

Health Research Authority  
**Annual Report and  
Accounts 2020/21**





# Health Research Authority **Annual Report and Accounts 2020/21**

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# Performance Report

This section provides an overview of the Health Research Authority and our work. This includes our purpose, and a summary of our key activities over the past year, including our vital contribution to the research response to the COVID-19 pandemic, and the impact of this work. For more details about how we have delivered against our three strategic aims, please read the 'performance analysis' section.

# Chief Executive's introduction

**This year has been like no other. Our last annual report was produced during the first lockdown and acknowledged in review that the final quarter of 2019/20 had been dominated by COVID-19. At that time, we could scarcely have imagined the ongoing impact of the pandemic on our organisation, but in the 12 months that followed we have continued to review and approve at speed high-quality studies to learn more about how to prevent, diagnose and treat coronavirus, work that has been crucial to the global response to the COVID-19 pandemic.**

The rapid response of the UK research community led to new studies being set up far quicker than ever before, and our fast-track approvals service for urgent COVID-19 research reduced average research review timelines by 90%, with some studies being reviewed and approved in as little as 24 hours after submission.

High quality health and social care research must involve patients and the public to ensure that it is important, relevant and acceptable to those it should benefit. In March 2020 the rate of public involvement in research studies submitted for approval dropped sharply for COVID-19 research, from its usual 80% to around only 22% of studies. In response, we collaborated with partner organisations to set up the UK COVID-19 public involvement matching service, enabling researchers planning urgent COVID-19 research to access public involvement support. Within six months the level of public involvement in COVID-19 research exceeded the normal level, reaching 85% of studies submitted. We are now working with these same partners to identify how learnings from this work can ensure involvement is always expected and possible.

It was also crucial to ensure that the research community could see quickly in one place COVID-19 studies already underway in the UK. During the pandemic we published summaries of all approved studies within three days,

maintaining a single record of research in progress and helping to prevent duplication and research waste. In quarter two we launched our Make it Public strategy for research transparency, to ensure that trusted information about all health and care social studies is always made public. Informed by the HRA's biggest ever consultation of the public, research participants and stakeholders, work is now underway to deliver our commitments to make transparency easy and the norm for researchers and sponsors.

Work continued this year to develop IRAS, the Integrated Research Application System, building a world-class hub for health and social care research in the UK with smooth and intuitive access to research approval, study management and best practice guidance. The first studies to benefit from new features in IRAS have been Clinical Trials of Investigational Medicinal Products (CTIMPs) being submitted through the combined process, bringing together Research Ethics Committee review and Clinical Trials Authorisation from MHRA. In time, these features will be rolled out to all study types. It is now possible for applicants to book their REC review and submit amendments online - more crucial steps towards our commitment to make the UK a great place to carry out health and social care research.

We are a learning organisation, and during the second half of the year have worked hard to understand how ways of working enforced by the pandemic could inform a more efficient HRA of the future. A pilot programme tested a fast-track ethics review process for non-COVID research, and work continues to ensure the HRA, and the Research Ethics Service can support the commitments in Saving and Improving Lives, the Government's new strategy for the future of clinical research, working closely with partners across the research system.



All this crucial work has only been possible thanks to our committed and dedicated staff and volunteers. In line with government guidance, HRA staff continued to work from home this year. Ensuring that our offices provide the right working environment for staff when it's safe to return, our estates team facilitated a COVID-secure move for three of the HRA's five regional offices, and work is well underway to ensure that all staff are engaged in planning future ways of working for the organisation.

Our committed volunteers have also continued to meet virtually to review research studies, both within and outside their usual committees, including as part of a specialist REC brought together to review the world's first human challenge study for coronavirus. The biggest ever survey of the HRA's volunteer community and a newly established volunteer panel will inform our ongoing work to ensure that our volunteer community reflects the population that it serves and is always recognised for its crucial contribution to health and social care research.

In 2020/21 research offered hope for coronavirus, and the HRA was a crucial part of this hope. The profile of health and social care research and its impact on people's health and wellbeing has never been higher, and this year we are proud to have not only supported vital studies but to have used this work as a springboard. Our next step is to continue to learn from extraordinary ways of working and to consider options for adapting our regulatory processes in the future. During 2021, we will continue to work with our partners to exploit opportunities created and continue to work in a responsible and nimble way to support the future of UK health and social care research.



**I was so impressed by the professionalism of the panel and organisers of the meeting. Many thanks for their speed and pragmatism."**

Applicant feedback Q1 20/21



# What we do and who we are

## Our vision

Our vision is for high-quality health and social care research that improves people's health and wellbeing.

## Our mission

Our mission is to protect and promote the interests of patients and the public in health and social care research, working with partners across the UK.

We do that by providing expert advice and guidance to researchers and by reviewing research studies through 64 Research Ethics Committees in England, the Confidentiality Advisory Group and specialist review and assurance of research on behalf of NHS organisations.

## Our role

The HRA was established in 2011 to streamline the regulation of health and social care research in the UK. With our core purpose of protecting and promoting the interests of patients and the public in health and social care research, we:

- make sure research is ethically reviewed and approved
- promote transparency in research
- give expert advice to researchers
- coordinate and standardise research regulatory practice
- provide independent recommendations on the processing of identifiable patient information without consent, for research and non-research projects.

We work with other organisations in the UK to regulate different aspects of health and social care research, ensuring research approvals and oversight are streamlined and proportionate. We are England-focussed but, through our joint working with the devolved administrations of Scotland, Wales and Northern Ireland, lead the oversight of health and social care research on behalf of the UK. We deliver our work from five locations in England: Bristol, Manchester, Newcastle, Nottingham and London.

We review 5,000 new research studies each year, ranging from observational studies in care settings, tissue banks and research databases, to large, multi-centre clinical trials of new medicines and advanced therapeutics. We also review 8,000 substantial amendments to research studies and 8,500 minor amendments.

We also manage the national health and social care research application portal, IRAS, on behalf of partners across the UK. IRAS enables researchers to apply for research approvals from different regulators and review bodies and facilitate review by our committees and reviewers.

## What do we do?

**4,762**  
new research  
studies reviewed

**7,226**  
study amendments  
reviewed



**794**  
proportionate  
review meetings



**86%**  
of applicants rate  
overall service  
highly

**685**  
full meetings



## Who are we?



**227**  
employees

**89%**

of our staff are proud  
to work at the HRA\*

**91**

patients, carers, service  
users and members of  
the public in our Public  
Involvement Network.

**82%**

think HRA is a good  
place to work

**911**

Research Ethics  
Committee members\*\*

**28**

Confidentiality Advisory  
Group members\*\*

**11**

board members

\*Figure from the 2020 annual Staff Survey.

\*\* Figure taken from 31/03/20.

All other figures are from year 2019-20.

# How we work

**Our 227 staff support our committees and advisory groups, provide specialist advice, guidance and learning to researchers about the ethics and governance of current and emerging areas of research, develop policy and effectively administer the organisation.**

We could not operate without our network of around 1,000 volunteers. They serve on the Research Ethics Committees, the National Research and Ethics Advisory Panel, the Confidentiality Advisory Group and are part of our patient and public involvement network. They give their time freely, to support health and social care research and our work. They make an invaluable contribution to our work, to research and to research participants.

The HRA is run by a board made up of our Chair, Professor Sir Terence Stephenson, our Chief Executive, Professor Matt Westmore (from February 2021), two executive directors and four non-executive directors. The board gives strategic oversight, agrees high-level policy and ensures that the HRA is run effectively and efficiently.

## How we work is as important as what we do. We:

- work in partnership with people and communities
- are collaborative, working across the system
- are consultative and inclusive
- are transparent about our activities, our finances and our decisions
- are targeted, focussing on where we add value
- are clear about our expectations
- take proportionate action where necessary.



# Our strategy



Our strategy sets out how we aim to achieve our vision of high-quality health and social care research that improves people's health and wellbeing. The strategy focusses on three key areas:

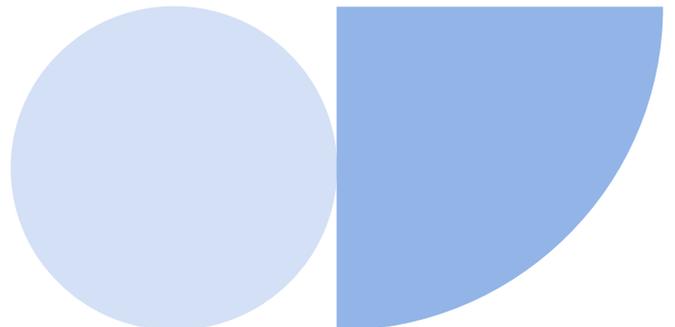
## OUR VISION:

High quality health and social care research that improves people's health and wellbeing

Enable **high-quality research** which is in the interests of participants and carried out with patient and public involvement and high standards of transparency



Our strategy is embedded into our work through our planning, performance, people and risk management processes. These processes help ensure we successfully deliver on our strategic objectives and importantly our people understand their role in our plans.



# Our achievements for the year

**Our performance this year has been shaped by the national and global response to COVID-19. We have risen to the challenge that the pandemic presented, radically changing our service offering to enable 734 COVID-19 studies to be fast-tracked for approval, widening access to our services by offering attendance at virtual committee meetings, automating processes such as our central booking service to improve user experience and building this learning into piloting new ways of working to support the research community's significant ambitions for the UK life sciences sector.**

Our ability to innovate quickly meant we could respond to new challenges presented by the pandemic with agility. Our strong collaboration networks throughout the research community helped drive engagement and problem solving to create faster, user focused services, meeting researcher need at a time of national emergency.

We provided early advice to many applicants, helping them to design and deliver practical and ethical arrangements in their studies. Our pragmatic approach from pre-application advice, and through HRA Approval to ongoing review of amendments to studies has supported a vast range of vital research, the outcomes from which are already helping to prevent, diagnose and treat coronavirus.

REMAP-CAP is a large global study looking at respiratory treatments in pandemic situations. We supported the research team as their study pivoted to respond to COVID-19, and as new treatments have been added to the study during the past 12 months have provided ongoing review and advice at each step. REMAP-CAP is a platform study determining and continuously updating the optimal set of treatments for pneumonia, and its innovative and efficient approach allowed different interventions for COVID-19 to be tested at different times. Our Research Ethics Committee members were

trained and well-prepared to review this type of study, along with other examples like RECOVERY, an international trial testing treatments for people hospitalised with COVID-19, and PRINCIPLE, aiming to identify the best treatments for those managing a coronavirus diagnosis at home. Together those three trials have recruited over 50,000 participants.

Later we advised the research team developing the world's first COVID-19 human challenge study, and established a specialist Research Ethics Committee to review it in accordance with World Health Organisation guidelines, an arrangement praised by the research team for making a positive contribution to their work.

