



Animal &
Plant Health
Agency

Animal and Plant Health Agency

Annual Report and Accounts

2020/21

HC 377

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2020/21

(For the year ended 31 March 2021)

Accounts presented to the House of Commons in pursuant to
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Performance Report – Overview

Foreword by former Chief Executive – Chris Hadkiss



The past year for the Animal and Plant Health Agency (APHA) has been like no other. While the prevention of animal and plant diseases remained at the very core of what APHA does, everyone in the Agency has had to respond to and deal with several significant challenges, including those presented by the coronavirus (COVID-19) pandemic.

Towards the start of the pandemic staff in APHA had to quickly adapt to very different ways of working, with all those who could work at home having to do so. However, it was important that those key activities carried out in support of the country's food chain had to continue without interruption, and APHA was able to quickly implement changes to ensure that safe working environments could be provided for our field staff, for the staff in regional testing laboratories and for those working at our large scale laboratory facilities in Weybridge.

APHA was able to provide advice and support to help establish the national testing capability in the UK, with a number of staff volunteering to work in these new laboratories, often moving away from their own homes into temporary accommodation in order to help the national effort. APHA was able to quickly use the expertise previously gained in dealing with SARS-CoV-2 (the virus that causes COVID-19) to provide support in developing new tests for COVID-19 with Southampton University, and to provide a mass testing capability for use by NHS Surrey.

This year also saw the end of the transition period for the withdrawal of the UK from the European Union (EU). APHA played a prominent role in enabling the continuation of a wide range of both exports and imports. Staff overcame the challenges of Coronavirus to remotely recruit and train nearly 300 additional staff to facilitate international trade, which is an area that continues to develop. APHA continues to maintain and enhance its excellent scientific relationship with organisations across the EU and the rest of the world.

This year saw APHA deal with multiple outbreaks of Avian Influenza (AI) that included both low and high pathogenicity strains. A total of 24 infected premises were identified across Great Britain (GB), the majority of which were in England. Over 300 dead wild birds were also identified as being infected by AI. This situation would have been challenging in normal circumstances, and I am particularly proud of the way everyone in APHA was able to respond to these outbreaks whilst at the same time dealing with Coronavirus and the transition from the EU, and to do this in a way that did not compromise the safety of our staff, contractors and bird owners.

This year has seen the start of the long-term project to enhance and improve our scientific capability through the Science Capability for Animal Health (SCAH) programme. This major investment in the widescale redevelopment of facilities at the Weybridge site will ensure that it will continue to be a world leader in animal health science.

In March I announced my plan to retire in the summer of 2021 after having served for eight years as Chief Executive. Due to the nature of the work APHA does there is never an ideal point at which to leave, however, after considerable thought I feel that the time is now right for me to retire and to make way for renewed leadership to take the Agency forward.

It has truly been a privilege to lead APHA and I have very much enjoyed working alongside so many highly dedicated and talented colleagues. I am immensely proud of everything that APHA has achieved and I wish continued success to everyone in the Agency.

Welcome Statement

from the Interim Chief Executive – Ian Hewett



I am delighted to have been appointed as Interim CEO of APHA. I would firstly, like to take this opportunity to thank Chris Hadkiss for his leadership of the organisation over the past eight years. We have seen and dealt with many challenges, particularly over the past year. I personally appreciated Chris' strong leadership, approachability and 'can do' attitude. I would also like to thank Chris for the work done before he retired to ensure I had the information required to enable me to sign this Annual Report and Accounts.

2020/21 was a year, the like of which, we have not seen in recent times, but the way in which our staff have adapted, and continued to deliver key services to our customers has made me proud to be a part of APHA. These efforts have ensured APHA will continue to remain at the forefront of animal health and welfare and plant health. Our expertise in managing zoonotic disease has been key in helping with the national effort across this past year.

I hope you enjoy reading about the work APHA has done in the last year and I look forward to seeing what we can achieve together in 2021/22 and beyond.

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

– Chris Nicholson



I think we can safely say that APHA and its predecessor bodies have never experienced a year like the past one. In my statement introducing the annual report last year I drew attention to the challenges posed by the exit from the European Union, as well as the emerging challenges from COVID-19.

Despite the lateness of a free trade agreement with the EU our preparatory work meant that APHA was as well prepared as it could be once the transition period ended. Extended grace periods for implementation of aspects of the Northern Ireland Protocol and reciprocal checks on imports from the EU both give us more time to prepare and recruit the extra staff required but also means the implementation of new checks will continue to feature highly in our work over the coming year as it has over the past year.

APHA staff responded magnificently to the challenges of working during the pandemic. For many this involved shifting rapidly to working from home whilst for many of our field staff it involved adjusting to socially distanced ways of working. The skills of our scientific staff have come to the fore in helping the national effort to tackle COVID-19 and the ways in which they have contributed are highlighted elsewhere in this report. The whole board and I are extremely proud of the way in which staff have adjusted.

As if we did not face enough challenges, we then experienced during winter 2020/21 the most significant Avian Influenza outbreak for many years. What particularly impressed me was the way in which staff responded to this additional stress and burden. As several said to me “This is why APHA exists and why we want to work here”.

The result has been that despite all these challenges and reprioritisation of our work we have still met most of our performance objectives.

