

Animal and Plant Health Agency

Annual Report and Accounts 2019/20

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2019/20

(For the year ended 31 March 2020)

Accounts presented to the House of Commons in pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

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Performance Report – Overview

Foreword by Chief Executive – Chris Hadkiss



The Animal and Plant Health Agency (APHA) has continued to work extremely hard this year, in partnership with our Defra group colleagues and those from within the devolved administrations and in conjunction with an increasingly large number of partner organisations to deliver the key objectives that are described in the Defra Group Strategy¹. The prevention of, and response to, damaging animal and plant diseases remains at the very core of what APHA does in support of sustainable food and farming within the UK.

The withdrawal of the UK from the European Union followed quickly by the Coronavirus pandemic has produced a complex set of challenges during this year and for the most part there has been a requirement for APHA to continue delivering our ongoing responsibilities in full. The most “time critical” requirements were in those areas in which APHA will play a more prominent role in enabling the continuation of a wide range of both exports and imports. Significant time and effort has been devoted to these issues, and additional staff and resources have been secured to ensure that the transition will be as smooth as possible. APHA has also been preparing for what will be a changed environment following the transition, and in ensuring that the excellent scientific relationships we have with organisations across the EU and the rest of the world can be maintained and enhanced.

APHA took the need to reduce its operating costs year on year very seriously. We continue to look for further opportunities to increase our efficiency wherever possible by making best use of the tools and technologies available to us, to deliver increasing value for money for our customers, stakeholders and tax payers. We are also exploring the funding that will be required in the longer term to secure the future operation of the organisation; most notably the long-term investment that will be needed within our key science facilities as increasingly important national assets, but also investment in our people, who are so critical to the success of what APHA does.

We have seen some changes to our senior leadership team this year, due to people retiring, a change of roles and also people joining us in order to strengthen our capacity to take us forward. I would like to bid a farewell to those who have left us and also

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/753513/defra-group-strategy-2018.pdf

welcome those who have recently joined, and to acknowledge their valuable contribution to the work of APHA.

Throughout this period of significant change and uncertainty, the APHA Leadership Team remained conscious of the increased need to engage with our staff. We have been looking to identify improvements and implement actions in response to the Civil Service People Survey via the Employee Engagement Plan. We launched a programme of work to ensure that people have the right tools, support and training to carry out their jobs effectively. The senior leadership team have been building on this work and have been undertaking site visits to engage with staff across Great Britain to better understand its implementation. We have also been very keen to ensure that support and assistance is in place for those individuals who might be struggling for whatever reason.

I would like to close by acknowledging the tremendous work done by so many individuals across APHA during what has been a particularly difficult year. Our people are of course our most significant asset and resource. I continue to be most grateful for the support and dedication they provide to their work, APHA and most importantly the general public.

Statement by Lead Non-Executive Director and Chair of the APHA Management Board

– Chris Nicholson



Alongside APHA's work in protecting and promoting animal health and welfare and plant and bee health the past year has, as was the case in 2018/19, inevitably had a strong focus on preparing for EU exit. APHA staff, faced by the uncertainty of the EU exit date for much of the year, continued with great professionalism to plan to ensure APHA continued to fulfil its core role. With the UK having left the EU at the end of January 2020 our focus is now both on ensuring that plans are in place for the end of the transition period on 31 December 2020 and that we are best placed to ensure that the UK is well positioned to take advantage of new trading opportunities.

We have faced financial challenges in ensuring that we carry out our core tasks with the funds made available to us. This will continue to be a priority for staff, management and the Board and difficult decisions may need to be made about relative priorities in pursuing our policy goals.

Right at the end of 2019/20 we had the additional challenge caused by the outbreak of Coronavirus in China followed by its spread worldwide. The fact that this pandemic may be a result of transmission from animals to humans (a zoonotic disease) highlights the importance of the work we do, not only in protecting animal health but also human health. Our world class team of virologists and epidemiologists and our high containment facilities at Weybridge are playing a critical role in understanding this disease, its spread and the measures we can take to tackle it.

I was particularly pleased therefore that in March 2020 the Government gave the go ahead and funding for the essential rebuild of our laboratory facilities at Weybridge. We now have the opportunity to create the world class facilities which the importance of our work requires.

The lockdown across Great Britain, in response to Coronavirus has also substantially affected how we do our work, with much more working from home where possible, with field visits continuing with appropriate changes in working practices.

During my visits to our laboratory and office sites across Great Britain in the course of the past year I have never ceased to be impressed by the professionalism and dedication of our staff. They have faced many challenges over the past year with continuing workload pressures, not least in March 2020 responding to Coronavirus challenges, and their commitment to the protection and promotion of plant health and animal health and welfare always shines through. Thank you to all our staff.

Performance Report: Summary

About APHA: The Animal and Plant Health Agency (APHA) is an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra). APHA provides services to the Scottish and Welsh Governments, other government departments and a range of other customers.

It is part of the Food, Farming and Biosecurity (FFaB) system; one of the Defra Group's 'outcome systems'. The other systems lead on areas of work related to the natural and marine environment, rural issues, floods and water.

APHA maintains essential disease investigation and response capability, as well as supporting the trade in plants, animals and associated products through effective certification, audit and inspection. We help protect our borders through effective import controls on animals, plants, seeds and products of animal origin.

More detail on our aims, what we do and how we do it can be found on GOV.UK² along with information on our operating structure and governance.

Working with Defra: APHA's six key priorities for 2019/20, which stem from Defra's Commission (Defra's ask) are:

- Prevent incursion of diseases, invasive non-native species, pests and pathogens while enabling trade.
- Prepare for, investigate and respond to diseases, threats, pests, pathogens, invasive non-native species and the unauthorised release of Genetically Modified Organisms (GMOs), using effective risk management.
- Support the control measures for bovine tuberculosis (bTB) through delivery of the bTB Eradication Strategy for England.
- Contribute to wider Government objectives and statutory obligations on public health, animal welfare, maintaining food security and improving the environment.
- Protect plant and animal international biodiversity through UK influence internationally and bilaterally, and the reduction of illegal wildlife trade.
- Deliver cross cutting services that underpin all priorities, including reducing regulatory burdens. Advise and support the formation and development of improved animal health and welfare policies and their implementation.

These in turn contribute to the Defra Strategic Objectives.

Defra ensures that the environment is fundamental to its objectives ensuring that its Agencies do everything they can to protect and enhance it.

- To deliver a safe and ambitious departure from the EU, setting global standards in protecting and harnessing value from the natural environment.

² <https://www.gov.uk/government/organisations/animal-and-plant-health-agency>

- To pass on to the next generation a natural environment protected and enhanced for the future.
- To lead the world in food and farming with a sustainable model of food production.
- To be an outstanding organisation focused on making a difference, with world class delivery capability.

Working with the Welsh Government: APHA support the Welsh Government by making a positive contribution to the strategic outcomes of the Wales Animal Health and Welfare Framework which are:

- Wales has healthy productive animals.
- Animals in Wales have a good quality of life.
- People trust and have confidence in the way food is produced and the way public health is protected.
- Wales has a thriving rural economy.
- Wales has a high quality environment.

We do this by listening to, understanding and reacting appropriately to Wales's specific policy priorities and delivery expectations.

We provide resilience and preparedness against the threat of animal and plant health diseases in Wales, delivering the operational response necessary to control disease outbreaks. We ensure that disease control structures and processes were aligned with the well-established emergency response structures that may be required to manage the wider consequences of a notifiable animal, plant or bee disease outbreak.

Working with the Scottish Government: APHA support the Scottish Government by using our knowledge, expertise and emergency response capabilities to continue to protect and enhance the high health and welfare status and sustainability of Scottish agriculture. This includes:

- Maintaining and developing the operational infrastructure for dealing with notifiable disease.
- Surveillance and response to keep Scotland free of bTB.
- Helping to open export markets, and supporting ongoing exports of Scottish animals, fish and products.
- Support for the Scottish livestock industry's initiatives to tackle endemic disease.
- Monitoring and controlling animal disease threats to public health.
- Access to APHA's bee inspection database (BeeBase).

In addition to this we offer services to the veterinary and scientific community, industry, other government departments and the public³.

Risks and Issues: An assessment of APHA's risks and issues can be found in the Governance Statement (pages 25 to 31) under the heading "*Risk Management*".

³ <https://www.gov.uk/government/organisations/animal-and-plant-health-agency>

Our day-to-day Work: Our day to day work in 2019/20 covered a wide range of tasks for diverse customer groups. We engaged with partners in industry and academia, with other government departments, laboratories and international partners to ensure we are able to deliver what is asked of us. Specifically in 2019/20 this has included:

Managing Animal, Bee and Plant Disease Outbreaks

During 2019/20 we successfully responded to a number of incidents and disease outbreaks, as well as delivering a regional exercise programme. Brief details are given below.

- Worked through our preparations for EU exit, whilst maintaining business as usual, to ensure preparedness should any outbreaks occur.
- In response to the Coronavirus pandemic, APHA Contingency Planning Division established an Incident Management Team (IMT) to ensure that we prepared and responded accordingly.
- Responded effectively to Low Pathogenic Avian Influenza (LPAI) in a broiler flock, in Suffolk. APHA continues to work with industry to ensure secondary cleansing and disinfection is applied.
- Identification of horses infected with Equine Viral Arteritis (EVA) across a number of sites within England.
- Performed a number of regional and local exercises to consider the threats and challenges of dealing with an outbreak of African Swine Fever (ASF).
- Responded effectively, along with Defra Group partners and Devolved Authorities, to interceptions of Oak Processionary Moth (*Thaumetopoea processionea*) at 98 planting sites across Great Britain involving tracing of 2,000 imported tree consignments and inspecting over 50,000 trees.
- Responded effectively to the first outbreak in the UK of Tomato Brown Rugose Fruit Virus (ToBRFV) in a commercial tomato crop in Kent and numerous finds in imported seed.
- Identification and eradication of White Peach Scale (*Pseudaulacaspis pentagona*) on notified Prunus imports at several sites across England.
- Identification of Potato Brown Rot (*Ralstonia solanacearum*) in two rivers in England.
- Contained 2 individual/stray hornets and 2 established colonies of the Yellow Legged Asian Hornet (*Vespa velutina*).
- Contingency planning for outbreaks of *Xylella fastidiosa*.

Our focus for the future will be:

- Maintaining and developing access to both the skills and capabilities required to deliver core business as usual services and outbreak response.
- Maintaining national and international specialist veterinary and scientific capability and reputation.
- Ensuring APHA readiness to respond to outbreaks.
- Continuing to adapt and implement APHA outbreak response model plans.

- Identifying lessons from outbreaks and exercises and implementing improvements in our outbreak response.

Bovine Tuberculosis (bTB)

Activities to control and eventually achieve Officially TB Free (OTF) status for all of Great Britain remain the most resource-intensive part of APHA's business. APHA advised on and delivered a comprehensive programme of bTB control measures across the countries and different risk areas of GB including:

- Delivery of the national bTB testing surveillance programme through our Veterinary Delivery Partners (VDPs) in England and Wales and directly with Official Veterinarians (OVs) in Scotland, together with associated control measures.
- Case management and support across GB, including delivery of disease investigation visits and provision of farm level data reports to provide increased information to farmers and their vets (where shared), affected by bTB breakdowns.
- Continued roll-out of measures to increase sensitivity of breakdown testing in the High Risk Area of England, in particular through increased use of supplementary interferon gamma blood testing.
- Ongoing epidemiological and ecological analysis of the bTB hotspot in East Cumbria (Low Risk Area) to refine the likely extent of infection in badgers and inform next steps to eradicate the infection locally. APHA delivered surveillance of TB in badgers in the area through post mortem analysis and delivered ongoing expert veterinary/scientific advice to support local biosecurity initiatives.
- Provision of extensive ante- and post-mortem diagnostic laboratory services for *Mycobacterium bovis* infection in cattle and other species, to support the bTB eradication programmes across GB.
- Collation and analysis of bTB surveillance data to produce annual national and regional epidemiology reports⁴, enable modelling of the bTB epidemic, and generate robust evaluations of specific control policies (e.g. the impact of licensed badger culling on the incidence of TB in cattle herds).
- Carrying out high profile and quality research and development work to support customers' policies on bTB.
- Ongoing provision of expert veterinary and scientific advice to Defra's bTB Programme and Ministers to support the development and evaluation of bTB eradication policies, including the formulation of the Government's response to the Godfray Review of the Bovine TB Strategy in England.
- Supporting the Scottish Government in delivery of measures to ensure continued OTF status.

⁴ <https://www.gov.uk/government/collections/bovine-tb-surveillance-in-great-britain> and <https://gov.wales/bovine-tb-dashboard>

International Trade

Demand for Export Health Certificates (EHCs) increased by 22% during 2019/20 following an increase of 12% in 2018/19, with specific peaks around the dates proposed for the UK leaving the EU. Animal imports into England have increased by 2% year on year, but licences issued for imports have increased by 23% during the year, due to changing requirements. Demand for permits under the Convention in International Trade in Endangered Species (CITES) has been steady year on year, although the profile during the year has been impacted by EU exit. Plant Exports have remained steady year on year, although Plant Imports have increased 10% over the year. New commodities and Smarter Rules for Safer Food requirements saw an increase in inspections and checks of approximately 40% from January 2020. This increase in demand has been managed through process improvements at no additional cost and thus a major improvement in our efficiency.

As a consequence of the UK leaving the EU and to help make trade more digital, new systems have been put in place to help manage animal and product imports and exports. The Export Health Certificate Online (EHCO) system has been progressively deployed through private beta testing since November 2019. A new import control system, called the Import of Products, Animals, Food and Feed System (IPAFFs) has been used throughout 2019/20.

We continue to work with operational partners to intercept illegal puppy imports and with policy colleagues to ensure welfare of imported dogs and minimise the risk of disease incursion.

Throughout 2019/20 APHA continued working closely with Defra colleagues to develop plans to help customers prepare for the operational implications of EU exit.

Animal Welfare

A key role for APHA is to protect the welfare of animals on farm, at markets, during commercial transportation and at the time of killing, if undertaken outside slaughterhouses, and to provide veterinary and science evidence and advice to Defra for animal welfare policy development. This year APHA has:

- Conducted an annual risk-based programme of welfare inspections under the EU cross compliance regulations on behalf of Defra, Scottish and Welsh Governments.
- Performed veterinary assessments of all welfare complaints and referrals communicated to APHA, in relation to farms, during transport and at animal gatherings. Welfare inspections were carried out according to veterinary assessment and prioritisation.
- Carried out a risk-based programme of chicken meat inspections.
- Regulated and approved animal transporters, whilst also approving and auditing journey plans for longer journeys.

- Worked with operational partners such as local authorities and stakeholders to take appropriate action where non-compliance was disclosed.
- Provided veterinary and scientific advice to support the development of government policies in relation to farmed, companion, exotic, sporting and performing animals, and in the development of international animal welfare policy, included sharing good practice with the European Commission in relation to data analysis and action plans.

