Health Research Authority

Agenda item:	11
Attachment:	A

HRA Board cover sheet
18 November 2026

Title of paper:	Finance report – 6 months to 30 September 2026
Submitted by:	Matt Balding, Deputy Director Finance and Estates
Summary of paper:	To enable an informed understanding of our financial performance for the 6 months to 30 September of the 2026-27 financial year in line with the HRA's standing financial instructions and scheme of delegation.
Reason for submission:	For approval
Further information:	Main points to note: • Forecast 2026-27 net revenue expenditure is £22.2m against funding of £22.1m (£0.2m overspend, 1%) • Forecast 2026-27 capital expenditure is £8.1m against funding of £10.0m (£1.9m underspend, 19%). • The overspend on forecast revenue expenditure and the underspend on forecast capital expenditure are largely due to revised estimates of capitalizable expenditure on Research Systems Programme (RSP) delivery costs, total RSP costs are within expectations. • Our cash balance at 30 September 2026 is £2.8m.
Dissemination:	*HRA Board papers are available on HRA website*
Time required:	5 mins

HRA Finance Report

6 months to 30 September 2026

Executive summary

The HRA has expected revenue funding of £22,082k for 2026-27. This consists of:

- £15,037k Department of Health and Social Care (DHSC) baseline grant in aid funding.
- £5,844k for the Research Systems Programme (RSP).
- £1,000k funding to cover depreciation and amortisation charges (annual managed expenditure).
- £100k funding to harness the power of AI technology.

Our financial reporting focuses on forecast closing positions for the year and less on in-month expenditure. This is to produce more valuable insight throughout the year to inform strategic and operational decisions. This process encourages budget holders to consider the full year's activities and so reduce the chance of unexpected movements at year end. This helps inform strategic investment decisions in year, to maximise benefits for patients and the public.

Forecast total revenue spend (including ring-fenced revenue costs) for 2026-27 is £22,234k, £152k (0.7%) above expected revenue funding. This is due to revised estimates of capitalizable costs of internal staff working on RSP and expenditure on RSP's delivery partner, whereby spend previously forecast as capital is now forecast to be revenue.

Whilst the forecast allocation of RSP internal staff and delivery partner costs has changed, total forecast expenditure on RSP remains within the Programme's overall funding envelope, both this year and for the entire programme. As such, forecast capital spend is £8,138k, £1,862k (19%) under our capital allocation of £10,000k for 2026-27.

Revenue:

The HRA's expected revenue funding for 2026-27 is £22,082k, of which £21,082k is general revenue funding and £1,000k is annually managed expenditure. The table below provides a breakdown:

Health Research Authority	NRF Admin £'000	AME £'000	Programme £'000	Total Revenue Funding £'000
DHSC core baseline funding	15,137	1,000		**16,137**
Research Systems Programme	5,844			**5,844**
Total 2025-26 DHSC Funding	**21,082**	**1,000**	**0**	**22,082**

Government funded revenue expenditure:

The table below provides an overview of actual expenditure to date against year-to-date (YTD) expenditure budgets. Forecasts are revised each month in line with service lead expectations of activity.

	Plan £'000	Actual £'000	Variance £'000	Variance %	Y/E Plan £'000	Y/E Forecast £'000	Y/E Variance £'000	Y/E Variance %
Approvals Service Directorate	4,067	4,050	17	0%	8,314	8,235	79	1%
RSP	2,924	2,941	(17)	(1%)	5,845	6,190	(345)	(6%)
Resources Directorate	1,963	1,760	202	10%	3,908	3,910	(1)	(0%)
Policy and Partnerships Directorate	888	871	17	2%	1,941	1,908	33	2%
Transformation	233	215	18	8%	404	423	(19)	(5%)
Chief Executive (inc Board & CPO)	364	362	2	1%	729	729	1	0%
IT Services	248	302	(55)	(22%)	496	574	(78)	(16%)
Centralised Costs	(324)	(401)	77	(24%)	(555)	(734)	179	(32%)
Centralised Costs - Dep'n and Amort'n	183	179	4	2%	1,000	1,000	0	0%
Total	**10,545**	**10,280**	**265**	**3%**	**22,082**	**22,234**	**(152)**	**(1%)**