Inevitably the above three issues have dominated the considerations of the Board over the past year but we have tried to ensure that we have focussed on a number of key issues which enables our staff to be as equipped as they can be to respond to these challenges. Hence considerable attention has been focussed on staff health and wellbeing, the need for improved and different communications from management to staff and the importance of improved IT to enable remote working. Progress has been made as indicated in the improvements in our engagement score in the annual staff survey, but much remains to be done – particularly in relation to IT.

The Board has also started to turn our attention to lessons learnt and the implications of the three big challenges over the past year towards new ways of working. An example of areas of focus are:

- The size of our workforce is likely to increase by the order of 25%, so what will that mean for our organisational and management structure?
- What are the consequences of our working patterns over the past year for our future ways of working and the location of our staff?
- What will be the implications of the much greater focus on the importance of zoonotic disease scientific research be for the agency?
- What lessons do we draw from the past year for our resilience as an organisation and our horizon scanning and management of risk?

As well as thanking staff throughout APHA for their extraordinary efforts over the past year, particular thanks should be paid to our retiring Chief Executive Chris Hadkiss.

Chris has ably led the Agency over the past eight years, firstly leading the formation of APHA and the consolidation of its constituent parts as well as dealing with the multiple challenges facing it over the past few years. His calmness and unflappability, seen at its best over the past year, has led to him being universally respected amongst staff, the department, the Board Members, and the sector - Thank you, Chris.

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), providing services to the Scottish and Welsh Governments, other government departments and a range of other customers.

APHA 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. The Agency protects our borders through effective import controls on animals, plants, seeds and products of animal origin.

More detail on APHA's aims and responsibilities can be found on GOV.UK¹ along with information on our operating structure and governance.

Working with Defra:

APHA's six key priorities for 2021/22, which stem from Defra's Commission (Defra's ask), namely:

- Control and eradication of animal and plant diseases and pests, reducing the risks from new and emerging threats.
- Provide services for animal health and welfare, plant, and bee health.
- Rapidly control pest and disease outbreaks; continuing to maintain and develop the skills and capabilities required to deliver core business and services and provide an efficient outbreak response.
- Continue to adapt and implement outbreak response plans and identify lessons from outbreaks, implementing any improvements needed.
- Provide science-based evidence and advice to inform policy makers.
- Maintain national and international specialist veterinary and scientific capability and reputation.

These in turn contribute to the Defra Strategic Objectives - The environment is fundamental to all that we do, and we must 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.
- 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.

¹ <https://www.gov.uk/government/organisations/animal-and-plant-health-agency>

- To be an outstanding organisation focused on making a difference, with world class delivery capability.

Working with the Welsh Government:

APHA supports 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.

APHA supports Welsh Government by:

- Listening to, understanding and reacting appropriately to specific policy priorities and delivery expectations of the Welsh Government in accordance with the Service Level Agreement (SLA).
- Providing resilience and preparedness against the threat of animal and plant health diseases in Wales, delivering the operational response necessary to control disease outbreaks.
- Ensuring disease control structures and processes are 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.
- Supporting the Welsh TB Eradication Programme.

Working with the Scottish Government:

APHA supports the Scottish Government by using 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 maintain Scotland's Official bovine TB (bTB) Free (OTF) status.
- 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 APHA offers services to the veterinary and scientific community, industry, other government departments and the public.²

Risks and Issues: An assessment of APHA's risks can be found in the Governance Statement (pages 31 to 37) under the heading "*Risk Management*".

Day-to-day activities: Key activities delivered in 2020/21 included:

Managing Animal, Bee and Plant Disease Outbreaks

During 2020/21 APHA successfully responded to several incidents and disease outbreaks. Brief details are given below:

- Responded effectively to a large outbreak of Avian Influenza that included lowly pathogenic and highly pathogenic strains. The detection of four Highly Pathogenic Avian Influenza (HPAI) H5 subtypes in the same epidemic event is unparalleled in the UK.
- At the time of writing, 24 Infected Premises were identified across all GB administrations (the majority in England). Over 300 dead wild birds were also identified as being affected by Avian Influenza.
- Dealt with an instance of Contagious Equine Metritis (CEM) in Scotland.
- Performed a number of virtual regional and local exercises to consider the threats and challenges of dealing with an outbreak of African Swine Fever (ASF).
- Responded to an Asian Hornet incursion, preventing wide establishment of this insect in the UK.
- Delivered over 6,000 general Quarantine Surveillance visits to nurseries, distribution, wholesalers and retail sites.
- Sampled 460 hectares of soil for the presence of Potato Cyst Nematode; 24 water courses for the presence of Potato Brown Rot in irrigation water; and inspected 342 sites for the presence of *Phytophthora ramorum* in wider environment locations.
- Detected a new species of Eriophyidae mite on leaves and stems of *Agapanthus praecox*; through significant tracing activity.
- Maintained 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.
- Continuing to adapt and implement APHA outbreak response model plans.
- Identifying lessons from outbreaks and exercises and implementing improvements in our outbreak response.