Service Delivery

The Service Delivery Directorate (SDD) provides the operational element of APHA, covering animal, plant and bee health. With delay to EU exit throughout 2019, SDD continued under day-to-day operational control of Simon Hewitt and Paul Townsend, enabling the Director Ian Hewett to focus in the main on APHA's preparedness for exiting the EU.

For animal health matters, to reflect the differing policy focus and requirements of Defra and Scottish and Welsh governments and the devolution of animal health policy, operational delivery is split and managed along country lines (i.e. England, Scotland and Wales) whilst at the same time ensuring consistency of application and process where allowable by the different legislative regimes. Regardless of this, however, animal disease outbreaks do not respect geographical boundaries and as described in the previous section on outbreak response, the Animal Health Field Teams across England, Scotland and Wales work together using common processes to provide a GB-level outbreak response.

i) Delivery of England Field Services for animal health

Some resourcing challenges in year meant there was a reduction in staff available to carry out some business as usual work. We worked with Defra policy customers to identify areas of work to be slowed, in accordance with existing guidance on work priorities, so that we focused on Defra's key issues. This has meant that we have been able to flexibly switch resource and maintain key performance indicators.

During 2019/20, the teams:

- Dealt effectively and efficiently with a confirmed case of low-pathogenic avian influenza in Suffolk in December 2019.
- Investigated and managed a significant number of Equine Viral Arteritis (EVA) positive horses throughout England.
- Pursued, to a successful conclusion, numerous high profile welfare investigations and prosecutions across the whole country, several of which resulted in the keeper being banned for life from keeping livestock.
- Provided support and advice on animal health and welfare for the local resilience forum and farmers during the Whaley Bridge dam incident.
- Continued to deliver elements of the Government's bTB Eradication Strategy including managing the TB surveillance programme via the five Veterinary Delivery Partners

- Badger surveillance within the TB hotspot in East Cumbria.
- Supporting Public Health England (PHE) during a Monkey Pox public health incident
- Culling and surveillance following positive Bluetongue Virus animals being identified following post-import testing.
- Supporting the Food Standards Agency (FSA) and PHE in managing a difficult outbreak of salmonella in sheep
- Dealing with contaminated feed at an animal feed mill
- Assisting PHE in managing an outbreak of E. coli in people.

ii) Delivery of Scotland Field Services for animal health

In October 2019 the Scottish Government appointed Professor Charles Milne to carry out an independent review of the animal health and welfare services delivered by the APHA in Scotland. The report was published in January 2020 and following consideration by Scottish Ministers, a project manager has been appointed to carry out further work over the next 12 months into the options outlined in the review. APHA will co-operate with the Scottish Government on any further inputs needed, and will contribute to the project board.

Scotland Field Delivery highlights to note were:

- Worked with Scottish SPCA and local authorities - embedding the memorandum of understanding supporting joint working to protect animal welfare - responding to a number of significant and high profile cases.
- Unique to Scotland, the Fish Welfare Team continued to develop relationships across the industry, growing expertise, knowledge and reputation with key stakeholders. They facilitated a number of key stakeholder meetings with Scottish Government, fish health regulators and industry organisations.
- The Enforcement and Intelligence Team had success on a range of complex and chronic welfare cases leading to prosecutions and removing at-risk animals. Through an intelligence-led approach, and working closely with Food Standards Scotland, local authorities and Scottish Government's Rural Payments and Inspection Department; they worked on a number of serious fraud cases. Also the team are now liaising with Border Force to tackle illegal introductions of products of animal origin.
- Developed emergency preparedness and resilience through local field exercises that included a large Foot and Mouth Disease (FMD) exercise with South West Scotland Regional Resilience Partnership and an Avian Influenza exercise including Field and Table top exercises planned and delivered jointly with Scottish Government involving a large integrated poultry company.
- APHA undertook a tendering exercise and have formally contracted with 14 Contingency Official Veterinarians to assist in significant emergency responses and we are now in the process of delivering the core training necessary.

- Finalised instructions to support the Scottish Government's rollout of phase 5 of the Bovine Viral Diarrhoea (BVD) Eradication Scheme. Phase 5 is aimed at ensuring farmers identify and isolate persistently infected cattle.
- Worked with Scottish Government, Health Protection Scotland, Scotland's Rural College (SRC) and the NHS to develop enhanced surveillance to identify clusters of salmonellosis that present a public health risk.

iii) Delivery of Wales Field Services for animal health

Wales Field Services has an operational structure aligned with the Organisational Reform principles in England and Scotland, with administrative functions being delivered from two sites in Wales (Carmarthen and Caernarfon). During the last year APHA has delivered a range of the policies of the Welsh Government. These included:

- Implementation of a revised policy for additional testing of severe inconclusive reactors in persistent TB breakdowns over 18 months duration.
- Implementation of a policy of separate TB2 notices (which put restrictions on holdings) for separate holdings within a TB breakdown.
- Option of funded on farm chemical euthanasia of TB reactors that are unfit to travel.
- Opt out process for Cymorth TB advisory visits.
- Reinstatement of action plans in recurrent herds that have previously had an action plan in place. To support field delivery, Wales Field Services are developing dedicated in-house enforcement support.

Other highlights include

- Worked closely with local authorities and FSA Wales on regulatory non-compliances by raw pet food producers particularly in relation to product contamination with salmonella and the safe sourcing of ingredients.
- Close liaison with local authorities and farm support charities on farm animal welfare cases highlighting potential wellbeing issues affecting livestock keepers.

iv) Delivery of Plant and Bee Health services in England and Wales

In order to meet differing customer requirements (Defra and Welsh government) plant and bee health services are delivered across 5 key disciplines: Horticultural Marketing (HMI), Plant Variety and Seeds (PVS), Genetic Modifications (GM), Bee Health and Plant Health and Seed Inspections. Operational delivery is managed via a regional structure that works across country boundaries (England and Wales) to support efficient and consistent ways of working. This is supported by the provision of subject matter expertise via the Plant and Bee Health Advice Services technical group and desk based services via the centralised Customer Service Centres (CSCs).

A substantial number of infield Plant Health and Seed Inspectors (and the supporting management and technical structure) were recruited and trained during 2019/20. Recruitment was initially undertaken as part of EU exit plans, but subsequently re-

purposed to support the introduction of EU Smarter Rules for Safer Foods (SRSF) legislation and in preparation for future trade requirements. This uplift supports increased import checks, the introduction of new commodities, extended plant passporting demands and infield surveillance changes. Throughout 2019/20 there has been a significant commitment to embed and upskill newly appointed staff to meet existing ISO standards.

Other highlights include :

- Integration of the HMI services (following transfer from RPA into APHA in January 2019).
- Maintenance of high interception rates.
- Reduction of customer waiting times for export services.
- Delivery of engagement activities to share key biosecurity and disease management messages via newsletters and stakeholder/trade events, including tailored training, client time and citizen science events.
- Close working with Defra Policy to complete the Health Bees Plan Review.
- Ongoing eradication and containment measures, along with Defra Group partners, resulting from historical introductions of Sweet Chestnut Blight (*Cryphonectria parasitica*) in several sites in England.
- Responding to a major illegal introduction of Oak Processionary Moth on oak trees from continental Europe resulting in finding infection on 98 premises coming from over 2,000 tracing lines and inspection of more than 50,000 trees.
- Pursuit of non-compliance/enforcement investigations and prosecutions to improve compliance with marketing standards and the illegal use of antibiotics in bee husbandry.
- Effective and rapid tracing of Asian hornet sighting resulting in APHA's bee health inspectors destroying, with the assistance of APHA's Non Native Species Secretariat and Wildlife Unit, 3 nests and performing numerous tracings linked to public reports.
- Following an independent audit by UKAS, Plant and Bee Health retained their ISO 17020 standard for four work areas.
- Upskilling of plant health inspectors to perform GM audits has built the resilience of our small GM inspectorate from two to five inspectors.
- Implementation of the new EU Smarter Rules for Safer Foods (SRSF) regulations requiring recruitment and training of 90 staff.

Science Directorate

APHA's Scientific Services Directorate continues to provide expert advice, evidence and laboratory services through high quality research and surveillance to safeguard plant and animal health, including those threats with potential public health impact.

Work on our preparedness for exiting the EU has continued to be a focus. The [APHA's Science Strategy 2015/20](#)^[1] provides strategic direction for science within APHA and work has started on refreshing this Strategy.

This year we have published over 250 peer reviewed papers in a wide range of scientific journals. We continue to publish via trade and other specialist channels to reach a wider audience and also to publish, as well as communicate, important achievements on the [APHA science blog](#) on GOV.UK^[2]. The blog covers a wide range of scientific highlights, from special interest stories introducing our scientists, through to detailed reports explaining more to the reader about the excellent science we deliver.

Further detail about APHA's science work can be found in the Annual Science Review. <https://www.gov.uk/government/publications/apha-annual-science-review-2019>

Veterinary Directorate

The Veterinary Directorate is a multi-specialist team providing vital support to the rest of APHA, acting as a key link between the public, stakeholders and Ministerial Departments. Units within the Directorate also include Executive Support and Correspondence Management, Knowledge Information Management, Access to Information, Quality Management, Relationship Management

The APHA Contract Management Team is also a key part of the Veterinary Directorate and APHA continues to commit itself to robust and high standards of contract management with its dedicated team of contract managers working alongside technical leads in business areas. APHA currently manages circa 135 contracts and frameworks with around 1,300 external suppliers, which represents around 45% of the expenditure. 60% of total contract spend is with APHA's top 10 suppliers, however engagement with small and medium sized enterprises (SMEs) across contracts exceeds government targets, with around 51% of contract spend with such organisations. The team has facilitated over 100 separate procurements during 2019/20, in addition to managing several complex contract amendments and ongoing retender projects.

APHA's active contract management ensures a high standard of service delivery, strong supplier relationships, efficiently tackling performance issues with suppliers, and facilitates effective procurement exercises. 2019/20 has continued to require a focus on suppliers' resilience and preparedness for EU exit, assessing APHA's risks and planning mitigations.

The Executive Support and Correspondence Management Unit provides a vast range of functions on behalf of the Chief Executive and all APHA Directors. They also oversee Ministerial correspondence and any complaints received by the APHA, to ensure they are handled as expected by the Directors and Board (see page 23 for complaints data).

^[1] <https://www.gov.uk/government/publications/apha-science-strategy-2015-to-2020>

^[2] <https://aphascience.blog.gov.uk/>

The team has, through its correspondence work, been able to recognise trends in the communication it receives, such as:

- A sudden increase in queries relating to Game birds.
- A large number of complicated TB cases
- Reports of salmon farm welfare issues
- CITES issues concerning the import of Rosewood and other restricted timber
- Issues with puppy farming and illegal puppy imports.

Any unusual spike in communications such as these are highlighted to relevant delivery teams for immediate action, or escalated to policy teams and Directors to consider the need for a more long term policy/procedural change.

The Knowledge and Information Team provides a full range of services to help colleagues manage and exploit information and records generated through their work whilst ensuring compliance with the records management legislation. A current focus is on records review and disposition. The data protection specialists ensure APHA's compliance with the data protection legislation. The information rights specialists manage all the requests received under Freedom of Information Act and Environmental Information Regulations. There has been a sustained increase in requests over the last 3 years.

The Quality Services Team supports the Agencies quality systems and manages APHA staff instructions and agency procedures manual. During the year the APHA completed transition to the ISO17025:2017 standard following a successful audit by UKAS. All external accreditations and certifications to ISO17025, ISO9001, ISO17043, ISO17020 and GLP have all been maintained. Plans to implement conformance to ISO17020 in the Animal Health areas of the Service Delivery Directorate are progressing.

EU Transition

There were more than 60 projects in place across Defra to help manage and prepare for impacts arising from leaving the EU. These were clustered into four main portfolios:

- Food, Farming and Biosecurity
- Environmental Regulations, Marine and Fisheries
- Science
- Trade

Our EU Transition Programme Team worked collaboratively with Defra projects and policy teams, to develop solutions to the issues that arose as a consequence of leaving the EU. This included:

- Facilitating significant workforce increases – approximately 300 recruits, representing an increase of over 10% of the workforce. This required managing recruitment, training, accommodation and IT infrastructure working in partnership

with Defra Corporate Services. This was particularly felt in the areas of International Trade, Science and Plant Health.

- Providing business input into the successful development and delivery of the subsequent IT solution enhancements for Export Health Certification and a proposed new Imports Notification System (IPAFFS), expected to replace the TRACES system used throughout Europe.
- Contributing to development of contingency options for imports from the EU, pet travel, equine and wider trade processes.
- Working with Defra and APHA's external training partner to increase the Export Health Certification capacity of Official Veterinarians and Environmental Health Officers by 55%, by offering free training and developing a new Certification Support Office role.

Since the end of January 2020 our key focus has been preparing for the end of the transition period on 31 December 2020. The EU Transition Programme Team are responsible for helping co-ordinate, plan and deliver new or changed services. The team works closely with subject matter experts from across APHA, to help manage the impact of required changes, design new services and to check that whatever gets implemented, is fit for purpose.

In planning for departure from the EU our ambition was to seize upon the opportunities that EU exit presents, in order to:

- unlock the potential of farming and fisheries by designing systems that work for the UK, and ensure that we leave the environment in a better state than we found it;
- cut red tape and ensure a seamless transition to Defra's new regulatory and delivery frameworks; and
- play our role in forging a new, strong, constructive partnership with the EU.

In readiness for the end of the transition period we aim to maintain appropriate preparedness and capability to deal with animal and plant diseases, ensuring a high standard of welfare and continue to maintain and facilitate trade.

Charging

We continually monitor our statutory fee income to ensure we recover only our costs, passing on savings where they occur and giving as much notice as possible of any fee increase. Statutory fees and charges are part of an overall funding model that also includes commercial income and public subsidy. Funding from the latter has been under pressure for a number of years and this is expected to continue. By recovering our costs for services where there are specific beneficiaries, we can safeguard our activities that are for the public good through ongoing public funding.

We are progressing with our review of our existing fees relating to animal health services, moving to a single full cost recovery charging methodology as far as possible. We are also looking at options to extend charging into other statutory areas, subject to consultation.

No new Statutory Instruments (SI's) have been introduced in 2019/20. However, Plant Health have continued with their annual review and fee adjustments, with the implementation of amendments to their existing SI's (2019 No. 1257 and 2020 No.9). In June 2019, Animal Health's Animal Gathering Order and Animal By-Products regulations were automatically uplifted to full cost recovery, a year after their SI's were laid.

The Field Activity Programme

Since 2018/19 the Field Activity Programme has focussed solely on the use of the Field Service Management (FSM) tool in supporting APHA's delivery of field activity. Capital funding constraints, feedback on usability from staff and issues with scheduling have meant further development of the FSM tool into the full set of APHA field activities has not been possible. Whilst the FSM tool remains in use in some functional areas, we are in the process of transitioning work areas into a business as usual function.

