Schemes. The schemes are 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 schemes are 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.

1.8 Leases

Operating leases as the lessee

All 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 11.

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

Operating leases as the lessor

Rental income from operating leases is recognised as income on a straight-line basis over the term of the lease.

1.9 Financial Instruments

Financial assets

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 HRA's receivables comprise: cash at bank and in hand, NHS Receivables, prepayments and accrued income and 'other receivables'.

Loans and receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Net Comprehensive Expenditure.

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.

1.10 IFRS disclosure

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.

IFRS 15 Revenue from Contracts

IFRS 9 Financial Instruments

IFRS 16 Leases

IFRS 17 Insurance Contracts

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 23 Uncertainty over Income Tax Treatments

Due to the nature of the HRA revenue streams, the implementation of IFRS 15 is not expected to have a significant impact. The HRA is still quantifying the impact of the implementation of IFRS 16 but do not anticipate that this will be material. The other IFRS changes would have no material impact on the HRA financial statements.

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

The tables for the staff numbers and staff costs and other related costs are included on page 34 within the staff report of the Remuneration report section and also included within note 4 of the annual accounts.

4. Expenditure

The Health Research Authority costs all relate to Administration costs

	Year to 31 March 2018	Year to 31 March 2017
Note	£'000	£'000
Non-executive members' remuneration	88	88
Other salaries and wages	7,099	7,177
Social Security Costs	726	640
Pension Costs	921	809
Redundancies and notice not worked	234	0
Total Staff Costs	9,068	8,714
Supplies and Services - general	371	358
Establishment expenses	996	1,089
Transport and moveable plant	5	4
Premises and fixed plant	2,446	2,255
Auditors' remuneration: (*) Audit fees	35	35
Miscellaneous	48	53
Loss on disposal of assets	0	18
Total Other Expenditure	3,901	3,812
Capital: Depreciation	6.1 16	15
Amortisation	6.2 654	395
Total Depreciation and Amortisation	670	410
Total expenditure	13,639	12,936

(*) The Audit Fee for the period to the 31 March 2018 is £35,000 (period to 31 March 2017 £35k).

The Authority did not make any payments to External Auditors for non audit work.

4.1 Better Payment Practice Code - measure of compliance

	2017-18	2016-17
	Number	Number
Total Non-NHS trade invoices paid in the year	3,425	3,993
Total Non-NHS trade invoices paid within target	3,369	3,904
Percentage of Non-NHS trade invoices paid within target	98.4	97.8
Total NHS trade invoices in the year	220	254
Total NHS trade invoices paid within target	216	245
Percentage of NHS trade invoices paid within target	98.2	96.5

5. Operating revenue

	Year to 31	Year to 31
	March	March 2017
	2018	£'000
	£'000	£'000
Administration		
Income received from Scottish Parliament	100	88
Income received from National Assembly for Wales	66	58
Income received from Northern Ireland Assembly	39	30
Income received from other Departments	38	5
Total Administration revenue	243	181

6. Non-current assets

6.1 Tangible assets - Property, Plant and Equipment

	Information Technology £'000	Assets under construction £'000	Total £'000
Cost or Valuation at 1 April 2017	67	62	129
Additions - purchased	0	73	73
Transfers	62	(62)	0
Gross cost as at Year to 31 March 2018	129	73	202
Depreciation			
Accumulated depreciation at 1 April 2017	46	0	46
Charged during the year	16	0	16
Accumulated depreciation as at Year to 31 March 2018	62	0	62
Net book value as at Year to 31 March 2017	21	62	83
Net book value as at Year to 31 March 2018	67	73	140
	Information technology £'000	Assets under construction £'000	Total £'000
Cost or Valuation at 1 April 2016	111	0	111
Additions - purchased	3	62	65
Disposals	(47)	0	(47)
Gross cost as at Year to 31 March 2017	67	62	129
Depreciation			
Accumulated depreciation at 1 April 2016	60	0	60
Charged during the year	15	0	15
Disposals	(29)	0	(29)
Accumulated depreciation as at Year to 31 March 2017	46	0	46
Net book value at 31 March 2016	51	0	51
Net book value as at Year to 31 March 2017	21	62	83

6.2 Intangible assets

	Assets under construction £'000	Software licences £'000	Information technology £'000	Total £'000
Gross Cost at 1 April 2017	64	540	2,909	3,513
Additions - purchased	111	51	561	723
Transfers	(64)	0	64	0
Gross cost as at Year to 31 March 2018	111	591	3,534	4,236
Amortisation				
Accumulated amortisation at 1 April 2017	0	324	1,420	1,744
Charged during the year	0	108	546	654
Accumulated amortisation as at Year to 31 March 2018	0	432	1,966	2,398
Net book value as at Year to 31 March 2017	64	216	1,489	1,769
Net book value as at Year to 31 March 2018	111	159	1,568	1,838

The HRA intangible assets consist mainly of developed expenditure relating to our 2 research systems, HARP and IRAS. The costs in the tables above all relate to these two systems, with the exception of the £51k additions during the year relating to software licences.

The amortised charge in the year of £546k for Information Technology includes £120k of additional depreciation as a result of revising the economic life of the IRAS system to the 31st March 2020. Any future development expenditure for IRAS will be depreciated on a straight line basis to the 31st March 2020.