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

Bovine Tuberculosis (bTB)

Activities to control and eventually achieve Official bovine TB (bTB) Free (OFT) status for all 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:

- Delivered 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.
- Reviewed the impact of COVID-19 on the delivery of bTB testing and making informed temporary modifications to policy to maintain a good level of active TB surveillance coverage and facilitate earlier detection of infected herds in some cases.
- Monitored the COVID-19 status of veterinary practices, including their ability to continue delivery of TB testing services, throughout the year.
- Case management and support across GB, including disease investigation and provision of farm level data reports to provide increased information to farmers and their vets affected by bTB breakdowns. Modifying the approach to delivery in accordance with government guidance on social distancing and public health.
- Implemented action plans in persistent breakdowns in Wales.
- 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 hotspots in East Cumbria (Low Risk Area) and on the Lincoln/Leicestershire border 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.
- Provided extensive ante- and post-mortem diagnostic laboratory services for *Mycobacterium bovis* infection in cattle and other species, to support the bTB control programmes across GB. Collation and analysis of bTB surveillance data to produce annual national and regional epidemiology reports³, 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 bTB 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 contributing to the implementation of the

³ <https://www.gov.uk/government/collections/bovine-tb-surveillance-in-great-britain> and <https://gov.wales/bovine-tb-dashboard>

Government's published response⁴ to the Godfray Review of the bTB Strategy in England.

- Provided epidemiology analysis and veterinary advice to the Welsh Government to support the development bTB eradication policies.
- Supported the Scottish Government in delivery of measures to ensure continued OTF status.
- Implemented new Welsh Government policies on rearing Approved Finishing Units and TB Markets.

International Trade

Demand for Export Health Certificates (EHCs) increased by 100% in 2020/21 following an increase of 22% in 2019/20. APHA dealt with specific peaks towards the end of the year as the UK prepared to leave the EU. APHA issued 211,369 in 2020/21, compared to 105,015 in 2019/20.

Some 11.2m live animals were imported into England in 2020/21, compared to 20.5m in 2019/20. The total number of consignments (all imports) increased by 140% from 2019/20.

In preparation for leaving the EU two new IT services have been developed and implemented - Exports Health Certificates Online (EHCO); and the Imports of Products, Animals, Foodstuffs and Feed Service (IPAFFS).

Since leaving the EU (January to March 2021) we have issued 88,731 export certificates to the EU, 70% of those certificates have auto routed through EHC Online. Additionally, we have issued 12,582 certificates for Northern Ireland, 71 via EHC Online.

Demand for permits under the Convention in International Trade in Endangered Species (CITES) increased. APHA have seen a 145% increase in the demand for CITES permits last year.

Plant exports remained steady until the end of 2020 but recorded a 276% increase on the previous year in Quarter 4.

Plant imports increased by 18% over the year 2020/21, with a 21% increase in Quarter 4.

Since the end of the Transition Period EU plant imports have been checked at Premises of Destination (PoDs). Over 4,000 PODs were registered during Quarters 3 and 4.

Animal Welfare

APHA's main responsibilities are to protect the welfare of animals on farm, at markets, during commercial transportation and at the time of killing if undertaken outside slaughterhouses; liaising with the devolved administrations and provide veterinary and scientific evidence and advice to Defra to inform animal welfare policy development.

This year APHA has:

⁴ <https://www.gov.uk/government/news/government-sets-out-next-phase-of-strategy-to-combat-bovine-tuberculosis>

- 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.

EU Transition

APHA's preparation and planning ensured successful delivery of new processes, systems and additional staff needed to facilitate transition from the EU on 31 December 2020.

The main deliverables were:

Plants

- Successfully facilitated an unprecedented increase in workforce, requiring recruitment, onboarding and training of over 180 Plant Health and Seed Inspectors, including over 40 apprentices, and around 40 International Trade staff. The end-to-end recruitment process had to be substantially compressed to ensure staff were in post and trained before the end of Transition.
- The development and launch of a new risk-based export certification scheme: Plant Health Export Approved Trader Scheme (PHEATS) to improve efficiency in the delivery of phytosanitary export certification.
- New and updated guidance and processes to manage new borders and trade services and demand including the introduction of a new import checking regime from 1 January for EU goods, requiring checks at 'Premises of Destination' until new border infrastructure is available.
- Updated existing systems (eDomero and PEACH) to deal with new processes and demands, whilst simultaneously progressing the development of new systems for plant imports and exports, expected to be publicly available later in 2021.

Animals and Products of Animal Origin (POAO)

- Export Health Certificates Online (EHCO) was successfully launched in June 2020. EHCO is a web-based service which enables exporters to apply for Export Health Certificates (EHCs), giving exporters flexibility to secure certificates as and when needed. It also enables certifiers to access the certificates for completion.

- All EHCs for trade to the EU are available via EHCO, and the top 272 third country EHCs by volume have been digitised and made available on EHCO, with an agreed plan to digitise and deploy all remaining third country certificates so that the legacy Export Management System can be retired.
- Following a large external communications campaign, there are now close to 10,000 individual registered traders using EHCO.
- Working with Defra and an external training partner APHA increased Export Health Certification capacity of Official Veterinarians and Environmental Health Officers by offering free training and developing a new Certification Support Officer role. In addition, APHA recruited a temporary pool of locum vets to act as emergency certification capacity if demand for Export Health Certification outstripped supply.
- A new Import of Products, Animals, Food and Feed Service (IPAFFS) was successfully launched for use by Importers in GB, in place of the EU TRACES system.
- APHA was also heavily involved in supporting Defra with the creation of new processes to facilitate trade to Northern Ireland (the Movement Assistance Scheme to defray costs of export for a limited period) and Pet Travel (replacement of the Pet Passport scheme with a new Pet Animal Health Certificate for pet travel into the EU).

Convention on International Trade in Endangered Species (CITES)

- APHA recruited an additional 24 staff required to deliver increased trade volumes ahead of January 2021, along with the amendments to IT and processes to support new services.