Performance Report: APHA's Performance 2019/20

Performance analysis: Much of our work is determined by legislation and our Key Performance Indicators (KPIs) reflect the need to ensure compliance with this legislation and also reflect the particular and differing needs of our customers.

KPIs are agreed with our customers. All have a Red, Amber or Green (RAG) rating associated with them and are reported by the business each month, to allow for in year corrective action to take place quickly, for either under or over delivery in specific areas.

Full performance reviews take place with our policy customers each quarter and this provides an opportunity for more in depth analysis of the performance information for APHA and to update on delivery priorities and any adjustments within the reporting year. We also report in detail, at regular intervals, against service level agreements and projects for work carried out for our other customers. Scientific work is certified or accredited by appropriate third party quality systems which provides assurance around standards.

There are a total of 27 KPIs agreed with policy customers and these measure all significant and important work areas including international trade, science, welfare and surveillance. 20 KPIs were met or exceeded, one was substantially met, 4 were met in part and 2 were not met. There was an impact on delivery in March 2020 due to Coronavirus. APHA agreed priority activities with policy customers to ensure key activities and inspections would continue. APHA will also see this impact on targets in the coming year.

The two “not met” were:

- *Edge Area: Proportion of live herds under restriction as a result of an OTF-W bTB breakdown* - the aim is to see a reduction in the number of herds put under restriction due to a TB Breakdown. The most recent update suggests the trend is decreasing. However, changes to testing regimes in areas (which has seen some more testing carried out) and a re-classification of Edge Area counties without a reflected target level adjustment has meant this KPI will not be achieved in the short term.
- *Veterinary Inspector dispatched to immediate level exotic disease within 30 minutes of the decision being made* – the aim in Scotland and Wales is to dispatch an inspector within 30 mins, however, in one incident the inspector missed the 30 minute target by only a few minutes and in another the exact location could not be determined as the farmer was unavailable, delaying dispatch, and this resulted in the assessment “not met”.

Our KPIs are summarised in **Annex A**

Better Regulation: APHA continued to contribute to the Government’s objective of supporting economic growth by minimising regulatory burdens and finding new and innovative ways of working to support compliant businesses. This included comprehensive training and trialling of the use of veterinary technical staff (Approved Tuberculin Testers - ATTs) to supplement TB testing veterinarians, to try and improve the sustainability of the current delivery model. The ATT trial was successful and APHA is now seeking to roll out the training and use of ATTs further during 2020/2021.

APHA is working with Policy colleagues to consider the opportunities for a different approach to regulation once we leave the EU, whilst maintaining or enhancing standards, to promote future trade arrangements. This is to ensure that we continue to balance effectively the needs of reducing the regulatory impact on businesses, whilst maintaining the safeguards for animal, plant and public health.

Sustainability: During 2019/20, APHA remained committed to improving the environmental performance of our business operations, preventing pollution and, where practical, following best practice in environmental management.

This year APHA worked with the wider Defra group to establish the Defra Senior Sustainability Leadership Team to help deliver the Defra Sustainability Strategy. By the end of the year, this was still in development, with the focus on developing a strategy that:

- Puts Sustainability into every decision made
- Champions sustainable practices
- Publicises the ambition
- Procures sustainably
- Makes every part of our business sustainable
- Offsets our environmental harm, and promotes biodiversity
- Adapts to climate change

There is also an ambition for all of the Defra organisations to be “net zero” organisations. APHA and Defra aim to balance the carbon emissions we produce with those we take out of the atmosphere, so that we are no longer contributing to climate change, by 2030. This goal is based on the internationally-recognised Science Based Target Initiative methodology and includes the carbon emissions we produce ourselves and those that we generate through our supply chain. The strategy described above will help us achieve this.

To help APHA implement and deliver the wider Defra strategy, a new role will be created to lead on this work. This will be a senior leader, who will become the APHA Sustainability Champion and will work with the Chief Executive and Directorate Leadership Team to input into the overall sustainability strategy.

APHA is aligned to the Greening Government Commitments (GGC). Much of the data is collected on APHA’s behalf by Defra. As part of the GGC in 2019/20 APHA aimed to:

- Cut greenhouse gas emissions by 44% from the whole estate and UK business related transport from a 2009/10 baseline of 21,932.8 tCO₂ (2019/20 Target 13,598.4tCO₂)
- To reduce the amount of waste generated as much as possible from a 2009/10 baseline of 2,388.4 tonnes including ensuring less than 10% of waste goes to landfill
- Reduce water consumption from a 2009/10 baseline of 186,003.97 cubic metres
- Ensure that we buy more sustainable and efficient products and engage with our suppliers to understand and reduce the impacts of our supply chain.

Greenhouse Gas Emissions		2019/20	2018/19	2017/18	2016/17
Non-financial indicators (tonnes CO ₂)	Scope 1 emissions (direct)	10,693.30	7,269.10	6,560.40	9,201.10
	Scope 2 emissions (indirect)	5,242.90	5,403.50	8,486.90	9,016.60
	Scope 3 emissions (direct travel)	1,289.60	1,537.80	1,060.00	1,087.30
	Total emissions	17,225.80	14,210.40	16,107.30	19,305.00
% reduction against baseline of 21,932.80		21%			
% reduction against 2019/20 target of 13,598.34		27%			

*Increase in emissions in 2019/20 due to hot weather in summer period

Waste Management		2019/20	2018/19	2017/18	2016/17
Recovered or recycled (tonnes)	Recycled or reused	293.25	113.88	181.79	107.00
	Composted	0.24	1.95	3.35	1.00
	Incinerated with energy recovery	515.46	863.31	866.75	808.00
	Total recovered or reused	808.95	979.14	1,051.89	916.00
Not recovered or recycled (tonnes)	Incinerated without energy recovery	391.79	347.99	382.25	345.00
	Landfilled	16.13	12.28	12.90	18.00
Total waste (tonnes)		1,216.87	1,339.41	1,447.04	1,279.00
% reduction against baseline target of 2,388.48		49%			

Water consumption	2019/20	2018/19	2017/18	2016/17
Water consumption (m ³)	187,206.10	160,242.60	124,198.86	162,887.63
% reduction against baseline target of 186,003.97m ³		1%		

*Increase in water consumption in 2019/20 due to hot weather in summer period

CO2 Reduction 2019/20 vs. baseline	Target 2020	Current Performance
-21%	-44%	Improved on baseline target
Waste Reduction last 4 quarters vs. baseline	Target 2020	Current Performance
-49%	Improve on baseline	Ahead of baseline target
Water Reduction vs. baseline	Target 2020	Current Performance
1%	Improve on baseline	Behind baseline target

Due to its scale, the Weybridge site is a major contributor to our carbon footprint. This is, in part, due to the scale and nature of the work carried out at this site.

All waste at Weybridge is disposed of in the onsite incinerator. This is due to the conditions within some of the APHA's licenses for operating as a "High Containment Site". Work has been carried out and continues to be carried out to ensure the incinerator is as efficient as possible and carbon emissions are lowered where possible.

APHA remain committed to taking part in the Carbon Reduction Commitment to help us, along with Defra and our facilities management provider, to identify and review opportunities for improving energy efficiency. This will include ensuring that sustainability is at the heart of planning for improvements as part of the recent announcement of an investment of £1.4 billion in APHA's Science Estate.

Sustainable Procurement & Construction

Our procurement and construction contracts are managed centrally by Defra, which ensures contracts are handled through its Sustainable Operations and Procurement Strategy. The Defra Procurement Team works with suppliers of new contracts to minimise packaging waste, and consider sustainability more widely in their service provision.

For those sites where we do not have Defra or government provided facilities management, the Defra Estates Team work to ensure that the same standards of sustainability are in place, where possible.

Performance Report: Financial Review

APHA's total gross expenditure for the financial year ended 31 March 2020 was £248m, £3m higher than the £245m in the previous year. This is due to a £9m increase in staff costs partially offset by lower non-cash costs, such as asset revaluation impairments. APHA's total income was £72m (2018/19: £72m), 47% of which came from the devolved administrations in Scotland and Wales. The total operating expenditure of £248m was funded by operating income of £72m (29%), leaving comprehensive net expenditure of £176m to be funded by grant in aid from Defra.

We are required to treat grant in aid cash receipts from Defra as financing contributions because they are from our sponsoring body. Therefore we credit these directly to the general reserve and do not include them in our net expenditure in the financial statements.

More detail on staff costs and other expenditure is provided in the Staff Report and note 3 of the Financial Statements respectively.

There have been a number of operational challenges arising out of EU exit and the initial impact of the Coronavirus pandemic, however, APHA has managed the financial implications through budgetary controls on both pay and non-pay budgets.

Non-current assets: Non-current assets, which include both operational assets such as science equipment and corporate assets, such as property and IT, have decreased in value by £16m. The value of our non-current asset base is £270m. Both are net book values (NBV), further details are shown within notes 5 & 6.

We are required to carry out an independent 5-yearly revaluation of our land and buildings with a desktop exercise in the intervening years. The quinquennial valuations in March 2020 resulted in a £15m downwards revaluation. This review also considers the remaining economic life of the buildings. More detail is provided in note 5.

Going concern: The statement of financial position at 31 March 2020 shows taxpayers' equity of £282m (31 March 2019: £289m). In common with other government executive agencies, the future funding for our liabilities will be as grant in aid from Defra and other external income.

The Government makes decisions about Defra's funding through HM Treasury's spending review process and a proportion of this funding is then allocated to APHA. This process sets funding for all government departments. The functions carried out by APHA are on-going and will continue.

We have already received approval for our grant in aid funding for next year and the current spending review period (up to March 2021). A new spending review is expected to be undertaken in the financial year 2020/21, which will provide greater clarity on the future funding position for APHA.

The Coronavirus pandemic will have an impact on 2020/21 but we expect to be able to manage within the constraints of the funding envelope provided and we have therefore prepared these financial statements on a going concern basis.

A handwritten signature in black ink, appearing to read 'CHADKISS', with a long horizontal stroke extending to the right.

Chris Hadkiss,
APHA Chief Executive and Accounting Officer
09 July 2020

Accountability Report: Director's Report

The Chief Executive as the Accounting Officer has personal responsibility and accountability to Parliament through Ministers and also to the devolved administrations in Scotland and Wales. In addition, he is responsible for the delivery of APHA services and resources, as well as appointing and line managing the Directors, who also serve on the Directorate Leadership Team (DLT). He is supported and challenged by the APHA Board and its Committees and is line managed by Defra's Director General (DG) for Food, Farming and Biosecurity who acts on Ministers' behalf.

Full details on our board remits, governance structure and attendance records can be found on GOV.UK⁵ and in our Governance Statement on pages 25 to 31.

Complaints: There have been 67 complaints during 2019/20. The complaints vary in subject matter, with most concerning either TB, Animal Welfare, Imports or Exports, CITES, or Welfare in Transport. While we would hope to avoid complaints arising in the first place, when issues do occur we follow our complaints process and aim to resolve all complaints quickly to ensure we reduce any time and/or distress for the complainant. Where this is not always possible, the Parliamentary Ombudsman can be asked by the complainant to take a view. There were 2 referrals to the Parliamentary Ombudsman in 2019/20, with the Ombudsman reporting that APHA acted appropriately in handling these cases.

Whistleblowing: APHA implements and follows Defra policies in this areas. This is reviewed annually by the APHA Audit and Risk Assurance Committee. There has been one report of whistleblowing in the past year.

Bullying, Harassment and Misconduct: APHA take such issues very seriously, following the policies/guidance set out by the Defra Human Resources Department, which we expect all our managers and staff to adhere to. Following this year's people survey the APHA Director Leadership Team have taken the additional commitment to ensure all staff undertake yearly mandatory training and that APHA will continue to carry out a yearly anonymous survey to gain a 'temperature check' for any issues, alongside providing the usual routes that staff can use to raise any concerns. We have implemented a range of activities aimed at building confidence and awareness, as well as providing staff with places of safety and sanctuary.

Counter-fraud: APHA operates under the Defra Counter-Fraud and Anti-Bribery and Corruption Policy. We share intelligence and use best practice to minimise risk. This has included taking part in the National Fraud Initiative and regular reviews by the APHA Audit and Risk Assurance Committee.

⁵ <https://www.gov.uk/government/organisations/animal-and-plant-health-agency/about/our-governance>

Accountability Report: Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed APHA to prepare for each financial year a statement of accounts in the form of 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 APHA 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 and in particular to:

- Observe the Accounts Direction issued by 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 financial statements.
- Prepare the financial statements on the going concern basis.
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

The Accounting Officer of Defra has designated the Chief Executive of APHA as Accounting Officer of APHA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding APHA's assets, are set out in Managing Public Money, published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that APHA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Accountability Report: Governance Statement

The Chief Executive is responsible for maintaining effective governance and a sound system of internal control to achieve APHA's aims and objectives. This statement sets out the key challenges faced by APHA, the issues that have arisen, the risks that remain and the controls in place to manage these.

Assurance and audit findings in this governance statement overall confirm that arrangements are effective.

Effectiveness of governance arrangements

Ensuring Oversight: As an executive agency of the Department for Environment, Food and Rural Affairs (Defra), APHA provides regular performance reports, risk assessments and other information, as required, to Defra throughout the year. The Accounting Officer of Defra has designated the Chief Executive as Accounting Officer of APHA.

Governance: The Accounting Officer is accountable for delivery and the performance of APHA, delivering the priorities set by the Secretary of State for Defra and also those of the Scottish and Welsh Governments. Support and advice is provided on these issues by the APHA Board (the Board), which also provides scrutiny, challenge and support to the Directorate Leadership Team (DLT).

The comprehensiveness, reliability and integrity of the assurances provided by the various sources scrutinised by the Audit and Risk Assurance Committee (ARAC) during the year have been appropriate to meet the governance needs of the Board and Accounting Officer and for supporting the decisions we have taken.

To ensure continued improvements, in January 2019, a Governance Review took place. It identified that there was a need to strengthen governance through partnership arrangements between Defra and APHA and a partnership agreement was signed in January 2020.

APHA Board and Committees of the Board: The Board is chaired by Chris Nicholson, APHA Lead Non-Executive Director: it met six times in the year. The Board membership is detailed in the Remuneration Report.

The Board assessed its own performance using a self-assessment questionnaire. Overall the Board was satisfied with its progress regarding performance and effectiveness. The Board completed a number of actions arising from the review, and the remaining actions will be implemented and reviewed throughout the year. This included reviewing the board's terms of reference, making improvements to the Non-Executive induction process and having more focused items on science on the agenda of board meetings.

The Board has received assurance on the quality of data it receives and the process of internal control from ARAC and DLT.

In 2019/20 the Board focussed on complex matters, including:

- Employee engagement
- Potential implications of a number of reviews on the work of APHA (Stacey/Godfray)
- Updates on the business case for investment in the APHA science estate
- Charging and future income streams
- Management and mitigation of strategic risks
- Planning for EU exit and EU transition
- Financial performance, funding challenges and forecasting
- Performance against the corporate scorecard

During the year, APHA worked closely with Ministers but received no specific Ministerial directions.

