Company Registration number: 10887014 (England and Wales)

HEALTH DATA RESEARCH UK

(A company limited by guarantee)

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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HEALTH DATA RESEARCH UK

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Directors	Dr Graham Spittle, CBE, Chair Professor Sir Alex Markham, Chair of Audit and Risk Committee Professor Sir Jonathan Montgomery, Chair of Nominations Committee David Zahn, Chair of Remuneration Committee Professor Sir James Smith Professor Dame Janet Thornton Professor Sarah Harper CBE Baroness Lucy Jeanne Neville-Rolfe DBE CMG Dr Frances Rawle Lord James O'Shaughnessy (appointed 19 December 2019)
Company registered number	10887014
Registered office	Wellcome Trust Gibbs Building 215 Euston Road London NW1 2BE
Principal operating office	215 Euston Road London NW1 2BE
Auditor	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Company secretary	Amanda Borton
Bankers	AIB (GB) Ealing Cross 85 Uxbridge Road London W5 5TH
Solicitors	Freshfields 65 Fleet Street London EC4Y 1HT

Director's Report

Foreword

The Directors are pleased to present their Strategic report for Health Data Research UK ("HDR UK", the "Company", the "Institute") for the year ended 31 March 2020.

The report provides a review of the activities and business for the HDR UK and outlines its development and performance for the financial year, the financial position at the end of the year and an outline of its plans for the future. The report also describes how the risks facing HDR UK are managed.

Strategic Report

Business and activity review

Health Data Research UK is the national institute for health data science for England, Scotland, Wales and Northern Ireland. Our mission is to improve people's lives. Through uniting, improving and using health data at scale and enabling researchers and innovations across the UK – from the NHS, universities, and industry – we are enabling discoveries that are transforming the way we are able to detect, understand and treat diseases and keep people healthy.

Health Data Research UK is now established in 32 locations across the UK and brings together the sharpest scientific minds with safe and secure access to rich health data to better understand diseases.

Our five-year One Institute strategy was published in April 2019 and sets out our 20-year vision for large scale data and advanced analytics to benefit every patient interaction, clinical trial and biomedical discovery and to enhance public health. It describes our mission to unite the UK's health data to enable discoveries that improve people's lives. To achieve this, our strategic delivery plan for 2020/21 focuses on our unique strengths and expertise of building a health data research infrastructure for the UK through:

- **Uniting health data** – providing national convenorship through the UK Health Data Research Alliance and Innovation Gateway with open standards, and in a way that earns the trust of patients and the public
- **Improving health data** – providing tools, methods, hubs, and national expertise in health data quality improvement for researchers and innovators
- **Using health data** – enabling research and innovation, demonstrating novel approaches to health data use, impact at scale, and establishing the next generation of research leaders in health data science

We are delivering this strategy through our inclusive, team-oriented One Institute ethos – bringing together NHS, universities, research institutes, industry and charities – built on our values of transparency, optimism, respect, courage and humility.

The COVID-19 pandemic has highlighted the power of this agile, federated model, allowing a rapid and galvanising response to the UK research effort at scale in partnership with NHS, academia and industry.

Achievements and Performance

Our performance and achievements come from both work we have led and where we have enabled delivery by our colleagues across the Institute and our partner organisations.

Using Health Data

Our national research teams are demonstrating the use of health data for research and innovation, and this has played a vital role in the UK's response to COVID-19. Together, we are forging the discovery of previously unknown rare diseases, enabling more people to access the most innovative treatments by taking part in clinical trials, supporting the prevention of common diseases and creating more efficient health services.

Delivering UK-wide research programmes

Understanding Causes of Disease

We are working towards generating major new insights into the molecular underpinnings of health conditions, through a "molecule to health record" approach, with an ambition to involve several million participants. The long-term goal is to contribute towards transforming scientific understanding of the causes of disease, its progression, and consequently disease prevention and treatment.

Genetics has transformed our understanding of how variation in DNA can influence risk of developing conditions, such as cancer and heart disease. Studies that can combine this genetic information with other blood-based factors – including proteins, metabolites and lipids - alongside the diverse information in health records, have the potential to provide more direct insight into the causes of disease. A key challenge is accessing this complex information at scale. The initiation of HDR UK's National Multi-omics Consortium earlier this year, aims to address this challenge by bringing together nine of the UK's leading research cohorts linked to electronic health records, involving more than 750,000 participants. This is a truly national endeavour that involves investigators from multiple institutions across the UK

We and partners EMBL EBI, University of Cambridge and Baker Institute Australia also launched the Polygenic Score Catalog this year – an open database of polygenic scores, helping to predict the chances of developing a particular disease according to genetic make-up. This is an important tool allowing the sharing of complex health information, to better inform clinical insights.

Clinical Trials

We are using health data to ensure that every individual across the UK will have access to the latest treatments and technologies through access to clinical trials. We are driving the way we conduct clinical trials to catch up with today's technology, such as using electronic health records to identify patients who are candidates for trials, quickly, efficiently and at a national scale, instead of relying on local networks that not all doctors or researchers have access to.

A fantastic exemplar of this approach is the RECOVERY Trial, a national clinical trial aiming to identify treatments that may be beneficial for those hospitalised with confirmed COVID-19. range of potential treatments have been suggested for COVID-19 but nobody knows if any of them will turn out to be more effective in helping people recover than the usual standard of hospital care which all patients receive. Led by the University of Oxford and enabled by the Digitrials Health Data Research Hub, the RECOVERY Trial is testing some of these treatments. This is now the world's largest randomised clinical trial of potential coronavirus

treatments and has recruited over 10,000 patients at an unprecedented pace. Successful treatments will be given to NHS patients as quickly as possible once the scientific evidence for their efficacy and safety has been generated by this trial.

Better Care

Our Better Care vision supports and enables a learning health system approach across the UK integrating clinical practice, large scale data and advanced analytics in a cycle of continuous improvement – equipping clinicians and patients with the best possible data-based information to make decisions about their care.

To support this, we launched two new Better Care Partnerships in the North and South-West. These add to our existing network of digitally maturity health and care sites and will provide a key opportunity to develop solutions to scale and share learnings of Better Care loops across multiple health and care decisions and transfer Better Care innovations across settings. We have also established a partnership with the Health Foundation to deliver the Catalyst programme. Four innovative Catalyst Projects have been selected and form an integral part of this programme – these rapid projects will deliver rapid learnings about the Better Care Loop and generate insights and learnings to support the development of a learning health system approach.