Many COVID-19 research studies involved analysis of patient records. Although special rules were put in place during the pandemic to make data-driven research quicker, our Confidentiality Advisory Group provided an assurance to Research Ethics Committees that these studies were still protecting patient information.

In total more than one million people have been part of COVID-19 research studies, and our exceptional work this year has ensured that their rights and dignity have been protected as must always be the case, whilst also allowing new trials to be established at speed.

Alongside providing a swift and effective service for COVID-19 research, we have continued our transformation programme, designed to significantly improve researcher experience, streamlining where we can whilst always ensuring patients and the public are protected. We also maintained our service for reviewing non-COVID research and provided guidance on safe ways to continue other studies where possible.

# Performance analysis

We measure and monitor our performance using a performance scorecard approach. Key performance indicators (KPIs) and benefits, linked directly to our strategic aims, measure the impact our work has on the wider research system. This means we can define and monitor the improvements that make a difference to researchers' work and ultimately outcomes for patients and the public.

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, **page 28**.

As a learning organisation, we regularly review and refine our performance management and reporting systems to ensure we continue to meet our strategic aims and statutory requirements. Monthly operational KPIs reporting and monitoring, strategic bimonthly 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 one-to-ones 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 measures such as how engaged our staff are and user satisfaction ratings. User satisfaction in our service delivery improved significantly throughout the year, with 86% of researchers rating our service highly.



**Strategic objective:**  
**Enabling high-quality research which is in the interests of participants and carried out with patient and public involvement and high standards of transparency.**

Our work to achieve this falls into three areas:

- robust review of research underpinned by good practice in public involvement
- transparency and openness in research
- trustworthy use of patient data in research.



**Objective:**

Robust review of research underpinned by good practice in public involvement

**Achievements:**

- set up a matching service to help research teams setting up COVID-19 research involve the right appropriate public and patient groups.
- published 'Public involvement in a pandemic', a report sharing lessons from our matching service and identifying areas for improvement in public involvement.

**Objective:**

Transparency and openness in research

**Achievements:**

- introduced a fast-track transparency process, in which information about each approved COVID-19 study is published on our website within three days of approval.
- published the 'Make it Public' strategy, together with a detailed implementation plan to improve transparency and openness in health and social care research.
- commenced implementation of the strategy by improving end of study reporting for clinical trials of medicines.
- performed an options review for registration of UK clinical trials with Deloitte and agreed the preferred approach to providing a UK registry.

**Objective:**

Trustworthy use of patient data in research

**Achievements:**

- introduced twice weekly meetings to provide advice on fast-track applications processing data under the COPI notice during the pandemic.
- provided expert advice to researchers on data protection changes as part of our response to UK Transition out of the European Union.
- commenced a programme to streamline the review of AI and data-driven research as part of the NHSX AI Lab, collaborating with national bodies to create a clear regulatory pathway for innovators and developers.

**Strategic objective:  
Providing a user-friendly  
and efficient service  
which facilitates a strong  
research environment**

Our work to achieve this falls into three areas:

- streamlined research approval
- intuitive research management systems supported by clear guidance and learning
- consistency and collaboration across the UK.



**Objective:**

Streamlined research approval

**Achievements:**

- introduced our COVID-19 fast-track approval service, providing expert early advice and guidance to researchers and accelerated approvals for COVID-19 studies.
- widened access to our research ethics committees and confidentiality advice group by moving all of our meetings online and enabling attendance for all those who wished to attend for consideration of their studies.
- launched a fast-track ethics review service for pharmaceutical companies and research organisations seeking to start clinical trials of medicines. The service aimed to reduce by 75% the statutory timeline for ethics review. Median approval timelines achieved so far are 13 days.

**Objective:**

Intuitive research management systems supported by clear guidance and learning

**Achievements:**

- introduced a new online service enabling researchers to book their study into an ethics committee meeting at any time of day.
- streamlined our amendments approval service by launching an online tool to help researchers categorise and submit their amendments electronically.
- successfully delivered a new module in IRAS, in partnership with MHRA, to improve researcher experience of clinical trials approval by streamlining the process across both regulatory bodies.
- supported 8,300 users of our learning management system, with over 17,000 visits to the site.

**Objective:**

Consistency and collaboration across the UK

**Achievements:**

- worked with our system partners such as MHRA and NIHR to shape the future across the UK health research ecosystem through the Recovery, Resilience and Growth programme.
- developed in partnership with devolved administrations and research sector model clinical trial agreements for both commercial and non-commercial research removing duplication and simplifying study set up.
- grew our technical assurance service, widening our offer of a coordinated review process for studies that involve pharmacy clinical trials and / or ionising radiation.

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**Strategic objective:**  
**Being a knowledgeable,  
well-run organisation  
that's true to its values**

Our work to achieve this falls into three areas:

- a diverse organisation which includes and respects all
- skilled, high-performing people
- an organisation that makes good use of public funds



**Objective:**

A diverse organisation which includes and respects all

**Achievements:**

- developed in partnership with our staff an Equality, Diversity and Inclusion (EDI) Strategy, and recruited to a newly created role, EDI Manager, to support its delivery.
- 78% of staff feel the HRA is committed to creating a diverse and inclusive workplace, a small decrease on 2019/20 (81%).
- developed and delivered a recruitment campaign to attract members to our 64 Research Ethics Committees and saw an 8% increase in membership over 4 months.
- carried out a survey of HRA volunteers who contribute through Research Ethics Committees, the Confidentiality Advisory Group and the Public Involvement Network, showing high rates of satisfaction with their role.

**Objective:**

Skilled  
high-performing people

**Achievements:**

- invested in 55 personal development plans, 26% of our workforce, enabling them to develop and improve their skills.
- delivered 46 learning events for our member community with 911 attendees, as well as creating and publishing 13 videos and podcasts on subjects from 'how to prepare for your first REC meeting' to 'Research in Pandemics'.
- launched electronic mandatory training for all staff with over 1,200 modules completed in the first year.

**Objective:**

An organisation that makes good use of public funds

**Achievements:**

- planned for and delivered three office moves in the year – significantly improving our office utilisation, creating shared spaces for our future ways of working and achieving over £150k efficiencies.
- continued to work collaboratively with NHS E&I to deliver effective ICT infrastructure including further roll out of Office 365 by introducing MS Teams to all staff and achieving 75% satisfaction in ICT services from our staff.
- invested £300k funds saved through reduction in travel during 2020/21 to drive forward our research ethics review programme including our fast-track pilot.

# Our People



**This year our staff and volunteer members have demonstrated an outstanding commitment to UK health and social care research. They have worked tirelessly and with much ingenuity to respond to the demands of the COVID-19 pandemic, whilst continuing to provide excellent services and drive our ambitious transformation work.**

The HRA relies on the commitment of volunteer members of committees to carry out our duties as a public body. Their work over the last year has made a significant contribution to the HRA, to health and social care research and to the UK's response to COVID-19. Members of Research Ethics Committees and the Confidentiality Advisory Group have quickly reviewed COVID-19 studies (sometimes in a matter of hours), joined ad hoc committees at very short notice and helped to support and guide research teams as they respond to the challenges posed by the pandemic. This has all been done remotely and without compromising on high ethical standards.



**Communications were clear, concise and very reasonable when questions were asked. I felt [the REC] wanted to find a way for the research to happen rather than were finding obstacles for the sake of it. A great experience."**

Applicant feedback Q3 20/21

The HRA's fast-track review service of COVID-19 research, offered as part of a UK-wide co-ordinated service, has proved to be vital in the battle against the disease and hugely welcomed by researchers. The success of this has been reflected in a significant increase in user satisfaction results which saw a peak of 93% scoring the HRA at 7/10 or above in December 2020. This exceeded, by 18 percentage points, our target measure of 75%. Interactions with our staff scored particularly highly, with an average satisfaction rate of 9/10.



**The service I received from HRA staff and the support in processing COVID changes was exceptional. Despite extremely challenging circumstances they were always willing to help and provide a prompt response. Excellent."**

Applicant feedback Q1 20/21

During the pandemic, we created opportunities for staff to stay connected and focussed our attention on well-being and support. This was led from the top of the organisation but made possible through the efforts of line managers and staff forum representatives and an investment in technology and equipment, policy adjustments and strong internal communications. Significant work has been done to support those members of staff who have found the last year particularly tough.

We are an organisation that invests heavily in supporting and engaging with our staff. We want them to work in a healthy, caring, inclusive, collaborative environment, enabling staff to provide an excellent service and to develop and grow as their career progresses. We believe this investment continues to pay off: our annual staff survey continues to show high levels of staff satisfaction. Our staff's overall engagement score was 86%, 24% above the public sector benchmark. This score is important as there is a link between staff engagement levels and the productivity of an organisation, which we believe has been proved during this particularly challenging year.

We ran three extra staff surveys during the year to understand how they were coping during various iterations of lockdown. When asked how well the HRA was managing the situation, 85% or more said 'well' or 'very well'.

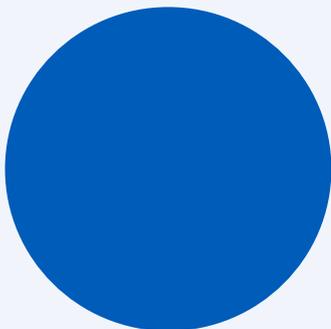
It has also been pleasing to see that days lost through sickness absence have fallen by 27% from 1,995 FTE lost days in 19/20 to 1,449 FTE in 20/21.

We have a flourishing Staff Forum and have built significant relationships with unions through our work on the Joint Negotiating Committee, which is well supported and facilitated by our human resources team. Our learning and development programme continues to offer a wide range of opportunities. Our online training has been particularly important during the current pandemic, which has seen over 17,000 visits to our training site, supporting 8,300 users.

We have several key staff led initiatives which aim to further enhance the HRA as a great place to work:

- Equality, Diversity and Inclusion – we consider everyone to make the HRA a welcoming and supportive organisation to work at (further detail on our work here is included on **page 48**).
- Ways of working – we have an attractive and flexible approach to how and where we carry out our work, with the technology to support it. This will be a continuing priority focus as we move out of lockdown and implement new ways of working which will reflect the lessons learned over the last 12 months.
- Mental Health – significant work has been carried out in this area and has resulted in the publication of our own mental health framework.

There is always more we can do to maintain our commitment to our people, and we endeavour, each year, for them to be the best they can be, in order that they are professionally and personally supported in delivering a high-quality service.



# 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.**

We remained within our agreed revenue and capital allocations for 2020/21. Total funding from the government for the year was £18,221k (2019/20 £16,690k), of which:

- £16,199k (2019/20: £14,530) was revenue funding, from the Department of Health and Social Care
- £2,022k (2019/20: £2,160k) was capital funding from the Department of Health and Social Care.

Income received from cost sharing arrangements included:

- £286k (2019/20 £240k) from the devolved administrations for providing support and IT systems for the research ethics service
- £35k (2019/20 £46k) towards the costs of our Manchester regional office from High Speed 2.