Charging

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 APHA's costs for services where there are specific beneficiaries, activities that are for the public good through ongoing public funding are safeguarded.

APHA continually monitors statutory fee income to ensure only costs are recovered, passing on savings where they occur and giving as much notice as possible of any fee increase. APHA is progressing with a review of our existing fees relating to animal health services, moving to a single full cost recovery charging methodology as far as possible, and considering options to extend charging into other statutory areas, subject to consultation.

No new Statutory Instruments (SIs) have been introduced in 2020/21.

Service Delivery Directorate

Service Delivery Directorate (SDD) provides the operational element of APHA, covering animal, plant and bee health. With the UK's exit from the EU, SDD focussed on delivering business as usual activities whilst preparing for the end of the Transition Period on 31 December 2020.

For the whole of the reporting period SDD needed to adapt delivery activity to ensure compliance with COVID-19 restrictions. That meant that office based functions being undertaken virtually from home; whilst field operations were prioritised and undertaken where safe to do so.

The combination of COVID-19 restrictions; preparation for the end of the Transition Period; and a major Avian Influenza outbreak contributed to a challenging year for SDD.

Delivery of England Field Services for animal health

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

During 2020/21:

- England Field Delivery (EFD) has been focussed on three AI outbreaks during this period: 16 highly pathogenic H5N8; 1 highly pathogenic H5N1 and 1 low pathogenic H5N7 infected premises throughout England. Although complex and challenging, EFD teams have demonstrated an excellent 'can do' attitude and have undertaken actions on farm in a timely manner.
- EFD used opportunities during the AI outbreaks to increase skill levels and capacity in some key areas such as Licensing and Briefing to improve resilience going forward.
- EFD trained half of the Field team on export certification as a precaution should private sector certification post Transition prove inadequate.
- Investigated and managed a Blue Tongue positive import ensuring the case was effectively managed.
- Pursued to a successful conclusion, numerous high-profile welfare investigations and prosecutions across the whole country, several of which resulted in keepers being banned for life from keeping livestock.
- Found innovative ways to deliver services during the COVID-19 pandemic – people responded flexibly and positively to find solutions ensuring staff worked safely, responsibly and within government guidelines.
- Whilst managing with the COVID-19 workload, APHA has worked collaboratively with the Food Standards Agency (FSA) to ensure resilience could be maintained in

the area of safe food production, identifying staff available to support the FSA should assistance be required.

Delivery of Scotland Field Services for animal health

Scotland Field Delivery (SFD) highlights were:

- In December 2020, APHA and its operational partners, including Scotland's Environmental Protection Agency (SEPA), Police Scotland, Scottish Governments Rural Payments and Inspection Directorate (RPID), Local Authority and National Farmers Union – responded to an Avian Influenza outbreak on the island of Sanday, Orkney. Any response can present challenges without the additional factor of remoteness, however through open communications with key delivery and operational partners the response was undertaken swiftly and containment of spread was achieved.
- In February 2021, APHA and its operational partners provided an Avian Influenza response to an infected farm near Glenrothes, Fife. During this response the agreement was reached on what the extended surveillance requirements were to be following departure from the European Union. At the time of publication of this report this action is still ongoing.

Delivery of Wales Field Services for animal health

Wales Field Delivery (WFD) has an operational structure which combines a Wales based delivery team, along with utilisation of key Customer Service Centres. Administrative functions are delivered from two sites in Wales (Carmarthen and Caernarfon), with field teams also having base locations at Llandrindod Wells and Cardiff. Resourcing challenges have been faced as a result of the COVID-19 restrictions, but mitigating actions to limit the impact of these were successful, with close policy team liaison ensuring that alternative delivery approaches, prioritisation, and policy easements enabled effective disease control and the maintaining of welfare standards.

During the last year APHA has delivered a range of policies of the Welsh Government, these included:

- Delivery of the Welsh Government's (WG) bTB programme, identifying areas of risk through active surveillance and epidemiological analysis, implementing new policies alongside current ones to effectively reduce the incidence of bTB.
- Reinstatement of action plans in recurrent bTB herds that have previously had an action plan in place.
- WFD successfully dealt with the first H5N8 highly pathogenic Avian Influenza case following the end of the EU Transition Period. This required increased surveillance and close working with WG and UK administrations to ensure disease free status could be restored at the earliest opportunity, and enable unrestricted trade to continue.
- Trained over 50% of our Vet and Technical team in Export Health Certification, providing resilience in the face of anticipated demands in early 2021.

- Pursued to a successful conclusion numerous animal welfare investigations and prosecutions, several of which resulted in keepers being banned from keeping livestock, or receiving fines. WFD are developing dedicated in-house enforcement support to ensure appropriate outcomes are achieved.
- Worked closely with local authorities and Food Standards Agency (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.
- Provided support options to the FSA in ensuring appropriate resourcing of food supply chains during the COVID-19 pandemic peak periods.
- Building closer relationships with stakeholder and industry groups to ensure a common goal, and shared responsibility in supporting the outcomes of the Wales Animal Health and Welfare Framework.

Delivery of Plant and Bee Health Services in England and Wales

In order to meet differing customer requirements (Defra and WG) plant and bee health services are delivered across 5 key disciplines: Horticultural Marketing Inspectorate (HMI), Plant Variety and Seeds (PVS), Genetic Modifications (GM), Bee Health (BH) and Plant Health and Seed Inspections (PHSI). Operational delivery is managed via a regional structure that operates across 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).