Both the Partnerships and Catalyst projects include stakeholders essential to delivering Better Care across the patient pathway, bridging primary and secondary care organisations, local government and social care providers, systems providers, academic and research institutions, the pharmaceutical and technology industry and charities. This integrated approach is essential to delivering impact and improvement throughout the patient journey.

Public Health

Factors that cause poor health are complex, and we do not always have the right data to tell what kind of effect the environment, a behaviour, event or intervention has had – or could have – on a person's health. However in many cases, the data we need exists already – it is collected in GP surgeries, hospitals as well as schools and other administrative systems across the UK every day – the challenge is to harness it safely and securely in innovative ways and do the right analyses, to improve public health, address health inequalities and better understand the health of the whole nation.

This year, we initiated a major new project in this area, the National Multimorbidity Resource. It involves researchers across the UK, bringing together multiple datasets representing up to 10 million people, to explore multimorbidity - when someone is living with more than one long-term condition. We are discovering what diseases and conditions are found together, how they develop as people age and also which cause the most problems for people and the health service. This will enable better planning of delivering care to people with multimorbidities.

We have also established new national working groups in maternal and child health, mental health and environment and health who are forging ahead with new research ideas that could not be delivered by an individual research organisation alone.

Developing future leaders in health data science

Delivering our ambitious vision and world-leading health data science requires a community of scientists with new skills that will strengthen medical research and open up faster, smarter pathways to patient care. During the year, we have made progress in delivering our training strategy by providing opportunities for early career researchers.

Following an open competition to UK universities and a selection process that included an independent panel of academics, health professionals and a patient representative, we selected six universities and their 34 partner organisations to establish health data science masters programmes to help address the skills shortage

in data science in the UK. With recruitment underway for students to join these programmes during 2020 and 2021, our aim is to stimulate the development of training that genuinely integrate statistics, informatics and health science, aimed either at medical students or life sciences graduates keen to develop their quantitative skills, or at core maths, physics, statistics and computing graduates wanting to move into the health sphere.

We continued to provide opportunities for our 46 HDR UK Fellows to build their skills, form a network with fellows from the NIHR incubator in health data science, and contribute to our early career researchers committee.

In August 2019, we ran our inaugural Summer School, hosted by the University of St Andrews. Over 60 HDR UK Fellows and other early career researchers attended to learn about new areas of research in health data science and to gain practical skills. On the final day, pupils from two local secondary schools joined the event to learn about career opportunities in health data research.

In November 2019, we opened recruitment for a Wellcome-funded PhD programme in health data science in partnership with the Alan Turing Institute. This four-year programme provides in-depth training for graduates interested in bringing their numerical and computational skills to health data science. We expect to announce the successful PhD students later in 2020.

Other progress includes 10 scholarship places awarded to two universities in Scotland, in partnership with DataLab, with students starting in 2020, and launching our oversubscribed 'Data Science for Doctors' training in partnership with the Software Sustainability Institute. Underpinning this we have continued to work in partnership with Health Education England to shape a 'system'-wide approach to establishing a talent pool for health informatics and data sciences.

Uniting Health Data

The UK has some of the richest health data of anywhere in the world. However, these datasets are fragmented making it difficult, sometimes impossible, to access for research purposes. This causes unnecessary delays in researchers and innovators being able to access joined up data and making important discoveries that improve people's lives. At HDR UK we have made significant strides in uniting health data, building a safe and robust infrastructure for data research and enabling the growing community of health data scientists to discover and request access to these datasets.

Delivering the Health Data Research Innovation Gateway

Improving access to data for research and innovation is central to our mission. The first phase, or 'Minimum Viable Product' (MVP), of the Gateway went live in January 2020 as a portal to enable researchers and innovators to discover which datasets are held by individual healthcare and research organisations across the UK. It aims be a one-stop-shop for researchers and innovators to share, manage and drive the ethical and safe use of data, exploiting cutting-edge analytics and big data technologies to improve health outcomes. The MVP was developed using teams across seven organisations working in partnership with HDR UK and involving both custodians and users of data throughout this process. The rapid development of the MVP took three months and at launch had over 400 UK datasets discoverable. By the end of March 2020, the Gateway had already been used by 3,700 people, with 5,000 searches for datasets showing its unique potential, even at this early stage.

In October 2019 we began an approach to identify a lead supplier to develop the full functionality of the Gateway. This involved multiple stages of increasing scrutiny, with colleagues from the Public Advisory Board, members of the UK Health Data Research Alliance including NHS Scotland, NHS Digital, and NHSX involved in the selection process.

Growing the UK Health Data Research Alliance

During the year we made great strides to increase the breadth and scale of data available for research and innovation, by building on the early foundations of the UK Health Data Research Alliance (the 'UK Alliance') – an independent group of leading healthcare and research organisations united to establish best practice for the ethical use of UK health data for research at scale. The UK Alliance experienced a rapid increase in members – growing from eight founding member organisations in February 2019 to 30 member organisations in April 2020, covering all four nations of the UK, including some of the UK's largest NHS trusts, national bodies, charities, disease registries and research cohorts. With over 400 datasets discoverable via the Gateway, the expansion of the UK Alliance brings an exceptional opportunity to provide transparency and access to rich and diverse health data for research and innovation at a scale that is unprecedented in the UK.

Each member subscribes to the UK Health Data Research Alliance's Principles for Participation on public involvement, information governance, ethics, intellectual property rights and commercial models as a data controller, and to the set of services in the Gateway.

Through the development and sharing of best practice, and by earning trust in health data use, the UK Alliance aims to maximise research potential and ensure it benefits as many people across the UK as possible.

The UK Alliance has been pivotal in making data accessible for research in response to COVID-19.

Establishing standards for UK health data research

The UK Alliance is driving the delivery of five key priority areas that aim to transform the safe and responsible access of UK health data at scale. During the year we have focused on:

- Increasing the utility of data through standards and improving quality. The Data Officers Group consisting of more than 40 individuals across the UK Alliance, Heath Data Research Hubs and other bodies has helped to shape the strategy set out in the Data Standards and Quality Green Paper
- Enhancing discoverability of data through the development of the Gateway and development of a metadata specification which resulted in over 400 datasets with comparable metadata being discoverable at the launch of the MVP (see case study below)
- Developing a commercial framework for accessing health data through consultation with Alliance members, public advisory board and other stakeholders, with our report *Realising patient and NHS benefits from health and care data – from policy to practice* published in February 2020
- Developed a draft Green Paper for consultation on developing an aligned approach to using trusted research environments for health data research.
- Working with patient and public representatives to provide input on these projects, including the development of the Gateway and proposal for trusted research environments

Sprint exemplars

During the year, the 11 Sprint Exemplar Innovation Projects completed their activity which has informed the creation of the UK-wide health data research infrastructure. These projects covered a range of different areas, including adopting digital technology in care setting, building underlying databases to support research, and providing confidence in concept of specific technologies. Each project reported its results in December 2019, and contributed to the next stage of the journey in different ways: contributing to the design of the Gateway; seeding the Hubs by sharing early lessons, idea generation and information about the health data market; and growing our community across healthcare, academia, patient groups and industry.