In 2019/20, the Board has been supported by four committees:

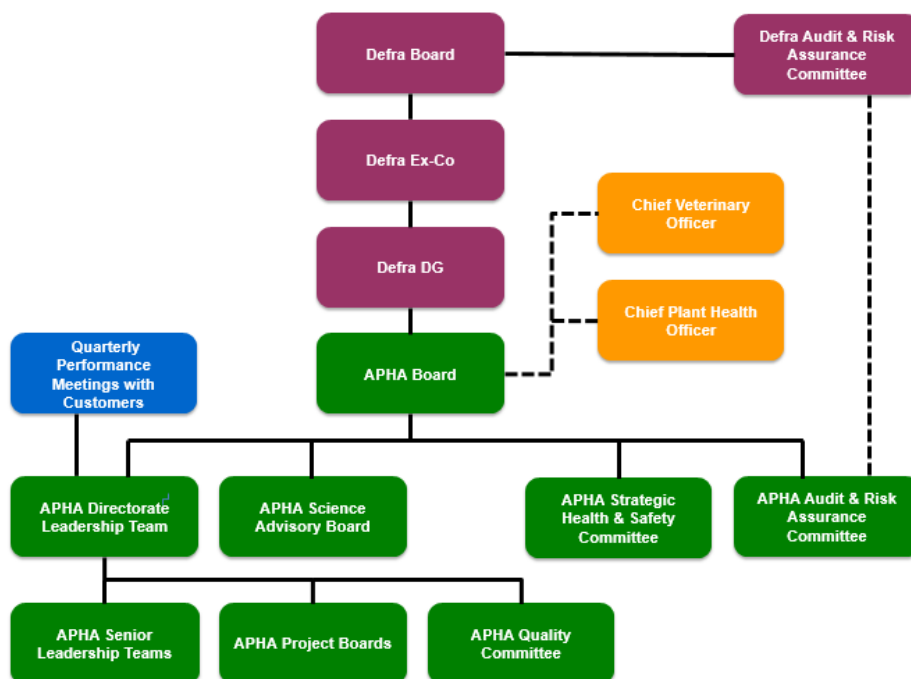
- ARAC, chaired by Alison White. The remit covers risk assurance, control and governance in APHA. It met 4 times during 2019/20 and has focussed on the following major areas of work:
 - Regular review of APHA's risk management approach including IT legacy systems, EU Exit systems and arrangements
 - Counter fraud arrangements
 - Annual report and accounts
 - Internal and external audit plans, outcomes and recommendations.

Based on its work over this reporting period, the Committee was able to provide reasonable assurance on the adequacy of audit arrangements for the Agency and on the assurances provided to the Accounting Officer in respect of its governance, risk management and control arrangements. It is also able to provide assurance that the processes in place to produce the financial accounts for the Agency are sound.

- Strategic Health and Safety Committee, chaired by the Chief Executive. The remit covers the implementation of APHA's Health and Safety Strategy, and monitors the performance of facilities management, especially for the science estate. It met three times during 2019/20.
- Science Advisory Board (SAB), chaired by Professor Julie Fitzpatrick. The remit covers the oversight and assurance of APHA's scientific work. It met four times during 2019/20.

DLT, chaired by the Chief Executive. The remit covers the day to day running and operations of APHA. It meets every two weeks.

APHA Governance Model



Full details of the Board remit, governance structure, the remit of committees and attendance records are available on GOV.UK.

<https://www.gov.uk/government/organisations/animal-and-plant-health-agency/about/our-governance>

Effectiveness of risk management

Risk Management: The role of APHA is to mitigate the risk to the national economy and public health caused by animal and plant disease. APHA and other Defra bodies recently reviewed the risk management process which has seen the process for ownership and management of risk mitigation actions become much clearer and ensures that there is discussion between both APHA and Defra on mitigations and actions.

There were a number of deep dives carried out by ARAC in 2019/20:

- Salvage income – resulting in a change to the funding approach
- Quality manuals, culture and service – which received good levels of external assurance
- Interserve contractual performance and financial stability.

These deep dives have helped to clearly identify the reasons why problems have emerged and clearly set out what APHA needs to do to ensure mitigations and actions are put in place and delivered.

This year, with advice from ARAC, the Board made a first attempt at articulating its risk appetite and this will be reviewed throughout the coming year and updated when required. There is also a system of internal controls in place which mitigates these risks, although it is not possible or cost effective to eliminate all risk completely.

The key risks that were identified and managed during the past year were:

- *EU exit and EU transition:* the role of APHA and the way it delivers its services to customers will change when the UK finishes the transition period and leaves the EU in December 2020. This will create uncertainty as the final delivery model is not known, which has to be managed as processes are put in place. There is also a risk that the resources required will be challenging to put in place in the timeframe required due to this uncertainty. To help mitigate this risk, a senior lead officer has been identified to manage this risk, which is regularly reviewed at APHA's and Defra's EU Exit Steering Group.
- *Financial sustainability of APHA:* Defra funding is subject to public spending restrictions. This brings with it a risk that APHA will have to look at other options to be able to deliver its core purpose as funding allocations reduce. To help mitigate this risk, improvements have been identified to how APHA manages information in relation to resources with improvements identified to how budgets are managed and forecasting. In addition, APHA continues to look for opportunities for new income generation.
- *Estate infrastructure:* new funding for the APHA science estate of £1.4 billion was announced in the Budget in March 2020, to be used to redevelop and future-proof the current Weybridge facility. This is a unique site with specialist research and laboratory facilities and capabilities for animal health science and disease control. Whilst we welcome this news, there is a need to ensure that improvements are delivered, in the required timeframes, and that the work will be future proof.
- *Disease outbreak:* due to funding pressures the risk of successfully managing a disease outbreak has been heightened during 2019/20. Plans have been put into place to ensure mitigations are in place to reduce the impact to APHA should an outbreak occur. APHA successfully mounted a response to an outbreak of lowly pathogenic avian influenza in December 2019.

Coronavirus

The Coronavirus pandemic brought unprecedented challenges to APHA's ability to provide some services, and financial risks to raising fees and charges. In February 2020, a Coronavirus Incident Management Team was created at short notice, in line with the Incident Management Framework, to deal with and assess the risks to the business. The team feeds real time information into both Defra and central government response

structures to allow for the rapid assessment of risks and appropriate mitigations across government. APHA in conjunction with the wider Defra group identifying lessons from the pandemic to help inform future delivery of services.

APHA continues to monitor its contractor base to understand how changing circumstances may affect delivery. Protective equipment usage and ordering is closely monitored as it was recognised as a cross government specific risk early on in the process.

The Directorate Leadership Team has put in place processes to undertake reviews of all strategic risks that the business faces. A number of governance boards operate across Defra and the devolved governments, such as the Outbreak Readiness Board and the Animal Disease Policy Group (ADPG) that allow for risks to be monitored and issues with service delivery raised.

Early on, when the potential impact was first identified, APHA refocussed its attention on business-critical activities and associated business continuity plans, and a campaign was implemented to deliver pandemic related exercises. The business adapted well to smarter working initiatives, working from home and utilising virtual platforms where possible.

In relation to responding to an outbreak of exotic disease, service level agreements exist with the devolved governments and set out how staff and resources can be shared across the network to support response. ADPG may need to discuss what work can be stopped or paused to allow for an effective response. APHA continues to explore how virtual disease control centres can be utilised to support an exotic disease outbreak at national, central and local levels.

Other areas of assurance

Third Party Assurance and Quality Management Systems: APHA aims to maintain a high standard of quality in all aspects of its operation. Where possible, assurance of the quality of the work is sought through third party assessment from bodies such as the United Kingdom Accreditation Service (UKAS).

The laboratory facilities at APHA are UKAS accredited to BS EN ISO 17025:2017 (Lab No 1769) for an extensive range of tests supported by proficiency testing accredited to BS EN ISO 17043:2010 (Lab No. 0004). The plant health import and plant passporting inspections also are accredited to BS EN ISO 17020:2012 (Lab No. 5640).

APHA is certificated to BS EN ISO 9001:2015 by Lloyds Register Quality Assurance for 'the provision of a range of specialist veterinary scientific services and products to the Government and other interested parties worldwide (Certificate No. LRQ 4001392).

Additionally, APHA holds Good Laboratory Practice within specific departments in support of licensing of vet products, Good Manufacturing Practice approval in specific departments

as a supplier of contract QC services and Good Clinical Veterinary Practice quality standards for clinical studies. APHA also complies with the Joint Code of Practice for Research projects.

Information Security Assurance: APHA holds a significant level of sensitive information commensurate with its size, statutory requirements and business delivery needs. There are data collection policies and controls in place which ensure access to information is managed correctly in accordance with the Data Protection and Freedom of Information Act. There is a Senior Information Risk Owner in place who ensures the overall management of such information.

Business Critical Models: APHA, as recommended in the Macpherson report (2013) and the follow-up report in 2015, ensures that an appropriate quality assurance framework is in place and is used for its business-critical models.

APHA continues to operate a business-critical model for Defra. Exodis-FMD is a mathematical model which forms a critical part of Defra and APHA's preparation for and response to a FMD outbreak to evaluate a range of control strategies. It is used to generate simulated outbreaks for use in training and readiness exercises. The outputs can be fed into Defra's Economic Consequences Model so that the extent of the outbreak and the costs associated with different outbreak scenarios can be calculated and compared.

Head of Internal Audit Opinion: The APHA Head of Internal Audit, who is part of the Government Internal Audit Agency (GIAA) to provide the APHA internal audit function. The GIAA helps ensure that Government and the wider public sector provide service effectively. It is an executive agency, sponsored by HM Treasury. The Head of Internal Audit gave an overall 'Moderate' assurance for APHA based upon evidence from his audits and findings.

A total of 12 audits were carried out in this reporting period:

- 1 received "Substantial" assurance rating
- 7 received "Moderate" assurance
- 3 received "Limited assurance
- 1 resulted in "Unsatisfactory" assurance

While the opinion is "Moderate", work completed this year has highlighted some issues in the control environment. There have been gaps identified in the instructions available to staff and some areas of work where procedures and controls have not been followed in completing activities. APHA has responded to this by agreeing a set of timed actions and implementation of improvements which includes reviewing and implementing additional second line assurance.

¹⁰ <https://www.gov.uk/government/publications/review-of-quality-assurance-of-government-models>

¹¹ <https://www.gov.uk/government/organisations/government-internal-audit-agency/about>

“This opinion is based on a scale of “unsatisfactory”, “limited”, “moderate” and “substantial”.

Conclusion: As Accounting Officer, I have considered the evidence provided regarding the production of the governance statement and the independent advice and assurance provided by the Audit and Risk Assurance Committee. I have concluded that the Agency has appropriate risk management and control systems in place.

Accountability Report: Remuneration Report

The Board: The Board is responsible for supporting and constructively challenging our Directorate Leadership Team (DLT) in the development of strategies, plans, business cases and targets and for monitoring our business performance targets.

Chris Hadkiss	Chief Executive
Ian Hewett	Director of Service Delivery, EU Exit and Trade
Andrew Soldan	Veterinary Director
Kath Webster	Director of Scientific Services
Dave Webster	Defra Finance Director with responsibility for APHA (To 31.03.2020)
Nicola Spence	Chief Plant Health Officer, Non-Aligned Director
Christine Middlemiss	Chief Veterinary Officer, Non-Aligned Director
Chris Nicholson	Non-Executive Director and Chair of the Board
Alison White	Non-Executive Director and Chair of Audit & Risk Assurance Committee
Nigel Reader	Non-Executive Director (To 30.04.2019) and Member of Audit & Risk Assurance Committee
Julie Fitzpatrick	Non-Executive Member of Science Advisory Board
Robin Walker	Non-Executive Member (To 01.04.2020)
Mike Venables	Non-Executive Member (From 01.04.2019)

In 2019 the APHA Management Board welcomed a representative from the APHA National Employee Engagement Group. Whilst they are not a member of the Board, they play a key role in representing the view of APHA's employees at Board level. The representative plays a full and active role in Board meetings and is able to raise concerns and ensure employees are sighted on actions taken by Board Members.

Directorate Leadership Team: The Directorate Leadership Team (DLT) is responsible for day-to day leadership and management and for ensuring that our strategic direction is appropriate to meet the requirements of our customers and to deliver our targets.

Chris Hadkiss	Chief Executive
Ian Hewett	Director of Service Delivery, EU Exit and Trade
Andrew Soldan	Veterinary Director
Kath Webster	Director of Scientific Services
Dave Webster	Defra Finance Director with responsibility for APHA (To 31.03.2020)
Nadia Khan	Defra HR Deputy Director with responsibility for APHA
Jill Moray	Defra Senior HR Business Partner with responsibility for APHA
Simon Hewitt	Deputy Director of Service Delivery (To 28.02.2020)
Paul Townsend	Deputy Director of Service Delivery

Remuneration Policy: Defra's Senior Civil Service Pay Committee, chaired by the Permanent Secretary, determines the remuneration and performance conditions of the APHA Board members. Consolidated pay awards and non-consolidated bonuses are assessed in accordance with normal Civil Service procedures and Defra's remuneration policy which is subject to the recommendations of the Senior Salaries Review Body.

In reaching its recommendations on remuneration, the Senior Salaries Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff.
- Government policies for improving public services including the requirement on departments to meet the output targets for the delivery of departmental services.
- The funds available to departments as set out in the Government's departmental expenditure limits.
- The Government's inflation target.

The Senior Salaries Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about its work can be found at <https://www.gov.uk/government/organisations/office-of-manpower-economics>.

Service Contracts: Civil Service appointments are made in accordance with the Civil Service Commissioner’s Recruitment Code, which requires appointments to be made on merit on the basis of fair and open competition except for circumstances when appointments may otherwise be made.

With the exception of the non-executive directors, the executive APHA Board members at 31 March 2020 hold open-ended appointments until they reach normal retirement age. The employment of the Chief Executive and of the other executive APHA Board members may be terminated in accordance with normal Civil Service procedures. Early termination, other than for misconduct, would result in compensation being payable as set out in the Civil Service Compensation Scheme. The non-executive directors (NEDs) are typically appointed on three year fixed term contracts which may be subject to early termination by either party. Any early termination by APHA would be without compensation to the NED.

The non-aligned Directors receive their remuneration from Defra; there is no cost to APHA.

Salary: The term ‘salary’ includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This annual report is based on accrued payments made by APHA and thus recorded in these accounts.

Benefits in kind: The monetary value of benefits in kind covers any benefits provided by APHA and treated by HM Revenue and Customs as a taxable emolument.

Pay Multiples (Audited): Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation’s workforce.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the Cash Equivalent Transfer Value (CETV) of pensions.

