



**Health Research  
Authority**

**Health Research Authority**

# **Annual report and accounts 2022-23**

**For the period 1 April 2022 to 31 March 2023**

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

Ordered by the House of Commons to be printed on 6 July 2023





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## **Correction slip**

**Title:** Health Research Authority annual report and accounts 2022-23

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## **Corrections**

The below corrections have been made to the annual report and accounts 2022-23 after it was laid before Parliament on 6 July 2023.

### **Front cover**

Text previously read:

Annual report and accounts 2022 - 2023

Text now reads:

Annual report and accounts 2022-2023

### **Page 3 - full stops added to end of all bullet points**

Text previously read:

- inspiring leadership: enabling people and teams to develop and deliver dynamic, innovative and transformative services and systems
- integrity: being fair, ethical and honest in everything we do
- trusted: being respected for delivering to consistently high standards
- transparent: being accountable and open about all aspects of our work
- collaborative: listening to and working with others to identify and make improvements to the health research environment
- empowering: supporting independent thinking and decision-making

To make it easy to do research that people can trust, we:

- work with people to understand what you want research to look like and act on this so that you can trust research
- make sure that people taking part in research are treated ethically and fairly by reviewing and approving health and social care research studies that involve people, their tissue or their data

Text now reads:

- inspiring leadership: enabling people and teams to develop and deliver dynamic, innovative and transformative services and systems.
- integrity: being fair, ethical and honest in everything we do.
- trusted: being respected for delivering to consistently high standards.
- transparent: being accountable and open about all aspects of our work.
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#### **Page 4 – full stops added to end of all bullet points**

Text previously read:

- work with other organisations across the UK to make sure that, wherever you are, research studies can be set up smoothly and are always subject to the same scrutiny before they start
- work with others to coordinate and standardise the way research is set up and managed
- encourage and support transparency about research so that you can find out what research is taking place, and what it found
- are one of the gatekeepers of patient data making sure that your information is protected if it's used for research
- put in place and support the digital platforms to help research get set-up and managed in the UK

Text now reads:

- work with other organisations across the UK to make sure that, wherever you are, research studies can be set up smoothly and are always subject to the same scrutiny before they start.
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- encourage and support transparency about research so that you can find out what research is taking place, and what it found.
- are one of the gatekeepers of patient data making sure that your information is protected if it's used for research.

- put in place and support the digital platforms to help research get set-up and managed in the UK.

### **Page 11 – ‘corporate’ changed to ‘Corporate’**

Text previously read:

‘more detail in our corporate governance report on page 24.’

Text now reads:

‘more detail in our Corporate governance report on page 24.’

### **Page 13 – ‘2023-23’ changed to ‘2023/24’**

Text previously read:

- involved a wider group of people in setting our 2023-24 business plan, including the public contributors, REC members and staff voices

Text now reads:

- involved a wider group of people in setting our 2023/24 business plan, including the public contributors, REC members and staff voices

### **Page 15 – full stop added to final bullet point under ‘be a great place to work’**

Text previously read:

- appointed Richard Cooper (NED) as our wellbeing champion and grew the number of Mental Health First Aiders at the HRA by 200% to 12

Text now reads:

- appointed Richard Cooper (NED) as our wellbeing champion and grew the number of Mental Health First Aiders at the HRA by 200% to 12.

### **Page 16 – full stop added after second bullet point**

Text previously read:

- recently saw a decrease of 6% in our staff engagement score in our 2023 staff survey to 76%, below our target by 2% although higher than the industry benchmark of 67%. This is disappointing and we are putting in place an action plan to reverse this trend

Text now reads:

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benchmark of 67%. This is disappointing and we are putting in place an action plan to reverse this trend.

### **Page 18 – full stop removed from ‘Staff and HRA Community domestic flights’**

Text previously read:

There were no domestic flights during the period of 2022-2023.

Text now reads:

There were no domestic flights during the period of 2022-2023

### **Page 20 – full stops added to three bullet points under ‘In addition to our core statutory functions...’**

Text previously read:

- £3,399,000 revenue and £54,000 capital costs on digital research systems transformation
- £486,000 on building capacity to support the UK research ecosystem making sure that clinical research delivery recovers, is made resilient and grows following the pandemic
- £148,000 on our Think Ethics programme, putting people and ethics at the heart of health and social care research

Text now reads:

- £3,399,000 revenue and £54,000 capital costs on digital research systems transformation.
- £486,000 on building capacity to support the UK research ecosystem making sure that clinical research delivery recovers, is made resilient and grows following the pandemic.
- £148,000 on our Think Ethics programme, putting people and ethics at the heart of health and social care research.

### **Page 21 – changed ‘31 March 2023’ to ‘31<sup>st</sup> March 2023’**

Text previously read:

Our cash balance at 31 March 2023 is £530,000 higher than the year before.

Text now reads:

Our cash balance at 31<sup>st</sup> March 2023 is £530,000 higher than the year before.

## **Page 24 – two commas and a full stop added to end of bullet points**

Text previously read:

- the respective roles and responsibilities of each organisation
- the shared principles that underpin our relationship
- the arrangements for ensuring DHSC can fulfil its responsibilities

Text now reads:

- the respective roles and responsibilities of each organisation,
- the shared principles that underpin our relationship,
- the arrangements for ensuring DHSC can fulfil its responsibilities.

## **Page 24 – quote marks removed from ‘Corporate governance in central government departments: code of practice 2017’**

Text previously read:

The HRA is fully compliant with relevant principles around governance best practice for public service as set out in ‘Corporate governance in central government departments: code of good practice 2017’.

Text now reads:

The HRA is fully compliant with relevant principles around governance best practice for public service as set out in Corporate governance in central government departments: code of good practice 2017.

## **Page 27 – sentence ‘Any expenses claimed by Board members....papers from the Board meetings.’ Taken out as a bullet point and added as a stand-alone sentence.**

Text previously read:

- Any expenses claimed by Board members are published on the HRA website, alongside minutes and papers from the Board meetings.

Text now reads:

Any expenses claimed by Board members are published on the HRA website, alongside minutes and papers from the Board meetings.

## **Page 44 – ‘https://’ added to the front of the URL**

Text previously read:

The 2016 valuation reports can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports](http://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports)



Text now reads:

The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>

**Page 46 – ‘January to December 2022’ changed to ‘January - December 2022’**

Text previously read:

Period covered: January to December 2022

Text now reads:

Period covered: January - December 2022

**Page 49 – ‘During the year five members of staff’ changed to ‘During the year 5 members of staff’**

Text previously read:

During the year five members of staff (4.8 FTE) were union officials at the HRA.

Text now reads:

During the year 5 members of staff (4.8 FTE) were union officials at the HRA.

**Page 50 – ‘Health Research Authority incurred five losses’ changed to ‘Health Research Authority incurred 5 losses’**

Text previously read:

For the year-ended 31 March 2023 the Health Research Authority incurred five losses totalling £981 (2021-22 £29,684).

Text now reads:

For the year-ended 31 March 2023 the Health Research Authority incurred 5 losses totalling £981 (2021-22 £29,684).

**Page 74 - ‘9. Cash and cash equivalents’ table text**

Text previously read:

Comprising:

Text now reads:

Comprising:

Government banking service

**Page 75 - '11. Provisions for liabilities and charges analysis' table text**

Text previously read:

- not later than one year

Text now reads:

Expected timing of cash flows at 31 March 2023

- not later than one year

**Date of corrections:** 17 July 2023

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# 1. Performance report

This section provides an overview of the Health Research Authority and our work. This includes our performance highlights and analysis providing details of our key activities over the past year delivering our strategy and statutory functions.

## Our vision

Our vision is for high quality health and social care research today that improves everyone's health and wellbeing tomorrow.

## Our purpose

Our purpose is to protect and promote the interests of patients and the public in health and social care research.

## Our values

In all our work, we are guided by our organisational values:

- inspiring leadership: enabling people and teams to develop and deliver dynamic, innovative and transformative services and systems.
- integrity: being fair, ethical and honest in everything we do.
- trusted: being respected for delivering to consistently high standards.
- transparent: being accountable and open about all aspects of our work.
- collaborative: listening to and working with others to identify and make improvements to the health research environment.
- empowering: supporting independent thinking and decision-making.

## About us

The Health Research Authority is a non-departmental public body, set up in 2011 with a mission to protect NHS patients, your tissue and your data when you are involved in research. We have transformed UK research regulation and governance by simplifying processes, removing duplication and reducing timelines. We have better supported the research community by putting people first.

To make it easy to do research that people can trust, we:

- work with people to understand what you want research to look like and act on this so that you can trust research.
- make sure that people taking part in research are treated ethically and fairly by reviewing and approving health and social care research studies that involve people, their tissue or their data.

- work with other organisations across the UK to make sure that, wherever you are, research studies can be set up smoothly and are always subject to the same scrutiny before they start.
- work with others to coordinate and standardise the way research is set up and managed.
- encourage and support transparency about research so that you can find out what research is taking place, and what it found.
- are one of the gatekeepers of patient data making sure that your information is protected if it's used for research.
- put in place and support the digital platforms to help research get set-up and managed in the UK.

## How we work

Our 263 staff, who work at home and in our offices in Bristol, London, Manchester, Newcastle and Nottingham provide specialist advice and learning to researchers about research ethics and governance. They also develop policies concerning research ethics and governance as well as support our committees and advisory groups to deliver our services. Our staff work with users of our services to design and put in place the digital systems used by the sector to set up studies and also effectively administer the organisation.

We could not operate without the HRA Community.

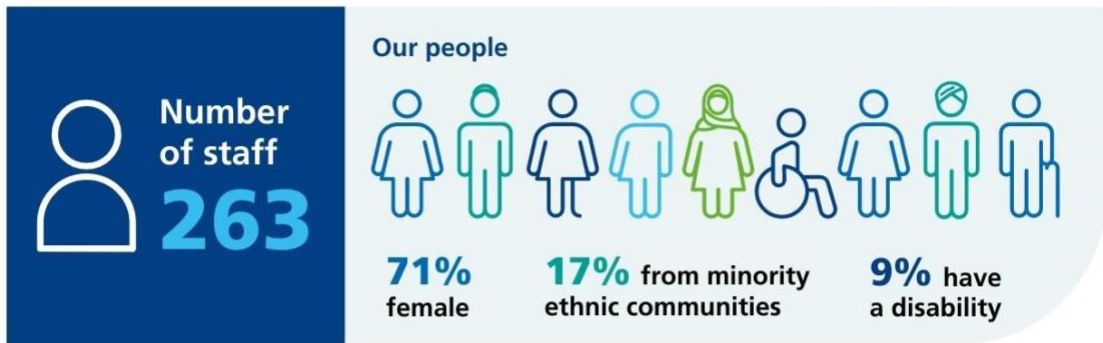
The community is made up from our Research Ethics Committees (REC) members, Confidentiality Advisory Group (CAG) members and our Public Involvement Network (PIN) which includes members of the public who have experience of or have been impacted by research.

They all make an invaluable contribution to our work and the experience of people taking part in research. This helps us make sure that people can trust the research that we approve so that the research findings can improve care. They give their time generously enabling the HRA to operate efficiently and respond rapidly when needed.

To deliver our ambition to make it easier to do research that people can trust and ensure that health and social care research is conducted with and for everyone, it is important that we are informed by a range of insights and experiences that reflect the population that we serve.

We can make better decisions by working with a diverse group of people. We are working with our HRA Community to ensure that working with us is a positive experience that is open to everyone.

# Who are we?



Subscribers to our Public Involvement Network email list



Research Ethics Committee members



Confidentiality Advisory Group members



Technical Assurance reviewers



Board members (including two non voting members)

## Inclusivity highlights



**Launched our Dignity and Respect Policy** supported by an engaging respect video featuring colleagues and volunteers.



**Redesigned our Recruitment Policy and guidance**, enabling good quality recruitment decisions by minimising potential for bias. 40 new managers have been trained.



**Achieved 50:50 gender balance** in our recruitment to new roles and increased ethnic minority representation in managers to 14%.

## Our strategy: we make it easy to do research that people can trust

In 2022, we launched our new strategy setting out our strategic direction for the next three years and how we will achieve it.

In setting this new strategy, we met many different people who pushed us to think in different ways. We then worked with people who had experience of research or had been impacted by it to launch our strategy. They helped us to explain what we are doing and why it matters in a way that is accessible and informative to all.

Our strategy is focussed on earning and maintaining people's trust in research. By working in a balanced way we will make it simple and fast to deliver research that people can trust. It sets out four strategy pillars that guide our work – include, accelerate, digital and improve.

**Include** – so that health and social care research is done with and for everyone.

**Accelerate** – so that research findings improve care faster because the UK is the easiest place in the world to do research that people can trust.

**Digital** - use digital technology well to do our work.

**Improve** - always looking for ways to do things better.



More information about our strategy can be found at [Our Strategy - Health Research Authority \(hra.nhs.uk\)](https://hra.nhs.uk)

## **Chief Executive's introduction and performance overview**

Every year our annual report is a chance look back with enormous pride at our achievements over the past 12 months. We have now settled into our new post-pandemic world, with that time reminding us all of the vital importance of high quality health and social care research.

As you'll be aware, in June 2022 we launched a bold new strategy for the HRA, with a vision to make it easy to do research that people can trust. And this report marks almost a whole year of activity guided by our strategic aims.

We now have two key principles. To include, so that health and social care research is done with and for everyone, and to accelerate, so that research findings improve care faster because the UK is the easiest place in the world to do research that people can trust. Our strategy also sets out how we'll make these happen – using digital technology well and always looking for ways to do things better.

This work supports key government priorities, including the Recovery, Resilience and Growth Programme, the review of clinical trials led by Lord O'Shaughnessy and Sir Patrick Vallance's work on the life sciences regulatory environment.

My thanks go to our incredible Research Ethics Committee (REC) members, who alongside members of our Confidentiality Advisory Group (CAG) give their time generously to review thousands of applications every year.

With the Medicines and Healthcare products Regulatory Agency (MHRA) we've embedded combined review for all new Clinical Trials of Investigational Medicinal Products (CTIMPs) and combined medicine and device trials. It is also great to see the ongoing good performance on Research Ethics Committee and Confidentiality Advisory Group review times despite wider challenges in the sector.

We're continuing our work to Make it Public, so that trusted information about health and social care research is publicly available for the benefit of all. In March 2023 we held the UK's first ever week dedicated to research transparency. Our events brought together more than 300 people from across the country. Our transparency annual report highlighted some real successes, and where we need to focus in the next year.