Raising the bar on transparency

Patients and the public are at the heart of our One Institute strategy and, during the year, we have demonstrated our commitment to earning and building public confidence and trust in our work. Working in partnership with our Public Advisory Board, our community members and partners, we are building a process to ensure that we are transparent our work in generally and, more specifically, on how and why data is accessed. To support this, we encourage involvement and input from patients and the public across all our work programmes.

During the year, members of our Public Advisory Board were involved in the development of the Gateway, providing input and advice on accessibility, and user journeys with the MVP through to selecting the technology partner to develop the full functionality. We also sought advice from other public groups, which influenced the language used to describe the Gateway more clearly.

Improving Health Data

We are harnessing expertise across the UK to improve the quality of health data for research and innovation. We are creating the infrastructure, tools and methods to provide access to better data that will help establish the UK as a world leader in health data research.

Establishing Health Data Research Hubs

In May 2019, we ran a UK-wide competition to select and establish seven Hubs to demonstrate and drive the utility of expert health data science, based on an area of expertise. Initially funded through the UK Research and Innovation ISCF investment to kick-start the approach, the Hubs are formal collaborations of over 100 NHS, academic organisations, patients, charities and industry. They bring their collective expertise together to maximise the value of health data research, potentially benefiting millions of people across the country. They provide data, curate the data and offer services, such as supporting researchers with study design or refining research questions in light of the available data, for research and innovation.

Within the first three months, the Hubs celebrated their first milestone. In this time, they identified 39 datasets and made them discoverable through the Gateway, set up physical locations around the UK, and set out plans to engage with and involve patients and the public on use of patient data.

Also this year, the BHF Data Science Centre was established, led by HDR UK and funded by the British Heart Foundation (BHF). The Centre is enabling responsible, ethical research that combines the power of advanced analytic methods with the UK's large-scale and diverse cardiovascular data. High impact outputs will help to shape better cardiovascular health services, provide patients and health professionals with the tools to make better decisions, and bring the latest medical discoveries to patients across the UK faster than ever before.

The Hubs have received international attention, being described as major priorities for several multinational firms, including Microsoft, AstraZeneca, IQVIA, Novartis and Roche. Responding to the COVID-19 pandemic, Hubs have played a central role in convening their respective communities to feed into a nationally reported research pipeline.

Using applied analytics

We are matching expert knowledge of analytical tools, such as machine learning and artificial intelligence, with large-scale health datasets, to demonstrate the power of these approaches to inform health and care delivery.

This year we initiated an exciting new activity, our National Reproducible Machine Learning Project, which brings together data science, with machine learning, health data from wearables (such as 'Fitbit-like' devices), and the important quality of reproducibility. The overall aim is to better enable machine learning to provide trustworthy clinical insights from the enormous amounts of health data available. The work is addressing a currently unmet need – to provide confidence that machine learning results are trustworthy – before they can

be routinely used in public health and clinical practice. Ultimately it will help clinicians to better prevent and treat a wide range of human diseases. This collaborative project includes colleagues from the Alan Turing Institute, and several of HDR UK's research sites across the UK.

We have also honed in on the most important areas of development for analytical techniques, like machine learning, as well as the most helpful areas of deployment, such as replacing the most time-consuming tasks in healthcare and identifying features in medical images, such as cardiac MRI.

Developing the 'human phenome' to understand characteristics of disease using data

We are driving forward the Human Phenome Project – redefining how we describe all human diseases in a data-driven way. We have more ways of measuring disease than ever before, beyond symptoms, including images (e.g. x-rays), continuous measurements (e.g. physical activity via wearable devices), and a person's genetic make-up (e.g. through genome sequencing). Much of this is captured in NHS electronic health records, which make them a valuable resource for studying human disease. We are developing new, more detailed and consistent descriptions of all human diseases, which will facilitate a deeper understanding of disease and how to treat patients.

This year we initiated two major national projects in this area: the National Phenomics Resource is developing new tools to harness the power of electronic health records to characterise disease and the efficacy of treatments. It brings together the UK's community of researchers working in this area, who are now learning from each other and gleaning insights from the mass of health data in the NHS, towards improving health and healthcare. The National Text Analytics Resource is drawing out anonymised health insights from doctors' notes within electronic health records. They are developing computerised tools to process these words to build a full picture of all patient symptoms, experiences and diagnoses to use in research for patient benefit.

One Institute

Health Data Research UK (HDR UK) has grown in the past year, in terms of the scale of communities involved, programmes of work and impact on the health of patients and public through research and innovation.

Growing the community

With the addition of the North and South West Research Sites, training sites, Hubs, the Cardiovascular Centre and Alliance members, and Better Care catalysts our community has grown substantially during 2019/20. Through this growth we have added new expertise, new geographies and welcomed members from the charity and industry sectors. We now have over 450 members of the HDR UK community across all four nations, enabling us to lead and represent all aspects of UK health data science.

Embedding the involvement of patients and the public

During the year we have demonstrated the positive impact on our work from working with, learning from and listening to patients and members of the public.

Our Public Advisory Board have guided and influenced our work and been involved in joint decision making, including the selection of the Health Data Research Hubs, Better Care partnerships and projects, and national implementation projects.

In March 2020, we set up a virtual group of 60 patients and members of the public to guide our work on COVID-19 and, in just the first week of establishing the group, 37 people provided comments on the development of an app to estimate the risk of dying during the pandemic based on previous health factors. This feedback and input has significantly altered the future focus for this piece of work.

Patient and public representatives are involved our weekly process to prioritise COVID-19 research questions. The aim is to ensure that questions the public see as important are being addressed.

We also aim to make all our key events accessible to the public, whether inviting people to join the event or ensuring it is live-streamed, recorded and published. An example of this was our event in January 2020 on *Realising patient and NHS benefits from health and care data – from policy to practice*, in partnership with the Academy of Medical Sciences and the Collaboration for the Advancement of Sustainable Medical Innovation (CASMI). This event was about building trustworthy commercial partners, for which we provided a live, open broadcast so that members of the public could participate.