Our total net expenditure for the year was £16,199k (2019/20 £14,530k) resulting in an underspend on our committed revenue funding of £2,249k, 12%.

More details of our expenditure are as follows:

- £6,542k (40%) funded our core services including HRA Approval, confidentiality advisory service and technical assurances
- £1,533k (9%) funded our chief executive office, policy and engagement activities and corporate governance
- £1,217k (8%) related to depreciation of core infrastructure costs such as laptop costs and amortisation of our digital research systems
- £1,006k (6%) funded our premises, facilities management and estates development activities
- £442k (3%) additional staff costs relating to increased employer pension contribution costs.

In addition, to our core statutory activities, we invested in specific strategic programmes:

- £2,306k revenue and £1,812k capital costs on HRA Digital research systems transformation including streamlining services across the research ecosystem
- £618k on Research Ethics Review programme including the launch of our pilot fast track ethics service
- £140k on 'Make it Public' our Research Transparency programme.



In the year HMRC confirmed treatment of VAT associated with the initial development our research systems transformation. This resulted in a reversal of a provision made in 2017/18 of £443k, reducing net expenditure in the year.

Careful financial management and robust strategic investment appraisal procedures meant that we used our cash revenue resources to deliver our annual business plan core priorities. Efficiencies gained through service improvement, streamlined processes, temporarily stopping some student research review, and more virtual operations, meant we were able to release capacity to fast-track COVID19 research and invest in consolidating these improvements into our core service offering through the Research Review programme. All this was delivered with a significant improvement in user experience and achieving our statutory timelines for clinical trials of medicinal products by the end of the year. Our primary focus is always to invest our resources to achieve value for the research community and, ultimately, patients and the public.

Our response to COVID19 resulted in changes to our financial plan releasing one-off savings in year from reduced travel and meeting costs of £800k. These savings were partially reinvested in embedding lessons learned from our response to COVID19, £300k, as well as investing in technology, equipment and logistics to support our staff and volunteer members to work well from home, £100k.

Cash balances increased in year as funds drawn down from DHSC exceeded our in-year requirements. This was the result of delays in forecast expenditure arising from the pandemic and a longer approval timeframe for our research systems business case than previously anticipated. In addition, the announcement of the third lockdown in England meant plans to reintroduce face to face meetings were curtailed to meet government guidelines, reducing planned expenditure.



# Key issues and risks

**Strategic objective:**

Enable high-quality research which is in the interests of participants and carried out with patient and public involvement and high standards of transparency

**Key risks and issues:** Research transparency

The challenge of sufficiently influencing the research landscape to ensure all research taking place in the UK fulfils transparency requirements.

Financial constraints had made the delivery of our research transparency work challenging. However, DHSC provided additional funding in 2020/21, allowing us to publish the Make it Public strategy with a set of firm commitments for implementation. These commitments focus on registering research studies, reporting results and informing participants.

**Strategic objective:**

Provide a user-friendly and efficient service which facilitates a strong research environment

**Key risks and issues:** Research systems transformation

The challenge of delivering a new and improved research system which meet the requirements of the health research community and helps to make the UK an attractive place to conduct research.

A significant risk to the delivery of the new system related to ensuring the HRA had sufficient resources to deliver a programme which has multiple connections and dependencies across a number of organisations. A business case was developed and subsequently approved in December 2020 by the DHSC Investment Committee which significantly reduced the likelihood of the risk occurring with additional funds obtained to take the programme forward. Other mitigations include the substantive appointment of a new Chief Digital Transformation Officer with strong governance arrangements in place to oversee the programme.

**Strategic objective:**

Provide a user-friendly and efficient service which facilitates a strong research environment

**Key risks and issues:** The impact of COVID-19

The challenge of delivering the HRA's strategic aims and core business throughout the COVID-19 pandemic.

In March 2020 we moved all our operations to virtual and this has continued throughout 2020/21. Our fast-track review service for COVID-19 studies has remained in place, through which urgent research is reviewed in as little as 24 hours. The focus of the HRA's 2020/21 business plan was reprioritised to ensure delivery of core business alongside completion of critical programme activity, whilst a key focus of our work has been supporting our staff and volunteers in their physical and mental health wellbeing as we've adapted to working virtually.

Looking forward we initiated our ethics review programme in October 2020 to build on the success of our response to the pandemic.

> Table continues on next page

**Strategic objective:**  
Be a knowledgeable, well-run organisation that's true to its values

**Key risks and issues:** Long-term financial resilience

The challenge of delivering our statutory duties and wider policy agenda within tight financial constraints.

With in-year uncertainty regarding the outcome of the Comprehensive Spending Review and increased pressure to deliver regulatory transformation in light of the response to COVID-19, there was a risk the HRA would be forced to focus on its core operational focus and be unable to deliver on its wider policy and system improvement agenda. An increase in grant in aid funding was however secured along with additional investment to transform our research systems and streamline data driven research. The HRA's efficiency programme continues alongside this with savings delivered via the estate's strategy and information systems infrastructure transformation programme.

**Strategic objective:**  
Be a knowledgeable, well-run organisation that's true to its values

**Key risks and issues:** Transition from the EU

The challenge and opportunity of ensuring the UK remains an attractive destination for research after the transition from the EU ends.

Uncertainty regarding the outcome of EU trade negotiations created ambiguity concerning future regulation of health and social care research. To ensure the reputation of the UK continues and grows as a great place to conduct research and to ensure the UK continues to attract research studies, the HRA has worked collaboratively with stakeholders to ensure the UK research offer remains strong. This includes being an active member of the Government-led Recovery, Resilience and Growth programme. We have already helped to grow the reputation of UK research by launching a fast-track ethics review pilot to enable 15-day ethics review of global clinical trials of medicines and phase 1 research studies.



# Sustainability report



**The HRA is committed to reducing its environmental impact. We work in partnership with our colleagues at DHSC and our own staff group, the Green Team, to improve our environmental performance across many different indicators. Our approach has been to focus on staff led initiatives alongside strategic commitments set out in our estates strategy to deliver significant, lasting change.**

It's pleasing to see we have built on our successes in 2019/20. Following our commitment to go paperless in 2020, we reduced our paper usage by 95% and ensured all paper used is recycled. Our move to virtual working overnight in response to COVID-19 accelerated our plans to reduce travel in the delivery of our services, whilst also improving accessibility. Our people would often travel extensively to deliver our national regulatory services. In 2020/21, these services were delivered virtually, reducing the need for travel and widening our services to researchers who previously were not able to travel to our committee meetings. As a result, we reduced our travel costs by 99% (£677k) and also significantly reduced researcher travel by moving our services to virtual. We are now focused on what the future delivery model will be for our services to make the most of the lessons we have learned in the pandemic balanced by the benefit of face-to-face engagement.

The 2018 Government estates strategy set a new ambitious target of 6 sqm per fulltime equivalent (FTE) occupancy ratio for all new government hubs, 25% better than the existing 8 sqm/FTE target for all government buildings. The HRA achieved this target this year, earlier than anticipated and down from 7.9 sqm /FTE. This improvement was delivered by sharing space with other health organisations and adopting smarter working principles. Video conferencing is available in all our offices and all staff can access MS Teams meetings on their laptops.

Looking forward, we anticipate our energy usage will reduce now that we have moved four out of five of our offices into either government hubs or shared health spaces. This includes our new London office based in Stratford which has excellent environmental credentials, awarded 'Outstanding' by BREAM, one of the world's most highly recognised industry standards for best practice in design and construction. We also plan to capitalise on the lessons learned from the pandemic and increase our services that are available virtually, reducing travel for researchers, our staff and committee members.

Our Green Team continues to focus on initiatives to improve our sustainability, including improving our sustainability reporting, and working collaboratively with our procurement team to deliver benefits from our supply chain, as well as promoting individual responsibility for sustainability throughout our workforce.

**Matthew Westmore**  
Chief Executive  
Health Research Authority  
2 July 2021



Health Research  
Authority

# Accountability Report

# Corporate governance report: Directors' report

## Governance

In accordance with the provisions of the Care Act 2014, the HRA was established as an executive non-departmental public body (NDPB) sponsored by the Department of Health & Social Care (DHSC) on 1 January 2015.

Our relationship with the DHSC, acting on behalf of the Secretary of State, is regulated by a Framework Agreement. This 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 our governance arrangements as well as clarifying how we are accountable for our performance.

As an Arms-Length Body (ALB), we work in close partnership with the DHSC to deliver its objectives. Whilst we are responsible for our operational decisions and the way in which we discharge our functions, the Framework Agreement helps to describe how the DHSC measures our performance without being involved in our day-to-day decision making.

The DHSC's Science, Research and Evidence Directorate act as sponsors for us and provide assurance to the department's Permanent Secretary and the Secretary of State that we're meeting our obligations.

We're governed by a Board that is our corporate decision-making body. It is made up of five non-executive directors and three executive directors. Three non-voting directors also 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

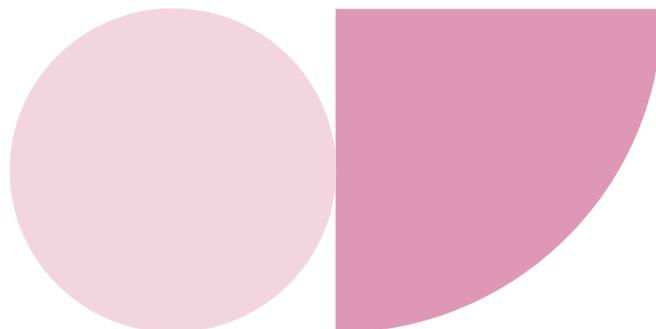
The HRA maintains a formal register of Board members' interests as set out in the Code of Accountability for the NHS. Board members are asked to confirm any declarations of interest at each Board meeting and at any time that changes take place. This includes any interests in relation to specific items 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:



[www.hra.nhs.uk/about-us/governance/publication-scheme/list-and-registers/](http://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 under the Care Act 2014 at the cost of £41,000. The audit certificate can be found on **page 53**.



# 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 income and expenditure, statement of financial position 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
- 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 HRA Chief Executive as Accounting Officer of the HRA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the HRA's assets, are set out in Managing Public Money published by the HM Treasury. A change in Accounting Officer took place within the financial year. Accounting Officer responsibilities have been undertaken by Professor Matt Westmore, HRA Chief Executive from 22 February 2021 to 31 March 2021. Prior to this, from 1 April 2020 to 21 February 2021, the HRA's previous Chief Executive, Teresa Allen fulfilled the Accounting Officer role.