March also marked the first anniversary of our Shared Commitment to Public Involvement. Over the past year we have seen five new organisations join the partnership, including NHS England and Cochrane. The anniversary was an opportunity for all of the partners to come together, share success stories and reaffirm our commitment to ensure that public involvement is at the heart of health and social care research.



More broadly, we've continued to provide advice and guidance for researchers to make it easier for them to involve the public in research.

Public involvement and transparency were two of the key areas highlighted in the response to the government consultation on clinical trials regulation. We're working closely with the MHRA, the research community and members of the public on flexible and proportionate legislation that is supported by clear guidance.

The HRA continues to play a leading role in the field of artificial intelligence and data regulation, a constantly evolving field that is exciting to be part of. We've joined the NHS Innovation Service to advise and guide innovators on the research approvals process. We have also joined the Artificial Intelligence and Digital Regulations Service (AIDRS) to support developers and adopters of new technologies through the regulatory pathways.

Whilst there is lots to be proud of over the past year, it hasn't been without challenges.

It is our duty as a public body to ensure value for money in all we do and realise savings for the public purse where we can. This is true every year, this year, against the backdrop of a cost of living crisis, it has been a particularly difficult environment for public finances. I am pleased to say that we have sought and realised over £700k savings for the public purse mostly through moving our research ethics service on-line.

Despite the best efforts of everyone involved, our work on new IRAS (the Integrated Research Application System) has not progressed as far as we had planned over the past year. Our current system continues to deliver a good service and remains a core strength of UK research. The difficulties in developing the new system means that we carry the risk of failure of the current system longer than we had thought, and it will delay some changes we want to make. My team continue to work hard to mitigate both risks. We know how important a smooth running, easy to use system is to the research community and are working hard to let you know when change is coming, and to make sure our systems make it easy for everyone to do research that people can trust.

Our recently agreed Community Committee, which will formally include members of the public in our governance, will ensure that any decision made at Board level has been given scrutiny by members of the public. I'm pleased to see that this Committee will be established later this year.

I want to end by talking about the incredible efforts of our staff. They have continued to work tirelessly throughout a difficult period of organisational change at the HRA, and I want to acknowledge the impact of that and how tough it has been. We will continue to support staff in every way we can, working alongside our Staff Voices volunteers and staff led interest groups who continue to provide invaluable feedback and challenge to ensure we make the best decisions.

## What we did



**4,034** applications reviewed, made up of:

**3,689** REC (Research Ethics Committee) and HRA Approval

**345** Pharmacy and radiation assurances



**3,841** studies approved to start, made up of:

**3,471** REC and HRA Approval

**370** Pharmacy and radiation assurances



**6,760**  
amendments  
reviewed



**29** complaints and third party concerns about studies were investigated by the HRA

## How we did



**83%** applicants rate our overall service highly

“ We attended virtually and found it to be a very pleasant and productive experience. The committee had fair and constructive comments and they were a pleasure to interact with.

“ I found the service very good. I was surprised and delighted when I reached someone immediately on the enquiry line.

“ The team has a professional swift approach. We were extremely satisfied with the process.

“ The process has been very good. Everything is explained well, and the REC have responded to all our emails. Very impressive service.

## **Performance management**

We plan our work to deliver our strategy and statutory functions. We do this by preparing an annual business plan which is focussed on setting out how we will deliver our strategy and our statutory functions. This plan is prepared involving a wide stakeholder group and is embedded throughout the organisation in our performance, people and risk management processes.

These processes help make sure we successfully achieve our strategic priorities and meet our statutory functions. Importantly, it helps our people understand their role in delivering our plans.

We regularly monitor and evaluate our performance against our strategy, business plan and financial plan. We moved to a quarterly strategic performance reporting cycle this year. Every three months we collate a strategic performance report for our Executive Committee and Board to review. This, combined with user satisfaction data and financial reporting, provides assurance on how we are delivering on our strategy and highlights areas for focus and improvement.

Individual staff objectives that complement and support these organisational objectives are developed during the annual appraisal process and monitored throughout the year during regular one-to-ones between staff and their managers.

The way that we manage our performance and its relationship with risk and uncertainty is explained in more detail in our Corporate governance report on page 24.

As a learning organisation, we regularly review and refine our performance management and reporting systems to ensure we continue to deliver on our strategy ambition and statutory functions.

We also set operational performance metrics, which are collated and monitored monthly by delivery teams, focussing on continuous improvement and statutory compliance. Operational metrics are reported every three months to our Executive Committee.

## **Performance analysis**

2022-23 was the first year of our new strategy. In our performance analysis we present our achievements and milestones delivered for each of the four strategy pillars: include, accelerate, digital and improve. This helps show the progress we are making to deliver our strategy.

Looking forward we want to do more to show our progress. Next year we plan to show how our achievements and milestones make sure we are delivering on our strategy by showing these alongside our strategy roadmap. We will also highlight areas where we are falling behind or have experienced issues and what we have done to manage this.

## **Include: health and social care research is done with and for everyone**



### **Include everyone in research**

We:

- held ‘Make it Public Week’ the UK’s first ever dedicated week to research transparency during which we published our annual report on research transparency to demonstrate progress and share best practice
- published a webpage, developed in partnership with the Medicines and Healthcare products Regulatory Agency (MHRA), setting out why it is important to increase diversity of people taking part in research and signposting resources to help researchers to do this
- celebrated the first year of the Shared Commitment to Public Involvement with our partners by sharing information about our progress, reflections on the first year and what we plan to do next
- made sure that 100% of the 100 most visited pages on the HRA website are accessible for people with disabilities, up from 85% in 2022

### **Ask you what you want research to look like and act on this**

We:

- set up the people-centred clinical research project (PCCR) to improve the way clinical research happens so that more people can take part in ways that are best for them. The project was developed in partnership with a steering group of 8 public contributors and 8 members of the research community.
- completed a survey asking for people’s views on our proposed hallmarks of people-centred research and received over 400 responses which we are now analysing to inform next steps
- set up conversations with a range of organisations to understand better the implications for people who lose capacity in longitudinal research

### **Involve you in the HRA**

We:

- agreed to set up a Community Committee as part of our governance to make sure that we grow opportunities for The HRA Community to be involved in our internal decision-making

- listened to observers attending our Board meetings and put in place actions to improve their experience including providing clear information about observing our meetings on our website
- involved a wider group of people in setting our 2023/24 business plan, including the public contributors, REC members and staff voices
- launched a campaign to help recruit new Research Ethics Committee members with a particular focus on reaching new people who have not previously been involved in health and social care research
- worked to put in place a more consistent, positive experience for everyone who works with us as a member of a Research Ethics Committee, the Confidentiality Advisory Group or as a public contributor.

**Accelerate: research findings improve care faster because the UK is the easiest place in the world to do research that people can trust.**

**Save money and time so that you can focus on doing good research**

We:

- transitioned our fast-track ethics service from a dedicated REC into a pool of existing RECs to support research to be set up faster without additional cost to the public purse
- put in place a light touch combined review process between the HRA and MHRA to further improve performance and reduce timelines
- reduced the impact of MHRA service delays by communicating our review outcomes earlier in the process which enables applicants to prepare their responses while waiting for the formal information request
- published two new model agreements and kept up to date twelve existing agreements to help speed up and streamline study-set up
- completed our Think Ethics programme and agreed future actions to streamline and simplify research ethics review processes
- launched a draft toolkit to support researchers to set-up studies across more than one UK nation

**Create a new online system to help you make research happen**

We:

- performed a strategic review of our research systems programme including updating the business case for the Department of Health and Social Care's (DHSC) Investment Committee
- began to design the ideal user journey for research set-up in collaboration with researchers who use our services, devolved administrations and other regulators, including drafting new questions sets and workflows

- worked with users and stakeholders to incorporate bioresources research studies into the ideal user journey

### **Support new ways to do research**

We:

- worked with several government bodies to put in place an information platform to simplify the regulatory process for developers of artificial intelligence (AI) technologies in the health and social care sector. This resulted in an increase in AI applications of 7% on last year which was slightly below our target of 10%
- sponsored a project with the Experimental Cancer Medicines Centres to radically reduce the time it takes to set-up their clinical trials
- collaborated with NHS England and the National Institute for Health and Care Research (NIHR) Clinical Research Network to roll out the National Contract Value Review Service
- worked with NHS England to make sure research is embedded in the new Integrated Care Systems
- supported DHSC and NIHR to understand better the issues associated with study set-up in settings outside the NHS such as care homes and schools

### **Use digital technology well to do our work**

#### **Design our digital systems in a human-centred way**

We:

- proposed a new delivery approach for our research systems transformation with human-centred design at its core which we plan to put in place in 2023
- ran a procurement exercise to select a delivery partner to help us build our research systems, replacing our end-of-life existing systems
- undertook a peer led review of our research systems programme to make sure the necessary capacity and controls to deliver the programme well are in place
- reviewed and began to put in place changes to our digital service management to improve service users' experience and better manage issues as they arise

#### **Automate and join-up processes where this will improve our work**

We:

- combined our corporate information into a single platform, improving user experience and significantly reducing duplicate records
- automated core processes using Office365 functionality and managed the transition between IT service providers with no loss of service

- launched modern desktop for our IT services, improving cyber security and user experience, with 75% of staff saying they have the IT support they need to work effectively
- made good progress in 2023 in achieving data security and protection toolkit requirements having met all assertions in 2022
- completed a data analytics review to provide the foundations for our future data warehouse solution

### **Always look for ways to do things better**

#### **Always learn, improve and innovate**

We:

- launched and promoted a consistent learning approach that includes on the job learning, interactions with others and formal learning enabling staff to be responsible self-directed learners
- agreed a new delivery approach for our online learning, sharing NIHR's digital learning platform to create a better experience for learners and bolster our service resilience
- increased the number of equality impact assessments (51) performed on policies and procedures during 2022-23, with seventy-five percent of these being new assessments
- built our confidence to have inclusive conversations, with nine interactive sessions delivered to staff this year
- designed an innovation and change model for the HRA and trialled interventions to improve how we share and grow our understanding of our work as well as confirming a Non-Executive Director (NED), Richard Cooper, as our innovation champion
- launched a contract management system to improve our commercial processes, ensuring consistency and better record keeping

#### **Be a great place to work**

We:

- refreshed our staff forum (now called Staff Voices), grew its membership by 57% to 11 and focused on staff wellbeing and innovation in addition to actions from the staff survey action plan
- appointed Richard Cooper (NED) as our wellbeing champion and grew the number of Mental Health First Aiders at the HRA by 200% to 12.



- published pay transparency guidance and revised our recruitment policy - the launch of the policy was supported with learning resources and training attended by 35 managers
- recently saw a decrease of 6% in our staff engagement score in our 2023 staff survey to 76%, below our target by 2% although higher than the industry benchmark of 67%. This is disappointing and we are putting in place an action plan to reverse this trend.

### **Commit to environmental sustainability and achieving net zero:**

In collaboration with our Green Team, a staff-led group set up to help make the HRA a more sustainable organisation, we:

- launched our first environmental sustainability strategy and put in place a new role responsible for delivering on it
- raised awareness of ways staff can be more sustainable including publishing an easy guide to booking environmentally sustainable transport
- advised on new questions to be included in our annual staff survey to help inform our next steps on sustainability
- evaluated how well suppliers would help us achieve social value when choosing the delivery partner for our research systems procurement exercise

## **Sustainability report**

The HRA is committed to environmental sustainability and achieving net zero. To help make this happen, the Green Team, a staff-led group, committed to improving sustainability, developed and launched our first environmental sustainability strategy in 2022. This strategy aims to embed environmental sustainability as part of our culture and ways of working and will be updated for 2023.

It has been a successful year for the group with the introduction of our environmental sustainability strategy, a new role created to support our work and continued monitoring of our environmental performance. We are pleased with our progress and want to do more to make sure the environment is protected for future generations.

We work in partnership with our colleagues at the Department of Health and Social Care (DHSC) and our own Green Team, to improve our environmental performance across the organisation. Our approach continues to focus on staff-led initiatives alongside strategic commitments set out in our environmental sustainability strategy to deliver significant, lasting change. Our vision, to make this change happen, is to embed environmentally sustainable practices into our daily business, making environmental sustainability the norm.

Our work is aligned with the five government environment principles which encourage not only our teams but also our partners and suppliers to consider the environment in all activities.

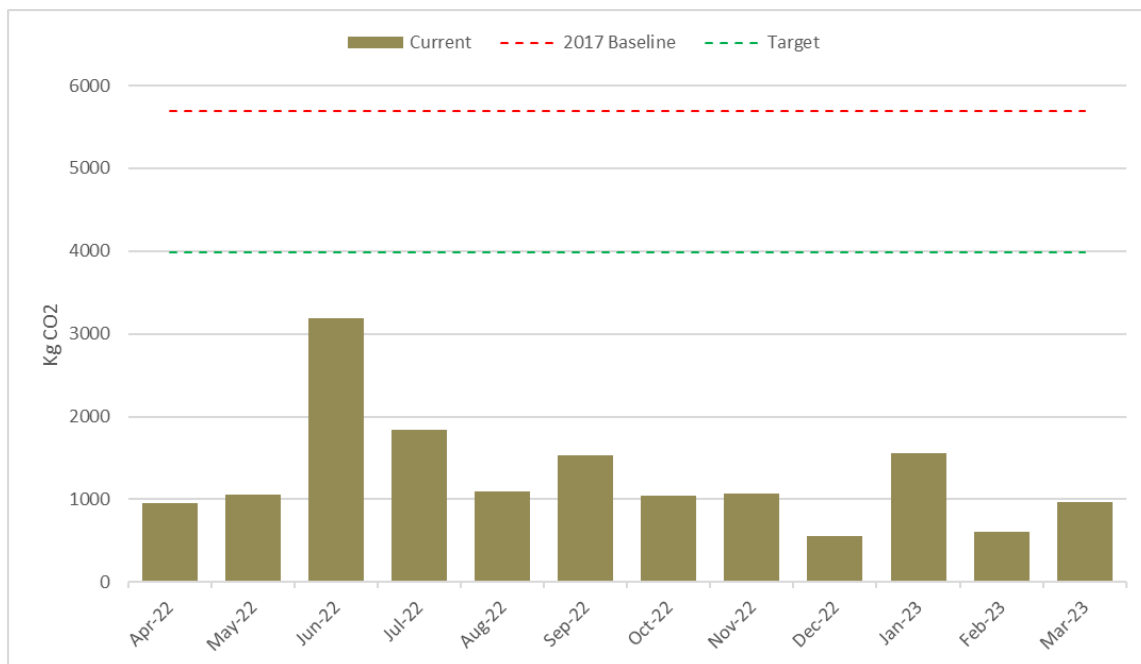
Our estates strategy works to support our sustainability strategy. This includes ensuring that sustainability and environmental performance is prioritised in decision making. We also make sure lease events are managed meeting government policy and supporting our strategy.