	Assets under construction	Software licences	Information technology	Total
	£'000	£'000	£'000	£'000
Gross Cost at 1 April 2016	153	540	2,115	2,808
Additions - purchased	64	0	641	705
Transfers	(153)	0	153	0
Gross cost as at Year to 31 March 2017	64	540	2,909	3,513
Amortisation				
Accumulated amortisation at 1 April 2016	0	216	1,133	1,349
Charged during the year	0	108	287	395
Accumulated amortisation as at Year to 31 March 2017	0	324	1,420	1,744
Net book value as at 31 March 16	153	324	982	1,459
Net book value as at Year to 31 March 2017	64	216	1,489	1,769

7. Trade Receivables

Amounts falling due within one year

	As at 31 March 2018 £'000	As at 31 March 2017 £'000
Trade Receivables NHS	8	0
Trade Receivables Non NHS	10	9
Other receivables	50	77
Accrued income and prepayments	117	112
Trade and other receivables	185	198

8. Cash and Cash equivalents

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Opening balance	3,496	3,485
Net change in period	(2,539)	11
Total	957	3,496
Comprising:		
Held with office of Government Banking Service	957	3,496
Balance at year end	957	3,496

Cash balances were decreased in year to bring them more in line with our annual cash requirements. This has resulted in a net reduction in cash of £2,539k and whilst lower than we had originally planned, cash balances still provide sufficient cover to pay future commitments as they fall due.

9. Trade Payables and other current liabilities

Amounts falling due within one year

	As at 31 March 2018 £'000	As at 31 March 2017 £'000
Trade payables	358	161
Accruals and deferred income	1,293	832
Trade and other payables	1,651	993
Other taxation and social security	2	0
Other Current Liabilities	2	0
Total Trade Payables and other current liabilities	1,653	993

10. Capital Commitments

At 31 March 2018, the HRA has 1 year remaining on a 3 year contract for the development of the HARP and IRAS systems which are key to the delivery of the HRA's statutory obligations. There is an option to extend this contract for a further 2 years. The remaining value of the contract for the 3 years is £1,860,765. At the 31 March 2018, there is no capital commitment legally in relation to the contract, although we are required

10. Capital Commitments (cont.)

to give 3 months' notice if we wish to cancel the contract. (31 March 2017 £2,401,980 – remaining 4 years of the contract; £0)

11. Commitments under leases

Operating leases

The HRA have entered into leases for offices in Nottingham, Bristol, Manchester and Newcastle. There is also an implied lease between the HRA and the DHSC 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. This expired in December 2016 and the HRA currently has a security of tenure until December 2018, whilst negotiations continue to extend the lease period. The commitments below include only those costs to December 2018 as negotiations have not yet been finalised.

Total future minimum lease payments under this implied operating lease are given in the table below.

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	350	354
Later than one year and not later than five years	<u>405</u>	<u>464</u>
	<u>755</u>	<u>818</u>

Operating Lease Income

The HRA has an implied lease through a Civil Estate Occupancy Agreement with NHS Business Services Authority on the 13th September 2017 relating to the rental of floor space within the area occupied by the HRA at Skipton House. The contract is aligned to the HRA's occupancy at Skipton House, and so the income below includes up to December 2018. The commitments below show the rental income expected for the period of the lease.

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Income under operating leases comprise:		
Buildings		
Not later than one year	23	0
Later than one year and not later than five years	<u>0</u>	<u>0</u>
	<u>23</u>	<u>0</u>

12. Other financial commitments

The Health Research Authority entered into a 5 year contract on the 1st July 2017 for the provision of financial and accounting and payroll services. The annual cost of the contract is £149,106 and the contract expires on the 30th June 2022. At 31 March 2018, the HRA had also entered into a 3 year contract for the provision of a managed service platform for the HARP and IRAS systems, which are key to the delivery of the HRA's statutory obligations. There is an option to extend this contract for 1 year.

The HRA has 1 year remaining on a 3 year contract for the maintenance and helpdesk of the HARP and IRAS systems. There is an option to extend this contract for a further 2 years. The remaining value of the contract for the three years is £360k. At the 31 March 2018 there is no financial commitment legally in relation to the contract, although we are required to give 3 months notice.

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Not later than one year	266	290
Later than one year and not later than five years	<u>599</u>	<u>360</u>
	<u>865</u>	<u>650</u>

13. Losses and special payments

The details of the Health Authority losses and special payments can be found on page 40 in the Parliamentary Accountability and Audit report section of the annual report.

14. Related Party Transactions

The Health Research Authority is an NDPB established by order of the Secretary of State for Health.

The Department of Health and Social Care is regarded as a controlling related party. During the year 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.

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

No Board Member, key manager or other related parties has undertaken any material transactions with the Health Research Authority during the year.

15. Events after the reporting period

The Accounting Officer authorised these financial statements for issue on 19 June 2018.

16. 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. The majority of financial instruments relate to contracts to buy non-financial items in line with the Health Research Authority 's expected purchase and usage requirements and the Health Research Authority is therefore exposed to little credit, liquidity or market risk.

Credit Risk

The Health Research Authority operates primarily within the NHS market and receives the majority of its income from DHSC and Devolved Administrations. The HRA had two trade receivables that required provision as at the 31st March 2018 with a value of £1,385.

Supplier risk

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

The aged creditor report for NHS and non-NHS payables at the reporting date was:

	£000
Not past due	352
Past due 0-30 days	1
Past due 31-120 days	1
More than 121 days	4

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