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



# 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
- 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. 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 Secretary 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 membership attendance over 2020-2021 was as follows:

- **Professor Sir Terence Stephenson**  
Chair (6/6)
- **Graham Clarke**  
NED (6/6)
- **Richard Cooper**  
NED (6/6)
- **Professor Andrew George**  
NED (6/6)
- **Dr Nicole Mather**  
NED (6/6)
- **Teresa Allen**  
Executive Director (4/5)  
(left the HRA February 2021),
- **Professor Matt Westmore**  
Executive Director (1/1)  
(joined the HRA February 2021)
- **Ian Cook**  
Executive Director (6/6)
- **Karen Williams**  
Executive Director (6/6)
- **Dr Janet Messer**  
Director – non-voting (6/6)
- **Juliet Tizzard**  
Director – non-voting (6/6)
- **Kurt Weideling**  
Director – non-voting (3/3)  
(joined the HRA November 2021)

# HRA Governance structure

## SECRETARY OF STATE (SoS) FOR HEALTH & SOCIAL CARE

AO accountable via Framework Agreement with Department of Health & Social care to SoS



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:

- regular review and assurance on the impact of COVID-19 both internally on the HRA's staff, volunteers and ways of working, and externally regarding the research activity and the research sector
- consideration and updates regarding cross system working including the DHSC led Recovery, Resilience & Growth programme
- review and approval of the following strategies:
  - HRA engagement strategy and plan
  - HRA digital strategy
  - HRA equality, diversity & inclusion strategy
  - HRA refreshed estates strategy
- regular monitoring of the research systems programme for the development of the new Integrated Research Application System
- consideration of the ethics review programme looking at future ways of working including fast track ethics review pilot
- review of Confidentiality Advisory Group (CAG) caseload
- review and discussion of actions from board effectiveness review
- review and approval of a proportionate approach to how educational research is reviewed
- review and approval of a strategic risk register and risk appetite statement
- review of the COVID-19 public matching service
- review of the HRA's UK transition preparedness following the UK's exit from the European Union.

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:

- a review of the effectiveness of the HRA Board
- a discussion regarding the HRA's draft engagement strategy
- a discussion regarding equality, diversity and inclusion at the HRA
- a session to develop the HRA's risk appetite statement
- staff survey 2020 findings and feedback from staff forum representatives
- board level cyber security training.

A board effectiveness review, including a meeting observation, questionnaires and interviews facilitated by an independent third party, was conducted in February 2020 and discussed at the July 2020 Board seminar. The findings from the review were fundamentally positive, concluding that the Board has a healthy dynamic with a good balance of skills and experience amongst both the Non-Executive Directors and Executive Directors. The Non-Executive Directors were found to provide an appropriate mix of constructive challenge and support to the executive team with mutual respect in place. A number of areas for improvement were identified which include considering the organisational culture at Board level to ensure a single culture of the HRA is fostered amongst staff and volunteers. Closer integration of the work of the Research Ethics Committees and the Confidentiality Advisory Group, whilst maintaining their independence, was identified. Strengthening the HRA's strategy and the important contribution to the UK life sciences sector was also discussed. The review found that the meeting papers and information provided to the Board was appropriate and included the necessary details however further work is required to ensure the cover sheet provides greater clarity on what specifically is required from the Board.

The Board reviews performance at each meeting. The performance report provides the Board with an overview of the status of the HRA Business Plan 2020/21 deliverables as well as detailed management information relating to these objectives. The performance report was redeveloped in year to provide greater clarity and visual impact for Board and also external stakeholders. The Board considers both strategic and operational risk, their mitigation and management, regularly. A seminar was held in January 2021 to consider and develop the HRA's risk appetite with a learning and development programme for relevant staff to attend to follow in 2021/22. The Board also considers potential future risks and ensures these 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 2021. The Committee membership attendance over the period was:

- Graham Clarke (Chair, NED) (5/5),
- Richard Cooper (NED), (4/5)
- Professor Andrew George (NED), (5/5)
- Marc Taylor (Audit and Risk Committee independent member) (4/5)

In addition, individuals from the HRA and Health Group Internal Audit, were invited and regularly attended the committee. The National Audit Office and KPMG, as external auditors for the HRA, also attended each meeting.

This year, the Audit and Risk Committee reviewed and approved the annual report and accounts for 2019/20 as well as reviewing the HRA corporate and strategic risk registers on a quarterly basis, the internal and external audit reports, corporate gift and hospitality reports, single tender actions and loss and compensation reports.

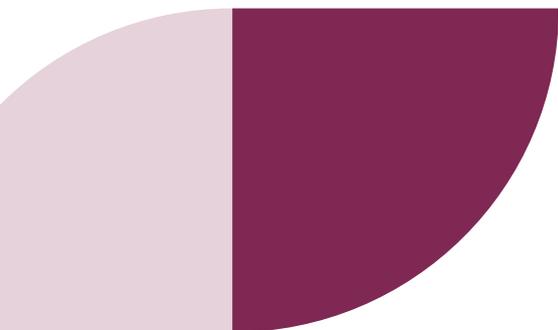
New developments this year that the committee reviewed and supported include:

- review and approval, delegated by the HRA Board, of the full business case for additional investment for the development and replacement of the HRA's research system
- approval of the HRA's strategic risk register and risk appetite statement
- the review of the business continuity communications cascade exercise
- consideration and assurance regarding the quality of Research Ethics Committee decision-making
- the development of the HRA assurance dashboard for providing an overview of audits and assurance reviews undertaken over the year.

The Audit and Risk Committee also undertakes regular risk 'deep dives' into specific 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 committee undertook the following 'deep dives' during this reporting period:

- the HRA's management response to the COVID-19 pandemic
- the HRA's cyber security systems and processes
- the development of the HRA's strategic risk register and risk appetite statement
- the HRA's preparedness for transition following exit from the EU.

The Audit and Risk Committee reviewed its effectiveness in May 2021 with a questionnaire, based on the five good practice principles from the HM Treasury Audit and Risk Assurance Committee Handbook, completed by members of the Committee and other regular attendees. The findings were largely positive with open and transparent discussions held, and constructive challenges made, with members having a good understanding of the objectives, priorities and risks of the organisation.



## 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:

- advising the Board about appropriate remuneration and terms of service for the Chief Executive and any Directors on Executive and Senior Managers pay arrangements. This is to ensure they are fairly rewarded for their contribution and includes:
  - all aspects of salary (including any performance-related elements/bonuses)
  - provisions for other benefits, including pensions
  - arrangements for termination of employment and other contractual terms
- having oversight of Directors' remuneration and terms of service for those who are covered under Agenda for Change terms and conditions who are direct line reports of the Chief Executive
- proper calculation and scrutiny of termination payments taking into account national guidance as well as advising on and overseeing appropriate contractual arrangements for such staff
- consideration of the requirements, including review of job descriptions, for Executive Director recruitment.

The committee met four times in the reporting period to deliver its functions. The Chief Executive is normally invited to attend the committee unless discussions relate to the remuneration and terms of services of the Chief Executive.

## HRA Strategic Leadership Team

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

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

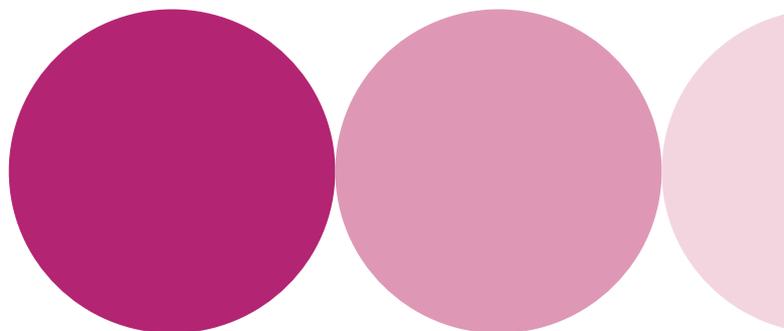
The SLT has delegated responsibility to the leadership team for the management of day-to-day corporate business, and to the transformation board for the management of key programmes and projects. These are within agreed objectives, resources and according to the HRA / DHSC framework agreement and standing orders.

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## 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.

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# The risk and control framework and capacity to handle risk



Our 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 our work
- agreeing the risk appetite statement for the HRA
- reviewing significant programme, strategic and operational / project risks
- reviewing critical risk management activities / controls and their verification.

Current responsibilities are as follows:

- ensuring appropriate risk management systems are in place: Chief Executive, Deputy Chief Executive & Director of Finance, Head of Corporate Governance and Risk
- scheduling and facilitating Internal Audit activities: Deputy Chief Executive & Director of Finance
- regularly reviewing and following-up risk management activities with all parties. This will include ensuring the verification / assurance of risk management activities and key controls/contingencies: Head of Corporate Governance and Risk
- writing the Governance Statement: Chief Executive, Deputy Chief Executive & Director of Finance and Head of Corporate Governance & Risk
- ensuring the appropriate risk structure is in place including the audit and risk committee: Head of Corporate Governance and Risk
- 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 and Risk.

We aim to maximise the impact our operations have within our resources. By doing this we aim to manage risks at all levels from the top strategic level to the bottom operational / project levels without stopping innovation, including projects delivered by partner organisations. This requires considering a full cross section of risks to the organisation including; reputational risks, financial risks, organisational risks, health and safety risks and risks to the achievement of the organisation's objectives. The Board approved a risk appetite statement in March 2021 which, following a learning and development programme in 2021/22 will support teams and individuals in managing these types of risks appropriately.

The HRA strategic risk register captures the high-level significant risks which could impact on the delivery of the HRA's strategic objectives. This is reviewed at each Audit & Risk Committee and Board meeting. Also, each directorate holds its own risk register and reviews it on a regular basis. Any significant risks are subsequently escalated to the leadership team for discussion and further escalation to the Board, Audit and Risk Committee and DHSC sponsor team as required.

In addressing issues relating to risk, we seek to be as transparent and open as possible and 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 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.

## Quality Assurance

We consider 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 we do 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.

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## Information Governance

The HRA has an established Information Governance structure:

- the Board has designated the Deputy Chief Executive & Director of Finance 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 Deputy Chief Executive & Director of Finance
- Ian Cook, Director of Transformation and Corporate Services is the Caldicott Guardian
- Stephen Tebbutt, Head of Corporate Governance & Risk is the Data Protection Officer
- 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 to ensure we maintain a coordinated approach to information governance. It meets four times a year and implements organisational and managerial structures that support proper consideration of information governance issues to sustain continual improvement. Considerable work was undertaken this year to rationalise the information governance policy documentation and introduce an information governance staff handbook to support staff in understanding their responsibilities. The requirement for data protection impact assessments has been built into the 2021/22 planning process to ensure all portfolio programmes have considered the impact on data protection principles.

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. We are committed to the 10 steps to cyber security and the National Data Guardian's Data Security Standards. No data security incidents have been reported to the ICO during the year.

The key risks the IGSG has addressed or mitigated this year include:

- the risk our operational delivery and / or strategic influence is seriously compromised following a successful and destructive cyber security attack
- the risk of a malware attack being undertaken resulting in information and assets being compromised
- information governance breaches not reported within 72 hours to comply with the General Data Protection Regulation
- our staff may not be properly trained in information governance and information governance policies being unclear
- unclear processes for storing information due to variety of systems may lead to information mismanaged.