Four out of five of our office locations are in spaces shared with other government bodies to improve office utilization and energy efficiency. Where we share offices, energy reporting is provided by our public landlord and is not included in our Greening Government reporting. As a result, our reporting on energy consumption is solely related to one office location, our Manchester office. In 2023, we plan to move to a shared government office in Manchester, further consolidating our estates and improving energy efficiency. We have reduced our estates footprint and our workstations by 50% since 2020 and will go further in 2023.

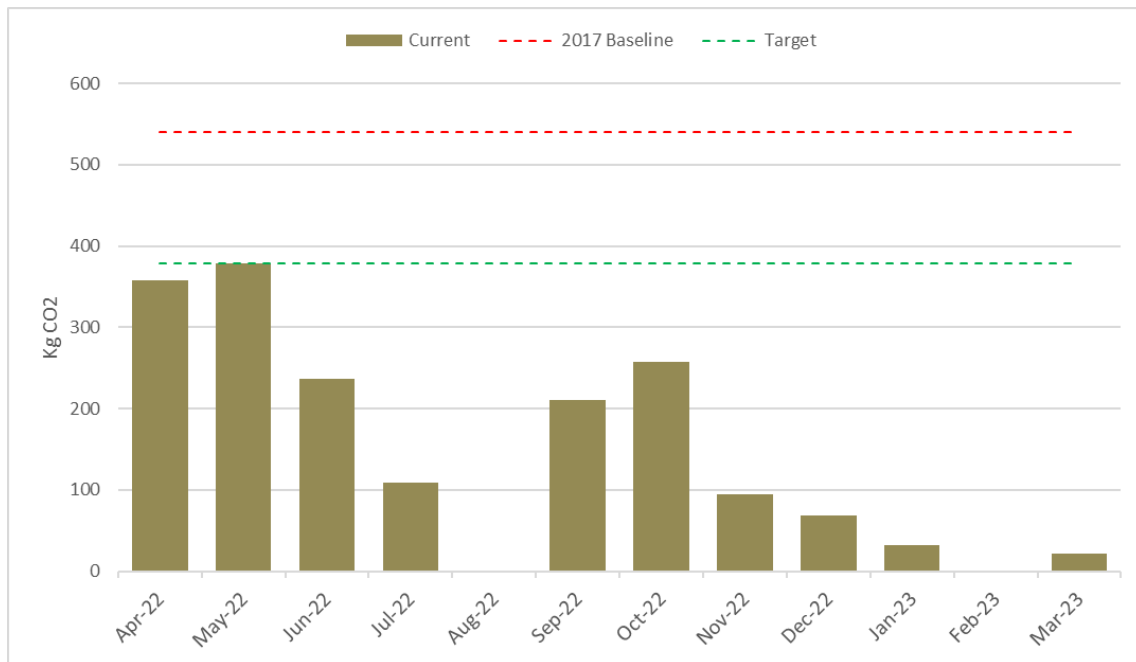
New initiatives introduced this year to support our strategy include looking at how we buy goods and services to make sure sustainability considerations are included in decision-making and assessing all domestic flight requests against several factors including cost, time, energy consumption and staff wellbeing before booking travel.

The following tables show our key performance indicators that help us measure our ambition to achieving net zero.

### Carbon Dioxide (CO2) emitted by rail travel – staff



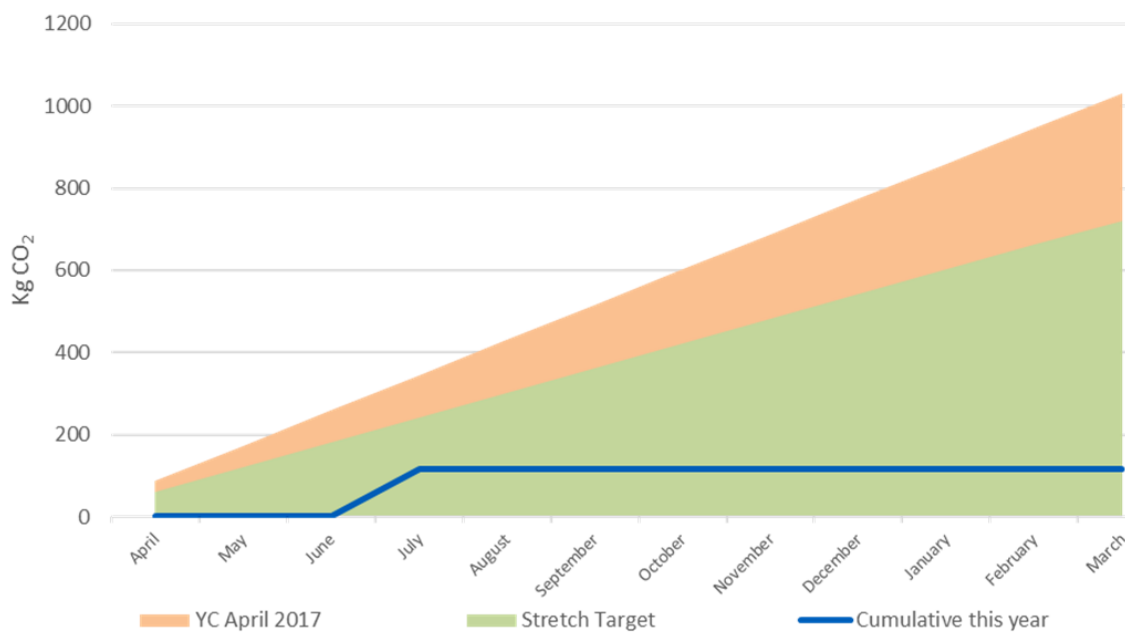
## CO2 emitted by rail travel – Committee Members and public involvement



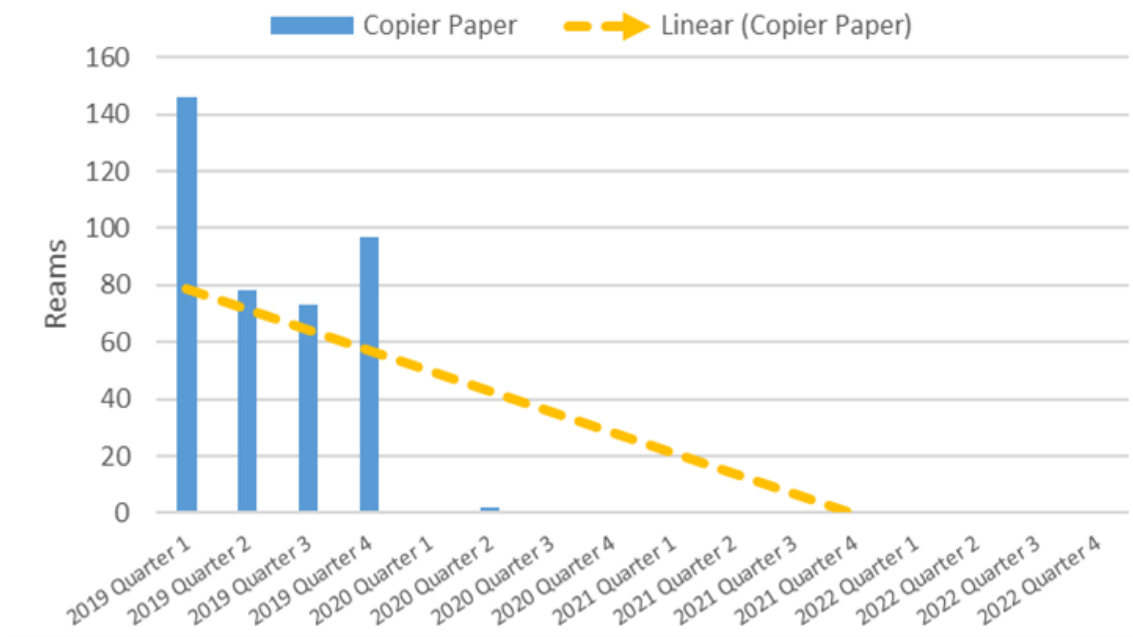
## Staff and HRA Community domestic flights – cumulative CO2

There were no domestic flights during the period of 2022-2023

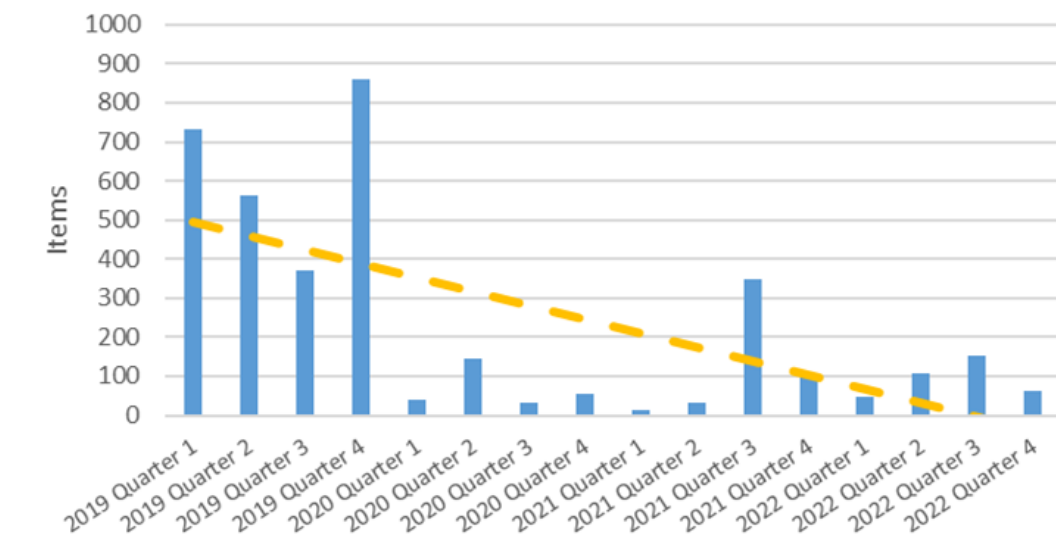
## CO2 emissions from international flights



## Paper purchases



## Single-use plastics



## 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. They also include detailed notes to these statements that provide more information about the accounts.

Our 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 funding allocations from the Department and Health and Social Care (DHSC) for the year-ended 31 March 2023. Our total funding from the Department for the year was £23,552,000 (2021-22: £24,719,000) of which:

- £22,793,000 (2021-22: £21,954,000) was revenue funding from DHSC
- £759,000 (2021-22: £2,765,000) was capital funding from DHSC

We also received income from cost-sharing arrangements with other publicly funded organisations, this included:

- £396,000 (2021-22: £349,000) from the devolved administrations for providing support and digital systems to deliver the UK research ethics service
- £44,000 (2021-22: £37,000) towards the costs of our Manchester office from High Speed Two who share our office space in the city

Our total net expenditure for the year was £21,789,000 (2021-22: £19,290,000), resulting in an underspend on our committed revenue funding of £1,004,000, (-4%).

Details of our expenditure are:

- £6,573,000 (30%) funded our core services including the research Ethics Service, HRA Approval, Confidentiality Advice Service and Technical Assurances
- £2,050,000 (9%) funded our Chief Executive's Office, Policy and Engagement activities and Corporate Governance
- £3,041,000 (14%) related to depreciation of our core infrastructure costs such as computer hardware and our digital research systems
- £640,000 (3%) funded our premises, facilities and estates development activities

In addition to our core statutory functions, we invested in strategic and government priorities including:

- £3,399,000 revenue and £54,000 capital costs on digital research systems transformation.
- £486,000 on building capacity to support the UK research ecosystem making sure that clinical research delivery recovers, is made resilient and grows following the pandemic.
- £148,000 on our Think Ethics programme, putting people and ethics at the heart of health and social care research.

We take great care to plan our activities well to deliver our strategy. Our business planning process appraises how best to invest our limited resources against our strategic objectives so that we spend our funds wisely and maximise our impact.

The move to a virtual operating model for the research ethics service during the pandemic has widened access and released 5% year-on-year savings back to the public purse. At the same time, we have maintained service quality, keeping high levels of user experience and achieving over 94% of our statutory timelines.

Our cash balance at 31<sup>st</sup> March 2023 is £530,000 higher than the year before. This increase is due to the re-negotiated 2023-23 pay award agreed later in the year and due for payment in June 2023.

## Key issues and risks

Along with all organisations, we face risks in the delivery of our strategy and statutory functions. We actively and effectively manage these to minimise the impact on the users of our services as well as other stakeholders and our people. Notable risks this year include:

### **Delivery of transformed and improved research systems**

#### **Strategic pillar: Accelerate**

We identified a risk that we may not be able to deliver a new and improved research system that meets the needs of the health research community and makes the UK an attractive place to conduct research. The research system has multiple connections and dependencies across several organisations and is a complex programme to deliver.

We have faced challenges in delivering the programme and paused the programme in January 2022 to review the programme design. In May 2022, we decided to change our approach to the programme delivery.

There have also been changes in key leadership personnel in the year and an extended procurement process to secure a new delivery partner. Revised business case approval is required from the DHSC Investment Committee to move forward with the programme and this was received in May 2023.

In March 2023, an independent [Gate Review 0](#) made recommendations to improve our delivery success which we are putting in place.

### **Delivery of regulatory activity alongside ambitious strategic programmes**

#### **Strategic pillar: Accelerate**

We identified a risk that the HRA would not be able to secure and put in place skills and capabilities to deliver our strategic programmes at the same time as delivering our statutory functions. The risk was specifically related to our capacity to move at pace to deliver our business plan objectives.

Our business and financial planning process identified areas where additional skills and capacity were required to support the delivery of our business plan objectives.

We set aside funding to invest in this additional capacity and have streamlined our recruitment approval process to reduce timelines and improve efficiencies. This risk was closed in July 2022.

### **Decision making by the organisation and diversity of views**

#### **Strategic pillar: Include**

We identified a risk that our decision-making is not informed by a sufficiently diverse range of views and experiences. This could undermine our effectiveness in meeting our public sector equality duty.