Creating an inclusive, team-oriented culture

We are an organisation that lives our values and it is imperative that our policies and processes support us in doing that. Over the course of the year we have set out our principles and aspirations by which we aim to achieve this culture, in terms of: team science, open science, reproducibility, research assessment, diversity and inclusion, and attribution. These clearly set out the expectations of how we work in partnership to incentivise a culture of research and innovation that aligns with our Institute values of transparency, optimism, respect, courage and humility.

In June 2019, we held our One Institute event bringing together over 200 people from across our HDR UK community to focus on strategy, celebrate impact and progress and build towards our aim of the UK being recognised as the place to do health data science. We have further established our communication channels during the year with our website as the core channel. Whilst open to the public, is an important source of information for the HDR UK community, which many of our members contribute content to. It contains the latest news and events, project updates, HDR UK publications, and biographies of our 340 members. The website receives is now receiving an average of 8,300 unique visits a month.

Implementing robust internal processes

In August, our quality management system was judged as compliant with the international standard, ISO 9001. We are among the very first research Institutes to achieve this certification and it demonstrates that our learning and improvement culture are built into how we work from the very start. 2019/20 also allowed us to test out some innovative procurement approaches, including those used to identify a lead supplier for the Gateway.

Funding sources

HDR UK has built on its success in attracting major new funding streams in 2018/19, including the £37.5m Industrial Strategy Challenge Fund Digital Innovation Hub Programme. Our compelling programme of activity across uniting, improving and using data has generated significant interest.

Our funds support long-term research studies, training and infrastructure that contribute to data science at scale, support our One Institute approach and deliver long-term impact on the health of patients and populations across the UK. We also raise thematic funding to support specific programmes of work.

Health Data Research UK's funders recognise the pivotal contribution of health data science to achieve transformative health benefits and the UK's ambition to remain a leader in life sciences. Our founding funders have jointly invested in Health Data Research UK over five years.

Governance

At the end of 2019/20 we reviewed and implemented changes to how we would organise our executive, delivery and advisory capabilities in the future, to enable robust management and clear accountability for the ambitious priorities set for the Institute. This included a new governance framework with an expanded

executive committee, two new delivery groups and introducing a new Chief Executive role to run the Institute, provide strategic direction and leadership for our delivery programmes.

More information on HDR UK's performance and achievements during 2019/20 can be found in the Annual Review, available at https://www.hdruk.ac.uk/wp-content/uploads/2020/07/Annual-Review-2020_020720.pdf

More information on HDR UK's on-going activities is available on the website www.hdruk.ac.uk.

Plans for future periods

Using Health Data

HDR UK enables research and innovation by demonstrating novel approaches to health data use, impact at scale, and establishing an expert group of national research leaders in health data science to achieve:

- Better, more useful, research for funders and public – that no single research organisation could achieve alone

We will achieve our aims through:

- UK-wide research programmes: Understanding Causes of Disease, Improving public health, Better Clinical Trials and Better Care
- Health science user community: patients, public, academia, NHS, charities, and government (>10,000 people engaged)
- Major impact use cases
- Training programmes and career pathways for health data scientists

In 2020/21 we are focused on:

- Implementing the One Institute approach to deliver distinctive team science research programmes initially for Understanding Causes of Disease
- High impact use cases: To deliver distinctive team science research programmes in Better Care, Clinical Trials, Public Health and Understanding Causes of Disease areas
- Training and skills development, to develop our Fellows, PhD & MSc programmes

Uniting Health Data

HDR UK is convening health data custodians across the UK and aims to achieve:

- Efficient, safe access to large scale, diverse data for researchers and innovators
- Transparency of use of data to patients and the public

We will achieve our aims through:

- The Gateway: fundamental to the world's health data research, trusted by patients, public and practitioners
- The Alliance with members from all the UK's major health data custodians
- Standards: Participation, Information Governance, Access, benefit sharing, and Trusted Research Environments
- Training for the infrastructure

In 2020/21 we are focused on:

- Creating the Gateway Technology Partnership: To enable secure data access across multiple data controllers, develop concept of Trusted Research Environments and integrate infrastructure developments from core funder investments
- Implementing our Public, patient, practitioner involvement and engagement and talent/workforce strategy: To support and earn trust in the infrastructure
- Increasing scale, depth and transparency of metadata in the Gateway and the Alliance
- Creating Standards for Participation & Sustainability, Access and delivery of Trusted Research Environments

Improving Health Data

HDR UK provides tools, methods, hubs, and national expertise to achieve better data in the Alliance and Gateway for researchers and innovators.

We will achieve our aims through:

- Tools and methods to measure and improve the utility of data discoverable through the Gateway, including applied analytics and the human phenome
- 8-10 Health Data Research hubs improving the data, including BREATHE, DATA-CAN, Discover-NOW, PIONEER, INSIGHT, Gut Reaction, NHS DigiTrials, and the BHF Data Science Centre

In 2020/21 we are focused on:

- Developing an approach for evaluating data utility, improving the utility of data in hubs and developing innovative data improvement and measurement approaches
- Establishing the BHF Data Science Centre
- Making discoverable new tools and methods in the Gateway to improve how we describe well-being and disease (the human phenome), using applied analytics (AI) and scoping an approach to integrate social science data

One Institute

HDR UK will bring together the community and earn public trust to build recognition for the UK as the place to do the most impactful health data science.

We will achieve our aims through:

- International recognition as one of the world's leading health data science institutes
- Scalable, trusted business model
- Inclusive, team-oriented culture built on the values of transparency, optimism, respect, courage and humility
- Successful Quinquennial Review with our core funders and leverage funding secured
- Positioning HDR UK as a trustworthy organisation that has the confidence of patients, the public, practitioners and key stakeholders

In 2020/21 we are focused on:

- Successful One Institute Establishment Review
- Developing our international strategy
- Identifying opportunities for greater and financially sustainable impact

- Delivering an integrated strategy for communications, engagement and involvement focused on patients, public, researchers, innovators, practitioners, funders and key stakeholders

More information on HDR UK's future plans is available in the strategy section of the website https://www.hdruk.ac.uk/about-us/our-strategy/

Financial review

Funding

Core funding

Our founding funders have jointly invested in Health Data Research UK: the Medical Research Council (MRC); the health research departments of England, Scotland, Wales and Northern Ireland (National Institute for Health Research (NIHR), Chief Scientist Office (CSO), Health and Care Research Wales, HSC Research and Development respectively), the Economic and Social Research Council (ESRC), the Engineering and Physical Sciences Research Council (EPSRC), Wellcome, and The British Heart Foundation ("Core Funders").