The IGSG is content that these risks are being appropriately managed and either mitigated to an acceptable level or plans are in place to mitigate 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 help ensure we conform to data protection legislation. We have also completed the Data Security and Protection Toolkit this year and met all mandatory requirements.

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## 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 for the period 1 April 2020 to 31 March 2021, and up to the date of approval of the annual report and accounts, in accordance with HM Treasury guidance.

The strategic leadership team, which I lead, 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 or steering groups for significant projects (suggest refer to governance organogram).

Senior managers 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.

Our business plan for 2021/22 has been developed and approved by the Board which sets out our clear purpose and business objectives.

Our controls assurance and risk management processes are closely aligned to the twin objectives of maintaining ongoing activities and managing significant transformation 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.

A change in Accounting Officer role took place during the year following the retirement of Teresa Allen and my appointment as Chief Executive. I undertook a formal handover of my Accounting Officer responsibilities with a structured induction process during January and February 2021, prior to joining the HRA. Evidence provided to me, as the incoming Accounting Officer, to provide assurance that the system of internal control had operated effectively throughout the year, included the robust operation of Audit and Risk Committee throughout the year and internal audit assurance programme.

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 our management, plan and carry out a programme of work. This work 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 adequacy and effectiveness of the HRA's risk management, control and governance processes.

## Head of Internal Audit Opinion 2020/21

"In accordance with the requirements of the UK Public Sector Internal Audit Standards, I am required to provide the Accounting Officer with my annual opinion of the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

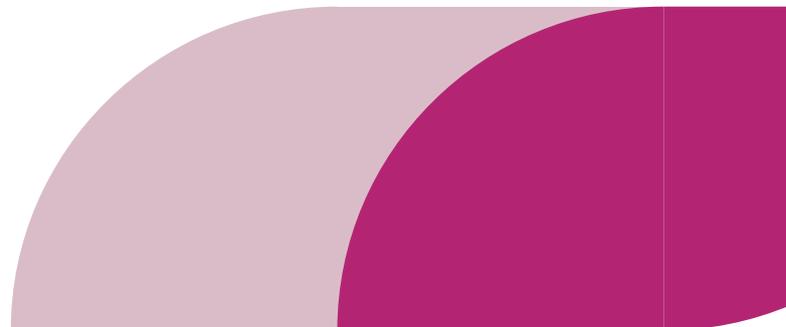
My overall opinion is that I can give Moderate assurance to the Accounting Officer that the Health Research Authority (HRA) has had adequate and effective systems of control, governance and risk management in place for the reporting year 2020-21."

## 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.



**Matthew Westmore**  
Chief Executive  
Health Research Authority  
2 July 2021



# Remuneration and staff report

## Remuneration Policy

The Chair 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 (ESM) 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):

### Non-Executive Directors

Name and Title of Directors	Year-ended (31 March)	Salaries and Allowances		
		Total salary (bands of £5,000)	All Pension related benefits (bands of £2,500)	Total Remuneration (bands of £5,000)
		£000	£000	£000
<b>Sir Terence Stephenson, Chair</b> (started 01/09/2019) Note1	2021	45 - 50	0	45 - 50
	2020	25 - 30 *(45 - 50)	0	25 - 30
<b>Professor Sir Jonathan Montgomery, Chair</b> (left 31/08/2019)	2020	15 - 20 *(45 - 50)	0	15 - 20
<b>Graham John Clarke, Non-Executive Director and Chair of the Audit and Risk Committee</b>	2021	10 - 15	0	10 - 15
	2020	10 - 15	0	10 - 15
<b>Richard Cooper, Non-Executive Director</b> (started 01/02/2019)	2021	5 - 10	0	5 - 10
	2020	5 - 10	0	5 - 10
<b>Andrew George, Non-Executive Director</b> (started 01/01/2019)	2021	5 - 10	0	5 - 10
	2020	5 - 10	0	5 - 10
<b>Nicole Mather, Non-Executive Director</b> (started 01/01/2019)	2021	5 - 10	0	5 - 10
	2020	5 - 10	0	5 - 10

\*Denotes full year equivalent

## Directors

Name and Title of Directors	Year-ended (31 March)	Salaries and Allowances			
		Total salary (bands of £5,000)	Other Remuneration (bands of £5,000)	All Pension related benefits (**) (bands of £2,500)	Total Remuneration (bands of £5,000)
		£000	£000	£000	£000
<b>Professor Matt Westmore</b> , Chief Executive (Note 2)	2021	10 - 15 *(130 - 135)	0	0 - 2.5	10 - 15 *(130 - 135)
	2020	0	0	0	0
<b>Teresa Allen</b> , Chief Executive (Note 3)	2021	90 - 95 *(95 - 100)	5 - 10	0	95 - 100 *(100 - 105)
	2020	110 - 115 *(120 - 125)	0	2.5 - 5.0	110 - 115
<b>Ian Cook</b> , Director of Transformation & Corporate Services	2021	90 - 95	0	10 - 12.5	105 - 110
	2020	90 - 95	0	22.5 - 25	115 - 120
<b>Janet Messer</b> , Director of Approvals Service	2021	90 - 95	0	22.5 - 25	115 - 120
	2020	90 - 95	0 - 5	22.5 - 25	115 - 120
<b>Juliet Tizzard</b> , Director of Policy and Partnership	2021	100 - 105	0	25 - 27.5	130 - 135
	2020	100 - 105	5 - 10	25 - 27.5	130 - 135
<b>Kurt Weideling</b> , Chief Digital Transformation Officer (from 02/11/2020)	2021	45 - 50 *(110 - 115)	0	10 - 12.5	55 - 60 *(120 - 125)
	2020	0	0	0	0
<b>Karen Williams</b> , Deputy Chief Executive and Director of Finance	2021	115 - 120	0	27.5 - 30	145 - 150
	2020	110 - 115	0	27.50 - 30	140 - 145

\*Denotes full year equivalent

**Note 1:** Sir Terence Stephenson took up the position of Chair of the HRA on 1 September 2019. The HRA does not reimburse Sir Terence directly. His remuneration is paid by The University College London and then recharged to the HRA on a cost-recovery basis.

**Note 2:** Professor Matt Westmore was appointed Chief Executive on 22 February 2021.

**Note 3:** During 2019/20, Teresa Allen, Chief Executive, retired from the HRA and was re-employed under a new contract of employment, on a part-time basis, under the return-to-work provisions set out in NHS Pensions Retire and Return Scheme. Approval for this retire and return was given by the HRA's Remuneration Committee and the Department of Health and Social Care. The new contract of employment for Teresa, as Chief Executive, was on a fixed term basis to 21 February 2021, while the HRA undertook a recruitment for a permanent fulltime Chief Executive, Professor Matt Westmore.

**(\*\*)** The value of pension benefits accrued during the year is calculated on the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights. The value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

## Directors

Name and Title	Pension Benefits year-ended 31 March 2021			
	Real Increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)
	£000	£000	£000	£000
<b>Professor Matt Westmore</b> , Chief Executive (from 22/02/2021)	0 - 2.5	0	0 - 5	0 - 5
<b>Teresa Allen</b> , Chief Executive (left 21/02/2021)	0	0	0	0
<b>Ian Cook</b> , Director of Transformation & Corporate Services (*)	0 - 2.5	0	5 - 10	0
<b>Janet Messer</b> , Director of Approvals Service	0 - 2.5	0	20 - 25	35 - 40
<b>Juliet Tizzard</b> , Director of Policy and Partnerships(*)	0 - 2.5	0	5 - 10	0
<b>Kurt Weideling</b> , Chief Digital Transformation Officer	0 - 2.5	0	0 - 5	0
<b>Karen Williams</b> , Deputy Chief Executive and Director of Finance (*)	0 - 2.5	0	5 - 10	0

Name and Title	Pension Benefits year-ended 31 March 2021				
	Cash Equivalent Transfer Value at 31 March 2021	Cash Equivalent Transfer Value at 31 March 2020	Real Increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension	Total pension entitlement at 31 March 2021 (Bands of £5,000)
	£000	£000	£000	£000	£000
<b>Professor Matt Westmore</b> , Chief Executive (from 22/02/2021)	15	12	0	0	0 - 5
<b>Teresa Allen</b> , Chief Executive (left 21/02/2021)	0	0	0	0	0
<b>Ian Cook</b> , Director of Transformation & Corporate Services (*)	134	119	11	0	5 - 10
<b>Janet Messer</b> , Director of Approvals Service	432	392	20	0	60 - 65
<b>Juliet Tizzard</b> , Director of Policy and Partnerships (*)	80	53	12	0	5 - 10
<b>Kurt Weideling</b> , Chief Digital Transformation Officer (*) (from 02/11/2020)	11	0	4	0	0 - 5
<b>Karen Williams</b> , Deputy Chief Executive and Director of Finance, (*)	113	81	13	0	5 - 10

**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.

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## 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 (or other allowable beneficiary's) pension payable from the scheme. CETVs are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

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## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

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## Fair pay disclosures (subject to audit)

The relationship between the remuneration of our highest-paid director and the median remuneration is 3.99 (similar to last year).

	As at 31 March 2021	As at 31 March 2020
Band of highest paid director's total remuneration (£000's) annualised	130 - 135	120 - 125
Lowest pay range (£000's)	20 - 25	15 - 20
Median total (£)	33,176	30,401
Remuneration ratio	3.99	4.19

In 2020/21, two employees (2019/20, six) received remuneration in excess of the highest-paid director. Remuneration ranged from £140k to £160k (2019/20 £175k to £180k).

## Staff Report

### Early retirements and redundancies (subject to audit)

There were no early retirements and redundancies in the year ended 31 March 2021. The table below shows payments made in the year ended 31 March 2020.

Exit package cost band	Year to end 31 March 2020					
	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages	Total cost of exit packages
	Whole Numbers	£	Whole Numbers	£	Whole Numbers	£
Less than £10,000	1	7,866	0	0	1	7,866
£10,000 - £25,000	1	23,908	0	0	1	23,908
£25,001 - £50,000	1	31,250	0	0	1	31,250
£50,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
<b>Totals</b>	<b>3</b>	<b>63,024</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>63,024</b>

Redundancy and other departure costs have been paid in accordance with the provisions of Agenda for Change. Exit costs in this note are the full costs of departures agreed in the year. Additional costs of agreed early retirements are met by the HRA and not by the NHS pension scheme. Ill health retirement costs are met by the NHS pension scheme and are not included in this table. There are no redundancy payments that are special payments.