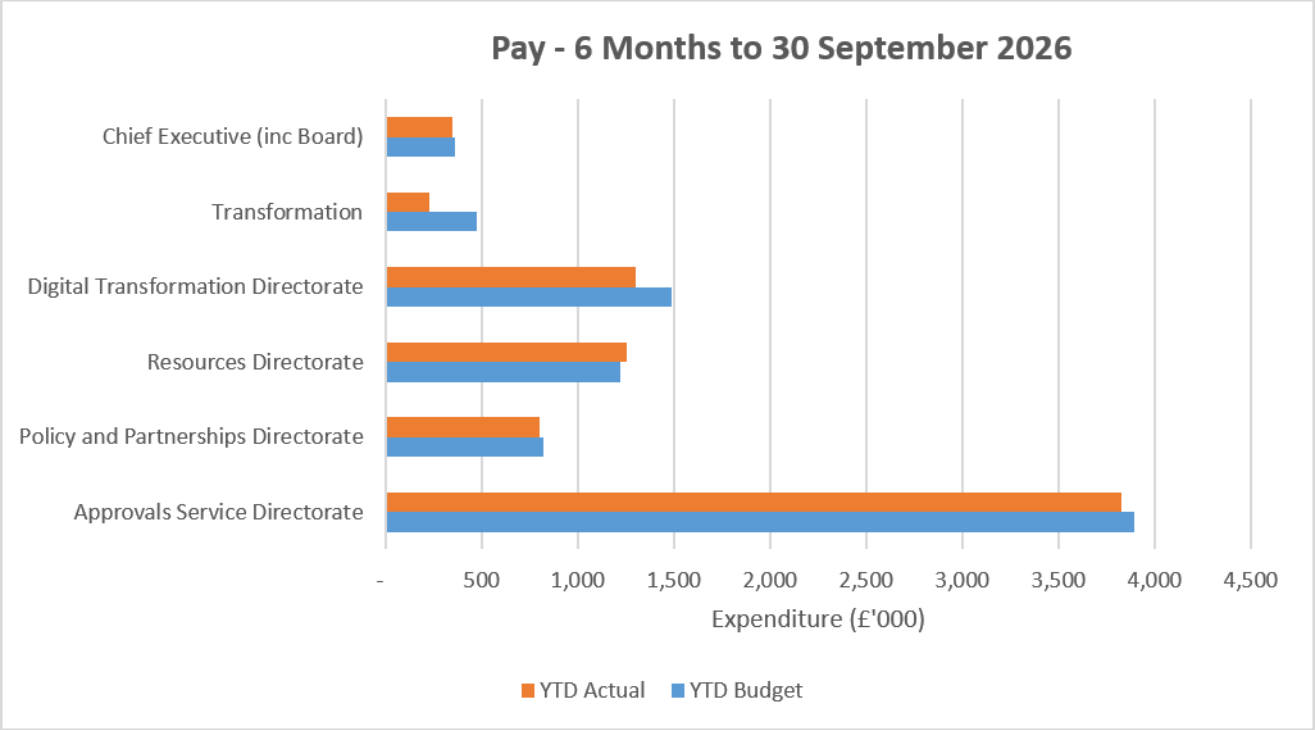
Year-to-date revenue expenditure at 30 September 2026 is £10,280k, £265k (3%) lower than plan. Of this, £156k relates to revised estimates of capitalizable expenditure on RSP's delivery partner, whereby spend previously expected to be capital has turned out to be revenue.

Forecast revenue spend for 2026-27 is £22,234k, some £152k (1%) higher than plan.

Research Systems Programme (RSP) has a forecast overspend of £345k (forecast spend of £6,190k vs funding of £5,845k). This is due to revised estimates of capitalizable costs of internal staff working on RSP and expenditure on RSP's delivery partner, whereby spend previously forecast as capital is now forecast to be revenue.