During 2018/19 the Core Funders agreed in principle to provide £52.7m funding to HDR UK in the 5 years to March 2023. Core (unrestricted) funding received during the year ended 31 March 2020 was £6.2m (2019: £2.4m). In respect of this funding the Company incurred expenditure on staffing, grants and other costs of £6.2m (2019: £2.4m). Core funding cash payments are paid in advance, and £10.0m is included in income in advance on the balance sheet (2019: £2.9m).

Restricted funding

Restricted funding is received primarily in respect of HDR UK's Uniting Data and Improving Data activities:

- Medical Research Council in respect of capital investments (2019/20: £2.0m, 2018/19: £5.1m)
- UK Research and Innovation's Industrial Strategy Challenge Fund in support of the Digital Innovation Hub Programme (2019/20: £1.3m, 2018/19: £0.7m)

Other charitable expenditure is funded by other funders, or through cost sharing with HDR UK's collaborative partners.

Grants

HDR UK provides long-term awards to research organisations with a track record of excellence in health data science.

During 2018/19 HDR UK entered into agreements in principle to provide £26.6m funding in the 5 years to March 2023 to the six founding HDR UK sites: HDR UK Cambridge, HDR UK London, HDR UK Midlands, HDR UK Oxford, HDR UK Scotland and HDR UK Wales & Northern Ireland. Each site contributes to one or more of HDR UK's six National Research Priorities.

During 19/20 HDR UK entered into agreements in principle to provide £2.4m funding in the period to March 2023 to two further HDR UK sites, HDR UK North and HDR UK South West. These sites are focused on HDR UK's Better Care national research priority.

In 2019/20 HDR UK funded £4.3m site expenditure (2019: £1.2m). A further £0.5m (2018/19: £4.9m) restricted grants were awarded to HDR UK sites in relation to capital investments.

During 2019/20 HDR UK also entered into grant awards to provide

- £4.3m to existing sites for national implementation projects. These projects are embedded in the national research priorities and delivered by teams across four, five or six sites to deliver research which no single institution would be able to achieve. In 19/20 £56k expenditure was funded.
- £2.1m funding to Health Data Research Hubs, Pioneer and NHS Digitrials. In 19/20 £0.2m expenditure was funded.

Reserves

As at 31 March 2020 total unrestricted reserves were £137k (2018/19: £82k) and total restricted reserves were £nil (2018/19: £nil).

Risk management

HDR UK's vision and strategy are ambitious, and there are risks to successfully achieving HDR UK's ambition. Risk management is the responsibility of all members of HDR UK's community and is embedded into the annual strategy planning process. Risks identified are recorded in the risk register which is reviewed and updated monthly by Executive Management.

Our risk management includes:

- Identifying key risks to our strategy, evaluating their potential impact and assessing their likelihood;
- Evaluating the effectiveness of relevant mitigating controls;
- Agreeing, implementing and monitoring controls and actions to mitigate risks; and
- Embedding a continuous improvement and learning culture that ensures we learn from the small incidents and 'near misses' to reduce the likelihood and severity of large-scale incidents.

These risk management processes are part of our ISO9001 certified quality management system.

HDR UK is exposed to risks and uncertainties. These risks, and the actions taken to manage these, are reviewed on a quarterly basis by the Audit and Risk Committee and the Board.

A principle concern of HDR UK is to appropriately respond to the significant growth in health data science activities in response to the COVID-19 pandemic. HDR UK is managing this response through existing and new partnership arrangements, ensuring sufficient and appropriate resourcing is in place, and through exploration of additional funding to support the sustained growth.

Structure, Governance and Management

Status

HDR UK is registered as a Company limited by guarantee, set up in July 2017. The Directors are in the process of applying to the Charity Commission to obtain charitable status for the Company. The Directors have prepared the annual report and financial statements on the basis that charitable status will be awarded.

The Board of Directors govern the Company in accordance with its Memorandum and Articles of Association.

Recruitment of Directors

The Directors make Director appointments on such terms as they decide (including, without limitation, the term of his or her appointment) and review each appointment at least every three years on a rotational basis. All Directors give of their time freely, with the Chair receiving a remuneration which was paid during the year. Details of Director expenses and related party transactions are disclosed in note 18 to the accounts.

New Directors are appointed through a public appointment process, depending on the experience and key skills needed. New Directors are recommended by the Nominations Committee and are formally appointed at an HDR UK Board meeting.

Training and Induction

On appointment, new Directors follow a formal induction programme, which includes initial meetings with the Chair and the Director and the provision of key governance documentation. Ongoing training is provided for Directors as relevant throughout their term.

Organisational structure

The Board is responsible for the effective governance and development of the Institute, supports the Director in overseeing the delivery of our strategy, monitors key risks, and ensures resources are managed effectively. Day to day management of the Institute is delegated to the Director, Professor Andrew Morris. He is supported by a Chief Executive and executive management team which contains the appropriate range of skills to ensure competent management of HDR UK. The Directors meet at least four times a year.

HDR UK has three Board Committees:

- The Audit and Risk Committee, which was chaired during the year by Professor Sir Alex Markham, is responsible for advising the Board on financial management and reporting, the relationship with external auditors and risk management
- The Nominations Committee, which was chaired during the year by Professor Sir Jonathan Montgomery, is responsible for advising the Board on Board recruitment and skills requirements
- The Remuneration Committee, which was chaired during the year by David Zahn, is responsible for advising the Board on the remuneration of the Institute's key management personnel

Relationships with other organisations

A number of Directors or their close family members hold positions in other organisations with which HDR UK has significant relationships:

Organisation	**Relationship to HDR UK**	**Director involvement**
Medical Research Council (part of UK Research and Innovation) Innovate UK (part of UK Research and Innovation)	UK Research and Innovation is a member of the Company. UKRI brings together the seven research councils, Innovate UK and Research England. UKRI provides funding grants to the Company through the Medical Research Council and Innovate UK.	Dr Graham Spittle is a Council Member of the Medical Research Council. Dr Frances Rawle is Director of Policy, Ethics and Governance at the Medical Research Council. Professor Sir James Smith is married to the Executive Chair of the Medical Research Council.
Genome Research Limited	Co-ordinating Research Organisation of the HDR UK Cambridge Substantive Site and lead for HDR UK's Understanding the Causes of Disease national research priority.	Professor Sir James Smith is a member of the Genome Research Limited board as Director of the company.

Oxford University Hospitals NHS Foundation Trust	Member of the UK Health Data Research Alliance.	Professor Sir Jonathan Montgomery is Chair of Oxford University Hospitals NHS Foundation Trust.
The Health Foundation	Partner with HDR UK's Better Care national research priority.	David Zahn is a Governor of The Health Foundation.