## Analysis of staff costs (subject to audit)

	Year to end 31 March 2021			Year to end 31 March 2020
	Permanently employed	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	7,389	688	<b>8,077</b>	7,319
Social security costs	783	0	<b>783</b>	685
Employer contributions to NHSPA	1,453	0	<b>1,453</b>	1,286
Redundancies / notice	0	0	<b>0</b>	63
<b>Total</b>	<b>9,625</b>	<b>688</b>	<b>10,313</b>	<b>9,353</b>

The costs and average numbers of staff include the costs of staff employed by other organisations that are recharged to the HRA. 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 end 31 March 2021			Year to end 31 March 2020
	Total Number	Permanently Employed Staff Number	Other Number	Total Number
<b>Total</b>	<b>213</b>	<b>204</b>	<b>9</b>	<b>195</b>

Staff turnover was 5.9%.

## 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 2021 (£0 2020/21). This information has been supplied by NHS Pensions.

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## 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](http://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 for Health and Social Care 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:

### a) 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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 report of the scheme actuary, 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.

### b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021.

## 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, we must publish the following tables of information on our highly paid and / or senior off-payroll engagements.

**Table 1: For all off-payroll engagements as at 31 March 2021, for more than £245 per day and that last longer than six months:**

	Number
Number of existing engagements as of 31 March 2021	16
of which:	
for less than one year at the time of reporting	9
for between one and two years at the time of reporting	4
for between 2 and 3 years at the time of reporting	3
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

We 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 2020 and 31 March 2021, for more than £245 per day:**

	Number
Number of temporary off-payroll workers engaged between 1 April 2020 and 31 March 2021	23
of which:	
number not subject to off-payroll legislation	22
number subject to off-payroll legislation and determined as in-scope of IR35	0
number subject to off-payroll legislation and determined as out of scope of IR35	1
number of engagements reassessed for compliance or assurance purposes during the year	0
of which, number of engagements that saw a change to IR35 status following review	0

**Table 3: For any off-payroll engagements of board members, and / or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021:**

	Number
Number of off-payroll engagements of board members, and / or, senior officials with significant financial responsibility, during the financial year.	1
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

For the year ended 31 March 2021, we spent £347,300 on service review consultancy. (2019/20: £10,720).

## Sickness absence data

### Statistics Produced by HSCIC from Electronic Staff Record (ESR) Data Warehouse

Quarterly Sickness Absence Publications	Monthly Workforce Publication	Average Sick Days per FTE
Average FTE 2020	FTE-Days Lost to Sickness Absence	
198	761	3.8

Source: NHS Digital – Sickness Absence Publication - based on data from the ESR Data Warehouse

#### Period covered: January – December 2020

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

### Equality, diversity and inclusion

We promote equality and have an anti-discriminatory approach in all areas of our work. We do this by:

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

This ensures that anyone that deals with us 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 also have a responsibility as a public body to meet our equality duty to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- advance equality of opportunity between people who share a protected characteristic and those who do not
- foster good relations between people who share a protected characteristic and those who do not.

During 2020/21 we:

- finalised and our Board signed off our equality, diversity and inclusion (ED&I) strategy for staff
- supported our staff-led network of interest groups
- continued to work collaboratively with our staff-led interest groups on ED&I matters
- undertook activity to raise awareness and create understanding of ED&I issues amongst staff
- celebrated key calendar dates such as PRIDE, Black History Month, Mental Health Awareness Day, International Women's Day and shared key dates from the religious calendar our staff identified as important
- submitted the NHS Workforce Race Equality Standard and Workforce Disability Standard submissions to demonstrate how we are progressing and the areas we need to make improvements
- agreed increased capabilities for this work and undertook recruitment for an ED&I Manager to provide this
- published our mental health framework
- promoted and raised awareness of our disability leave policy
- continued to be a Disability Confident Employer.

There are no recorded cases of bullying and harassment in this financial year. Our recent staff survey (March 2021) also reported that 78% of staff feel the organisation is committed to creating a diverse and inclusive workplace.

## Equality information for staff

Gender	31 March 2021		31 March 2020	
	Number	%	Number	%
Female	172	76%	161	76%
Male	55	24%	50	24%
<b>Grand Total</b>	<b>227</b>	<b>100%</b>	<b>211</b>	<b>100%</b>
<b>Ethnic Origin (Grouped)</b>				
Asian or British Asian	19	8.4%	18	9%
Black or Black British / Mixed / Other ethnic group	21	9.2%	20	9%
Not Stated/Undefined	10	4.4%	14	7%
White	177	78%	159	75%
<b>Grand Total</b>	<b>227</b>	<b>100%</b>	<b>211</b>	<b>100%</b>
<b>Disabled</b>				
No	199	87.7%	178	84%
Not Declared / Undefined	10	4.4%	12	6%
Yes	18	7.9%	21	10%
<b>Grand Total</b>	<b>227</b>	<b>100%</b>	<b>211</b>	<b>100%</b>
<b>Age</b>				
21-25	11	4.8%	16	8%
26-35	74	32.6%	66	31%
36-45	74	32.6%	65	31%
46-55	42	18.5%	43	20%
56-75	26	11.5%	21	10%
<b>Grand Total</b>	<b>227</b>	<b>100%</b>	<b>211</b>	<b>100%</b>

	31 March 2021				31 March 2020			
	Male	%	Female	%	Male	%	Female	%
Directors	3	50%	3	50%	1	20%	4	80%
Other senior managers	11	28%	28	72%	10	30%	23	70%
Employees	41	23%	141	77%	39	23%	134	77%
<b>Total</b>	<b>55</b>	<b>24%</b>	<b>172</b>	<b>76%</b>	<b>50</b>	<b>24%</b>	<b>161</b>	<b>76%</b>

We publish gender pay gap information showing the difference in average earnings between women and men. The results for 2020 show that the average hourly rate is 8.3% higher for men with the median being 12.4% (2019 average hourly rate 13.6% higher and median 11.5% higher). This does not mean that men get paid more than women for doing the same job, the NHS pay grade structure and employment practices we use mean this isn't possible. The lower average pay for women reflects the fact that there are proportionately fewer women in more highly paid roles such as senior manager and technology roles compared to men.

We are pleased that women are well represented across the workforce but appreciate more can be done to address this gap. We will be taking action, through the Board and the Staff Forum, to help reduce this difference.

**We publish diversity information on our website at:**

 [hra.nhs.uk/about-us/governance/equality-and-diversity/](https://hra.nhs.uk/about-us/governance/equality-and-diversity/)

**Our gender pay gap data is also published on the gov.uk website:**

[gender-pay-gap.service.gov.uk](https://gender-pay-gap.service.gov.uk)

## Health, safety and welfare

We embrace health, safety and welfare as an integral part of our culture. We are committed to the fundamental right of all employees to work in a safe and healthy environment and 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 so we can identify trends and to inform our health and safety performance. We are pleased to report that we have had no reportable incidents, the same as 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 has in place a well-established and embedded Staff Partnership Forum and in 2018 entered into a formal partnership agreement with Unison and managers. The Joint Negotiating Committee has met formally four times. During the year three members of staff (2.8 FTE) were union officials at the HRA.

Percentage time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

### Percentage of staff costs spent on union facility activities

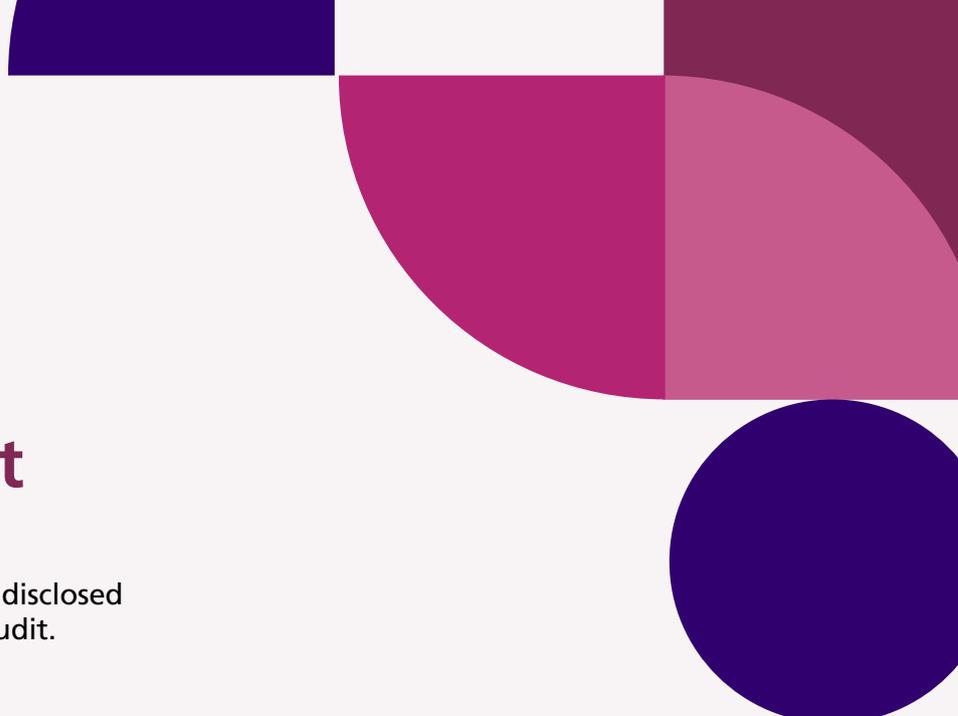
Total cost of union facility activities	£2,365
Total staff costs	£10,313,000
Percentage of total staff costs spent on union facility activities	0.02%

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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## Pension Liabilities

Past and present employees of the HRA are covered by the provisions of the NHS Pensions Scheme. **Page 45** 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 2021 no payments were made (2019/20: one special payment £13,500).



**Matt Westmore**  
Chief Executive  
Health Research Authority  
2 July 2021

# Audit Opinion

# The certificate 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 2021 under the Care Act 2014. The financial statements comprise: 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 2021 and of the Health Research Authority's net expenditure for the year then ended;
- have been properly prepared in accordance with the Care Act 2014 and Secretary of State directions issued thereunder.

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## 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Health Research Authority in accordance with the ethical requirements that are relevant to my audit of 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.

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## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Health Research Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Health Research Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Health Research Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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## Other Information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; and
- the information given in the Chief Executive's Introduction; Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## Matters on which I report by exception

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 material misstatements in the Chief Executive's Introduction; Performance and Accountability Reports. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Health Research Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Health Research Authority will not continue to be provided in the future.

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## 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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Health Research Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Health Research Authority's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Health Research Authority's controls relating to the Care Act 2014 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of the Health Research Authority's framework of authority as well as other legal and regulatory frameworks that the Health Research Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Health Research Authority. The key laws and regulations I considered in this context included the Care Act 2014, Managing Public Money, employment, taxation and pensions legislation;
- reviewing the Health Research Authority's accounting policies; and
- using analytical procedures to identify any unusual or unexpected relationships and transactions.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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.