We have low representation from individuals with protected characteristics at our Board and Executive Committee. We are committed to providing services which promote human rights, equality and diversity and do not discriminate.

The HRA is not directly responsible for the recruitment and appointment of our Chair and Non-Executive Directors (NED); this decision remains with the Secretary of State. This means we have limited ability to change the diversity of the Non-Executive Director membership of our Board. We are working with DHSC to address this for the next round of NED recruitment.

This year, the HRA Board approved setting up a Community Committee, as a formal advisory sub-committee of the HRA Board, to increase diversity in our decision-making. Previously, a Community Insight Group gave advice to the HRA, including our Board.

The Community Committee will be a formal advisory sub-committee of the HRA Board with representation from a diverse range of individuals including members of RECs, members of CAG and Public Involvement Network (PIN) members alongside HRA Board members. This followed a consultation with the HRA's community which gave strong support for this formal group.

The Committee will review key plans and strategies prior to their review by the Board. This will allow advice to be provided to the Board and help support the HRA's strategy of making it easy to do research that people can trust.

### **Trust of research participants and the public lost in the HRA** **Strategic pillar: Include**

We identified a risk that our reputation is adversely affected resulting in research participants and the public losing trust in the HRA. This could lead to fewer people choosing to take part in research. This risk could arise if:

- we fail to perform our statutory functions
- there was an adverse event resulting from a Research Ethics Committee decision
- poor research practice took place
- an issue arose from a third party complaint
- there was a lack of public involvement within the HRA

Our transparency strategy continues to be promoted across the research landscape supporting our role to facilitate safe and ethical research and build public confidence in research. Alongside this, by exploring and developing innovative approaches to how we work, we will make ethics review even more innovative and efficient, whilst retaining public trust and putting people and ethics at the heart of health and social care research.

The new Community Committee, will have representation from a diverse range of individuals, including research participants and members of the public, who will review key plans and strategies, and provide an important public voice in our decision-making.

We also strengthened our complaints team to better support individuals who have raised an issue with a particular research study or sponsor. This, combined with robust procedures such as ensuring RECs are constituted in accordance with governance arrangements for RECs, has helped maintain public confidence in research.



**Dr Matthew Westmore**

**Chief Executive**

Health Research Authority

4 July 2023

## **2. Accountability report**

The accountability report consists of four sections.

### **Corporate governance report**

This explains our governance structures and how they support us to achieve our objectives. It includes the directors report, statement of accounting officer's responsibilities and our annual governance statement.

### **Remuneration and staff report**

The remuneration and staff report explains the pay of Board members, independent members and senior employees that Parliament and other users see as key to accountability. It also includes details on staff costs, sickness and our equality, diversity and inclusion data.

### **Parliamentary accountability and audit report**

The key parliamentary accountability documents in the annual report and accounts.

### **Certificate and report of the Comptroller and Auditor General to the Houses of Parliament**



## Corporate governance report

### Directors' report

The HRA is a non-departmental public body, established in accordance with the Care Act 2014 and sponsored by the Department of Health and Social Care (DHSC).

Our relationship with DHSC, acting on behalf on the Secretary of State, is regulated by a Framework Agreement. This sets out:

- the respective roles and responsibilities of each organisation,
- the shared principles that underpin our relationship,
- the arrangements for ensuring DHSC can fulfil its responsibilities.

This agreement also explains our governance arrangements, how we are accountable for our performance and how DHSC measures our performance without being involved in our day-to-day decision making.

The DHSC's Science, Research and Evidence Directorate acts as our sponsor and provides assurance to DHSC Permanent Secretary and the Secretary of State that we are meeting our obligations.

The HRA is fully compliant with relevant principles around governance best practice for public service as set out in Corporate governance in central government departments: code of good practice 2017.

### HRA Board

We are governed by a Board that is our corporate decision-making body. The Board gives strategic oversight, agrees high level policy and ensures the HRA is run effectively and efficiently. It is made up of our Chair, Professor Sir Terence Stephenson, our Chief Executive, Dr Matt Westmore, two executive directors and four non-executive directors. Two directors attend the Board as non-voting members. We are committed to openness and transparency with our Board meetings which are held in public with all the papers and minutes available on our website.

The Board reviews performance at each meeting. The strategic performance report provides the Board with an overview of the status of the HRA business plan deliverables as well as management information relating to these objectives such as strategic risks, external developments and horizon scanning. This year we also introduced strategy delivery reporting, informed by our strategy pillars leadership teams drawn from the HRA Board and Executive Committee.

The Board is supported by two sub-committees: the Audit and Risk Committee and the Pay and Remuneration Committee. In 2023 we will introduce a new Community Committee.

### Audit and Risk Committee

This committee advises the Accounting Officer and Board on risk management, corporate governance and assurance arrangements. It is made of three non-executive directors and two independent members. Individuals from the HRA and Government Internal Audit Agency are invited and regularly attend the committee.

The National Audit Office and KPMG, as external auditors for the HRA, also attend each meeting.

## HRA Board membership and attendance

Name	Role	Role	Board*	Audit and Risk Committee*	Pay and Remuneration Committee*
Professor Sir Terence Stephenson	Non-Executive Director	Chair of Board and Pay and Remuneration Committee	5/6		3/4
Richard Cooper	Non-Executive Director	Chair of Audit and Risk Committee	6/6	5/5	4/4
Professor Andrew George	Non-Executive Director		6/6	4/5	4/4
Dr Nicole Mather	Non-Executive Director		6/6		4/4
Neelam Patel	Non-Executive Director		6/6	3/5	4/4
Dr Janet Messer	Executive Director	Director of Approvals	6/6		
Becky Purvis (from 27/06/22)	Executive Director non-voting	Director of Policy and Partnerships	4/4		
Ian Robinson (until 22/08/22)	Executive Director non-voting	Chief Digital Transformation Officer	2/2		
Juliet Tizzard (until 22/07/22)	Executive Director non-voting	Director of Policy and Partnerships	1/2		
Julie Waters (from 01/08/22)	Executive Director non-voting	Chief Digital Transformation Officer	4/4		
Dr Matt Westmore	Executive Director	Chief Executive	6/6		
Karen Williams	Executive Director	Deputy Chief Executive and Director of Resources	6/6		
Maurice Goddard (until 13/05/22)	Independent member of Audit and Risk Committee			1/1	
Marc Taylor (until 12/08/22)	Independent member of Audit and Risk Committee			2/3	

Name	Role	Role	Board*	Audit and Risk Committee*	Pay and Remuneration Committee*
George Ritchie (from 20/01/23)	Independent member of Audit and Risk Committee			1/1	

**\*Key:** x/y: x is number of times the individual attended the Board or committee meetings and y is the number of meetings held.

## Pay and Remuneration Committee

This committee makes decisions on senior executive salaries, their performance related pay and other terms and conditions. It also reviews arrangements for termination of employment, including termination payments. It is made up of the Chair of the Board and four non-executive directors.

## Highlights of Board meetings in 2022-23

During 2022-23 the Board and its committees consider key strategic issues and routine business planning; the topics considered included:

- our strategy 2022-25
- our business plan and budgets 2022-23 and 2023-24
- annual report and accounts 2021-22
- strategic performance reports including finance reports
- updates from the HRA Audit and Risk Committee
- HRA website accessibility audit
- environmental sustainability strategy
- Research Ethics Service in England annual report
- Confidentiality Advisory Group annual report
- annual review of complaints, feedback and information
- feedback from Staff Voices representatives on matters affecting staff
- annual staff survey
- HRA achievements and key messages for stakeholders
- strategic and key operational risks and risk appetite for the organisation
- updates to the risk management process
- Board effectiveness review
- proposal to set up a Community Committee

The Board improves its performance and effectiveness through seminars. During 2022-23 seminars included:

- Think Ethics – putting people and ethics at the heart of health and social care research
- Confidentiality Advisory Group (CAG) – annual review attended by CAG Chair
- user centred design and what it means for our research systems programme
- an update on our data and artificial intelligence activities
- joint workshop with members from our Public Involvement Network to explore feedback from the HRA’s strategy launch
- strategic scenario planning, including what we could do if our funding was significantly reduced
- how the HRA can help improve UK competitiveness attended by Sir John Bell (Regius Chair of Medicine at the University of Oxford)
- striking the balance between making it easy to do research and ensuring research is trustworthy attended by Professor Adam Tickell

Any expenses claimed by Board members are published on the HRA website, alongside minutes and papers from the Board meetings.

## **Summary of the Board effectiveness review**

Our Board effectiveness was reviewed in November 2022 by the Government Internal Audit Agency. The review found the Board has the structure, processes, people and performance to deliver its statutory duties effectively. The requirements of the Code of Good Practice for Corporate Governance, where relevant for the HRA as a Non-Departmental Government Body, are being met and the required responsibilities are being suitably carried out. Several opportunities to improve the effectiveness of the Board were identified. These include:

- setting a vision statement which explains what the Board is aiming to achieve, how and by when to support a shared understanding across members on strategic priorities and the capacity and pace needed to achieve these
- further development of the Board’s forward agenda to take account of this vision statement to allow sufficient time to address these priorities
- work with the Department of Health and Social Care’s sponsor team to put together a strategy for succession planning so that HRA does not lose valuable non-executive directors’ insight when it is needed

## **Executive Committee**

The Executive Committee is the senior executive decision making body responsible for managing our business within agreed objectives, funding and our Framework Agreement. The Executive Committee is accountable to the Chief Executive.

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

The Executive Committee has delegated responsibility to the individual directors for the management of day-to-day organisational business, and to the Portfolio Delivery Group for the management of the HRA’s change activities. These are within agreed

objectives, funding and according to the HRA/DHSC Framework Agreement and standing orders.

## **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 suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- 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 judgements required for determining that it is fair, balanced and understandable

The Accounting Officer for DHSC has appointed the Chief Executive as Accounting Officer for the HRA. The responsibilities of an Accounting Officer are set out in [Managing Public Money published by the HM Treasury](#). These include responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding HRA's assets.

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.

## **Risk management system**

We want to make the most impact from our operations within our available resources. An effective risk management system supports this without stopping innovation. This requires considering a full cross section of risks we face including reputational risks, financial risks, organisational risks, health and safety risks and risks to the achievement of the organisation's objectives.

Our strategic risk register captures the high-level significant risks which could impact on the delivery of our strategy and statutory functions. This is reviewed at each Audit

and Risk Committee and regularly at the Board. Each directorate, individual governance teams and programme boards, hold their own risk registers and review these on a regular basis. Any significant risks are escalated to the Executive Committee for discussion and further escalation to Audit and Risk Committee, HRA Board and DHSC sponsor team as required. A risk engagement framework is in place to support our risk management culture including:

- sharing the risk appetite from the Board with staff and looking at what assurance is in place to address key risks affecting the organisation
- ensuring there is appropriate risk related training for staff
- sharing of feedback and good practice throughout the year

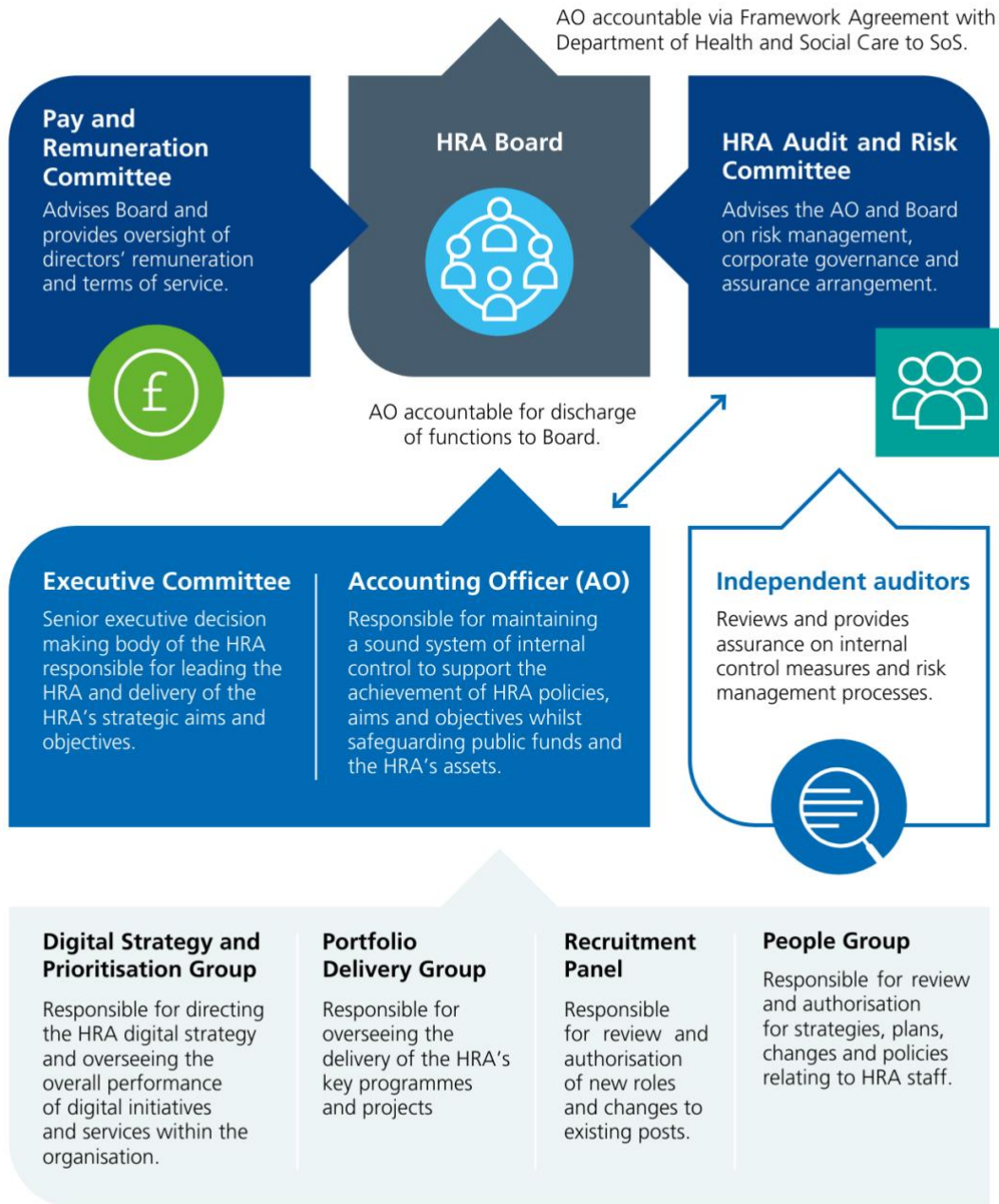
## Risk management delegated responsibilities

All staff have a role to play in managing risk throughout the HRA. We make sure staff can perform their role through providing relevant information, guidance and training.