	2019/20	2018/19
Annualised band of highest paid director remuneration (£'000)	135-140	130-135
Median total remuneration (£)	27,415	26,733
Ratio	5.0	5.0

The calculation is based on the annualised, full-time equivalent of staff in post as at the reporting date.

The banded remuneration of permanent employees in APHA ranged from £15,000-£20,000 to £135,000-£140,000 (2018/19: £15,000-£20,000 to £130,000-£135,000). In 2019/20, no permanent staff received full-time equivalent remuneration in excess of the highest paid director (2018/19: None).

Remuneration of Non-Executive Directors (Audited)

Name	Date of appointment	Period of appointment	Remuneration 2019/20 (£'000)	Remuneration 2018/19 (£'000)
Alison White	01/02/2020	3 years	10-15	10-15
Julie Fitzpatrick	18/09/2017	3 years	5-10	5-10
Nigel Reader	26/09/2017	19 months	5-10	5-10
Chris Nicholson	01/05/2018	3 years	10-15	5-10
Robin Walker	18/03/2019	3 years	5-10	0-5
Mike Venables	01/04/2019	3 years	10-15	0

Alison White's appointment was extended for a further three years from 1st February 2020; and Nigel Reader was an interim Board member until 30th April 2019 at which point, he moved to being an Independent Member of the Audit Risk and Assurance Committee.

Robin Walker, resigned his appointment, effective from 1st April 2020.

Remuneration and Pension Entitlements (Audited)

The emoluments and pension entitlements of the APHA Board members in 2019/20 were as follows⁶ (2018/19 in italics):

	Salary Banding	Bonus Banding	Benefits in kind	Pensions Benefits	Total
	£'000	£'000	Nearest £100	£'000	£'000
Chris Hadkiss	130-135 <i>(130-135)</i>	0-5 <i>(0)</i>	0 <i>(0)</i>	38 <i>(60)</i>	170-175 <i>(190-195)</i>
Ian Hewett	75-80 <i>(75-80)</i>	0 <i>(5-10)</i>	0 <i>(0)</i>	11 <i>(28)</i>	85-90 <i>(110-115)</i>
Andrew Soldan	80-85 <i>(65-70 FYE 80-85*)</i>	0 <i>(0)</i>	0 <i>(0)</i>	22 <i>(46)</i>	100-105 <i>(110-115 FYE 125-130*)</i>
Kath Webster	75-80 <i>(75-80)</i>	5-10 <i>(0-5)</i>	0 <i>(0)</i>	95 ^{*1} <i>(31)</i>	180-185 <i>(110-115)</i>
Dave Webster (to 31 March 2020)	110-115 <i>(110-115)</i>	5-10 <i>(10-15)</i>	0 <i>(0)</i>	46 <i>(42)</i>	170-175 <i>(165-170)</i>
Directors on the APHA Board during 2018/19					
Simon Hall (to 7 January 2019)	0 <i>(55-60 FYE 75-80*)</i>	0 <i>(0)</i>	0 <i>(0)</i>	0 <i>(4)</i>	0 <i>(60-65 FYE 80-85*)</i>
David Harris (to 30 June 2018)	0 <i>(20-25 FYE 80-85*)</i>	0 <i>(0)</i>	0 <i>(0)</i>	0 <i>(18)</i>	0 <i>(35-40 FYE 95-100*)</i>

*Full year equivalent salary for board members who served part year with APHA.

*¹Pension increase as per figures from MyCSP due to change in pension scheme.

Dave Webster is included above, as although paid by Defra, he is a member of the Management Board and is deemed to be in a position to influence APHA decisions.

⁶ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The "real increase" excludes increases due to inflation or any increase or decrease due to transfer of pension rights.

Emoluments include gross salary, bonuses and other allowances to the extent that they are subject to United Kingdom taxation. Remuneration and pension figures shown are for the whole of 2019/20 for APHA.

Pension Benefits (Audited)

	Accrued pension at pension age as at 31 March 2020	Accrued Lump Sum at pension age as at 31 March 2020	Real increase in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	£'000	Nearest £100
Directors on the APHA Board as at 31 March 2020							
Chris Hadkiss	90-95	0	0 - 2.5	1466	1428*	30	0
Andrew Soldan	20-25	60-65	0 - 2.5 plus a lump sum of 0 - 2.5	486	440	22	0
Ian Hewett	35-40	115-120	0 - 2.5 plus a lump sum of 0 - 2.5	922	869	11	0
Kath Webster	40-45	0	5 - 7.5	841	723	83	0
Dave Webster (to 31 March 2020)	80-85	0	2.5 - 5	1610	1495	45	0
Directors on the APHA Board during 2018/19							
Simon Hall (to 7 January 2019)	0	0	0	0	661	0	0
David Harris (to 30 June 2018)	0	0	0	0	706	0	0

*CETV at 31 March 2019 was reported as £1431k in 2018/19 but has subsequently been recalculated to £1428k.

Dave Webster is included above, as although paid by Defra, he is a member of the Management Board and is deemed to be in a position to influence APHA decisions.

CETV shown is the actuarially assessed capitalised value of pension scheme benefits accrued by scheme members at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from the lifetime allowance tax which may be due when pension benefits are taken.

The pension information for each executive member of the APHA Board shows the benefits each member has accrued as a consequence of their total membership in the Principal Civil Service Pension Schemes (PCSPS). This includes the value of benefits from other PCSPS employments, benefits transferred into the PCSPS from other pension schemes and additional pension benefit purchased by members at their own expense, as well as the benefit accrued from service in APHA. All funding, to finance the deferred remuneration that the accrued pension benefits represent, is paid to HM Treasury. Further information on these pension schemes is provided in the Staff Report.

No amounts have been paid during the year in respect of compensation or awards to former directors or senior managers.

Accountability Report: Staff Report

Staff Costs (Audited)

	2019/20	2018/19
	£'000	£'000
Wages and salaries	73,012	67,416
Social security costs	7,876	7,026
Pension costs	19,390	13,748
Agency staff costs	2,056	2,733
Less recoveries in respect of outward secondments	(2,145)	(104)
Total Staff Costs	100,189	90,819

The apprenticeship levy was introduced from 1 April 2017 and payment of the levy is considered a form of taxation. The levy is included in the social security costs contributions line in the table above.

Recoveries in respect of outward secondments relates to staff seconded out to other Defra bodies. The majority of this (£1,402k) relates to staff seconded to the Rural Payments Agency (RPA) following the extensions to Article 50 in April and October 2019, as staff recruited by APHA to prepare for a No Deal exit were no longer required. A further £511k was for staff seconded to Defra with £305k for science staff to work on the Weybridge masterplan project and £206k for staff to work in the EU Exit Customer Service Centre.

APHA has consultancy spend of £103k for the year ended 31 March 2020 (2018/19: £105k). This is included within operating costs – programme service delivery costs shown in Note 3.

Agency staff costs have been separately identified as they are not employed staff. The numbers have been included in the table of average number of full time equivalent staff.

In addition to the costs shown above, agency staff costs of £64k (2018/19: £236k) have been capitalised. These are included within the additions to IT Software and Assets in the Course of Construction shown in Note 6 – Intangible Assets.

Under IAS 19 Employee Benefits, an accrual has been established for staff leave due, but not taken at 31 March 2020; this employee benefit is payable in 2020/21.

Pension Contributions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but APHA is unable to identify its share of the underlying liabilities. The Government Actuary's Department assesses the scheme liabilities, assumptions and financial position each year. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation: (<http://www.civilservicepensionscheme.org.uk/>).

In 2019/20, employer's contributions of £19,108k were payable to the PCSPS (2018/19: £13,480k) at one of four rates in the range 26.6% to 30.3% (2018/19: 20.0% to 24.5%) of

pensionable pay based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2019/20. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. A new pension scheme, alpha, was introduced from 1 April 2015. The majority of Principal Civil Service Scheme members (includes classic, classic plus, premium and nuvos) have moved to alpha. Most new members will also join alpha.

Employees can opt to open a partnership pension or a stakeholder pension with an employer contribution. Employer's contributions of £273k (2018/19: £260k) were paid to appointed stakeholder pension providers. Employer contributions are age related and range from 8% to 14.75% of pensionable pay. APHA also matches employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil (2018/19: £Nil) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirements of employees. Contributions due to the partnership pension providers at the 31 March 2020 were £9k (2018/19: £8k).

One member of staff (2018/19: three) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £18k (2018/19: £17k).

Average Number of Persons Employed (Audited)

Average Number of Full Time Equivalent Staff	2019/20	2018/19
	FTE	FTE
Science staff	395	386
Veterinary staff	334	295
Technical staff	228	239
Administrative and managerial staff (all disciplines) incl agency	1,295	1,159
Inspectorate staff	181	164
	2,433	2,243

Average Number of Full Time Equivalent Staff	2019/20	2018/19
	FTE	FTE
Permanently employed staff	2,100	2,050
Fixed term contracts and inward secondment	230	78
Temporary and agency staff	103	115
	2,433	2,243

The table below provides the number of Senior Civil Servants or equivalent by pay-band:

Senior staff by pay-band	31 March 2020	31 March 2019
Pay-band 3	0	0
Pay-band 2	1	1
Pay-band 1	5	5

The remuneration and emoluments of the APHA Board are set out in the Remuneration Report starting on page 33 of this annual report.

Reporting of Civil Service and Other Compensation Schemes – Exit Packages (Audited)

During the year 12 employees have left APHA under early release schemes, (2018/19: None) The 2018/19 cost of £142k in the staff costs relates to payments to staff who have left the APHA due to other reasons.

Exit Package Cost Band	2019/20			2018/19		
	Number of early release schemes	Number of other departures agreed	Total number of exit packages	Number of early release schemes	Number of other departures agreed	Total number of exit packages
<£10,000	2	-	2	-	1	1
£10,000 - £25,000	2	2	4	-	1	1
£25,000 - £50,000	7	-	7	-	1	1
£50,000 - £100,000	1	-	1	-	1	1
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
£200,000>	-	-	-	-	-	-
Total number of exit packages by type	12	2	14	-	4	4
Total resource cost (£'000)	373	27	400	-	142	142

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year that the exit package is agreed. Where the employer has agreed early retirements, the additional costs are met by the employer and not by the Civil Service Pension Scheme. Any ill-health retirement costs are met by the pension scheme and are not included in the table.

There were no compulsory redundancies during 2019/20 (2018/19: Nil).

Equal Opportunities and Corporate Social Responsibility:

As part of the Defra People Strategy, we will:

- Enhance the visibility of under-represented groups across all grades and job types, to better reflect the society we serve.
- Improve social mobility across the Civil Service and embed the Talent Action Plan to enable everyone to reach their potential.
- Ensure employee policies are reviewed by Defra on an annual basis.

Under the Equality Act 2010, APHA has a duty to take action to promote equality of opportunity (on grounds of disability, gender, race, age, gender–reassignment, marriage and civil partnerships, pregnancy and maternity, religion or belief and sexual orientation) in policy-making, the delivery of services and employment.

APHA aims to be a diverse and inclusive employer that can attract and retain talented people from the widest range of backgrounds and offer all our staff equality of opportunity to progress and achieve their potential on merit.

Gender Split 31st March 2020	Female	Male
Directors	1	5
Senior Managers	70	98
Other Staff	1,349	897
Gender Split 31st March 2019	Female	Male
Directors	1	5
Senior Managers	70	108
Other Staff	1,413	942

*Tables above include employed staff only

We participate in a recruitment system that, guarantees an interview to any candidate who has declared a disability and meets the minimum essential criteria for the post. In addition, 'Unconscious Bias' is a mandatory e-learning course for all employees who recruit, interview and manage the performance of others. The aim of the training is to raise awareness and support all our employees in becoming diversity confident.

We actively consider temporary and permanent reasonable adjustments to enable every individual to be fully effective in their employment, training, career development and promotion. Disability leave is also available, which provides paid time off work for the purposes of assessment, treatment and rehabilitation for disabled employees.

Sickness absence is closely monitored and policies are in place to reduce absence and to support people so that they can remain at work, including return-to-work interviews and occupational health advice. In addition to this, counselling information, training and advisory services are available through our contracted Employee Assistance Programme, or our internal Wellbeing Advisor.

Sickness absence data	2019/20	2018/19
No of Sick Days	11,965	10,113
No of Staff	2,387	2,163
Average days lost per employee	5.01	4.68

*Table above excludes temporary and agency staff

Trade Union Facility Time: In accordance with the requirements of the Trade Union (Facility Time Publication requirements) Regulations 2017 the following is a summary of trade union officials of employees and facility time usage of this group during the 2019/20 year.

In APHA 16 (15.6 FTE) employees were Trade Union (TU) representatives (2018/19: 27 (26 FTE)). Of these, 16 employees (2018/19: 27) spent up to 50 percent of their working hours on facility time.

The total cost of the facility time was £53,536 (2018/19: £68,606) which is 0.07 percent (2018/19: 0.10 percent) of the total pay bill. The total pay bill cost was £73,901k (2018/19: £68,003k).

Review of Tax Arrangement of Public Sector Appointees: As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arms' length bodies must publish information on highly paid and senior off-payroll engagements. The following data is required to be reported.

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of existing engagements as of 31 March 2020	4
Of which:	
Number that have existed for less than one year at the time of reporting	1
Number that have existed for between one and two years at the time of reporting	2
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for between four or more years at the time of reporting	1

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	1
Of which:	
The number of these engagements which were assessed as caught by IR35	1
The number of these engagements which were assessed as not caught by IR35	0
The number that were engaged directly (via PSC contracted to department) and are on the departmental payroll	0
The number that were reassessed for consistency / assurance purposes during the year	1
The number that saw a change to IR35 status following the consistency review	0

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months	
For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	0
Total number of individuals on and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements	13

Accountability Report: Parliamentary Accountability Report

Regularity of Expenditure (Audited)

The Accountable Officer and the APHA Board are able to identify any material irregular or improper use of funds by the APHA or material non-compliance in the use of funds.

There have been no instances of material irregularity, impropriety or funding non-compliance discovered during the financial year. If any instances are identified after the date of this statement, these will be notified to the APHA Board and to Defra.

Fees and Charges (Audited)

APHA's fees and charges are approved by Ministers and then set in statute. Our objective for charging is to ensure that we recover our estimated actual costs for delivering the service. Eligible recoverable costs are guided by HM Treasury's Managing Public Money handbook.

No new statutory instruments have been introduced in 2019/20. However, Plant Health have continued with their annual review and fee adjustments, with the implementation of amendments to their existing SIs (2019 No.1257 and 2020 No.9). In June 2019, Animal Health's Animal Gathering Order and Animal By-Products regulations were automatically uplifted to full cost recovery, a year after their Statutory Instruments were laid.

All of the Plant Health fees are at full cost recovery. As the volumes shift from year to year, this may lead to small amounts of under or over recovery during the year. These are adjusted in the following year.