In accordance with the Institute's policy, Directors are required to disclose all relevant interests and register them with the Chair of Directors and to withdraw from decisions where a conflict of interest arises. HDR UK's register of interests is published on the website: https://www.hdruk.ac.uk/wp-content/uploads/2020/07/HDR-UK-Register-of-Interests-200109.pdf

Full details of Related Party Transactions are included at note 18 of the financial statements

Objective and activity

Objects

HDR UK's main objects, as set out in the Articles of Association, are

a) to improve, protect, preserve and advance the health of the public particularly by
   - the development and application of biomedical and health data research;
   - the development of the tools, technologies, skills and partnerships required to transform health informatics research and to enable the realisation of its benefits in practice;
   - the sharing of information; and

b) the advancement of medical and health research, particularly by undertaking, promoting, disseminating and improving research into biomedical and health informatics.

Aims, objective and strategy to achieve HDR UK's objective

HDR UK has been established to work with a wide range of health data from the NHS, universities, research institutes and charities, and increasingly from wearables, and private companies. Over the next 5 years, health research datasets, participants and uses will grow rapidly HDR UK will position the UK to lead health data science internationally with our national, pan-sector approach. Our strategy will be delivered via the infrastructure we have started to create.

Public benefit

The Directors have referred to the guidance contained on the Charity Commission's general guidance on public benefit and consider HDR UK to be a public benefit entity.

Going Concern

HDR UK has committed funding in place to cover its activities until 31 March 2023. The Directors have therefore been able to satisfy themselves that the Company is able to continue as a going concern.

Audit information

The Directors who were in office at the date of approval of these financial statements have confirmed that, as far as they can reasonably ensure, all relevant audit information has been provided to the auditors; and the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reserves Policy

The Core Funders are committed to funding costs incurred by the Institute, with regular funding throughout each financial year in advance of expenditure. By the nature of this model, there is no need for significant reserves. However, the Directors are satisfied that there are sufficient arrangements for the provision of funding for the Company to continue to operate for the foreseeable future. This is based on the requirement for the Company to present forecasts to the end of the current funding period so that comfort can be gained that all anticipated costs are manageable with agreed funding.

The Directors' Report, which includes the Strategic Report, was approved by the Board of Directors on 17 September 2020 and signed on its behalf by:

Dr Graham Spittle, CBE
Chair of Directors
17 September 2020

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTH DATA RESEARCH UK FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Health Data Research UK (the 'Company') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kathryn Burton (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 24 September 2020

10 Queen Street Place
London
EC4R 1AG

HEALTH DATA RESEARCH UK

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Income from:					
Donations		6,235,044	3,432,455	9,667,499	8,175,794
Investments		12,621	-	12,621	3,136
Other income		18,985	-	18,985	37,235
Total income		6,266,650	3,432,455	9,699,105	8,216,165
Expenditure on:					
Charitable activities					
Research	2	6,328,687	3,315,340	9,644,027	8,105,277
Total expenditure		6,328,687	3,315,340	9,644,027	8,105,277
Net income/(expenditure) before transfers		(62,037)	117,115	55,078	110,888
Transfers between Funds	13	117,115	(117,115)	-	-
Net movement in funds		55,078	-	55,078	110,888
Reconciliation of funds					
Total funds brought forward		82,229	-	82,229	(28,659)
Total funds carried forward		137,307	-	137,307	82,229

All of the above results are from continuing activities

The notes on pages 26 to 39 form part of these financial statements.

HEALTH DATA RESEARCH UK

BALANCE SHEET AS AT 31 MARCH 2020

Company Registration Number: 10887014 (England and Wales)

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Intangible assets	8		96,835		60,796
Tangible assets	9		40,472		18,018
			137,307		78,814
CURRENT ASSETS					
Debtors	10	621,878		845,481	
Cash at bank and in hand		16,019,025		7,356,288	
		16,640,903		8,201,769	
CREDITORS: amounts falling due within one year	11	(16,640,903)		(8,198,354)	
NET CURRENT ASSETS/ (LIABILITIES)			-		3,415
NET ASSETS/ (LIABILITIES)			137,307		82,229
CHARITY FUNDS					
Unrestricted funds	13		137,307		82,229
Restricted			-		-
TOTAL FUNDS			137,307		82,229

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2020 and are signed on its behalf by:

Dr Graham Spittle
Director

The notes on pages 26 to 39 form part of these financial statements.

HEALTH DATA RESEARCH UK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	15	8,767,231	7,370,998
Cash flows from investing activities			
Interest received		12,621	3,136
Purchase of tangible fixed assets		(117,115)	(131,192)
		(104,494)	(128,056)
Change in cash and cash equivalents in the year		8,662,737	7,242,942
Cash and cash equivalents brought forward		7,356,288	113,346
Cash and cash equivalents carried forward	16	16,019,025	7,356,288

The notes on pages 26 to 39 form part of these financial statements.

1. Accounting polices

1.1 General information

Health Data Research is a private company limited by guarantee and is registered in England and Wales. The registered office and the address of the principal place of business is Wellcome Trust, Gibbs Building, 215 Euston Road, London, NW1 2BE.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Directors have chosen the Charities SORP as a best representation of the Company's circumstances and how to disclose its activities while they seek charity status.

Health Data Research UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate funds.

1.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Income not meeting these criteria is deferred. Revenue grants with significant uncertainty around probability of receipt or measurement of amount of income are recognised in the period in which the related costs are recognised in line with FRS102.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Company which is the amount the Company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market, a corresponding amount is then recognised in expenditure in the period of receipt.

1. Accounting polices (continued)

1.4 Income (continued)

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. HDR UK has one type of activity.

Governance costs are those incurred in connection with administration of the Company and compliance with constitutional and statutory requirements.

Charitable activities and governance costs are costs incurred on the Company's operations, including support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.6 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

1.7 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the assets can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Costs relating to assets developed internally are capitalised in accordance with the requirements of FRS 102.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, on a straight-line basis over their expected useful lives:

Purchased software licenses	-	The contractual period
Developed software	-	Straight line over 3 – 5 years
Websites	-	Straight line over 3 – 5 years

1. **Accounting policies (continued)**

1.7 Intangible fixed assets and amortisation (continued)

A full year of amortisation is charged in the year when the asset is ready for use and no amortisation is charged in the year of disposal. The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Shortfalls between the carrying value and recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

1.8 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight-line basis over their expected useful lives:

Short-term leasehold improvements	-	Leasehold period
Office equipment	-	5 years
Computer equipment	-	5 years

A full year of amortisation is charged in the year when the asset is ready for use and no amortisation is charged in the year of disposal.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

1.9 Operating leases

Rents payable under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease of the term.