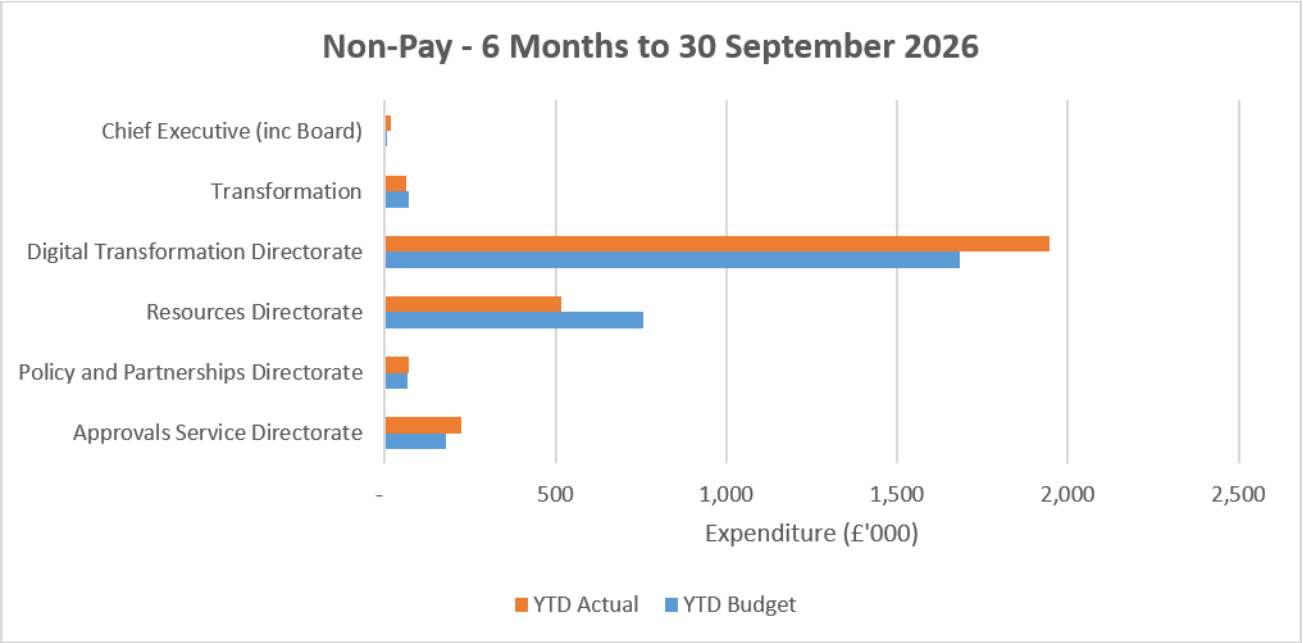
Forecasts for other areas of the HRA are in line with plan.

Of Which Pay Activity: 6 months to 30 September 2026



Year to date pay spend is £7,750k, £500k (6%) below plan. The year to date pay expenditure presented includes the 2026/27 Agenda for Change pay award, which has been paid to staff since April.

Of Which Non-Pay Activity: 6 months to 30 September 2026



Year to date revenue non-pay spend is £2,985k, £42k (1%) below plan.
Underlying this, Digital Transformation non-pay spend is £211k above plan due to costs related to the construction of our new Research Systems, whilst Resources Directorate's non-pay spend is £238k below plan. This is in part due to lower-than-expected legal fees.

Capital expenditure

Our capital funding allocation from DHSC for 2025-26 is £10,000k. £9,900k of this funding is for capital expenditure on our Research Systems Programme (RSP), with £100k funding for core digital and estates infrastructure.

Year to date capital expenditure incurred at 30 September 2026 is £3,269k. Of this, £3,243k relates to work on our Research Systems Programme, and £26k relates to the purchase of new staff laptops.

Our forecast capital position is a spend of £8,138k, £1,862k (19%) under the HRA's capital allocation of £10,000k for the year.

This underspend relates to:

a) revised estimates of capitalizable costs of internal staff working on RSP and expenditure on RSP's delivery partner, whereby £713k of spend previously forecast as capital is now forecast to be revenue; and
b) The rephasing of forecast RSP spend as a result of recent revisions to the Programme's Roadmap, with an impact of £583k.

Whilst the forecast allocation of RSP staff and delivery partner costs has changed between capital and revenue, along with the rephasing of forecast spend, the total forecast expenditure on RSP remains within the Programme's overall funding envelope.

Better Payments Practice Code (BPPC) performance

We have a duty to pay 95% of invoices in 30 days. For the 6 months to 30 September 2026, we achieved both the target by value (99%), and by volume (99%).

	Month 3 %	Target %	Over/(Under) Target %	2025/26 %
Number of invoices paid within 30 days	99%	95%	4%	99%
Value of invoices paid within 30 days	99%	95%	4%	100%

Cash performance

The HRA have an annual cash allocation in 2026-27 of £31,082k. The cash balance at 30 September 2026 was £2,821k, which is 9.1% of the annual cash allocation.

Recommendation

The HRA Board are asked to review and approve the finance report for the 6 months ended 30 September 2026.

Matt Balding
Deputy Director Finance and Estates