All of the Animal Health fees are under-recovering, therefore we are progressing with our review of our existing fees relating to animal health services, moving to a single full cost recovery charging methodology for APHA as far as possible. We are also looking at options to extend Animal Health charging into other statutory areas, subject to consultation.

The table below sets out the amount of income we have received across the different areas of service which APHA provides.

Legislation	Total income received	Total expenditure
	£'000	£'000
Animal Health Regulations 2013 & 2018	1,299	1,927
National Listing (NL) / Plant Breeder Rights (PBR)	1,431	1,446
The Seed Marketing Regulations 2011 (England & Wales)	1,246	1,259
The Animal Gatherings Order 2018	51	84
The Animal By-Products and Pet Passport Regulations 2018	861	1,242
The Disease of Animals (Approved Disinfectants) 2011	258	260
The Plant Health (Fees) (England) Regulations 2018	5,318	5,099
The Plant Health (Export Certification) (England) (Amendment) Order 2018	1,170	1,138
The Poultry Compartments Order 2010	43	43
The Welfare of Wild Animal in Travelling Circuses 2012	4	4
The Welfare of Animals at the Time of Killing Regulation 2015	12	12
Wildlife and Countryside Act 1982	4	4
Total	11,697	12,518

Remote Contingent Liabilities (Audited)

APHA does not have any remote Contingent Liabilities as at 31 March 2020; this was the same as at 31 March 2019.

Losses and Special Payments (Audited)

For 2019/20, we can report that there were no losses or special payments which exceeded £300k.



Chris Hadkiss,
 APHA Chief Executive and Accounting Officer
 09 July 2020

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Animal and Plant Health Agency for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Animal and Plant Health Agency's affairs as at 31 March 2020 and of the total comprehensive net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of matter – material uncertainty regarding land and buildings valuation

Without qualifying my opinion, I draw attention to the disclosures in note 1.3 to the financial statements in relation to the valuation of the land and buildings owned by the Animal and Plant Health Agency.

As set out in the Note, Coronavirus is affecting market activity in many sectors and, in line with guidance from the Royal Institute of Chartered Surveyors (RICS), the independent valuer's valuation of the Animal and Plant Health Agency's land and buildings as at 31 March 2020 included a "material uncertainty" clause. This means a higher degree of caution, and therefore less certainty, should be attached to the valuation than would normally be the case. The Note includes details of the potential impact to the valuation of movements in the key assumptions underpinning this valuation.

Opinion on regularity

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

Basis of opinions

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

Conclusions relating to going concern

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

- the Animal and Plant Health Agency's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Animal and Plant Health Agency have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Animal and Plant Health Agency'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.

Responsibilities of the Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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

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

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

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

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.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and the Accountability Report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my

responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies

10 July 2020

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

		2019/20	2018/19
	Note	£'000	£'000
Revenue from contracts with customers	4	(72,406)	(71,973)
Other operating income	4	(78)	(90)
Total operating income		(72,484)	(72,063)
Staff costs	3	100,189	90,819
Total staff costs		100,189	90,819
Other operating costs			
Official veterinarian costs	3	25,727	25,722
Operating costs	3	39,040	37,970
Non-cash costs	3	83,251	90,516
Total non staff costs		148,018	154,208
Total operating expenditure		248,207	245,027
Total comprehensive net expenditure / (income)		175,723	172,964
OTHER COMPREHENSIVE EXPENDITURE			
Net loss / (gain) on revaluation of property, plant and equipment	5	880	(12,208)
Net loss / (gain) on revaluation of intangibles	6	(39)	(72)
Total comprehensive expenditure / (income) for the year ended 31 March 2020		176,564	160,684

All income and expenditure is derived from continuing operations.

The notes on pages 54 to 78 form part of these financial statements.

Statement of Financial Position as at 31 March 2020

		31 March 2020	31 March 2019
	Note	£'000	£'000
Non current assets			
Property, plant and equipment	5	259,926	274,019
Intangible assets	6	10,151	12,282
Total non current assets		270,077	286,301
Current assets			
Inventories	8	5,412	3,107
Trade receivables and other current assets	9	18,337	17,725
Cash and cash equivalents	10	6,821	2,252
Total current assets		30,570	23,084
Total assets		300,647	309,385
Current liabilities			
Trade payables and other liabilities	11	(18,484)	(20,476)
Provisions		(303)	(150)
Total current liabilities		(18,787)	(20,626)
Total assets less current liabilities		281,860	288,759
Non current liabilities			
Contract liabilities		-	-
Lease obligations		-	-
Provisions		-	-
Total non current liabilities		-	-
Assets less liabilities		281,860	288,759
Taxpayers' equity			
General fund		163,490	160,079
Revaluation reserve		118,370	128,680
Total taxpayers' equity		281,860	288,759

The notes on pages 54 to 78 form part of these financial statements.



Chris Hadkiss,
 APHA Chief Executive and Accounting Officer
 09 July 2020

Statement of Cash Flows for the year ended 31 March 2020

	2019/20	2018/19
	£'000	£'000
Cash flows from operating activities		
Net operating income / (expenditure)	(175,723)	(172,964)
Adjustments for non-cash transactions	83,426	90,366
(Increase) / decrease in trade and other receivables	(612)	1,040
Less movements in receivables relating to the implementation of IFRS 9	-	160
(Increase) / decrease in inventories	(2,305)	(1,354)
Increase / (decrease) in trade payables	(1,992)	(5,372)
Use of provisions	(22)	(116)
Net cash outflow from operating activities	(97,228)	(88,240)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,108)	(751)
Purchase of intangible assets	(195)	(750)
Proceeds from the disposal of non current assets	-	31
Net cash outflow from investing activities	(1,303)	(1,470)
Cash flows from financing activities		
Net cash requirement received / (paid) from Defra	103,100	75,235
(Decrease) / increase in non current lease obligations	-	-
Net cash outflow from financing activities	103,100	75,235
Change in cash and cash equivalents		
Cash and cash equivalents at 1 April	2,252	16,727
(Decrease) / Increase in cash	4,569	(14,475)
Cash and cash equivalents at 31 March	6,821	2,252

The notes on pages 54 to 78 form part of these financial statements.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

		General fund	Revaluation reserve	Total Reserves
	Note	£'000	£'000	£'000
Balance at 1 April 2018		179,560	134,044	313,604
IFRS 9 carrying amount adjustment	9	160	-	160
Adjusted opening balance 1 April 2018		179,720	134,044	313,764
Transfers between reserves		17,644	(17,644)	-
Non-cash charges - notional charges	3	60,444	-	60,444
Comprehensive net expenditure for the year		(172,964)	-	(172,964)
Net gain on revaluation of property, plant and equipment	5	-	12,208	12,208
Net gain on revaluation of intangible assets	6	-	72	72
Parliamentary funding received		75,235	-	75,235
Balance at 31 March 2019		160,079	128,680	288,759
Transfers between reserves		9,469	(9,469)	-
Non-cash charges - notional charges	3	62,080	-	62,080
Non-cash adjustments		4,485	-	4,485
Comprehensive net expenditure for the year		(175,723)	-	(175,723)
Net gain on revaluation of property, plant and equipment	5	-	(880)	(880)
Net gain on revaluation of intangible assets	6	-	39	39
Parliamentary funding received		103,100	-	103,100
Balance at 31 March 2020		163,490	118,370	281,860

The notes on pages 54 to 78 form part of these financial statements.

1 Notes to the financial Statements

1. Statement of Accounting Policies

1.1. Basis of Preparation

The financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies in the FReM adapt and interpret International Financial Reporting Standards (IFRS) for the public sector and comply with the guidelines issued by the International Financial Reporting Interpretations Committee.

Where the FReM permits a choice of accounting policy, these accounts follow the treatment which is most appropriate to give a true and fair view for APHA. The policies adopted by APHA are described in this statement. These policies have been applied consistently in dealing with items that are considered material in relation to the accounts.

1.2. Accounting Convention

These accounts have been prepared on an accruals basis, under the historical cost convention, modified to account for the revaluation of property, plant and equipment and intangible assets. The accruals basis of accounting means reporting income and expenditure when it is incurred rather than when it is received or paid. These financial statements are based on the going concern principle.

1.3. Significant Judgements and Estimation Uncertainty

The following areas represent significant judgements that APHA has made in applying the accounting policies:

Non-Current Assets

- The useful economic lives of assets that form the basis of periods over which property, plant and equipment is depreciated (reported in notes 3 and 5) and intangible assets are amortised (reported in notes 3 and 6).
- The impairment of property, plant and equipment, and intangible assets (reported in notes 3, 5 and 6).
- Non-current assets are valued at current replacement cost as described in notes 1.7.2. Non-freehold property, tangible and intangible assets are revalued using indices. Indexation rates published by the Office for National Statistics are used as a basis for estimating current replacement cost for non-property assets and Halifax rates are used for non-freehold property assets.

It should be noted that an asset valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Red Book Global Valuation Global Standards 2020, the valuer has declared a

'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in market caused by the impact of the Coronavirus Pandemic thus far. The professional valuer has drawn management's attention to the fact that the ongoing Coronavirus outbreak introduces significant uncertainty in relation to many factors that have historically acted as drivers for property market activity. Whilst value movements will most likely be negative on Market Value calculations, the valuers also suspect increasing build costs resulting from prevailing market restrictions (including movement of labour) will likely lead to increasing values of specialised assets valued under Depreciated Replacement Costs (DRC) over the coming period. This could affect the values attached to APHA's valuation of its specialised land and buildings as DRC is used as the valuation basis for over 95% of its land and buildings. Management acknowledges the uncertainty but considers that there is little or no empirical evidence available that there is an impact of Coronavirus on the build and labour costs. While this lack of evidence reduces the level of certainty that can be attached to such a valuation, management considers that the valuation provided is an appropriate basis on which to determine the fair value at the date of reporting. Further details are set out in Note 5.

Official Veterinarians

- An estimate is included in the accounts for tests which the Official Veterinarians have undertaken but have not been concluded at the end of March. The estimate is based upon the volume of tests allocated to Official Veterinarians in March using test values as set out in the contract.

Revenue

- APHA determines at the inception of a contract whether it satisfies each contractual performance obligation over time or at a point in time. If APHA does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.
- APHA receives monies for undertaking scientific projects. These projects can span financial years and as such APHA accrues or defers income and expenditure, as appropriate, based on whether the performance obligations in the contract have been satisfied.
- APHA satisfies a performance obligation and recognises revenue over time if one of the following criteria is met:
 1. APHA's performance does not create an asset with an alternate use to APHA and APHA has an enforceable right to payment for performance to date.
 2. APHA's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
 3. The customer simultaneously receives and consumes the benefits provided by APHA's performance as it performs.

For performance obligations where one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Provisions

- Provisions include an estimate of future liabilities based on information available when the accounts are approved.

Annual Leave Accrual

- The annual leave accrual is calculated on a randomly selected sample of 10% of each staff grade. This is then used to calculate a statistical approximation of the overall staff population's outstanding leave and flexi leave to derive an accrual figure.

1.4. Income Recognition

Operating income disclosed in the accounts relates directly to the operating activities of APHA. Under the previous accounting policies, income was recognised on an accruals basis using work undertaken during the year to ascertain the stage of completion for service contracts. Under IFRS 15 income is recognised when the performance obligations in the contract are satisfied.

APHA recognises revenue from contracts with customers in accordance with the five-stage model set out in IFRS 15 Revenue from Contracts with Customers. These steps are:

Step 1. Identify contract(s) with a customer: a contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: a performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: the transaction price is the amount of consideration to which APHA expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: for a contract that has more than one performance obligation, APHA allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which APHA expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) a performance obligation is satisfied.

Details of APHA's main performance obligations, how and when they are satisfied, and the determination of transaction prices is detailed in Note 4.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, or for income in the current year but the performance obligation in the contract is not satisfied, then that income is deferred and recognised as a contract liability in the accounts.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract.

From 1 April 2016, instead of funding from Defra being recorded as income, it is now treated via equity under Parliamentary funding to improve accountability and transparency of funding, and as required by the FReM. The Statement of Changes in Taxpayers Equity now clearly states the funding element and brings APHA into line with the other government departments regarding the treatment of funding.

1.5. Expenditure on Goods and Services

Expenditure on goods and services is recognised when, and to the extent that, they have been received. It is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.6. Expenditure on Employee Benefits

1.6.1. 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 annual leave entitlement 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.

1.6.2. Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The scheme is an unfunded, defined benefit scheme. It is not possible for APHA to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme. Employer's pension cost contributions are charged to operating expenditure on an accruals basis.

APHA recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for the payment of future benefits is a charge on the PCSPS.

In respect of the defined contribution schemes, APHA recognises the contributions payable for the year.

Additional pension liabilities arising from early retirements are not funded by the scheme and APHA meets the additional cost. Although the Early Departure Provision for additional pension costs is a liability of APHA, it is actually paid by Defra.

Pension arrangements are described in the Staff Report.

1.6.3. Apprenticeship Levy

Introduced from 1 April 2017, payment of the levy is considered a form of taxation and is accounted for as a tax expense as part of staff costs.

Income received in APHA's Digital Apprenticeship Service (DAS) account is considered to be a government grant for accounting purposes as resources (the training services) are transferred to the entity in return for compliance with certain conditions (providing approved training to its employees). Such assistance would be recognised as grant income at the same point in time that an associated expense for training services is recognised, as per IAS 20.

1.7. Non-Current Assets

1.7.1. Recognition

Property, Plant and Equipment is capitalised in the month expenditure is incurred when:

- it is held for use in delivering services or for administrative purposes;
- it is expected to be used for more than one financial year end;
- the cost of the item can be measured reliably;
- it individually has a cost of at least £10,000; or
- it collectively has a cost of at least £10,000 where the assets are functionally interdependent, the individual items have broadly simultaneous disposal dates and are under single managerial control.

APHA occupies both specialist laboratory and general administrative accommodation. Although ownership of both types of property lies with Defra, as APHA derives direct economic benefit from the specialist accommodation which allows for the charging of tests and research, these properties are included in the SoFP of APHA. The split of this disclosure is made on a site by site basis and includes sites where APHA has enhanced a property originally held by Defra under the terms of an operating lease in order to bring that property to a condition fit for purpose for APHA's operations.

General administrative accommodation does not provide APHA with any economic benefit and these are treated and disclosed as Operating Leases.

Capital expenditure by Defra on the Weybridge site is transferred from Defra via the general fund and recognised on APHA's fixed asset register when the asset is available for use.

Title to the freehold land and buildings shown in the accounts is held as follows:

- (i) All freehold land and buildings comprising the farms attached to the main laboratory site at Weybridge are held in the name of the Secretary of State for Environment, Food and Rural Affairs;
- (ii) All freehold land and buildings at the main laboratory site at Weybridge and at any of the Regional Laboratories are Civil Estate property.

1.7.2. Measurement

1.7.2.1. Valuation of Property, Plant and Equipment

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Freehold land and buildings are stated at fair value and are professionally revalued at least every 5 years at Depreciated Replacement Cost (DRC), in accordance with guidance issued by the Royal Institution of Chartered Surveyors (RICS), the last revaluation having taken place in 2020 by Montagu Evans, which covered all freehold land and buildings.