1.10 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the bank.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1. Accounting policies (continued)

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is discount rate that reflects the risk specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently at amortised cost using the effective interest method, less any impairment losses. .

2. ANALYSIS OF EXPENDITURE

Current year	Direct costs £	Grant funding of activities £	Support costs £	Total 2020 £	Total 2019 £
Charitable activities					
Research	3,577,981	5,529,429	536,617	9,644,027	8,105,277
Total 2020	3,577,981	5,529,429	536,617	9,644,027	8,105,277

Support Costs

	Staff costs £	Premises and office costs £	Other costs £	Total 2020 £	Total 2019 £
Charitable activities					
Research	266,321	88,851	181,445	536,617	495,918
Total 2020	266,321	88,851	181,445	536,617	495,918

HDR UK has one type of activity. Support costs have been allocated to that one activity. Governance costs are included within support costs.

2. ANALYSIS OF EXPENDITURE (continued)

Prior year

	Direct costs £	Grant funding of activities £	Support costs £	Total 2019 £	Total 2018 £
Charitable activities					
Research	1,512,606	6,096,753	495,918	8,105,277	431,821
Total 2019	1,512,606	6,096,753	495,918	8,105,277	431,821

Support Costs

	Staff costs £	Premises and office costs £	Other costs £	Total 2019 £	Total 2018 £
Charitable activities					
Research	171,786	69,415	254,717	495,918	121,910
Total 2019	171,786	69,415	254,717	495,918	121,910

HDR UK has one type of activity. Support costs have been allocated to that one activity. Governance costs are included within support costs.

3. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Chair remuneration	16,430	-	16,430	16,430
Audit and non-audit services	17,800	-	17,800	10,670
Board meeting costs	7,828	-	7,828	3,459
Reimbursement of Directors expenses*	824	354	1,178	875
	42,882	354	43,236	31,434

*Three Directors were reimbursed for their expenses

4. GRANTS PAYABLE

	Total 2020 £	Total 2019 £
Wellcome Sanger Institute (Genome Research Limited)	1,388,141	145,779
University College London	1,013,772	1,380,180
University of Birmingham	835,134	422,152
University of Oxford	855,498	1,595,617
University of Edinburgh	705,922	658,279
Swansea University	324,612	1,894,746
Other	406,350	-
	5,529,429	6,096,753

5. NET INCOME/ (EXPENDITURE)

This is stated after charging:

	Total 2020 £	Total 2019 £
Depreciation of tangible fixed assets		
- owned by the Company	15,307	25,324
Amortisation of intangible fixed assets	43,315	27,054
Auditor's remuneration – audit	13,800	8,400
Auditors' remuneration – non-audit fees	4,000	2,270
	76,422	63,408

6. STAFF COSTS

Staff costs were as follows:

	Total 2020 £	Total 2019 £
Staff wages and salaries	1,195,969	682,528
Social security costs	142,126	63,413
Other pension costs	110,488	47,323
	1,448,583	793,264

Not included in staff costs were recharged seconded salary costs amounting to £512,284 (2019: £471,816) and temporary staff costs of £252,419 (2019: £132,849).

6. STAFF COSTS (continued)

Including costs incurred from recharged salary costs charged by third parties, the total compensation of key management personnel was £431,149 (2019: £376,581).

The average number of persons employed by the Company during the year was as follows:

	2020 No.	2019 No.
	15	8

The number of members of staff whose emoluments, including benefits in kind, amounted to over £60,000 were as follows:

	2020 No.	2019 No.
£60,000 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	2	2
£90,001- £100,000	1	-
£100,001,-£110,000	2	-
£150,001- £160,000	1	-

No staff costs were capitalised in the year in addition to salaries and wages (2019: £33,630).

During the year, Dr Graham Spittle, a Director, received remuneration for this services as Chair of £16,430 (2019: £16,430) (see note 3). During the period, no other Directors have been paid any remuneration or received any benefits in kind.

7. TAXATION

The Company is in the process of applying to the Charity Commission for registration as a UK charity. All of the Company's income and gains have or will be applied to charitable activities and, as such, no corporation tax liability has been included in these financial statements. The relevant exemptions are included at CTA 2010, Part 11, Chapter 2.

8. INTANGIBLE FIXED ASSETS

	Total Intangibles £
Cost	
At 1 April 2019	87,850
Additions	79,354
At 31 March 2020	167,204

8. INTANGIBLE FIXED ASSETS (continued)

	Total Intangibles £
Amortisation	
At 1 April 2019	27,054
Charge for the year	43,315
At 31 March 2020	70,369
Carrying amount	
At 31 March 2020	96,835
At 31 March 2019	60,796

At 31 March 2020 the value of capital commitments for intangible fixed assets was £6,795 (2019: £nil).

9. TANGIBLE FIXED ASSETS

	Short-term Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 April 2019	20,820	7,546	14,976	43,342
Additions	4,063	15,137	18,561	37,761
At 31 March 2020	24,883	22,683	33,537	81,103
Depreciation				
At 1 April 2019	20,820	1,509	2,995	25,324
Charge for the year	4,063	4,537	6,707	15,307
At 31 March 2020	24,883	6,046	9,702	40,631
Net book value				
At 31 March 2020	-	16,637	23,835	40,472
At 31 March 2019	-	6,037	11,981	18,018

At 31 March 2020 the value of capital commitments for tangible fixed assets was £78,665 (2019: £nil).

10. DEBTORS

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	93,463	574,740
Other debtors	6,993	1,846
Prepayments and accrued income	521,422	268,895
	621,878	845,481

11. CREDITORS: Amounts falling due within one year

	2020 £	2019 Restated* £
Trade creditors	556,223	600,513
Accruals and deferred income (see below)	11,545,671	3,267,885
Accruals for grant payables	4,526,860	4,295,009
Other creditors	12,149	34,947
	16,640,903	8,198,354

Deferred income	£
Deferred income at 1 April 2019	2,934,273
Resources deferred during the year	10,742,806
Amounts released from previous years	(2,934,273)
	10,742,806

During the year, income of £10,742,806 (2019: £2,934,273) was deferred as amounts received were not utilised in the period.

*The 2019 figures are restated to disclose accruals for grant payables as a separate category.

12. FINANCIAL INSTRUMENTS

	2020 £	2019 Restated* £
Financial assets measured at amortised cost	16,625,781	8,119,277
Financial liabilities measured at amortised cost	(5,898,098)	(5,264,081)

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other taxation and social security, other creditors and accruals.