As part of the substantial recruitment required for EU Transition APHA made a significant commitment to embed and upskill newly appointed staff to meet existing ISO standards.

Highlights include:

- Providing more export certification and import inspections (20 points of entry and over 4,300 new Premises of Destination) following the end of the Transition Period. Launched two risk based export certification schemes: Plant Health Audited Trader Scheme (PHEATS) and the Single Stock Drawdown Scheme, both of which aim to reduce burdens on industry and enhance speed of certification.
- Maintained the plant passporting scheme domestically, following the end of the Transition Period, in order to retain UK traceability and biosecurity.
- Conducted over 7,000 surveillance visits to nurseries, distribution centres, wholesalers and retail sites resulting in detection of new pests, as well as heightening awareness of risks and threats.
- Played a major role in promoting the UN International Year of Plant Health.
- Engaged in trialling new technologies, such as the 'Genie project' designed to improve rapid diagnostic testing of samples at premises; and use of unmanned aerial vehicles to assist in more effective and efficient surveying of large crops.
- Continued research with universities and institutes as part of our National Bee Health Management Unit.

- Separated National Listing and Plant Breeders Rights' activities from EU legislation.
- Pursuit of non-compliance/enforcement investigations and prosecutions to improve compliance with marketing standards and the illegal use of antibiotics in bee husbandry.
- Contributed to the development of new IT services Plant Health Export System (PHES) and Import of Products, Animals, Food and Feed Service (IPAFFS) to better support plants import and export trade and bring efficiencies to our ways of working.
- In December 2020, APHA and its counterparts in Scotland, Science and Advice for Scottish Agriculture (SASA), agreed a joint approach to the notification of imports from the EU for high risk commodities. A team was rapidly set up to build capability, train the Scottish teams and communicate with relevant traders, enabling prenotification of imported goods in line with agreed legislative changes.

Scientific Services 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.

Our focus this year has centred around maintaining our business-critical activities including our preparedness for EU Transition whilst repurposing specialist science capability in a rapid and innovative manner to provide and support the national response to COVID-19.

In response to the SARS CoV-2 pandemic, APHA built on its ability to provide an agile and flexible One Health approach, utilising its laboratory facilities and scientific expertise at Weybridge to significantly assist Public Health England (PHE) and the Joint Biosecurity Centre (JBC).

Some highlighted examples are:

- **Secondments:** Secondment of volunteering scientists and specialist equipment in the spring of 2020 was pivotal to kick starting the first high throughput testing laboratory at Milton Keynes. Secondments were also put in place to support PHE on test validation and the newly set up JBC.
- **COVID-19 Human Test Programme:** At the beginning of 2020, the viral diseases toolbox was updated to ensure APHA had the required tests for SARS-CoV-2 in animals. In June 2020 APHA embarked on the first phase of a new COVID-19 testing pilot called 'Safe and Certain'. This initial six-week pilot in partnership with the University of Southampton assessed a Loop-mediated isothermal amplification (LAMP) technique to test saliva samples as an alternative to swab testing. Following the successful pilot, the Safe and Certain project went into phase 2 implementing testing on a larger scale in schools and universities with the aim of identifying asymptomatic infected people on a population scale. To date APHA has carried out the largest number of COVID-19 LAMP tests in the UK. Alongside this project, APHA moved into conducting COVID-19 testing at Weybridge, using

Polymerase Chain Reaction (PCR) to support the Department of Health and Social Care (DHSC) National COVID-19 Testing Programme.

- Risk Assessment: Very early in the pandemic, APHA scientists assisted policy teams in qualitative risk assessment of the likely involvement of livestock, wildlife and companion animals. APHA staff provided expert advice to the New and Emerging Respiratory Virus Threats Advisory Group (NERVTAG), Human Animal Infections and Risk Surveillance group (HAIRS) and Defra which has supported policy decisions for both animals and human health. Our work has continued to monitor and track any changes in risk for animals including confirming cases in companion animals in the UK.
- In early summer 2020, APHA scientists rapidly delivered (in 3 weeks), the air travel risk assessment. This was used by the Scientific Advisory Group for Emergencies (SAGE) and policy teams in several government departments and made an impactful contribution to the evidence base in this area. This APHA team has since be recognised and won the Science award in this year's Civil Service awards.
- Research: Using our specialist facilities, multidisciplinary expertise and animal models we conducted work to increase knowledge for improved interventions in humans. Some of this work was done in collaboration with PHE. Furthermore, we also gathered evidence in relation to veterinary health risk through this work.

The [APHA Science Strategy](#)⁵ has been refreshed and provides strategic direction for science within APHA.

To promote knowledge exchange to a wider audience we have published over 236 papers in a wide range of scientific journals. We continue to publish via trade and other specialist channels 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 will be outlined in the Annual Science Review Summary, which is to be published on [APHA's gov.uk pages](#) in Summer 2021.

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 include Contract Management, Executive Support and Correspondence Management, Knowledge Information Management, Access to Information, Quality Management, and Relationship Management with the devolved administrations.

The APHA Contract Management Team: continues to commit itself to providing high standards and robust contract management, with its dedicated team of contract managers

⁵ <https://www.gov.uk/government/publications/apha-science-strategy-2021-to-2026>

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

working alongside technical leads in business areas. APHA currently manages a regular portfolio of circa 135 contracts and frameworks with around 1,277 external suppliers, representing around £64 million of the expenditure across third party suppliers. Around 59% 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 54% of contract spend with such organisations. The team has facilitated over 100 separate procurements transactions during 2020/21.