Property values are revised annually by means of a desktop review undertaken by Defra's appointed valuer, Montagu Evans, where every valuation is reviewed having regard to local and national indices and local knowledge. This professional independent valuation adheres to the principles outlined in the RICS Red Book.

Every 5 years, when the land and buildings are professionally revalued, the accumulated depreciation is reset to zero, whereas the revaluation in the intervening years is adjusted through both cost and depreciation.

The value of non-property tangible assets is revised annually to current replacement cost, which equates to fair value, by using appropriate indices provided by the Office for National Statistics.

APHA transfer revaluation reserves to meet the costs of excess depreciation charges in the general fund.

Backlog depreciation will arise on indexed assets as the difference between original depreciation and revised depreciation following indexation. This is recognised through the SoCNE as a debit against the revaluation reserve.

Assets in the course of construction are not revalued until the asset concerned is brought into service.

1.7.2.2. Valuation of Intangible Assets

Software licences are valued at historic cost. They are capitalised where the licence period is for more than two years and the cost is greater than £10,000. Software licences are amortised over the term of the licence or their useful economic life, if shorter.

Internally generated software and software licences are regularly revalued by using appropriate indices provided by the Office for National Statistics.

Intangible Assets in the Course of Construction are not depreciated or revalued until the asset concerned is brought into service. Assets in the Course of Construction usually

relate to internally developed computer software and systems costing in excess of £50,000. The cost of the asset includes capitalisation of contractor costs.

1.7.2.3. Subsequent Expenditure

Subsequent expenditure is capitalised if the criteria for initial capitalisation are met, if it is probable that economic benefits will flow to APHA and that the cost of the expenditure can be reliably measured

1.7.2.4. Research and Development

APHA's expenditure on research activities is written off to the SoCNE as it is incurred in view of the uncertainty surrounding the economic benefit resulting from it. APHA carries out research into animal related diseases on behalf of Defra. Capitalisation of development costs is contingent on fulfilling the criteria in IAS 38 (Intangible Assets).

1.7.3. Depreciation and Amortisation

Land and properties under construction are not depreciated. Tangible Assets in the course of construction are not depreciated until the asset is available for use.

Otherwise, depreciation and amortisation are charged on a straight-line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated lives. The estimated useful economic life of an asset is the period over which APHA expects to obtain economic benefits or service potential from the asset. This is specific to APHA and may be shorter than the physical life of the asset itself. The estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Useful economic lives applied for depreciation charges	
Buildings	5 - 60 years
Office equipment and furniture	5 - 15 years
IT assets	2 - 20 years
Plant and motor vehicles	5 - 15 years
Scientific equipment	5 - 10 years

A full month's depreciation is charged to the SoCNE in the month of acquisition and assets are not depreciated in the month of disposal.

Useful economic lives applied for amortisation charges	
Software licences	2 - 15 years
Internally generated software	2 - 15 years

Amortisation of Intangible Assets commences when the developed asset is fully brought into use and is based on a systematic allocation over the period during which APHA is expected to benefit from the use of the intangible asset.

APHA does not hold any intangible assets with an indefinite useful life.

1.7.4. Impairment

APHA reviews its assets annually to identify those where the recoverable amount of assets falls below their carrying amount. The treatment of any impairment losses is dependent on whether they are result of:

- Consumption of economic benefit or reduction in service potential – if this is the case the loss is taken to the SoCNE.
- A change in market value – in this case the fall in value will first be offset against the accumulated balance in the revaluation reserve (if any) and, once that element of the reserve is exhausted, the remainder of the fall in value will be taken to the SoCNE.

1.8. Leases

A finance lease is one which transfers substantially all the risks and rewards of ownership to the lessee. If a leasing arrangement is in force for a substantial period of the useful expected life of the asset, then the lessee is assumed to carry all of the risk. An operating lease is a lease other than a finance lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of that arrangement. This assessment is based on whether the arrangement is dependent on the use of a specific asset and conveys the right to use the asset. APHA evaluates contractual arrangements in accordance with the above criteria as laid down in IAS 17.

Operating leases and the rentals thereon are charged to the SoCNE on a straight-line basis over the term of the lease. Where APHA occupies a property that is leased by Defra, there is a future commitment that is consistent with arrangements containing a lease as defined by IFRIC 4.

1.9. Inventory

Inventory, which consists of veterinary and scientific consumables and stocks of both raw and finished reagents, is stated at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to fair value due to the high turnover of stock.

For inventory where there is no or minimal expectation of consumption or sale in the ordinary course of business, the value is impaired to reduce it to Net Realisable Value by means of a stock obsolescence provision.

1.10. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash held with UK banks at the reporting date. Bank accounts are held within the Government Banking System.

1.11. Value Added Tax (VAT)

APHA is covered by Defra's VAT registration. A significant proportion of the activities of APHA are outside the scope of VAT and in general output tax does not apply and input tax

on purchases is not recoverable. An element of recovery of input tax does take place under the contracted-out services provisions applicable to government departments. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.12. Provisions, Contingent Liabilities and Assets

In accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, APHA provides for its obligations arising from past events where a reliable estimate of the obligation can be made and it is probable that the obligation will require settlement.

In addition to contingent liabilities disclosed in accordance with IAS 37, APHA discloses, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote.

A contingent asset is disclosed where an inflow of economic benefits is probable.

1.13. Financial Instruments

APHA holds a range of financial instruments (trade payables and trade receivables), aggregated into classes based on their nature. The majority of these relate to contracts for non-financial items in line with the APHA's expected purchase and usage requirements and APHA is not exposed to significant credit, liquidity or market risk. As a result of the low risk there is no requirement to disclose, in terms of IFRS 7, Financial Instruments: Disclosures.

IFRS 9 became effective from 1 April 2018 for APHA. The simplified approach to impairment using the expected credit loss model has been applied. The difference between the previous carrying amount and the carrying amount at 1 April 2018 was recognised in the opening general fund within Taxpayer's Equity in 2018/19.

A general impairment provision based on expected credit losses has been created, using a standard 1% of anticipated external UK sales values for 2020/21; and a standard 2% of anticipated export sales values for 2020/21 (the latter to recognise the additional challenges of collecting foreign debt where there is no legal redress).

1.14. Notional Charges

Defra provides a number of services centrally and the cost of these is shown as notional charges. The value of notional charges is determined by Defra. Further details are provided in note 3.

1.15. Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into sterling using the rate of exchange at 31 March 2020, or where appropriate, the rate of exchange fixed under the terms of the relevant transaction. Transactions in foreign currencies are translated into sterling using the rate at the date of the transaction. Differences on translation are written off to the SoCNE.

1.16. Impending Application of Newly Issued Accounting Standards Not Yet Effective

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new International Financial Reporting Standards (IFRSs), amendments and interpretations that are or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for future reporting periods. Those with relevance to APHA are outlined below. APHA has not adopted any new IFRSs early.

- **IFRS 16: Leases** – the implementation of this standard has been delayed and is now effective for accounting periods beginning on or after 1 January 2021. It will supersede all existing IFRS standards on leases. The distinction between operating and finance leases will be removed, and uniform accounting treatment for all leases with a term over twelve months will be required. Effectively this will bring APHA leases with a term over one year, and above £5k onto APHA's Statement of Financial Position, then as payments are made each year the asset value will be written down. Exemptions will be applied to low value leases under £5k and short term leases under 12 months. IFRS 16 will not be applied to intangible assets.

2 Operating Segments

2.1 Expenditure and Income 2019/20

Region/Sector	Total expenditure	Total income	Net expenditure
	£'000	£'000	£'000
Service delivery directorate	98,720	(52,016)	46,704
Scientific services directorate	46,866	(20,390)	26,476
Veterinary directorate	3,777	-	3,777
EU Exit directorate	15,253	-	15,253
Corporate centre, notional charges, depreciation and amortisation	78,112	-	78,112
	242,728	(72,406)	170,322
Apprenticeship levy training / (grant income)	78	(78)	-
Revaluation deficits / (surpluses) not covered by previous revaluation surpluses and increases in provisions	5,401	-	5,401
Totals	248,207	(72,484)	175,723

The table summarises the management accounts prepared by APHA during the course of 2019/20 and is split in terms of operations.

a. Gross Assets

An allocation of gross assets is not provided to the Chief Operating Decision Maker (APHA Board) on a regular basis and accordingly no analysis is provided here.

b. Interest

The APHA had no interest revenue or expense.

c. Liabilities

The APHA Board does not require an analysis of liabilities by segment for the purposes of allocating resource or assessing performance. Accordingly no analysis is included in these accounts.

2.2 Expenditure and Income 2018/19

Region/Sector	Total expenditure	Total income	Net expenditure
	£'000	£'000	£'000
Service delivery directorate	95,825	(51,688)	44,137
Scientific services directorate	48,424	(20,285)	28,139
Veterinary directorate	2,752	-	2,752
EU Exit directorate	7,175	-	7,175
Corporate centre, notional charges, depreciation and amortisation	75,403	-	75,403
	229,579	(71,973)	157,606
Apprenticeship levy training / (grant income)	90	(90)	-
Revaluation deficits / (surpluses) not covered by previous revaluation surpluses and increases in provisions	15,358	-	15,358
Totals	245,027	(72,063)	172,964

3 Operating Costs

	2019/20	2018/19
	£'000	£'000
Staff costs		
Wages and salaries	73,012	67,416
Social security costs	7,876	7,026
Pension costs	19,390	13,748
Agency staff costs	2,056	2,733
Less recoveries in respect of outward secondments	(2,145)	(104)
Total staff costs	100,189	90,819
Official veterinarian costs		
Official veterinarian costs	25,727	25,722
Total official veterinarian costs	25,727	25,722
Operating costs		
Veterinary and laboratory costs	13,395	14,319
Outsource laboratory and technical Services	8,545	6,832
Programme service delivery costs	5,444	6,098
Travel and subsistence	5,575	5,941
IT costs	2,418	2,000
Service level agreements	1,634	1,551
Training and apprenticeship levy training	1,336	1,224
Exit Costs	400	142
Estates and accommodation costs	293	(137)
Total other operating costs	39,040	37,970
Non-cash costs		
Defra notional charges	62,080	60,444
Depreciation and amortisation	15,765	14,743
Revaluation deficits / (surpluses) & impairments	5,401	15,358
(Profit) / loss on disposal of fixed assets	5	(29)
Total non-cash costs	83,251	90,516
Total non staff costs	148,018	154,208

For more detailed disclosures regarding staff costs, see the staff report on page 38.

Official Veterinarian Costs

Official Veterinarians are qualified veterinarians in private practice who undertake work on behalf of APHA. The charge against operating costs for the year ended 31 March 2020 is

based on activity undertaken by Official Veterinarians and paid for during the year together with:

- Activity carried out in the year but not paid for at the year-end for which test result forms had been received.
- Accrued payments for activity carried out in the year not paid for at the year-end for which test result forms had not been received.

Notional Charges

APHA does not directly meet the costs of certain services, shown in the table below, that are provided centrally by Defra. Annual notional non-cash charges for these services are instead issued to each Defra group body for inclusion in their statutory accounts to ensure a true and fair view of costs is represented, with a matching credit recorded in the general fund.

The Defra overhead notional recharge comprises of:

	2019/20	2018/19
	£'000	£'000
Estates costs	34,547	30,162
Information technology services, staff and project costs	19,699	23,228
Finance service costs	2,165	1,979
Shared services including payroll and financial	2,056	1,642
Human resources services and staff costs	1,193	916
Commercial costs	1,031	903
Communications costs	852	785
Legal services costs	313	583
Defra investigation services costs	66	96
NAO external audit fee	158	150
Total	62,080	60,444

Within the estates costs, the full cost of occupation is reflected in relation to buildings that are either owned or leased by Defra or specialised properties held on APHA's SoFP. The costs are proportionate to occupation and include rates, utilities, management overheads, facilities management and associated capital charges. For Defra leasehold properties, this also includes rental costs. There are no rental costs for Defra freehold properties.

The estimated value of non-specialised freehold property owned by Defra but occupied by APHA is £4,563k (2018/19: £3,804k). The commitments are consistent with arrangements containing a lease as defined by IFRIC 4, Determining Whether an Arrangement Contains a Lease.

The external audit fee is the Comptroller and Auditor General fee of £158k for the audit of the 2019/20 financial statements (2018/19: £150k). No remuneration was paid to the auditors for non-audit work.

4 Income

4.1.1 Revenue from Contracts with Customers 2019/20

Analysis by customer	Service delivery directorate	Scientific services directorate	Total
	£'000	£'000	£'000
Defra & Defra Agencies	810	4,459	5,269
Devolved Administrations	30,271	3,418	33,689
Other Government Departments	43	1,208	1,251
Other non commercial	9,502	951	10,453
Fees and charges	11,379	318	11,697
UK commercial & external	10	6,301	6,311
EU	-	1,189	1,189
Overseas commercial	1	2,546	2,547
Total	52,016	20,390	72,406

4.1.2 Revenue from Contracts with Customers 2018/19

Analysis by customer	Service delivery directorate	Scientific services directorate	Total
	£'000	£'000	£'000
Defra & Defra Agencies	903	5,385	6,288
Devolved Administrations	30,068	3,119	33,187
Other Government Departments	34	1,358	1,392
Other non commercial	10,723	732	11,455
Fees and charges	9,878	332	10,210
UK commercial & external	78	5,606	5,684
EU	-	1,688	1,688
Overseas commercial	4	2,065	2,069
Total	51,688	20,285	71,973

4.2 Other Operating Income

Analysis by customer	2019/20	2018/19
	£'000	£'000
Grant income - apprenticeship levy	78	90
Total	78	90

APHA's major income streams, and an assessment of the related performance obligations, are detailed below:

Devolved Administrations

APHA has an annual contract with an agreed budget with both the Welsh and Scottish Governments. The monthly report which details activities undertaken is agreed with both of these and an invoice is raised in arrears. This means that the performance obligation is satisfied over time.

Other Non Commercial

Other non-commercial income is mainly comprised of reactor removal framework income. This is where a third party agent provides haulage and slaughter services including the sale of carcasses on APHA's behalf. Income is accounted for in the month the carcass sale occurs.

Fees and Charges

For services, licences and fees levied by public bodies, control over the service and benefit of that service is gained at the point the licence is granted or services performed.

Project Income

Project income is recognised over time as APHA's work creates or enhances an asset controlled by the customer or the customer simultaneously receives and consumes the benefits provided by APHA.

APHA receives funding from Defra to cover its operating requirements by cash transfers which pass through the Statement of Changes in Taxpayers' Equity rather than being accounted for as income through the Statement of Comprehensive Net Expenditure. Accounting policy note 1.4 explains the rationale for the accounting treatment of this funding.