*The 2019 figures are restated for the classification of financial assets to measured at amortised cost.

13. STATEMENT OF FUNDS – current year

	Balance at 1 April 2019 £	Movement in funds Income £	Movement in funds Expenditure £	Transfers Between Funds £	Balance at 31 March 2020 £
Unrestricted	82,229	6,266,650	6,328,687	117,115	137,307
Restricted					
Digital Innovation Hub Programme Management	-	932,387	932,387	-	-
Digital Innovation Hub Programme: Phase 3	-	385,852	385,852	-	-
Capital Programme Phase 1	-	21,153	13,540	(7,613)	-
Capital Programme Phase 2	-	2,039,534	1,930,032	(109,502)	-
British Heart Foundation Data Science Centre	-	51,290	51,290	-	-
HDR UK – Turing Wellcome Trust PhD Programme	-	2,239	2,239	-	-
Total of funds	82,229	9,699,105	9,644,027	-	137,307

Transfers between funds are fixed asset transfers of £117,115.

13. STATEMENT OF FUNDS (continued)

Details of restricted funds are as follows

Fund	Purpose
Digital Innovation Hub Programme Management	To support the development of the Digital Innovation Hub Programme under the Life Sciences Industrial Strategy
Digital Innovation Hub Programme: Phase 3	To support business development of the Health Data Research Hubs, support the work of the UK Health Data Research Alliance and the UK Health Data Research Innovation Gateway.
Capital Investment Programme Phase 1	To support HDR UK's capital investment programme, in particular development of platforms, advance compute infrastructure and support of critical existing health data research infrastructure investments.
Capital Investment Programme Phase 2	To support HDR UK's capital investment programme in: 1. HDR UK Gateway datasets: to ensure Alliance members datasets are onboarded to make them discoverable and accessible through the Gateway for use in scientific research and innovation projects; 2. Trusted Research Environments: to enhance and provide access to Trusted Research Environment capability for current and future Alliance members (including HDR UK sites); 3. Gateway Technology Partnership: To accelerate the development of a common access point for health data assets across the UK; 4. Infrastructure sprints: to develop solutions on curation, data linkage and federated analytics; 5. Collaboration solutions: technology and on-line capabilities that will enable HDR UK to operate efficiently and effectively as One Institute across all priorities, sites and with partners.
British Heart Foundation Data Science Centre	To deliver the BHF Data Science Centre for cardiovascular health
HDR UK – Turing Wellcome Trust PhD Programme	To deliver the HDR UK – Turing Wellcome PhD Programme in Health Data Science

STATEMENT OF FUNDS – prior year

	Balance at 1 April 2018 £	Movement in funds: Income £	Movement in funds: Expenditure £	Transfers Between Funds £	Balance at 31 March 2019 £
Unrestricted	(28,659)	2,465,297	(2,418,224)	63,815	82,229
Restricted					
Digital Innovation Hub Programme Management	-	693,769	(708,769)	15,000	-
Capital Programme Phase 1	-	5,057,099	(4,978,284)	(78,815)	-
Total of funds	(28,659)	8,216,165	(8,105,277)	-	82,229

Transfers between funds are fixed asset transfers of £78,815 and £15,000 designation of unrestricted funds.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Analysis of net funds – current year

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Intangible fixed assets	96,835	-	96,835
Tangible fixed assets	40,472	-	40,472
Current assets	14,401,488	2,239,415	16,640,903
Creditors due within one year	(14,401,488)	(2,239,415)	(16,640,903)
Total of funds	137,307	-	137,307

Analysis of net funds – prior year

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Intangible fixed assets	60,796	-	60,796
Tangible fixed assets	18,018	-	18,018
Current assets	4,270,921	3,930,848	8,201,769
Creditors due within one year	(4,267,506)	(3,930,848)	(8,198,354)
Total of funds	82,229	-	82,229

15. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the year (as per Statement of Financial Activities)	55,078	110,888
Adjustment for:		
Depreciation and amortisation charges	58,622	52,378
Net bank interest	(12,621)	(3,136)
Decrease / (increase) in debtors	223,603	(840,805)
Increase in creditors	8,442,549	8,051,673
Net cash provided by operating activities	8,767,231	7,370,998

16. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	16,019,025	7,356,288
	16,019,025	7,356,288

17. OPERATING LEASE COMMITMENTS

At 31 March the total of the Company's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts payable:		
In less than 1 year	44,650	14,396
In two to five years	2,976	-
	47,626	14,396

18. RELATED PARTY TRANSACTIONS

During the year, the Company received grants of £9,001,197 (2019: £7,457,477) from The Medical Research Council (part of UK Research and Innovation). During the year the Company received grants of £1,318,239 (2019: 693,769) from Innovate UK (part of UK Research and Innovation). UK Research and Innovation is a founding member of the Company.

During the year, the Company awarded grants totalling £1,388,141 (2019: £145,779) to Genome Research Limited. Professor Sir James Smith, a Director, is a director of Genome Research Limited.

During the year, the Company awarded grants totalling £13,000 (2019: £Nil) to the Oxford University NHS Foundation Trust. Professor Sir Jonathan Montgomery, a Director, is the Chair of the Oxford University NHS Foundation Trust.

During the year, the Company incurred expenditure of £19,525 in relation to Medicines Discovery Catapult Ltd. Professor Sir Alex Markham, a Director, is a director of Medicines Discovery Catapult Ltd.

During the year, Dr Graham Spittle, a Director, was paid £16,430 (2019: £16,430) for his services as Chair. At the year end there was £Nil (2019 - £Nil) owed to the Director.

During the year, Directors were reimbursed expenses amounting to £1,178 (2019: £2,337). The nature of the expenses were travel and subsistence.

COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Income from:				
Donations		2,424,926	5,750,868	8,175,794
Investments		3,136	-	3,136
Other income		37,235	-	37,235
Total income		2,465,297	5,750,868	8,216,165
Expenditure on:				
Governance costs	3	31,434	-	31,434
Charitable activities				
Research	2	2,386,790	5,687,053	8,073,843
Total expenditure		2,418,224	5,687,053	8,105,277
Net income/(expenditure) before transfers		47,073	63,815	110,888
Transfers between Funds	13	63,815	(63,815)	-
Net income/ (expenditure) before other recognised gains and losses.		110,888	-	110,888
Net movement in funds		110,888	-	110,888
Reconciliation of funds:				
Total funds brought forward		(28,659)	-	(28,659)
Total funds carried forward		82,229	-	82,229