Activity	HRA Board	Chief Executive	Company Secretary
Overall responsibility for our risk management policy and assigning a responsible senior manager for risk management	✓		
Ensuring risk management processes are effective and embedded throughout our work	✓		
Agreeing our risk appetite statement	✓		
Reviewing significant programme, project, strategic and operational risks	✓		
Reviewing critical risk management activities including confirming the effectiveness of controls	✓		
Ensuring appropriate risk management systems are in place including monitoring	✓		
Ensuring appropriate risk management systems are in place		✓	
Regular review and follow up of processes including confirming the effectiveness of controls			✓
Ensuring the appropriate risk governance structure is in place			✓

# Governance structure

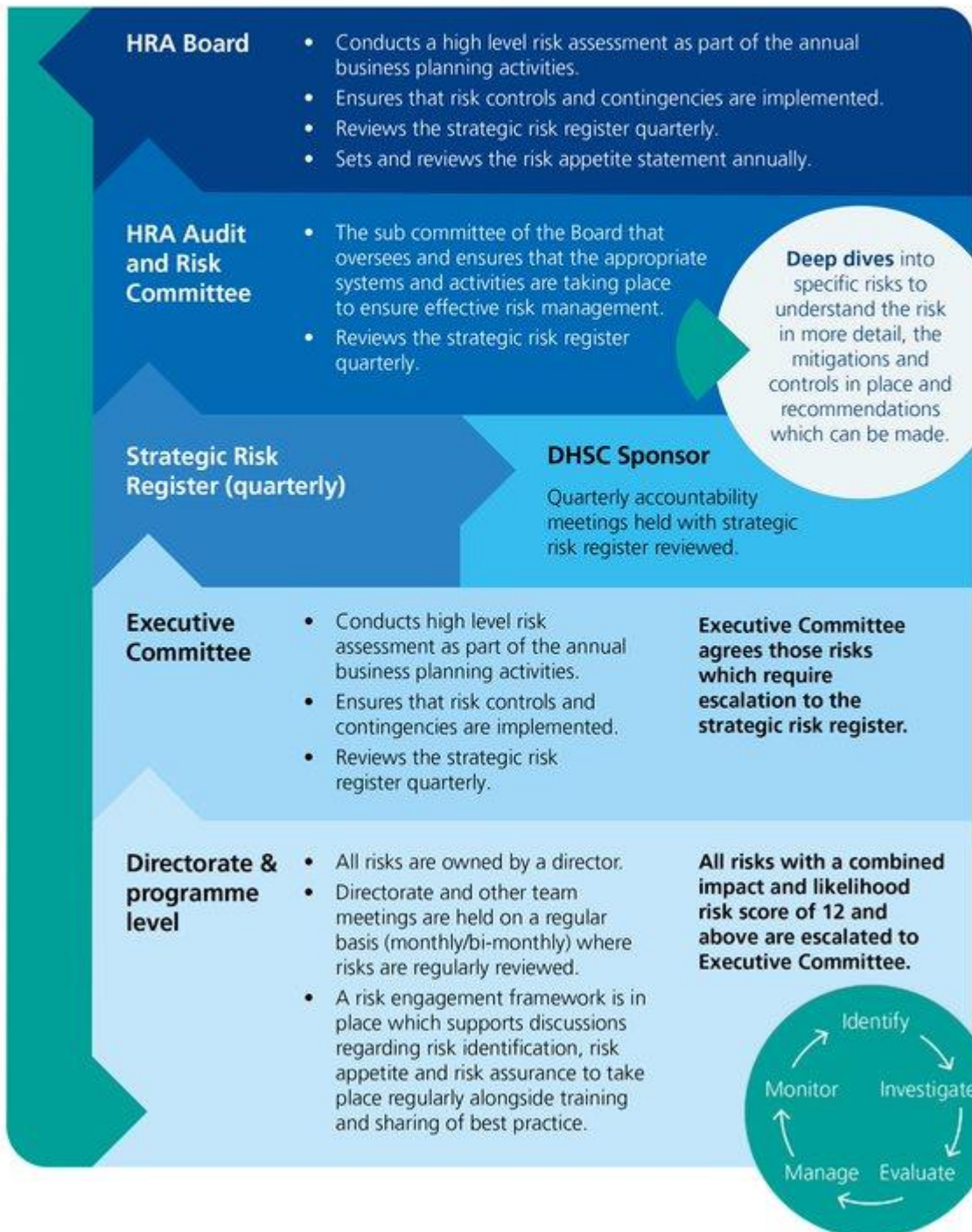
## Secretary of State (SoS) for Health and Social Care



### Upcoming changes to our governance structure

We will set up a Community Committee in 2023 which will report to the HRA Board.

# The risk and control framework and capacity to handle risk





In addressing issues relating to risk, we seek to be as transparent and open as possible. We identify and address those areas where there is a need for improvement in the risk management processes or controls and contingencies.

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 and Accounting Officer.

## **Information governance**

The HRA has an established information governance structure:

- the Board has designated the Deputy Chief Executive and Director of Resources as Senior Information Risk 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 and Director of Resources
- Jonathan Fennelly-Barnwell, Deputy Director of the Approvals Service is the Caldicott Guardian
- Stephen Tebbutt, Company Secretary is the Data Protection Officer
- Directors and senior managers are Information Asset Owners (IAOs) as appropriate

The Information Governance Steering Group (IGSG) is a formal sub-committee of the Executive Committee. Its purpose is to co-ordinate, supervise and review the work of others to make sure we maintain a co-ordinated approach to information governance. It meets four times a year and puts in place assurance processes that consider information governance issues to enable continuous improvement.

Data security risks are managed and monitored within the overall risk management framework, the HMG Security Policy Framework, overseen by the information governance lead and IGSG to ensure security threats are followed up and appropriately managed. 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 Information Commissioner's Office (ICO) during the year.

We have introduced additional skills and capabilities to support our cyber resilience, including a Technical Architect and Cyber Security Lead. A new monitoring report is reviewed by IGSG, providing assurance that cyber security controls are sufficient to prevent information security threats.

All information assets and associated systems are identified and included in our Information Asset Register and are assessed annually. 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.

## **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 2022 to 31 March 2023 and up to the date of approval of the annual report and accounts, in accordance with HM Treasury guidance.

The Executive Committee, which I lead, reviews and monitors progress with other management groups providing input as required. These include Portfolio Delivery Group, Recruitment Panel and Digital Strategy and Prioritisation Group.

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 our activities has been subject to external review.

Our business plan 2022-23 has been developed and approved by the Board which sets out our clear purpose and business objectives to deliver our strategy and statutory functions.

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

Reports are provided to the Board every three months on achievements and progress against the objectives and plans, and these reports include risks and controls in place to mitigate them.

The effectiveness of the system of internal control is reviewed by our internal auditors who plan and carry out a workplan approved by the Audit and Risk Committee. When weaknesses are identified, these are reported to the Audit and Risk Committee and an action plan agreed with management to address these. This year, our overall internal audit assurance opinion has reduced. Although it remains moderate, it is at the lower end of the scale.

Our governance and risk management processes remain strong however our control processes need improvement, specifically our procure to pay and data security and protection processes. To address this, we are putting in place improved checking and assurance regimes, better guidance and process development and clarifying roles and responsibilities. This includes introducing purchase orders for all our contracted expenditure, reviewing open purchase orders and monitoring a sample of contracts. Measures put in place this year, following the review of our data security and protection processes have already improved the assurance rating for 2023.

Our external auditors attend Audit and Risk Committee to keep informed of the design and operation of the systems of internal control. 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.

## **Functional standards**

We must apply and adhere to the UK Government functional standards in our processes and services. These standards help create a coherent, effective and

mutually understood way of doing business within public bodies. They provide a stable basis for assurance, risk management and capability improvement. In 2022-23 we worked to embed the mandatory standards across our functions including project delivery, finance and counter fraud, bribery and corruption. We will continue to put in place the mandatory standards across all relevant standards in 2023-24 as well as begin to implement the advisory standards.

## **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.

## **Head of Internal Audit opinion 2022-23**

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 a Moderate assurance to the Accounting Officer that the HRA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2022-23.

I have provided a Moderate assurance because overall governance and risk management arrangements are broadly effective however there is room for improvement regarding the HRA control framework. My overall Moderate opinion is on the lower end of the scale and the improvements points highlighted in my report are about getting the basic controls right through improving compliance and checking of controls, by having better guidance and processes in place and clarity of roles and responsibilities.

## **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 the Board agenda. Board members are also asked to declare any spouse or 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 £51,000 (2021-22 £43,000). The audit certificate can be found on page 52.

## 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, are set and reviewed in line with DHSC guidance Pay Framework for Executive and Senior Managers (ESM) in Arm's 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.

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): Chair and Non-Executive Directors

Name	Year-ended 31 March	Salaries and Allowances			
		Salary (bands of £5,000)	Other remuneration (bands of £5,000)	Pension related benefits **	Total (bands of £5,000)
		£000	£000	£000	£000
Professor Sir Terence Stephenson * (Chair)	2023	45 – 50	0	0	45 – 50
	2022	45 – 50	0	0	45 – 50
Richard Cooper	2023	10 – 15	0	0	10 – 15
	2022	10 – 15	0	0	10 – 15
Professor Andrew George	2023	5 – 10	0	0	5 – 10
	2022	5 - 10	0	0	5 - 10
Dr Nicole Mather	2023	5 – 10	0	0	5 – 10
	2022	5 - 10	0	0	5 - 10
Neelam Patel	2023	5 – 10	0	0	5 – 10
	2022	5 - 10	0	0	5 - 10

\* Professor Sir Terence Stephenson is not paid directly by the HRA. His salary is paid by University College London and then recharged to the HRA on a cost-recovery basis.

\*\* Pension benefits accrued during the year are 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 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	Year-ended 31 March	Salaries and Allowances			
		Salary (bands of £5,000)	Other remuneration (bands of £5,000)	Pension related benefits (bands of £2,500)	Total (bands of £5,000)
		£000	£000	£000	£000
<b>Dr Matthew Westmore</b> Chief Executive	<b>2023</b>	<b>135 - 140</b>	<b>0</b>	<b>25 – 27.5</b>	<b>160 - 165</b>
	2022	130 - 135	0	27.5 – 30	160 - 165
<b>Helen Ainsbury</b> Interim Chief Digital Transformation Officer ( <i>Note 1</i> )	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2022	105 - 110	0	0	105 - 110
<b>Ian Cook</b> Director of Transformation and Corporate Services ( <i>Note 2</i> )	<b>2023</b>	<b>40 - 45</b>	<b>0</b>	<b>0</b>	<b>40 - 45</b>
	2022	165 - 170	0	0	165 - 170
<b>Dr Janet Messer</b> Director of Approvals Service	<b>2023</b>	<b>95 – 100</b>	<b>0</b>	<b>27.5 - 30</b>	<b>125 - 130</b>
	2022	95 – 100	0	30 – 32.5	130 - 135
<b>Becky Purvis</b> Director of Policy and Partnerships ( <i>Note 3</i> )	<b>2023</b>	<b>65 – 70</b>	<b>0</b>	<b>15 – 17.5</b>	<b>80 – 85</b>
	2022	0	0	0	0
<b>Ian Robinson</b> Chief Digital Transformation Officer ( <i>Note 1</i> )	<b>2023</b>	<b>40 – 45</b>	<b>0</b>	<b>0</b>	<b>40 – 45</b>
	2022	20 - 25	0	2.5 - 5	25 – 30
<b>Juliet Tizzard</b> Director of Policy and Partnerships ( <i>Note 3</i> )	<b>2023</b>	<b>30 – 35</b>	<b>0</b>	<b>20 – 22.5</b>	<b>50 – 55</b>
	2022	100 – 105	0	25 – 27.5	130 – 135
<b>Julie Waters</b> Interim Chief Digital Transformation Officer ( <i>Note 1</i> )	<b>2023</b>	<b>60 - 65</b>	<b>0</b>	<b>12.5 – 15</b>	<b>75 - 80</b>
	2022	0	0	0	0
<b>Kurt Weideling</b> Chief Digital Transformation Officer ( <i>Note 1</i> )	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	2022	45 – 50	0	10 – 12.5	55 - 60
<b>Karen Williams</b> Deputy Chief Executive and Director of Resources	<b>2023</b>	<b>120 – 125</b>	<b>0</b>	<b>30 – 32.5</b>	<b>150 - 155</b>
	2022	115 – 120	5 – 10	27.5 – 30	150 - 155

*Note 1* – Kurt Weideling was employed as Chief Digital Transformation Officer (CDTO) from 02/11/20 to 29/08/21. His full year equivalent salary was between £110,000 and £115,000. Helen Ainsbury was employed as Interim CDTO via an agency as a temporary off-payroll worker in 2021-22. Her full year equivalent salary

was between £260,000 and £265,000. Ian Robinson was employed as CDTO from 24/01/22 to 22/08/22. His full year equivalent salary was between £110,000 and £115,000. Julie Waters was Interim CDTO from 01/08/22 allowing for a short handover period. Her full year equivalent salary was between £90,000 and £95,000.

*Note 2* – An organisational change in 2021-22 led to the Director of Transformation and Corporate Services being disestablished. The total exit package was £107,000; comprised of £67,000 redundancy cost, included in 2021-22 financial year when the decision was made and £40,000 payment in lieu of notice, included in 2022-23, aligned with the notice period.

*Note 3* – Juliet Tizzard was employed as Director of Policy and Partnerships until 22/07/22. Her full year equivalent salary was between £100,000 and £105,000. Becky Purvis took on the role of Interim Director of Policy and Partnerships on 27/06/22 and following a competitive external recruitment process was appointed to the role permanently from 01/11/22. Her full year equivalent salary was between £90,000 and £95,000.