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.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**Comptroller and Auditor General  
5 July 2021**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Financial Statements

## Statement of comprehensive net expenditure for the year ended 31 March 2021

	Notes	Year to end 31 March 2021 £'000	Year to end 31 March 2020 £'000
<b>Administration</b>			
<b>Expenditure</b>			
Staff costs	4	10,404	9,443
Amortisation and depreciation	4	1,218	373
Other Expenditure	4	4,898	5,000
		16,520	14,816
<b>Income</b>			
Income from activities	5	(321)	(286)
<b>Net Expenditure for the period</b>		<b>16,199</b>	<b>14,530</b>

The notes on pages 62 to 75 form part of these accounts.



## Statement of financial position as at 31 March 2021

	Notes	As at 31 March 2021 £'000	As at 31 March 2020 £'000
<b>Non current assets</b>			
Information technology assets	6.1	350	229
Intangible assets	6.2	5,166	4,504
<b>Total non-current assets</b>		<b>5,516</b>	<b>4,733</b>
<b>Current assets</b>			
Trade and other receivables	7	249	278
Cash and cash equivalents	8	5,191	3,463
<b>Total current assets</b>		<b>5,440</b>	<b>3,741</b>
<b>Total assets</b>		<b>10,956</b>	<b>8,474</b>
<b>Current liabilities</b>			
Trade and other payables	9	2,659	2,707
Other liabilities	9	431	322
<b>Total current liabilities</b>		<b>3,090</b>	<b>3,029</b>
<b>Assets less liabilities</b>		<b>7,866</b>	<b>5,445</b>
<b>Taxpayers' equity</b>			
General fund		7,866	5,445
<b>Total taxpayers' equity</b>		<b>7,866</b>	<b>5,445</b>

The notes on pages 62 to 75 form part of these accounts.

The financial statements on pages 58 to 61 were signed on behalf of the Health Research Authority by:



**Matthew Westmore**  
Chief Executive  
Health Research Authority  
2 July 2021

## Statement of cash flows for the year ended 31 March 2021

	Notes	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
<b>Cash flows from operating activities</b>			
Net expenditure for the period after interest		(16,199)	(14,530)
Adjustments non cash transactions	4	1,218	764
(Increase) / decrease in trade and other receivables	7	29	(2)
Increase in trade payables	9	203	849
Loss on disposal of property, plant & equipment		21	3
<b>Net cash (outflow) from operating activities</b>		<b>(14,728)</b>	<b>(12,916)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	6.1 & 9	(72)	(97)
Purchase of intangible assets	6.2 & 9	(2,092)	(2,073)
<b>Net cash (outflow) from investing activities</b>		<b>(2,164)</b>	<b>(2,170)</b>
<b>Cash flows from financing activities</b>			
Net Parliamentary funding		18,620	16,557
<b>Net financing</b>		<b>18,620</b>	<b>16,557</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,728</b>	<b>1,471</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3,463</b>	<b>1,992</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>5,191</b>	<b>3,463</b>

The notes on pages 62 to 75 form part of these accounts.

## Statement of changes in taxpayers' equity for the year ended 31 March 2021

	General fund £'000	Total reserves £'000
<b>Balance as at 31 March 2019</b>	<b>3,026</b>	<b>3,026</b>
Net expenditure to 31 March 2020	(14,530)	(14,530)
<b>Total recognised income and expenditure for the year</b>	<b>(14,530)</b>	<b>(14,530)</b>
Parliamentary funding for resources to 31 March 2020	16,949	16,949
<b>Total parliamentary funding from Department of Health and Social Care</b>	<b>16,949</b>	<b>16,949</b>
<b>Balance as at 31 March 2020</b>	<b>5,445</b>	<b>5,445</b>
Net expenditure to 31 March 2021	(16,199)	(16,199)
<b>Total recognised income and expenditure for the year</b>	<b>(16,199)</b>	<b>(16,199)</b>
Parliamentary funding for resources to 31 March 2021	18,620	18,620
<b>Total parliamentary funding from Department of Health and Social Care</b>	<b>18,620</b>	<b>18,620</b>
<b>Balance as at 31 March 2021</b>	<b>7,866</b>	<b>7,866</b>

The notes on **pages 62 to 75** 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 Going concern

The Department of Health and Social Care (DHSC) has confirmed funding of HRA will continue and next year's funding has been agreed and there is a strong presumption for the continued provision of the HRA's services as detailed in the Care Act 2014 for a minimum period of 12 months from the date the annual accounts are authorised for issue. It is therefore considered appropriate to prepare the 2020/21 financial statements on a going concern basis.

### 1.2 Accounting conventions

This account is prepared under the historical cost convention. This is in accordance with directions issued by the Secretary of State for Health and Social Care and approved by HM Treasury.

### 1.3 Income

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 the government apprenticeship fund and other NHS and non NHS organisations.

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The FReM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. Where revenue received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The value of the benefit received when the HRA accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded

## 1.4 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.

## 1.5 Tangible assets – property, plant and equipment

### a) Capitalisation

Tangible assets 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
- second hand IT assets are capitalised at cost, which represents market value, and may be below the thresholds for capitalising new IT assets.

### b) Valuation

Tangible 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

The HRA Information Technology Assets comprise of video conference equipment, which make up the Tangible Information Technology, and laptops. Furniture and Fittings comprise of airconditioning units at our offices. The expected useful life of the assets are assessed as being different due to the changes in technology advancements and so are depreciated over different economic lives as follows:

	Years
Tangible Information Technology	5
Laptops	4
Furniture & Fittings	4

Assets held under construction are laptops held but not built to specification nor distributed to staff.

### 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.

## 1.6 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

All intangible assets, with the exception of those under construction, are amortised over their expected useful economic life. Amortisation is charged on each individual component of intangible assets.

The HRA Intangible assets comprise of software licences for the e-learning system and the licence fee for the current IRAS system. The development expenditure relating to the HRA Research Information Systems are currently grouped under Information Technology. The estimated lives of these assets have been assessed and are set out below. They are amortised on a straight line basis over the estimated life of the asset.

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 - 7

#### **d) Assets under the course of 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.

### **1.7 Significant accounting policies and material judgements**

Estimates and the underlying assumptions are reviewed annually by the organisation's senior management based on historical experience and other factors considered relevant. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Expenditure relating to the replacement of the NEW IRAS system, has been reviewed in order to estimate the amount that relates to the capital project. This review forms the basis for the accounting treatment of the costs and will vary depending on the nature of the expenditure. In house programme management costs have been capitalised 100% while the system is under construction.

### **1.8 Cash and cash equivalents**

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

### **1.9 Employee benefits**

#### **Short term employee benefits**

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

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.

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

### **1.10 Leases**

#### **Operating leases as the lessee**

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

## 1.11 Financial instruments

### Financial assets and financial liabilities recognition

Financial assets and financial liabilities arise where the Health Research Authority is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. This definition of a contract includes legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as tax by ONS.

This includes the purchase or sale of non financial items, such as goods and services, which are entered into in accordance with normal requirements of the Health Research Authority and are recognised when, and to the extent which, performance occurs, i.e. when receipt or delivery of the goods or services is made.

The Authority's receivables comprise of cash at bank, NHS and Non NHS receivables, prepayments, accrued income and other receivables.

The Authority's financial liabilities comprise: NHS Payables, other payables and accruals.

#### 1.11.1 Classification and measurement

After initial recognition, financial assets and financial liabilities are measured at amortised cost. These are assets and liabilities which are held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables and rights and obligations under lease arrangements.

#### 1.11.2 Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets the Authority recognises an allowance for expected credit losses.

The Authority adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses.

#### 1.11.3 De-recognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Authority has transferred substantially all the risks and rewards of ownership.

Financial Liabilities are de-recognised when the obligation is discharged, cancelled or expires.

## 1.12 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 16 Leases

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The HRA will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the HRA will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the general fund at that date. For existing operating leases with a remaining lease term of more than 12 months

and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the HRA's incremental borrowing rate. The HRA's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the HRA will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2022. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the HRA does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

IFRS17 Insurance Contracts – unlikely to have a material impact on the HRA financial statements.

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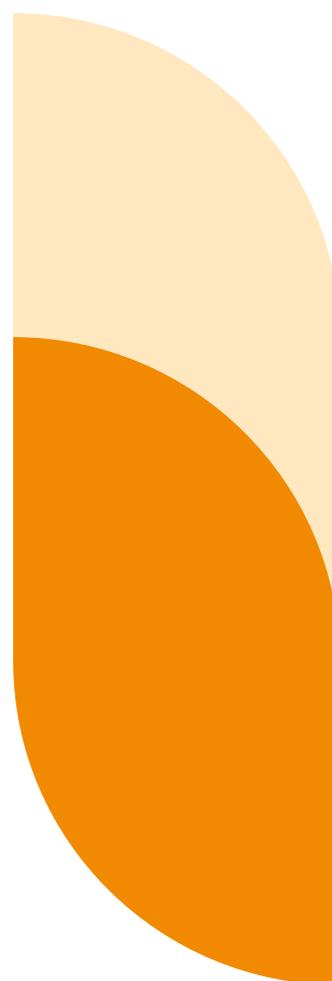
## 2. Analysis of net expenditure by segment

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

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## 3. Staff numbers and related costs

The tables for the staff numbers and staff costs and other related costs are included on **page 44** within the staff report of the Remuneration report section.



## 4. Expenditure

The Health Research Authority costs all relate to administration costs:

	Notes	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Non-executive members' remuneration		91	90
Other salaries and wages		8,077	7,319
Social security costs		783	685
Pension costs		1,453	1,286
Redundancies and notice not worked		0	63
<b>Total staff costs</b>		<b>10,404</b>	<b>9,443</b>
Supplies and services - general		258	371
Establishment expenses		386	1,131
Transport and moveable plant		0	6
Premises and fixed plant		4,144	3,387
Auditors' remuneration: (*) audit fees		41	40
Miscellaneous		48	62
Loss on disposal of assets		21	3
<b>Total other expenditure</b>		<b>4,898</b>	<b>5,000</b>
Capital: Depreciation	6.1	68	52
Amortisation	6.2	1,150	321
<b>Total depreciation and amortisation</b>		<b>1,218</b>	<b>373</b>
<b>Total expenditure</b>		<b>16,520</b>	<b>14,816</b>

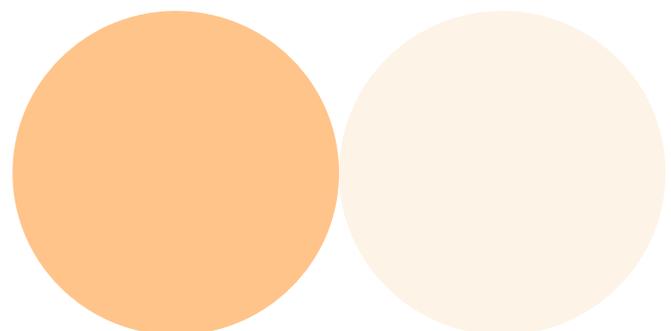
(\*) The Audit Fee for the period to the 31 March 2021 is £41,000 (period to 31 March 2020 £40,000).