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. 2020/21 has continued to require a focus on suppliers' resilience and preparedness for EU Transition, assessing APHA's risks and planning mitigations, and has additionally required focus on the COVID-19 impact on our contracts. Enhanced risk management, supplier engagement and monitoring, and additional procurement transactions have all been required to manage the impact of the pandemic. APHA has also been heavily engaged in cross-Government management of critical stock items such as personal protective equipment (PPE) and laboratory consumables.

During 2020/21 APHA has retendered its largest suite of contracts – the Veterinary Delivery Partnership (VDP) contracts across England and Wales, with a total contract value of over £200 million. The retender project has continued strongly despite the impact of COVID-19 and EU Transition, and the six replacement contracts have been successfully awarded in February 2021. Work now continues to ensure a seamless and effective transition from current to new contracts for this critical suite of contracts that is one of the principle delivery methods of Defra's and Welsh Government's TB eradication programmes respectively.

The Executive Support and Correspondence Management Unit: provides a large range of functions and manages the corporate reporting on behalf of the Chief Executive and Directors. They also oversee ministerial correspondence and any complaints received, to ensure they are handled as expected by the Directors and Board (see page 28 for complaints data).

The team this year, to help with the efficient and continued improvement in dealing with correspondence, have introduced the use of an electronic correspondence management system called eCase. The system enables the team to look at real time information and manage flow of information in relation to specific correspondence in a more systematic and efficient way and ensures that cases are tracked, and trends and significant issues identified more quickly.

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 information rights specialists manage all the requests received under Freedom of Information Act and Environmental Information Regulations.

The Quality Services Team: supports the Agency's quality systems and manages the agency operations manual covering instructions for the animal health activities. All external accreditations, certifications and compliances to the ISO17025, ISO9001, ISO17043, ISO17020 and GxP Standards have been maintained successfully. It has obviously been a difficult period dealing with the impact of COVID-19 but this has been managed very successful through remote assessments by the external assessment bodies. Plans to move towards conformance to ISO17020 in the Animal Health areas of the Service Delivery Directorate are progressing with major projects on enhancing the training processes and the introduction of internal audits.

Performance Report: APHA's Performance 2020/21

Performance analysis: Much of APHA's work is determined by legislation and our key performance indicators (KPIs) reflect the need to meet legislative compliance and differing customer requirements.

KPIs are agreed with GB policy 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 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, as well as allow for any adjustments within the reporting year. APHA also reports in detail, at regular intervals, against service level agreements and on the projects being undertaken for our other customers. Scientific work is certified or accredited by appropriate third party quality systems which provides assurance around standards.

APHA has a total of twenty-seven KPIs agreed with its policy customers and these measure all significant and important work areas including international trade, science, welfare, and surveillance. Over what has been a particularly challenging year for organisations across the globe, fourteen of these KPIs were met or exceeded, two were substantially met, six were met in part and five were not met.

There was a continuing impact on delivery during the whole of 2020/21 year due to COVID-19. In the second half of the year a series of Avian Influenza outbreaks meant staff were redeployed to help contain and reduce the spread of AI. The UK's departure from the EU resulted in a significant increase in international trade, inspections and certification for APHA, especially in the last quarter of the year. With one exception, target KPI levels were not reduced, and staff worked incredibly hard to meet the demand. The exception was the target for completing cross-compliance, which was halved in agreement with our policy customers and paying agencies. APHA agreed priority activities with policy customers to ensure key activities and inspections would continue.

The KPIs which were not met were:

- **Bovine TB – England Edge Area:** The proportion of live herds under restriction as a result of an OTF-W bTB breakdown - where the aim is a reduction in the number of herds under restriction due to a TB breakdown. This proportion of herds under restriction has decreased over the year. However, changes to testing regimes and a re-classification of Edge Area counties without a reflected target level adjustment has meant this KPI was not achieved.
- **Veterinary Inspector dispatched to an immediate level exotic disease report case within 30 minutes of the decision being made.** The KPI which applies in Scotland and Wales was not met in over 50% of report cases. There were a variety of reasons for a delayed response including awaiting location details, finding an alternative to the 'Ready to Go' Veterinary Inspector that was closer to the target location, and arranging a more experienced colleague to investigate a more unusual case.

- Complete agreed target level of OV audits and undertake scheduled practice audits on proportion of practices who have a Quality Management System in place - APHA agreed with policy customers to reduce delivery for these two KPIs (without a respective reduction in target) and focus on other agreed higher priority delivery areas.
- Animal By-Products (ABPs) - Complete routine inspections required under a risk based approach – Delivery in this work area was severely affected by Coronavirus in the first quarter, with a substantial increase in inspections completed in Quarter 2 once COVID-19 safe working practices implemented and some ABP plant to be inspected re-opened. Many ABP plant are inspected quarterly or more frequently and when these inspections are missed there is no scope to be able to catch up on missed inspections, but the target remains unchanged.