## Directors

Name	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2023 (bands of £5,000) £000	Accrued related lump sum at pension age as at 31 March 2023 (bands of £5,000) £000
<b>Dr Matthew Westmore</b> Chief Executive	0 – 2.5	0	5 – 10	0 – 5
<b>Dr Janet Messer</b> Director of Approvals Service	0 – 2.5	0	25 – 30	40 – 45
<b>Becky Purvis</b> Director of Policy and Partnerships (from 27/06/22)	0 – 2.5	0	0 – 5	0
<b>Ian Robinson</b> Chief Digital Transformation Officer (from 24/01/22 to 22/08/22)	0	0	0	0
<b>Juliet Tizzard</b> Director of Policy and Partnerships (to 22/07/22)	0 – 2.5	0	10 – 15	0
<b>Julie Waters</b> Interim Chief Digital Transformation Officer (from 01/08/22)	0 – 2.5	0	10 – 15	0 – 5
<b>Karen Williams</b> Deputy Chief Executive and Director of Resources	0 – 2.5	0	10 – 15	0

Name	Cash equivalent transfer value at 31 March 2022 £000	Real increase in cash equivalent transfer value £000	Cash equivalent transfer value at 31 March 2023 £000	Employer's contribution to stakeholder pension £000
<b>Dr Matthew Westmore</b> Chief Executive	43	11	75	0
<b>Dr Janet Messer</b> Director of Approvals Service	477	27	533	0
<b>Becky Purvis</b> Director of Policy and Partnerships (from 27/06/23)	8	3	24	0
<b>Ian Robinson</b> Chief Digital Transformation Officer (from 24/01/22 to 22/08/22)	5	0	0	0
<b>Juliet Tizzard</b> Director of Policy and Partnerships (to 22/07/22)	107	15	130	0
<b>Julie Waters</b> Interim Chief Digital Transformation Officer (from 01/08/22)	138	8	167	0
<b>Karen Williams</b> Deputy Chief Executive and Director of Resources	145	18	185	0

Ian Cook left the NHS Pension Scheme during 2020-21 in line with reporting guidance, no pension benefit disclosures have been presented in the tables above.

Ian Robinson left with less than 2 years qualifying membership and received a refund of contributions he paid in this time. The figures shown in the tables above reflect the net impact of the changes to his entitlement that occurred during the year and the refund of contributions that had been made. As a result of his withdrawal and refund Ian had no accrued lump sum or CETV at 31 March 2023.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

## Cash Equivalent Transfers

A Cash Equivalent Transfer (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.

## 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).

## Pay Ratio Information (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director or member in their organisation against the 25<sup>th</sup> percentile, median and the 75<sup>th</sup> percentile of remuneration of the organisation's workforce. Total remuneration is further broken down to show the relationship between the highest paid director's salary component of their total remuneration against the 25<sup>th</sup> percentile, median and the 75<sup>th</sup> percentile of salary components of the organisation's workforce.

In 2022-23, the banded annualised remuneration of the highest paid director was £135,000 to £140,000 (2021-22, £260,000 to £265,000). The relationship to the remuneration of our workforce is disclosed in the table below.

The significant decrease in highest paid director's remuneration is due to interim digital leadership arrangements put in place at pace in 2021-22 while we recruited to the permanent role. The actual salary received by the interim post holder has a mid-point of £107,500, and the annualised full year equivalent mid-point salary was £262,500. In 2022-23 the highest paid director was the Chief Executive.

		Year	
		2022-23	2021-22
	Highest paid director mid-point	<b>£137,500</b>	£262,500
25 <sup>th</sup> Percentile	25 <sup>th</sup> percentile total remuneration and salary	<b>£31,114</b>	£25,655
	Total remuneration ratio	<b>4.4:1</b>	10.2:1
	Salary	<b>£29,180</b>	£25,655
	Salary ratio	<b>4.7:1</b>	10.2:1
Median (50 <sup>th</sup> Percentile)	50 <sup>th</sup> percentile total remuneration and salary	<b>£37,633</b>	£34,172
	Total remuneration ratio	<b>3.7:1</b>	7.7:1
	Salary	<b>£35,572</b>	£34,172
	Salary ratio	<b>3.9:1</b>	7.7:1
75 <sup>th</sup> Percentile	75 <sup>th</sup> percentile total remuneration and salary	<b>£49,975</b>	£45,839
	Total remuneration ratio	<b>2.8:1</b>	5.7:1
	Salary	<b>£47,672</b>	£45,839
	Salary ratio	<b>2.9:1</b>	5.7:1



All ratios are showing a significant decrease from last year due to the temporary doubling of the highest paid director's remuneration and salary in 2021-22 while permanent arrangements were put in place.

## Remuneration range

No employees received remuneration more than the highest paid director. For all employees, total banded remuneration ranged from £25,000 - £30,000 to £135,000 - £140,000 (2021-22: £20,000 - £25,000 to £260,000 - £265,000).

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

## Percentage change from previous financial year in respect of highest paid director

	2022-23	2021-22
Salary and allowances	-47.6%	98.1%
Performance pay and bonuses	0.0%	0.0%

The decrease in the highest paid director's remuneration is due to interim digital leadership arrangements put in place at pace in 2021-22 while we recruited to the permanent role.

## Average percentage change from previous financial year in respect of all employees (excluding the highest paid director)

	2022-23	2021-22
Salary and allowances	2.9%	-1.7%
Performance pay and bonuses	10,463.7%	-4.8%

## Performance pay awards

The HRA does not make performance pay or bonus payments to staff on agenda for change terms and conditions. Staff employed on executive and senior managers (ESM) contracts can be awarded non-consolidated performance related pay award at the discretion of the Pay and Remuneration Committee. Details of these payments can be found in the remuneration report.

No non-consolidated performance related pay awards were made in 2022-23. During 2021-22 one Executive Director received a non-consolidated performance related pay award.

Staff on agenda for change terms and conditions received a consolidated pay award of £1,400 (pro-rated) during 2022-23. On 02/05/23 the NHS Staff Council formally accepted an additional pay offer for staff on agenda for change terms and conditions in England. The pay offer includes a non-consolidated payment for 2022-23, made up of two parts, a 2% pay award for all staff plus an additional "backlog bonus" of at least £1,250. These pay awards combined have increased median pay by £3,461 (10.1%) in 2022-23 to £37,633. If the non-consolidated pay award is excluded, then median pay has increased by £1,400 (4.1%) in 2022-23 to £35,572.

The agenda for change non-consolidated pay award for 2022-23 has been included within the 'Performance pay and bonuses' category above due to its one-off nature. The large % increase in this category in 2022-23 is due to the pay award being received by all staff on agenda for change terms and conditions, whereas in 2021-22 only one Executive Director received a non-consolidated performance related pay award.

## Staff report

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

There were 14 exit packages agreed during the year ending 31 March 2023 (2021-22; three, £152,432).

Redundancy and other departure costs have been paid in accordance with agenda for change terms and conditions. The table below shows the total cost of exit packages agreed and accounted for in 2022-23 (2021-22 £152,432). In 2022-23 exit costs of £215,429 were paid in the year of departure (2021-22 £17,550). The other departure costs agreed £48,673 are contractual payments in lieu of notice.

The amounts are due to the individuals and do not include the employers' National Insurance contribution on the payments. These payments are included within the social security costs in the staff note. Additional costs of agreed early retirement are met by the HRA and not by the NHS Pension Scheme.

Ill health retirements costs are met by the NHS Pension Scheme and are not included in this table. There are no redundancy payments that are special payments.

One exit payment made, with combined redundancy cost £66,667 and payment in lieu of notice £40,065 of £106,732 required DHSC Governance and Assurance Committee (GAC) approval. This approval was sought retrospectively in May 2023 following a change to the approved payment in lieu of notice which meant the total amount paid exceeded £100,000. The Committee carefully considered our case and retrospectively approved the total redundancy of £106,732 on 22 June 2023.

Year ended 31 March 2023						
Exit package cost band	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages
	Whole numbers	£	Whole numbers	£	Whole numbers	£
Less than £10,000	1	7,666	4	8,608	5	16,274
£10,000 - £25,000	3	47,746	-	-	3	47,746
£25,000 - £50,000	3	94,643	1	40,065	4	134,708
£50,000 - £100,000	2	140,301	-	-	2	140,301
<b>Total</b>	<b>9</b>	<b>290,356</b>	<b>5</b>	<b>48,673</b>	<b>14</b>	<b>339,029</b>

Year ended 31 March 2022						
Exit package cost band	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages
	Whole numbers	£	Whole numbers	£	Whole numbers	£
£10,000 - £25,000	1	17,550	-	-	1	17,550
£25,000 - £50,000	-	-	-	-	-	-
£50,000 - £100,000	1	66,667	1	68,215	2	134,882
<b>Total</b>	<b>2</b>	<b>84,217</b>	<b>1</b>	<b>68,215</b>	<b>3</b>	<b>152,432</b>

### Analysis of staff costs (subject to audit)

	Year ended 31 March 2023			Year ended 31 March 2022
	Permanently employed	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	10,997	418	<b>11,415</b>	10,379
Social security costs	1,242	-	<b>1,242</b>	1,011
Pension costs	2,037	-	<b>2,037</b>	1,866
Redundancies and notice not worked	339	-	<b>339</b>	151
<b>Total staff costs</b>	<b>14,615</b>	<b>418</b>	<b>15,033</b>	<b>13,407</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 NHS Pensions Authority.

### The average number of FTE persons employed during the year (subject to audit)

	Year ended 31 March 2023			Year ended 31 March 2022
	Permanently employed	Other	Total	Total
	number	number	number	number
<b>Total</b>	<b>263</b>	<b>3</b>	<b>266</b>	261

Staff turnover was 17.5% during 2022-23 (2021-22: 11.5%). (Unaudited)

## 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 2023 (£nil 2021-22). This information has been supplied by NHS Pensions Authority.

## 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 formal actuarial valuation, from 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 2023 is based on valuation data at 31 March 2021, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and discounts rate prescribed by HM Treasury, have also been used.

The latest assessment of liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the NHS Pension Scheme accounts. These accounts can be viewed on the NHS pensions website and are published annually. Copies can 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 (considering 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 also tested the cost of the scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially 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.

HM Treasury published valuation directions dated 7 October 2021 (see amending directions 2021) that set out the technical detail of how costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required.

The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>

## 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 or senior off-payroll engagements.

**Table 1: For all off-payroll engagements as of 31 March 2023, for more that £245 (see note 1) per day:**

	Number
Number of existing engagements as of 31 March 2023	0
The number that have existed for less than 1 year at the time of reporting	0
The number that have existed for between 1 and 2 years at the time of reporting	0
The number that have existed for between 2 and 3 years at the time of reporting	0
The number that have existed for between 3 and 4 years at the time of reporting	0
The number that have existed for 4 or more years at the time of reporting	0

Note 1 – The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.

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 off-payroll engagements between 1 April 2022 and 31 March 2023, for more that £245 (see note 1) per day:**

	Number
Number of temporary off-payroll	6
The number that have existed for less than 1 year at the time of reporting	6
The number that have existed for between 1 and 2 years at the time of reporting	0
The number that have existed for between 2 and 3 years at the time of reporting	0
The number that have existed for between 3 and 4 years at the time of reporting	0
The number that have existed for 4 or more years at the time of reporting	0

Note 1 – The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant

Note 2 – A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the HRA must undertake an assessment to determine whether that worker is in-scope of intermediaries legislation (IR35) or out-of-scope for tax purposes.

**Table 3: For any off-payroll engagements of Board members and / or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023:**

	Number
Number of off-payroll engagements of Board members and / or senior officers with significant financial responsibility during the financial year	0
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.	12

## Consultancy expenditure

For the year ended 31 March 2023 the HRA spent £6,763 on consultancy (2021-22: £nil).

## Sickness absence data

Statistics produced by the Health and Social Care Information Centre (HSCIC) from Electronic Staff Record (ESR) Data Warehouse.

Quarterly sickness absence publications Average FTE 2022	Monthly workforce publication FTE-days lost to sickness absence	Average sickness days per FTE
268	1,632	6.1

### Period covered: January – December 2022

- Employee Self Service (ESR) is the system we use for time and attendance management. It does not hold details of the 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 Full-Time Equivalent (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)

## Equality, diversity and inclusion (EDI)

We know the HRA is working at its best when our people feel they belong and are valued for who they are, and that they see this borne out in their daily experience of the organisation.

In 2022/23, we:

- reduced our median gender pay gap by 2.7 percentage points, from 12.4% to 9.7%. Our mean gender pay gap has reduced by 2.3 percentage points from 8.3% to 6.0%
- made significant progress on six key staff survey inclusivity measures for disabled staff, seeing uplifts in satisfaction of between 5 and 42 percentage points
- saw a three-fold increase in the number of minority ethnic staff in leadership roles, although we still lack ethnic diversity at the highest levels
- increased staff disclosure of lesbian, gay, bisexual and other minority sexual orientations from 3% to 8%
- overhauled our recruitment policy and practices to make it as easy as possible to attract high quality applications and make high quality recruitment decisions, free from bias

- marked key diversity dates with a series of blogs to highlight exciting research projects focussed on addressing health inequalities
- developed a dignity and respect policy with supporting guidance including a video on respect at the HRA to be used in staff and membership inductions
- trained a group of menopause champions and delivered menopause awareness sessions to support engagement with our menopause at work policy
- continued to engage our staff-led interest groups in steering the implementation of our equality, diversity and inclusion priorities and shaping future plans

## Equality information for staff

	31 March 2023	31 March 2023	31 March 2022	31 March 2022
	Number	%	Number	%
<b>Gender</b>				
Female	188	71%	210	73%
Male	75	29%	76	27%
<b>Grand total</b>	<b>263</b>	<b>100%</b>	<b>286</b>	<b>100%</b>
<b>Ethnic Origin (Grouped)</b>				
Asian or British Asian	24	9%	24	8%
Black or Black British / Mixed / Other ethnic group	20	8%	22	8%
Not stated / undefined	10	4%	13	5%
White	209	79%	227	79%
<b>Grand total</b>	<b>263</b>	<b>100%</b>	<b>286</b>	<b>100%</b>
<b>Disabled</b>				
No	225	86%	245	86%
Not declared / undefined	14	5%	17	6%
Yes	24	9%	24	8%
<b>Grand total</b>	<b>263</b>	<b>100%</b>	<b>286</b>	<b>100%</b>
<b>Age</b>				
<20-25	12	4%	20	7%
26-35	79	30%	92	32%
36-45	90	34%	88	31%
46-55	54	21%	54	19%
56-75	28	11%	32	11%
<b>Grand total</b>	<b>263</b>	<b>100%</b>	<b>286</b>	<b>100%</b>



	31 March 2023				31 March 2022			
	Male	%	Female	%	Male	%	Female	%
Directors	1	20%	4	80%	3	50%	3	50%
Other senior managers	24	43%	32	57%	21	37%	36	63%
Employees	50	25%	152	75%	52	23%	171	77%
<b>Total</b>	<b>75</b>	<b>29%</b>	<b>188</b>	<b>71%</b>	<b>76</b>	<b>27%</b>	<b>210</b>	<b>73%</b>

We publish gender pay information showing the difference in average earnings between women and men. The results for 2023 show that the average hourly rate is 6.0% higher for men with the median being 14.6% higher (2022 average hourly rate 8% higher and median 12% higher). This does not mean that men get paid more than women for doing the same job, the NHS pay grade structure (also known as Agenda for Change) and employment practices we use mean this isn't possible.