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

## 4.1 Better Payment Practice Code – measure of compliance

	2020-21 Number	2019-20 Number
Total Non-NHS trade invoices paid in the year	1,537	3,395
Total Non-NHS trade invoices paid within target	1,395	2,901
<b>Percentage of Non-NHS trade invoices paid within target</b>	<b>90.8%</b>	<b>85.4%</b>
Total NHS trade invoices in the year	103	168
Total NHS trade invoices paid within target	99	153
<b>Percentage of NHS trade invoices paid within target</b>	<b>96.1%</b>	<b>91.1%</b>

	2020-21 Value £000	2019-20 Value £000
Total Non-NHS trade invoices paid in the year	5,838	5,509
Total Non-NHS trade invoices paid within target	5,820	5,371
<b>Percentage of Non-NHS trade invoices paid within target</b>	<b>99.7%</b>	<b>97.5%</b>
Total NHS trade invoices in the year	1,399	1,314
Total NHS trade invoices paid within target	1,399	1,306
<b>Percentage of NHS trade invoices paid within target</b>	<b>100.0%</b>	<b>99.4%</b>



## 5. Operating revenue

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
<b>Administration</b>		
Fees & charges to external customers	35	46
Income received from Scottish Parliament	144	98
Income received from National Assembly for Wales	88	61
Income received from Northern Ireland Assembly	50	34
Income received from other Departments	4	47
<b>Total Administration revenue</b>	<b>321</b>	<b>286</b>

The Health Research Authority has reviewed the income to identify any contracts which are within the scope of IFRS15. The majority of the revenue is received from the Devolved Administrations on a cross charging

arrangement using the Barnett Formula, and so is outside of scope. The remainder of the revenue either did not fall within the scope or had all of the performance obligations delivered by the end of the reporting date.

## 6. Non-current assets

### 6.1 Tangible assets – property, plant and equipment

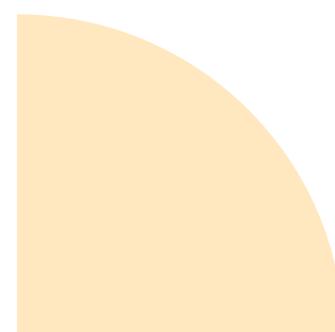
	Information Technology £'000	Furniture & Fittings £'000	Assets under construction £'000	Total £'000
Cost or Valuation at 1 April 2020	265	0	97	362
Additions - purchased	54	41	115	210
Transfers	77	0	(77)	0
Disposals	(87)	0	0	(87)
<b>Gross cost as at Year to 31 March 2021</b>	<b>309</b>	<b>41</b>	<b>135</b>	<b>485</b>
<b>Depreciation</b>				
Accumulated depreciation at 1 April 2020	133	0	0	133
Charged during the year	68	0	0	68
Depreciation on disposal	(66)	0	0	(66)
<b>Accumulated depreciation as at Year to 31 March 2021</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>135</b>
<b>Net book value as at Year to 31 March 2020</b>	<b>132</b>	<b>0</b>	<b>97</b>	<b>229</b>
<b>Net book value as at Year to 31 March 2021</b>	<b>174</b>	<b>41</b>	<b>135</b>	<b>350</b>

The disposal relates to older model laptops which were no longer supported by our third party IT infrastructure provider.

	Information Technology £'000	Furniture & Fittings £'000	Assets under construction £'000	Total £'000
Cost or Valuation at 1 April 2019	268	0	0	268
Additions - purchased	0	0	97	97
Disposals	(3)	0	0	(3)
<b>Gross cost as at Year to 31 March 2020</b>	<b>265</b>	<b>0</b>	<b>97</b>	<b>362</b>
<b>Depreciation</b>				
Accumulated depreciation at 1 April 2019	82	0	0	82
Charged during the year	52	0	0	52
Disposals	(1)	0	0	(1)
<b>Accumulated depreciation as at Year to 31 March 2020</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>133</b>
<b>Net book value at 31 March 2019</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>186</b>
<b>Net book value as at Year to 31 March 2020</b>	<b>132</b>	<b>0</b>	<b>97</b>	<b>229</b>

## 6.2 Intangible assets

	Assets under construction £'000	Software licences £'000	Information technology £'000	Total £'000
Gross Cost at 1 April 2020	265	591	7,321	8,177
Additions - purchased	237	0	1,575	1,812
Transfers	(265)	0	265	0
<b>Gross cost as at Year to 31 March 2021</b>	<b>237</b>	<b>591</b>	<b>9,161</b>	<b>9,989</b>
<b>Amortisation</b>				
Accumulated amortisation at 1 April 2020	0	574	3,099	3,673
Charged during the year	0	17	1,133	1,150
<b>Accumulated amortisation as at Year to 31 March 2021</b>	<b>0</b>	<b>591</b>	<b>4,232</b>	<b>4,823</b>
<b>Net book value as at Year to 31 March 2020</b>	<b>265</b>	<b>17</b>	<b>4,222</b>	<b>4,504</b>
<b>Net book value as at Year to 31 March 2021</b>	<b>237</b>	<b>0</b>	<b>4,929</b>	<b>5,166</b>



	Assets under construction £'000	Software licences £'000	Information technology £'000	Total £'000
Gross Cost at 1 April 2019	1,500	591	4,013	6,104
Additions - purchased	265	0	1,808	2,073
Transfers	(1,500)	0	1,500	0
<b>Gross cost as at Year to 31 March 2020</b>	<b>265</b>	<b>591</b>	<b>7,321</b>	<b>8,177</b>

#### Amortisation

Accumulated amortisation at 1 April 2019	0	557	2,795	3,352
Charged during the year	0	17	304	321
<b>Accumulated amortisation as at Year to 31 March 2020</b>	<b>0</b>	<b>574</b>	<b>3,099</b>	<b>3,673</b>
<b>Net book value as at 31 March 19</b>	<b>1,500</b>	<b>34</b>	<b>1,218</b>	<b>2,752</b>
<b>Net book value as at Year to 31 March 2020</b>	<b>265</b>	<b>17</b>	<b>4,222</b>	<b>4,504</b>

## 7. Trade receivables

Amounts falling due within one year

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Trade Receivables NHS	0	46
Trade Receivables Non NHS	1	30
Other receivables	114	80
Accrued income and prepayments	134	122
<b>Trade and other receivables</b>	<b>249</b>	<b>278</b>

## 8. Cash and Cash equivalents

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
<b>Opening balance</b>	<b>3,463</b>	<b>1,992</b>
Net change in period	1,728	1,471
<b>Total</b>	<b>5,191</b>	<b>3,463</b>
<b>Comprising:</b>		
Held with office of Government Banking Service	5,191	3,463
Balance at year end	5,191	3,463

## 9. Trade payables and other current liabilities

Amounts falling due within one year

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Trade payables	434	235
Accruals and deferred income	1,572	1,677
Capital payables	653	795
<b>Trade and other payables</b>	<b>2,659</b>	<b>2,707</b>
Other taxation and social security	270	193
Other Current Liabilities	161	129
<b>Other Current Liabilities</b>	<b>431</b>	<b>322</b>
<b>Total Trade Payables and other current liabilities</b>	<b>3,090</b>	<b>3,029</b>

## 10. Capital Commitments

At 31 March 2021, the HRA had no capital commitments (31 March 2020: £387,852).

## 11. Commitments under leases

### Operating leases

The Health Research Authority have leases for offices in London, Nottingham, Bristol, Manchester and Newcastle. Total future minimum lease payments under these operating leases are given in the table below. During the latter months of 2020/21, the HRA moved into new government premises in London, and the future rental costs for the period of the lease are included within this note. At a similar time, the HRA also moved into new premises in Bristol, however as at 31 March 2021, the

new leases had not been signed and so no future payments for this lease are included within this note. The HRA will be moving into new premises in Nottingham during 2021/22, and as at 31 March 2021, the new lease had not been signed, and so this note includes the remaining commitment in relation to the existing lease for Nottingham, but not commitments in relation to the new lease.

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	219	414
Later than one year and not later than five years	634	406
Later than five years	589	0
	<b>1,442</b>	<b>820</b>

## Operating Lease Income

The HRA entered into a lease with HS2 from the 26 April 2019 relating to the rental of floor space within the area occupied by the HRA at the Manchester Office. The end date of the lease is 11 June 2022.

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
<b>Income under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	7	7
Later than one year and not later than five years	1	9
	<b>8</b>	<b>16</b>

## 12. Other financial commitments

The Health Research Authority entered into a 5 year contract on the 1st July 2017 with SBS for the provision of financial and accounting and payroll services. The annual cost of the contract is £163,078 and the contract expires on the 30th June 2022. At 31 March 2021, the HRA exercised the option to extend the contract for the provision of the maintenance and helpdesk for the HARP and IRAS systems, which are key to the delivery of the HRA's statutory obligations, for a further 2 years. This is to support the transition across to the new IRAS system being developed.

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
<b>Not later than one year</b>	<b>976</b>	<b>932</b>
<b>Later than one year and not later than five years</b>	<b>346</b>	<b>260</b>
	<b>1,322</b>	<b>1,192</b>

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### 13. Losses and special payments

The details of the Health Research Authority losses and special payments can be found on **page 51** in the Parliamentary Accountability and Audit report section of the annual report.

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### 14. Contingent assets

During 2018-19 the HRA submitted a case to HMRC to recover the VAT on the development costs of the new IRAS system. During 2020-21, the HRA received a positive decision from HMRC but it related directly to one supplier. During 2020-21 the HRA submitted a further case to HMRC to recover the VAT on the development costs of the new IRAS system for any third party providers we use. As at the 31 March 2021 a decision had not been received from HMRC.

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### 15. Related party transactions

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

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 group accounting manual guidelines for agreeing creditor and debtor balances (£500k) and for income and expenditure balances the same threshold has been used (£500k).

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

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### 16. Events after the reporting period

The Accounting Officer authorised these financial statements for issue on 5 July 2021.

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### 17. 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.

#### Financial assets

The Health Research Authority operates primarily within the NHS market and receives the majority of its income from DHSC and Devolved Administrations. IFRS 9 requires the HRA to adopt a lifetime credit loss model to its financial assets. The HRA has applied this model to its trade receivables (excluding NHS receivables) and assessed its credit loss value as at the 31st March 2021 to be £nil (31 March 2020 £480).

#### Financial liabilities

The Health Research Authority operates within both the NHS and non-NHS market for the supplies of goods and services. The organisations financial liabilities mainly consist of these short term trade creditors and accruals relating to the purchase of non financial items. The exposure to financial liability risk is therefore minimal.

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

	£000
Not past due	688
Past due 0-30 days	0
Past due 31-120 days	0
More than 121 days	4

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