Work Area	Key Performance Indicator	Achieve
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 in Part
Import	APHA will ensure consignments are checked correctly at the required levels. (This is a composite KPI and consists of consignment checks across various work areas including Plants, Livestock and Bees)	Substantially Met
Animal Welfare	APHA will complete 100% of cross compliance inspections 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 in Part
Endemic Disease Tuberculosis	Low Risk Area - Proportion of live herds under restriction, due to an OTF-W bTB breakdown	Met
	Edge Area - Proportion of live herds under restriction, due to an OTF-W bTB breakdown	Not Met
	High Risk Area - Proportion of live herds under restriction, due to an OTF-W bTB breakdown	Met
	All eligible persistent breakdowns to have an action plan in place within 3 months of identified need	Met in Part
	During the financial year to have no more than 256 overdue herds in	Met
	Complete agreed target level of OV audits	Not Met
	APHA will undertake scheduled practice audits on proportion of practices who have a QMS system in place	Not Met
Science	To maintain the scanning surveillance network and capability in England and Wales to identify and escalate animal disease trends.	Met
	Deliver policy customers research milestones within a tolerance of 7% changed within year.	Met in Part
	Deliver surveillance deliverables within a tolerance of 5% changed within	Met
	Quality: APHA will maintain its third-party quality accreditations	Met

	Assurance statement from APHA Science Advisory Board (SAB) on quality of science	Met
Disease Risk Reduction	Animal By-Products - Complete routine inspections required under a risk-based approach	Not Met
	Approve national and significant regional agricultural shows	Met
	APHA to carry out inspections to markets on an annual basis	Met
	APHA to approve and re-approve PRIMO (pig pyramid) premises 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	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 in Part
	Complete risk-based sampling visits under the National Feed Audit	Met in Part
	Complete BSE processes within required timescales	Met

Key:

Met = 100% or more of target

Substantially Met = 95% or more of target

Met in Part = 75% or more of target

Not Met = less than 75% of target met

Better Regulation:

The Coronavirus pandemic brought unprecedented challenges to APHA and the businesses it regulates. APHA refocussed its attention to meet business-critical activities to safeguard animal, plant and public health and animal welfare. Working with policy colleagues, APHA was able to permit some derogations to alleviate concerns with safe working, for example, with some aspects of TB testing.

APHA reviewed the impact of any operational changes to ensure there were no additional regulatory burdens placed on compliant businesses. In England, the wider rollout of Approved Tuberculin Testers (ATTs) commenced in November 2020. This is an innovative way to improve the sustainability of veterinary businesses to meet the demand of tuberculin skin testing of bovine animals. Authorised ATTs are trained and work under strict veterinary supervision.

APHA continued to work with policy colleagues and industry as part of the co-design approach to developing a different regulatory landscape to achieve a sustainable model of food production, and robust protection and promotion of animal welfare.

Sustainability:

During 2020/21, APHA remained committed to improving the environmental performance of our business operations, preventing pollution and, where practical, following best practice in environmental management.

APHA has worked with the wider Defra group to establish the Defra Senior Sustainability Leadership Group (SSLG), which will oversee the creation of Defra group's environmental sustainability strategy.

This will be based on a seven-point plan based on these key areas:

- Put sustainability into every decision made
- Champion sustainable practices
- Publicise our ambition, set targets and report against them
- Procure sustainably
- Make every part of our business sustainable
- Offset our environmental harm, and promote biodiversity
- Adapt to climate change

In June 2019, the UK became the first major economy in the world to pass laws to end its contribution to global warming by 2050. The Climate Change Act 2008 (2050 Target Amendment) Order 2019 amends the previous reduction target for greenhouse gas emissions from at least 80%, to 100% by 2050. 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, to achieve "net zero" 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.

An APHA Sustainability Lead and Champion has been appointed, who will work with the Chief Executive and Directorate Leadership Team to input into the overall sustainability strategy. The Sustainability Lead and Champion will represent APHA on the Defra SSLG, working with senior leaders across Defra group to implement the Defra Sustainability Strategy and helping APHA deliver its commitments within the strategy, which will include our requirements to meet the [Greening Government Commitments \(GGC\)](#).

APHA is aligned to the GGC. Much of the data is collected on APHA's behalf by Defra. As part of the GGC in 2020/21 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 (2020/21 target 13,598.4 tCO₂)
- 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
- Buy more sustainable and efficient products and engage with suppliers to understand and reduce the impacts of our supply chain

Greenhouse Gas Emissions		2020/21	2019/20	2018/19	2017/18
Non-financial indicators (tonnes CO2)	Scope 1 emissions (direct)	9,700.00	10,693.30	7,269.10	6,560.40
	Scope 2 emissions (indirect)	5,240.00	5,242.90	5,403.50	8,486.90
	Scope 3 emissions (direct travel)	1,203.80	1,289.60	1,537.80	1,060.00
	Total emissions	16,143.80	17,225.80	14,210.40	16,107.30
% reduction against baseline of 21,932.80		26%			
% reduction against 2019/20 target of 13,598.34		-19%			

Waste Management		2020/21	2019/20	2018/19	2017/18
Recovered or recycled (tonnes)	Recycled or reused	111.87	293.25	113.88	181.79
	Composted	1.36	0.24	1.95	3.35
	Incinerated with energy recovery	440.76	515.46	863.31	866.75
Total recovered or reused		553.99	808.95	979.14	1,051.89
Not recovered or recycled (tonnes)	Incinerated without energy recovery	337.77	391.79	347.99	382.25
	Landfilled	4.29	16.13	12.28	12.90
Total waste (tonnes)		896.05	1,216.87	1,339.41	1,447.04
% reduction against baseline target of 2,388.48		63%			