Pay progression is tied to length of service, so some additional analysis on the intersection of length of service and gender was completed. Women are more likely to have a longer length of service, so the next step will be to look at length of service by pay band as well as gender, to understand this picture more clearly.

The lower average pay for women relates to gender distribution across pay quartiles. Women are overrepresented at all levels of the organisation, but less so in the most highly paid roles.

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 Staff Voices (staff forum), and learning from other organisations, to help us reduce this difference.

We publish diversity information on our website at: [Equality, Diversity and Inclusion Strategy - Health Research Authority \(hra.nhs.uk\)](https://www.hra.nhs.uk/equality-diversity-and-inclusion)

Our gender pay gap data is also published on the gov.uk website: [Gender pay gap service - GOV.UK](https://www.gov.uk/government/statistics/gender-pay-gap-service)

## 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 staff to work in a safe and healthy environment and to an integrated approach to identifying and mitigating associated risks.

Managers and staff are supported by comprehensive health, safety and welfare arrangements including an Estates Strategy Group which incorporates our Health, Safety and Welfare Committee (HSWC), 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 on our health and safety performance.

We are pleased to report that we have had no reportable incidents, the same as last year. The HSWC is satisfied that if an incident were to occur it would be known immediately and reported.

No reports were made under Reporting Injuries, Diseases and Dangerous Occurrences Regulations 2013.

## Trade union recognition

We have a well-established and embedded staff forum (Staff Voices) and a formal partnership with Unison and Managers in Partnership. The Joint Negotiating Committee has formally met 4 times. During the year 5 members of staff (4.8 FTE) were union officials at the HRA.

Percentage time	Number of employees
0%	0
1-50%	5
51-99%	0
100%	0

Percentage of staff costs spend on union facility activities	
Total cost of union facility activities	£984
Total staff costs	£15,033,000
Percentage of total staff costs spent on union facility activities	0.01%

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

## Pension Liabilities

Past and present employees of the HRA are covered by the provisions of the NHS Pensions Scheme. Page 43 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 31 March 2023 the Health Research Authority incurred 5 losses totalling £981 (2021-22 £29,684). No special payments were made during the year.



**Dr Matthew Westmore**

**Chief Executive**

Health Research Authority

4 July 2023

# Audit Opinion



# The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Health Research Authority for the year ended 31 March 2023 under the Care Act 2014.

The financial statements comprise: the Health Research Authority's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

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 2023 and its net expenditure for the year ended; and
- have been properly prepared in accordance with the Care Act 2014 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 ***Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom*** (2022). 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 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.

## **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 require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## **Other information**

The other information comprises information included in the annual report, but does not include the financial statements, nor my auditor's certificate. 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.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Care Act 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with the Secretary of State directions made under the Care Act 2014; and
- the information given in the Performance and Accountability reports for the financial year for which the financial statements are prepared is consistent with

the financial statements and is in accordance with the applicable legal requirements.

### **Matters on which I report on by exception**

In 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 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 by the Health Research Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Health Research Authority from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Care Act 2014;

- ensuring that the annual report which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Care Act 2014; and
- 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.

## **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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Health Research Authority's accounting policies, key performance indicators and performance incentives.
- inquired 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 on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of 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 compliance with the Care Act 2014 and Managing Public Money



- inquired of management, the Health Research Authority's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Health Research Authority for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Health Research Authority's framework of authority and other legal and regulatory frameworks in which the Health Research Authority operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in 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, pension regulations and tax legislation.

#### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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.

## Other auditor's responsibilities

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

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 I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 4 July 2023**

**Comptroller and Auditor General**

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

# Financial Statements



### 3. Financial statements

#### Statement of comprehensive net expenditure for the period ended 31 March 2023

		Period ended 31 March 2023	Period ended 31 March 2022
	Notes	£000	£000
<b>Administration</b>			
<b>Expenditure</b>			
Staff costs	4	15,124	13,501
Amortisation and depreciation	4	3,245	1,629
Other expenditure	4	3,861	4,546
		<b>22,230</b>	<b>19,676</b>
<b>Income</b>			
Income from activities	5	(451)	(386)
<b>Net operating expenditure for the period</b>		<b>21,779</b>	<b>19,290</b>
Finance expense		10	-
<b>Net expenditure for the period</b>		<b>21,789</b>	<b>19,290</b>
<b>Net resource outturn</b>		<b>21,789</b>	<b>19,290</b>

The notes on pages 63 to 77 form part of these accounts.

## Statement of financial position as at 31 March 2023

	Notes	As at 31 March 2023 £000	As at 31 March 2022 £000
<b>Non-current assets</b>			
Intangible assets	6.2	1,925	4,757
Right of use assets	7.1	814	-
Property, plant and equipment	6.1	223	290
<b>Total non-current assets</b>		<b>2,962</b>	<b>5,047</b>
<b>Current assets</b>			
Cash and cash equivalents	9	4,587	4,057
Trade and other receivables	8	325	694
<b>Total current assets</b>		<b>4,912</b>	<b>4,751</b>
<b>Total assets</b>		<b>7,874</b>	<b>9,798</b>
<b>Current liabilities</b>			
Trade and other payables	10	2,006	2,460
Lease liabilities	7.3	208	-
Provisions	11	185	-
Other liabilities	10	587	512
<b>Total current liabilities</b>		<b>2,986</b>	<b>2,972</b>
<b>Total assets less current liabilities</b>		<b>4,888</b>	<b>6,826</b>
<b>Non-current liabilities</b>			
Lease liabilities	7.3	701	-
<b>Assets less liabilities</b>		<b>4,187</b>	<b>6,826</b>
<b>Taxpayers' equity</b>			
General fund		4,187	6,826
<b>Total taxpayers' equity</b>		<b>4,187</b>	<b>6,826</b>

The notes on pages 63 to 77 form part of these accounts.

The financial statements on pages 59 to 62 were signed on behalf of the Health Research Authority by:



**Dr Matthew Westmore**

**Chief Executive**

Health Research Authority

4 July 2023

## Statement of cash flows for the period ended 31 March 2023

	Notes	Period ended 31 March 2023 £000	Period ended 31 March 2022 £000
<b>Cash flows from operating activities</b>			
Net expenditure for the period after interest		(21,789)	(19,290)
Adjustments non cash transactions	4	3,245	1,629
Adjustments for net finance costs		10	-
Decrease / (increase) in trade and other receivables	8	353	(445)
(Decrease) / increase in trade payables	10	(241)	241
Increase in provisions	11	185	-
Loss on disposal of property, plant and equipment		1	7
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(18,236)</b>	<b>(17,858)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	6.1, 9	(77)	(109)
Purchase of intangible assets	6.2, 9	(169)	(1,417)
<b>Net cash (outflow) from investing activities</b>		<b>(246)</b>	<b>(1,526)</b>
<b>Cash flow from financing activities</b>			
Net parliamentary funding		19,150	18,250
Lease liability payments		(129)	-
Lease interest payments		(9)	-
<b>Net financing</b>		<b>19,012</b>	<b>18,250</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>530</b>	<b>(1,134)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>4,057</b>	<b>5,191</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>4,587</b>	<b>4,057</b>

The notes on pages 63 to 77 form part of these accounts.

## Statement of changes in taxpayers' equity for the period ended 31 March 2023

Notes	General fund £000	Total reserves £000
<b>Balance as at 1 April 2021</b>	<b>7,866</b>	<b>7,866</b>
Net expenditure to 31 March 2022	(19,290)	(19,290)
<b>Total recognised income and expenditure for the period</b>	<b>(19,290)</b>	<b>(19,290)</b>
Parliamentary funding for resources to 31 March 2022	18,250	18,250
<b>Total parliamentary funding from Department of Health and Social Care</b>	<b>18,250</b>	<b>18,250</b>
<b>Balance as at 31 March 2022</b>	<b>6,826</b>	<b>6,826</b>
Net expenditure to 31 March 2023	(21,789)	(21,789)
<b>Total recognised income and expenditure for the period</b>	<b>(21,789)</b>	<b>(21,789)</b>
Parliamentary funding for resources to 31 March 2023	19,150	19,150
<b>Total parliamentary funding from Department of Health and Social Care</b>	<b>19,150</b>	<b>19,150</b>
<b>Balance as at 31 March 2023</b>	<b>4,187</b>	<b>4,187</b>

The notes on pages 63 to 77 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 the most appropriate for our circumstances has been selected to give a true and fair view. The 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.

#### 1.1 Going concern

The Department of Health and Social Care (DHSC) has confirmed our funding will continue and next year's funding has been agreed. There is a strong presumption for the continued provision of our services as set out in the Care Act 2014 for a minimum timeframe of 12 months from the date the annual accounts are authorised. It is considered appropriate to prepare the 2022/23 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 our operating activities. It 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 Health Research 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 can be 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 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.

## 1.6 Depreciation

All tangible assets are depreciated over their useful economic life. The expected useful life of furniture and fittings assets can vary depending on the length of the lease of the building and so are depreciated over different economic lives as follows:

	Years
Tangible information technology	5
Personal computers	4
Furniture and fittings	3-4

### (a) Assets under construction

Assets are held under construction where furniture and fittings are not yet in use, and where personal computers have not been built to specification and distributed to staff for their use.

## 1.7 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, except for 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 learning management system and the licence fee for the current IRAS. The development expenditure relating to the HRA's research systems is 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 licences	3-7
Intangible information technology	5-7

#### **(d) Assets under construction**

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

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

We review estimates and underlying assumptions annually based on historical experience and other relevant factors. Revisions to accounting estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods.

In 2021-22 we performed an annual valuation review of IRAS to assess whether there was a need for the asset to be impaired. Following the research systems strategic review we decided to withdraw certain digital developments earlier than previously planned. In doing this, we considered whether the anticipated benefits over this shortened timeframe would exceed the costs that had been capitalised.

The outcome of the 2021-22 assessment was that there was no requirement for an impairment given that the level of the benefit expected over the reduced timeframe. The carrying value of the asset in the accounts was a fair valuation of the asset. This assessment was approved by our Audit and Risk Committee in 2022.

No further valuation review has taken place during 2022-23 as there has been no change in the level of benefit expected over the life of the asset.

We also considered the economic life of IRAS following the decision to replace elements of the development earlier than originally planned. As a result we have reduced the economic life of IRAS and included the accelerated depreciation within the 2022-23 costs.

IRAS development costs have been accounted for based on 80% capital and 20% revenue due to the contractual arrangements in place and external benchmarks. Allocation of internal staff costs are based on the average time spent on the programme and how much development has taken place. Externally sourced development costs relating to replacement of IRAS and in-house programme management costs have been capitalised 100% while the system is under construction.

No new construction of IRAS took place during 2022-23 while the recommendations of the strategic review were put in place. All expenditure on IRAS this year has been treated as 100% revenue.

## **1.9 Cash and cash equivalents**

Cash is the balance held with the Government Banking Service. We do not hold any petty cash.

## **1.10 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 pension schemes. The schemes are unfunded, defined benefit schemes 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 the expenditure at the time the Health Research 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.

## **1.11 Leases**

A lease is a contract or part of a contract that gives the right to use an asset for a period in exchange for consideration. For public sector organisations, in line with HM Treasury guidance, this includes lease-like arrangements with other public bodies.

We have applied IFRS16 in preparing our accounts from 1 April 2022. IFRS16 replaces IAS17, the previous standard. IFRS16 has been applied using a modified

retrospective approach and has been recognised in the general fund on 1 April 2022. In moving to IFRS16 several methods offered in the standard have been used, including:

- applying IFRS16 to arrangements identified as a lease in IAS17
- measuring the right of use assets for leases previously classified as operating leases at an amount equal to the lease liability adjusted for accrued or prepaid lease payments

We concluded that two of our five office agreements do not fall within IFRS16 definition of a lease. Whilst there may be identified assets within these agreements, the lessors have substantive rights to substitute these assets throughout the period of use. The substitution rights are considered substantive as the lessors have both the practical ability to substitute for alternative assets throughout the period of use and the lessors would be likely to benefit economically from exercising their rights to do so. We would be unable to prevent the lessors from exercising their substitution rights.

Under IAS17, the previous standard for leases, these agreements were recognised as operating leases, with the annual expenditure recognised within the statement of comprehensive net expenditure. Following the implementation of IFRS16 the expenditure relating to these two agreements will continue to be recognised within the statement of comprehensive net expenditure, although it will no longer be classified as operating lease expenditure, as IFRS 16 removes that classification.

No adjustments have been made for operating leases where the underlying asset is less than £5,000 or where there is less than 12 months left on the term.

Lease payments are apportioned between finance charges and repayment of the principal. Finance charges are recognised in the statement of comprehensive net expenditure.

### **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.

### **2021-22 comparatives**

Comparatives have not been restated. Under IAS17 the classification of operating or finance leases still applicable to lessors under IFRS16 also applied to lessees.

## **1.12 Financial instruments**

### **Financial assets and financial liabilities recognition**

Financial assets and financial liabilities arise where the HRA 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 Office for National Statistics.

This includes the purchase or sale of non-financial terms, such as goods and services, which are entered into in accordance with our normal requirements and are

recognised when, and to the extent which, performance occurs. This means when receipt or delivery of the goods or services is made.

Our receivables comprise of cash at bank, NHS and non-NHS receivables, prepayments, accrued income and other receivables. Our financial liabilities comprise: NHS Payables, other payables and accruals.

#### **1.12.1 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.

#### **1.12.2 Impairment of financial assets**

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

We adopt 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.

#### **1.12.3 De-recognition**

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

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

### **1.13 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.

#### **IFRS17 Insurance contracts**

The standard is effective for accounting periods beginning on or after 1 January 2023. IFRS17 is yet to be adopted by the FReM. Early adoption is not permitted. This standard is unlikely to have a material impact on our financial statements.

## **2. Analysis of net expenditure by segment**

We report financial information to the Board as one segment and therefore no segmental analysis is disclosed.