Transactions which are denominated in a foreign currency are translated into sterling at the Bank of England spot rate. The spot exchange rate is the exchange rate at the date of the transaction. Any gains or losses on exchange are taken to the Statement of Comprehensive Net Expenditure in the year in which they are incurred. Foreign exchange is not material for APHA, so has not been disclosed separately in the accounts.

5 Property, Plant and Equipment

2019/20	Land	Buildings	Scientific Equipment	Office Equipment and Furniture	Plant and Motor Vehicles	IT Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
1 April 2019	25,874	281,671	7,442	158	3,412	-	318,557
Additions	-	-	1,108	-	-	-	1,108
Transfers	(10)	2,939	303	42	101	-	3,375
Disposals	-	(64)	(148)	-	-	-	(212)
Impairment	-	(5,401)	-	-	-	-	(5,401)
Revaluation	743	(43,794)	61	-	7	-	(42,983)
31 March 2020	26,607	235,351	8,766	200	3,520		274,444
Depreciation							
1 April 2019	-	(37,207)	(4,531)	(158)	(2,642)	-	(44,538)
Charged	-	(11,459)	(652)	(3)	(176)	-	(12,290)
Transfers	-	-	-	-	-	-	-
Disposals	-	64	143	-	-	-	207
Impairment	-	-	-	-	-	-	-
Revaluation	-	42,133	(28)	-	(2)	-	42,103
31 March 2020		(6,469)	(5,068)	(161)	(2,820)		(14,518)
Net Book Value							
31 March 2019	25,874	244,464	2,911	-	770	-	274,019
31 March 2020	26,607	228,882	3,698	39	700		259,926

Land & Buildings

Montagu Evans undertook the quinquennial valuation of land and buildings during the year ended 31 March 2020. This resulted in Land and Buildings being valued at £255,489k at 31 March 2020, a net decrease from 2018/19 of £14,849k. The net decrease included £918k debited to the Revaluation Reserve (£743k less £43,794k plus £42,133k) and £5,401k debited to the SoCNE, with the balance relating to transfers from Defra (£2,929k), disposals (nil NBV) and depreciation charged (£11,459k).

The quinquennial valuation requires the write down of the depreciation balance to zero on the revalued assets, which do not include leasehold and infrastructure assets. A corresponding entry in cost results in a nil impact on net book value.

This revaluation was carried out using the depreciated replacement cost method for the specialist science estate, taking into account the expected construction costs to rebuild equivalent assets. This review also considers the remaining economic life of the buildings.

All of APHA's assets are owned and none are held under finance leases.

There are no IT assets or assets under construction in the year 2019/20 (2018/19: nil).

Due to the Coronavirus pandemic, as per RICS guidance the valuation includes a Material Valuation Uncertainty Clause. It advises DEFRA bodies that "less certainty and a higher degree of caution should be attached to valuation than would normally be the case". However, for the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. As such the valuation can still be relied upon to provide the fair value of the land and buildings, based on the best information available at the present time.

2018/19	Land	Buildings	Scientific Equipment	Office Equipment and Furniture	Plant and Motor Vehicles	IT Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2018	25,726	285,455	25,170	4,342	4,408	1,453	346,554
Additions	-	-	666	-	85	-	751
Disposals	-	(436)	(18,510)	(4,164)	(1,139)	(1,453)	(25,702)
Impairment	57	(15,415)	-	-	-	-	(15,358)
Revaluation	91	12,067	116	(20)	58	-	12,312
At 31 March 2019	25,874	281,671	7,442	158	3,412		318,557
Depreciation							
At 1 April 2018	-	(26,304)	(21,730)	(4,260)	(3,209)	(1,453)	(56,956)
Charged	-	(11,339)	(1,225)	(82)	(532)	-	(13,178)
Disposals	-	436	18,508	4,164	1,139	1,453	25,700
Impairment	-	-	-	-	-	-	-
Revaluation	-	-	(84)	20	(40)	-	(104)
At 31 March 2019		(37,207)	(4,531)	(158)	(2,642)		(44,538)
Net Book Value							
At 31 March 2018	25,726	259,151	3,440	82	1,199	-	289,598
At 31 March 2019	25,874	244,464	2,911		770		274,019

6 Intangible Assets

2019/20	Software Licences	IT Software	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2019	144	85,373	1,311	86,828
Additions	-	-	195	195
Transfers	-	2,616	(1,506)	1,110
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	1	327	-	328
At 31 March 2020	145	88,316		88,461
Amortisation				
At 1 April 2019	(123)	(74,423)	-	(74,546)
Charged	(21)	(3,454)	-	(3,475)
Transfers	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	(1)	(288)	-	(289)
At 31 March 2020	(145)	(78,165)		(78,310)
Net Book Value				
31 March 2019	21	10,950	1,311	12,282
31 March 2020		10,151		10,151

There is one material individual intangible asset: the Business Reform Programme (BRP), which delivered the IT system known as SAM into operational use. This software is what drives most of the Service Delivery Directorates work and it was developed for the former Animal Health Agency. BRP has a net book value of £9,422k, and is part of a group of interdependent assets whose useful economic lives are 6 years as at 31 March 2020. On 1 April 2018 the BRP asset was relieved in line with the

rest of the assets.

2018/19	Software Licences	IT Software	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2018	4,384	117,805	561	122,750
Additions	-	-	750	750
Transfers	-	-	-	-
Disposals	(4,241)	(33,066)	-	(37,307)
Impairment	-	-	-	-
Revaluation	1	634	-	635
At 31 March 2019	144	85,373	1,311	86,828
Amortisation				
At 1 April 2018	(4,342)	(105,383)	-	(109,725)
Charged	(21)	(1,544)	-	(1,565)
Transfers	-	-	-	-
Disposals	4,241	33,066	-	37,307
Impairment	-	-	-	-
Revaluation	(1)	(562)	-	(563)
At 31 March 2019	(123)	(74,423)		(74,546)
Net Book Value				
At 31 March 2018	42	12,422	561	13,025
At 31 March 2019	21	10,950	1,311	12,282

7 Financial Instruments

As the cash requirements of APHA are met through the estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with APHA's expected purchase and usage requirements and APHA is not exposed to credit, liquidity or significant market risk. Accordingly no disclosure is required.

8 Inventories

	31 March 2020	31 March 2019
	£'000	£'000
Finished goods	6,960	4,145
Raw materials and consumables	1,876	1,351
Impairment provision	(3,424)	(2,389)
Total	5,412	3,107

9 Trade Receivables and Other Current Assets

	31 March 2020	31 March 2019
	£'000	£'000
Trade receivables	5,436	6,366
Deposits and advances	154	53
Other receivables	2	35
Prepayments and accrued income	12,745	11,271
Total	18,337	17,725

An additional credit loss provision of £195k has been created due to the increased risk of customer defaults resulting from Coronavirus. This provision is included in the table above within the trade receivables line.

10 Cash and Cash Equivalents

	31 March 2020	31 March 2019
Government Banking Services	£'000	£'000
Opening balance	2,252	16,727
Net cash inflow/(outflow)	4,569	(14,475)
Closing balance	6,821	2,252

The Government Banking Service has procured banking services from the Royal Bank of Scotland Group and Barclays. As funds held in these accounts will be transferred to the Exchequer on a daily basis these accounts are not classified as commercial bank accounts.

11 Trade Payables and Other Current Liabilities

	31 March 2020	31 March 2019
	£'000	£'000
VAT payables	(174)	(1,747)
Other taxation and social security	(1,766)	(1,833)
Trade payables	(1,381)	(1,530)
Other payables	(1,970)	(1,628)
Accrued expenditure and deferred income	(11,534)	(11,559)
Contract liabilities	(1,659)	(2,179)
Total	(18,484)	(20,476)

12 Commitments under Operating Leases

	31 March 2020	31 March 2019
	£'000	£'000
Land		
Not later than one year	3	6
Later than one year and not later than five years	1	5
Later than five years	12	29
Total	16	40
	£'000	£'000
Buildings		
Not later than one year	1,201	1,120
Later than one year and not later than five years	2,185	1,787
Later than five years	1,158	474
Total	4,544	3,381
	£'000	£'000
Other		
Not later than one year	467	423
Later than one year and not later than five years	699	925
Later than five years	-	-
Total	1,166	1,348

The operating leases commitment disclosure includes the costs relating to the proportion of Defra leasehold properties occupied by APHA. These arrangements between APHA and Defra reflect a future commitment to reimburse Defra for the underlying rentals paid to landlords for the provision of leasehold accommodation. These commitments are consistent with arrangements containing a lease as defined by IFRIC 4 Determining Whether an Arrangement Contains a Lease.

13 Commitments under Private Finance Initiative (PFI) Contracts

	31 March 2020	31 March 2019
	£'000	£'000
Not later than one year	7	154
Later than one year and not later than five years	13	482
Later than five years	-	-
Total	20	636

An off-balance sheet PFI contract was signed by the Department in February 2001. The scheme involved the grant of a 129 year ground lease to a PFI partner who constructed an office building Eastbrook, Cambridge for Defra, occupied in 2003, subject to a 30 year lease to 28 March 2033. Break points in the lease exist at the 15, 20 and 25 year points

(with the first break point at 28 March 2018). After serving the part break notice, Defra retained 29 percent of the building with effect from 28 March 2018. The reduced space is shared between Government Departments and in 2019/20 APHA occupied 0.3 percent (2018/19: 4.9 percent) of the reduced space. The contractual commitment is currently only for three years due to the next lease break at 28th March 2023.

14 Capital Commitments

There were no capital commitments not otherwise included in these accounts at 31 March 2020 (31 March 2019: None).

15 Other Financial Commitments

	31 March 2020	31 March 2019
	£'000	£'000
Not later than one year	16,004	15,454
Later than one year and not later than five years	48,012	61,817
Later than five years	-	85
Total	64,016	77,356

Other financial commitments relate to facilities management costs associated with the proportion of occupation of buildings that are either owned or leased by Defra or specialised properties held on APHA's SoFP.

The commitments are consistent with arrangements containing a lease as defined by IFRIC 4 Determining Whether an Arrangement Contains a Lease.

16 Contingent Liabilities

There were no contingent liabilities as at 31 March 2020 (31 March 2019: None).

17 Related Party Transactions

APHA is an Executive Agency of Defra and is also a supplier of services to Defra. During the period ended 31 March 2020, Defra provided APHA with remuneration for services and provided a number of services to APHA. In addition, APHA had a number of operational transactions with the Department's other Executive Agencies, Rural Payments Agency (RPA) and Veterinary Medicines Directorate (VMD) and with other government bodies,

notably the Scottish Government, the Welsh Government, Department of Agriculture, Environment and Rural Affairs (NI) and the Food Standards Agency (FSA).

None of APHA's Board members, other key managerial staff or other related parties undertook any material transactions with APHA during the period.

Any compensation paid to key managerial staff would be a related party transaction. Should compensation payments be made to any Director this would be disclosed in the Remuneration Report.

APHA keeps a fully updated Register of Interests. There are no interests that may conflict.

18 Events after the Reporting Period

APHA's financial statements are laid before the House of Commons by the Secretary of State for Defra. IAS 10, Events after the Reporting Period, requires the Accounting Officer to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date of the Comptroller and Auditor General's Audit Certificate.

APHA has been impacted by the Coronavirus pandemic at the end of the financial year. We have increased the credit loss provision in response to the Coronavirus pandemic and will continue to monitor and develop our responses as the situation evolves. However, the majority of impacts will be realised in 2020/21 and will be reported in next year's Annual Report and Accounts.

Annex A – APHA Key Performance Indicators (KPIs)

This annex does not form part of the financial statements and has not been subject to audit.

Work Area	Key Performance Indicator	Achieved
Export	APHA will ensure that 97% of Export Health Certificates/licences are issued correctly within the agreed timeframes (This is a composite KPI and consists of 7 components of timeliness and quality components for Animal EHCs, CITES, Birds and for Plant Products)	Met
Import	APHA will ensure consignments are checked correctly at the required levels. (This is a composite KPI and consists of consignment checks across various different work areas including Plant, Livestock and Bees)	Met
Animal Welfare	APHA will complete 100% of cross compliance inspections in order to enable the GB paying agencies meet the Basic Payment Scheme deadlines	Met
	APHA will visit 95% of high priority welfare reports within one calendar day of notification	Substantially Met
Surveillance	APHA will complete 98.4% of required sampling/visits as part of National Surveillance Programmes (This is a composite KPI and consists of surveillance across Animals and Plants)	Met
Endemic Disease - Tuberculosis	Low Risk Area - Proportion of live herds under restriction as a result of a OTF-W bTB breakdown	Met
	Edge Area - Proportion of live herds under restriction as a result of a OTF-W bTB breakdown	Not Met
	High Risk Area - Proportion of live herds under restriction as a result of a OTF-W bTB breakdown	Met
	All eligible persistent breakdowns to have an action plan in place within 3 months of identified need	Substantially Met
	During the financial year 2018/19 to have no more than 256 overdue herds in Scotland	Met
	Complete agreed target level of OV audits	Met
	To support revalidation APHA will undertake an audit of low volume OVs where the OV gives 7 working days lead time on the test date	Met
	APHA will undertake audits of high volume testers, high risk test types or audits based on intelligence received	Met
	APHA will undertake scheduled practice audits on 25% of practices who have a QMS system in place	Met
Science	To provide access to the scanning surveillance network for an average of 65% of livestock holdings in England & Wales by 31 March 2019	Met
	APHA will meet 95% of agreed milestones within the agreed timeframe	Met
	APHA will meet 95% surveillance deliverables within the agreed timeframe	Met
	Quality: APHA will maintain its third party quality accreditations	Met
	Quality: provide an assurance statement from the APHA Science Advisory Board - this will be an annual statement at the end of the year	Met
Surveillance & MI Reports	APHA will provide 90% of stated quarterly reports within the agreed timeframes	Met
Disease Risk Reduction	Animal By-Products - Complete routine inspections required under a risk based approach	Met in Part
	Deliver 100% of national and significant regional agricultural show approvals	Met
	Deliver 100% of annual inspections to markets required on an annual basis	Met
	Deliver 100% of PRIMO (pig pyramid) approvals and re-approvals on an annual basis	Met
Exotic Disease	Veterinary Inspector dispatched to immediate level exotic disease within 30 minutes of the decision being made	Not Met
	For all report cases assessed by VENDU, deliver a good or excellent service	Substantially Met
Protecting the Food Chain	Poultry Meat Marketing - Complete inspections for registered sites that are in production	Met
	Egg Marketing Inspections for registered sites that are in production	Met
	Complete risk-based sampling visits under the National Feed Audit	Met
	BSE suspects will be visited no later than the next working day and APHA will serve a whole herd restriction notice on all natal and rearing holdings immediately. In addition eligible BSE offspring and cohorts to be restricted within 2 working days	Met

Key:	
Met	100% or more of target
Substantially Met	95% or more of target met
Met in Part	75% or more of target met
Not Met	less than 75% of target met

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