### 3. Staff numbers and related costs

Tables for staff numbers, costs and other related costs are included on page 42 within the remuneration and staff report and also included within note 4 of the accounts.

### 4. Expenditure

All our costs are administration costs:

	Notes	Period ended 31 March 2023 £000	Period ended 31 March 2022 £000
Salaries and wages		11,415	10,380
Pension costs		2,037	1,866
Social security costs		1,242	1,011
Redundancies and notice not worked		339	152
Non-executive members' remuneration		91	92
<b>Total staff costs</b>		<b>15,124</b>	<b>13,501</b>
Premises costs		2,838	3,852
Establishment expenses		427	326
Supplies and services		262	246
Provision expenses		185	-
External audit fee* (statutory work)		51	43
Transport and moveable plant		0	1
Other		97	71
Loss on disposal of assets		1	7
<b>Total other expenditure</b>		<b>3,861</b>	<b>4,546</b>
Capital: Amortisation	6.2	2,885	1,511
Depreciation on property, plant and equipment	6.1	156	118
Depreciation on Right of Use assets	7.1	204	0
Total amortisation and depreciation		<b>3,245</b>	<b>1,629</b>
<b>Net expenditure from activities</b>		<b>22,230</b>	<b>19,676</b>

\*The HRA did not make any payments to external auditors for non-audit work

#### 4.1 Better payment practice code – measure of compliance

	2022-23 Number	2021-22 Number
Total non-NHS trade invoices paid in the period	1,170	1,273
Total non-NHS trade invoices paid within target	1,100	1,222
<b>Percentage of non-NHS trade invoices paid within target</b>	<b>94.0%</b>	<b>96.0%</b>
Total NHS trade invoices paid in the period	116	97
Total NHS trade invoices paid within target	114	92
<b>Percentage of NHS trade invoices paid within target</b>	<b>98.3%</b>	<b>94.8%</b>

	2022-23 Value £000	2021-22 Value £000
Total non-NHS trade invoices paid in the period	4,489	5,776
Total non-NHS trade invoices paid within target	4,396	5,647
<b>Percentage of non-NHS trade invoices paid within target</b>	<b>97.9%</b>	<b>97.8%</b>
Total NHS trade invoices paid in the period	1,650	1,501
Total NHS trade invoices paid within target	1,602	1,501
<b>Percentage of NHS trade invoices paid within target</b>	<b>97.1%</b>	<b>100.0%</b>

## 5. Operating revenue

	Period ended 31 March 2023 £000	Period ended 31 March 2022 £000
<b>Administration</b>		
Income received from the Scottish Parliament	203	179
Income received from National Assembly for Wales	123	109
Income received from Northern Ireland Assembly	70	61
Fees and charges to external customers	55	37
<b>Total administration income</b>	<b>451</b>	<b>386</b>

## 6. Non-current assets

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

2022-23	Information technology £000	Furniture and fittings £000	Assets under construction £000	Total £000
Gross cost at 1 April 2022	415	84	20	519
Additions	76	14	-	90
Transfers	-	20	(20)	-
Disposals	(26)	-	-	(26)
<b>Gross cost at 31 March 2023</b>	<b>465</b>	<b>118</b>	<b>-</b>	<b>583</b>
Depreciation at 1 April 2022	211	18	-	229
Charged in year	103	53	-	156
Depreciation on disposal	(25)	-	-	(25)
<b>Depreciation at 31 March 2023</b>	<b>289</b>	<b>71</b>	<b>-</b>	<b>360</b>
<b>Net book value at 1 April 2022</b>	<b>204</b>	<b>66</b>	<b>20</b>	<b>290</b>
<b>Net book value at 31 March 2023</b>	<b>176</b>	<b>47</b>	<b>-</b>	<b>223</b>

<b>2021-22</b>	<b>Information technology £000</b>	<b>Furniture and fittings £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
Gross cost at 1 April 2021	309	41	135	485
Additions	1	43	20	64
Transfers	135	-	(135)	-
Disposals	(30)	-	-	(30)
<b>Gross cost at 31 March 2022</b>	<b>415</b>	<b>84</b>	<b>20</b>	<b>519</b>
Depreciation at 1 April 2021	135	-	-	135
Charged in year	100	18	-	118
Depreciation on disposal	(24)	-	-	(24)
<b>Depreciation at 31 March 2022</b>	<b>211</b>	<b>18</b>	<b>-</b>	<b>229</b>
<b>Net book value at 1 April 2021</b>	<b>174</b>	<b>41</b>	<b>135</b>	<b>350</b>
<b>Net book value at 31 March 2022</b>	<b>204</b>	<b>66</b>	<b>20</b>	<b>290</b>

## 6.2 Intangible assets

<b>2022-23</b>	<b>Assets under construction £000</b>	<b>Software licences £000</b>	<b>Information technology £000</b>	<b>Total £000</b>
Cost at 1 April 2022	92	591	10,408	11,091
Additions	53	-	-	53
Transfers	(5)	-	5	-
Disposals*	-	-	(982)	(982)
<b>Cost at 31 March 2023</b>	<b>140</b>	<b>591</b>	<b>9,431</b>	<b>10,162</b>
Amortisation at 1 April 2022	-	591	5,743	6,334
Charged in year	-	-	2,885	2,885
Disposals*	-	-	(982)	(982)
<b>Amortisation at 31 March 2023</b>	<b>-</b>	<b>591</b>	<b>7,646</b>	<b>8,237</b>
<b>Net book value at 1 April 2022</b>	<b>92</b>	<b>-</b>	<b>4,665</b>	<b>4,757</b>
<b>Net book value at 31 March 2023</b>	<b>140</b>	<b>-</b>	<b>1,785</b>	<b>1,925</b>

\* Disposals in year are fully depreciated assets that are no longer in use and are being written out of the accounts.



2021-22	Assets under construction £000	Software licences £000	Information technology £000	Total £000
Cost at 1 April 2021	237	591	9,161	9,989
Additions	92	-	1,010	1,102
Transfers	(237)	-	237	-
<b>Cost at 31 March 2022</b>	<b>92</b>	<b>591</b>	<b>10,408</b>	<b>11,091</b>
Amortisation at 1 April 2021	-	591	4,232	4,823
Charged in year	-	-	1,511	1,511
<b>Amortisation at 31 March 2022</b>	<b>-</b>	<b>591</b>	<b>5,743</b>	<b>6,334</b>
<b>Net book value at 1 April 2021</b>	<b>237</b>	<b>-</b>	<b>4,929</b>	<b>5,166</b>
<b>Net book value at 31 March 2022</b>	<b>92</b>	<b>-</b>	<b>4,665</b>	<b>4,757</b>

## 7. Right of use assets

### 7.1 Right of use assets

	Property (land and buildings) £000	Total £000	Of which leases within DHSC Group £000
IFRS16 implementation, adjustments for existing operating leases	1,153	1,153	937
Lease liability remeasurements	(135)	(135)	0
<b>Valuation at 31 March 2023</b>	<b>1,018</b>	<b>1,018</b>	<b>937</b>
Depreciation charged in year	204	204	139
<b>Depreciation at 31 March 2023</b>	<b>204</b>	<b>204</b>	<b>139</b>
<b>Net book value at 31 March 2023</b>	<b>814</b>	<b>814</b>	<b>798</b>

### 7.2 Reconciliation of the carrying value of lease liabilities

	Total £000
Valuation at 31 March 2022	-
IFRS16 implementation, adjustments for existing operating leases	1,172
Lease liability remeasurements	(135)
Interest charge in year	10
Lease payments	(138)
<b>Carrying Value at 31 March 2023</b>	<b>909</b>

Lease payments for short term leases, leases of low value assets and variable lease payments not dependent on an index or rate are included in operating expenditure. These payments are included in

Note 4. £44,000 income was generated from subleasing right of use assets and is included within fees and charges in Note 5.

### 7.3 Maturity analysis of future lease payments at 31 March 2023

	31 March 2023
	£000
<b>Undiscounted future lease payments payable in:</b>	
- not later than one year	215
- later than one year and not later than five years	429
- later than five years	296
<b>Total gross future lease payments</b>	<b>940</b>
Finance charges allocated to future periods	(31)
<b>Net lease liabilities at 31 March 2023</b>	<b>909</b>
Of which:	
- current	208
- non-current	701

### 7.4 Initial application of IFRS16 on 1 April 2022.

We have applied IFRS16 to leases in these accounts with an initial application date of 1 April 2022. The standard has been applied using a modified retrospective approach without restatement of comparatives. Lease liabilities created for existing operating leases on this date were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

### Reconciliation of operating lease commitments at 31 March 2022 to lease liabilities under IFRS16 at 1 April 2022.

	£000
<b>Operating lease commitments under IAS17 at 31 March 2022</b>	<b>2,504</b>
Impact of discounting at the incremental borrowing rate	(43)
<b>IAS17 operating lease commitment discounted at incremental borrowing rate</b>	<b>2,461</b>
Less:	
Irrecoverable VAT previously included in IAS17 commitment	(223)
Services included in IAS17 commitment not included in IFRS16 liability*	(802)
Other adjustments:	
Difference in the assessment of the lease term**	(283)
Amounts accrued at the transition date	19
<b>Total lease liabilities under IFRS16 at 1 April 2022</b>	<b>1,172</b>

\* The table shows IAS17 operating lease commitments at 31 March 2022 on an IFRS16 basis. Our Bristol, London and Manchester office leases are recognised as right of use assets under IFRS16. Our Newcastle and Nottingham office agreements are treated as service agreements as the lessors have substantive substitution rights and we do not have an identified assets or the right to direct the use of an asset in the period of use. The cost of these arrangements is included within the statement of comprehensive net expenditure. Future commitments related to service agreements have been included in Note 13.

\*\* At 31 March 2022, the lease extension for our Bristol office was unsigned. As we were occupying the space, future rental costs for the lease period were included in IAS17 operating lease note. At 31 March 2023, the lease extension remained unsigned due to delays experienced by the head lessor.

This agreement is now expected to end March 2024, compared to March 2027 when the accounts were prepared last year.

## 8. Trade and other receivables

	31 March 2023	31 March 2022
	£000	£000
<b>Amounts falling due within one year</b>		
Contract receivables (invoiced)	72	138
Contract receivables (not invoiced)	9	221
Expected credit loss allowance	(1)	(1)
Other receivables	70	141
Prepayments	175	195
<b>Trade and other receivables</b>	<b>325</b>	<b>694</b>

## 9. Cash and cash equivalents

	Period ended 31 March 2023	Period ended 31 March 2022
	£000	£000
<b>Opening balance</b>	<b>4,057</b>	<b>5,191</b>
Net change in period	530	(1,134)
<b>Closing balance</b>	<b>4,587</b>	<b>4,057</b>
Comprising:		
Government banking service	4,587	4,057
<b>Balance at period end</b>	<b>4,587</b>	<b>4,057</b>

## 10. Trade payables and other current liabilities

	31 March 2023	31 March 2022
	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	300	845
Accruals	1,515	1,321
Capital payables	191	294
<b>Trade and other payables</b>	<b>2,006</b>	<b>2,460</b>
Other taxation and social security	400	302
Other current liabilities	187	210
<b>Total other current liabilities</b>	<b>587</b>	<b>512</b>
<b>Total trade payables and other current liabilities</b>	<b>2,593</b>	<b>2,972</b>

## 11. Provisions for liabilities and charges analysis

	Dilapidations £000	Total £000
At 1 April 2022	-	-
Recognised in year	185	185
<b>At 31 March 2023</b>	<b>185</b>	<b>185</b>
<b>Expected timing of cash flows at 31 March 2023</b>		
- not later than one year	185	185
- later than one year and not later than five years	-	-
- later than five years	-	-
<b>Total</b>	<b>185</b>	<b>185</b>

In December 2022, we activated a break clause on our Manchester office lease and provided for estimated dilapidations costs of £185,000. This work was carried out in May and June 2023 prior to the end of the lease and no previous provision for these works has been recognised in the accounts. The timing of the associated cash flows is certain and payments are expected to be made in Summer 2023.

## 12. Capital commitments

At 31 March 2023, we had £22,000 capital commitments (31 March 2022: £nil).

## 13. Commitments under leases

### Operating lease income

On 26 April 2019 we agreed a lease with HighSpeed2 to share our Manchester office space. The lease ended on 28 April 2023.

	Period ended 31 March 2023 £000	Period ended 31 March 2022 £000
<b>Income under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	1	1
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>1</b>	<b>1</b>

## 14. Other financial commitments

	Period ended 31 March 2023 £000	Period ended 31 March 2022 £000
Not later than one year	1,276	312
Later than one year and not later than five years	1,507	57
Later than five years	92	-
<b>Total</b>	<b>2,875</b>	<b>369</b>

## **15. Losses and special payments**

Losses and special payments are reported on page 50 in the parliamentary accountability and audit report section of the annual report.

## **16. Related party transactions**

The HRA is an NDPB established by 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 we have had a significant number of material transactions with DHSC and with other entities for which DHSC is regarded as the parent Department.

We have considered materiality in line with the group accounting manual guidelines for agreeing creditor and debtor balances (£300k) and have used the same threshold for income and expenditure balances (£300k).

No HRA Board member, key manager or other related party has undertaken any material transactions with the HRA during the year.

## **17. Financial instruments**

### **Financial risk management**

Financial reporting standard IFRS7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. As our cash requirements are met through Parliamentary funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body.

Most financial instruments relate to contracts to buy non-financial items in line with our expected purchase and usage requirements and consequently we are exposed to little credit, liquidity or market risk.

### **Financial assets**

We operate primarily within the NHS market and receive most of our income from DHSC and the devolved administrations. IFRS9 requires us to adopt a lifetime credit loss model for our financial assets.

We have applied this model to our trade receivables (excluding NHS receivables) and assessed our credit loss value as at 31 March 2023 to be £1,474 (31 March 2022 £1,306).

### **Financial liabilities**

We operate within both the NHS and non-NHS market for the supplies of goods and services. Our financial liabilities mainly consist of short-term trade creditors and accruals relating to the purchase of non-financial items. The exposure to financial liability risk is minimal.

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

	31 March 2023 £000	31 March 2022 £000
Not past due	447	1,129
Past due 0-30 days	27	10
Past due 31-120 days	24	0
More than 121 days	(7)	0

## 18. Events after the reporting period

The Accounting Officer authorised these financial statements for issue on the date the Comptroller and Auditor General signed the audit certificate.







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