Water consumption	2020/21	2019/20	2018/19	2017/18
Water consumption (m3)	222,987.0 0	187,206.1 0	160,242.6 0	124,198.8 6
% reduction against baseline target of 186,003.97m3		-20%		

CO2 Reduction 2019/20 vs. baseline	Target 2021	Current Performance
26%	-44%	Improved on baseline target
Waste Reduction last 4 quarters vs. baseline	Target 2021	Current Performance
63%	Improve on baseline	Improved on baseline target
Water Reduction vs. baseline	Target 2021	Current Performance
-20%	Improve on baseline	Behind baseline target

APHA operates across many sites throughout GB. Of these, the Weybridge site is the highest contributor to APHA's carbon emissions. This is, in part, due to the scale and nature of the work carried out at this site and the conditions within some of the APHA's licenses for operating as a "High Containment Site". All waste at Weybridge is disposed using onsite incineration. Construction has started on a new, more fuel efficient, incinerator system, which will deliver recovered energy on site. This will reduce the net carbon emissions associated with waste disposal.

APHA remains committed to the GGC programme, along with Defra and the facilities management provider, by identifying and reviewing opportunities for improving energy efficiency. This will include ensuring that sustainability is at the heart of planning for improvements as part of the investment in APHA's Science Estate.

Sustainable Procurement and Construction

APHA's procurement and construction contracts are managed centrally by Defra group Commercial and Defra Estates teams respectively, together ensuring that contracts are handled through the Sustainable Operations and Procurement Strategy. APHA's Contract Management team, work with Defra group Commercial to ensure that suppliers of new contracts minimise packaging waste and consider sustainability more widely in their service provision.

For those sites where there are no Defra or government provided facilities management, the Defra Estates team work to ensure that the same standards of sustainability are in place, where possible.

These aspects are fully covered in the Defra Annual Report and Accounts.

Performance Report: Financial Review

APHA's total operating expenditure for the financial year ended 31 March 2021 was £264m, £16m higher than the £248m in the previous year. This is primarily due to a £7m increase in staff costs and a £4m increase in non-cash costs, such as Defra notional charges. The increase in expenditure was driven by additional responsibilities in supporting imports and exports as a result of EU Transition, and in managing Avian Influenza outbreaks. This was partially offset by reduced overhead expenditure, such as travel and subsistence, as a result of adapting working practices in response to the Coronavirus pandemic.

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

APHA's total income was £65m (2019/20: £72m), 52% of which came from the devolved administrations in Scotland and Wales. The reduction in income compared to the previous year is due to non-commercial income from the bTB eradication programme now being remitted to Defra rather than APHA. The total operating expenditure of £264m was funded by operating income of £65m (25%), leaving comprehensive net expenditure of £199m to be funded by grant in aid from Defra.

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

The operational challenges during the year, such as the impact of the Coronavirus pandemic, Avian Influenza outbreaks and changes in border arrangements have been managed through the re-allocation of resources and good financial management. Financial priorities going forward are based on continuing to improve financial capabilities, preparing for the next spending review, developing external income streams and identifying efficiency and value for money initiatives.

Non-current assets: Non-current assets, which include both operational assets such as science equipment and corporate assets, have a net book value (NBV) of £290m, a net increase of £19m. Within this total figure Property, Plant, and Equipment, have reduced by net £17m, whilst Intangible Assets have increased by £36m – the result of a transfer from DDTS, reduced by the revaluation of land and buildings. Further details are shown within notes 5 and 6.

APHA is required to carry out an independent five-yearly revaluation of land and buildings with a desktop exercise in the intervening years. The desk-top exercise in March 2021 resulted in a £16m downward 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 2021 shows taxpayers' equity of £301m (31 March 2020: £282m). In common with other government executive agencies, the future funding for APHA's 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 the agency are on-going and will continue.

APHA has received approval for grant in aid funding for next year (up to March 2022), as a result of the spending review in 2020. A new spending review is expected to be undertaken in the financial year 2021/22, which will provide greater clarity on the future funding position for the agency. APHA expects to be able to manage within the constraints of the funding envelope provided and have therefore prepared these financial statements on a going concern basis. APHA continues to expect that it will be required to provide statutory services by parliament to meet continuous service provisions.

Ian Hewett,
APHA Interim Chief Executive and Accounting Officer
05 July 2021

Accountability Report: Director's Report

The Chief Executive as the Accounting Officer has personal responsibility and accountability to Parliament through ministers and the devolved administrations in Scotland and Wales. He is also responsible for the delivery of APHA services and resources, as well as appointing and line managing the directors, who serve on the Directorate Leadership Team (DLT). He is supported and challenged by the APHA Management 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 the APHA Management Board remit, governance structure and attendance records can be found on GOV.UK⁶ and in the governance statement on pages 31 to 38.

Complaints: There have been 124 escalated complaints during 2020/21, which can vary in subject matter. This year for example we have seen quite a few relating to seed imports, TB testing and puppy imports, as well as complaints relating to the EU Transition and its effect on import/export arrangements. While we would hope to avoid complaints arising in the first place, when issues do occur we follow our [complaints process](#) which is published on the GOV.UK website. Where it is found that the complaint is a disagreement with legislation or policy (which APHA is unable to change) we always aim to respond and signpost to the relevant government department accordingly. Where possible we have aimed to explain the changes clearly and resolve the issue, as amicably and quickly as possible for all concerned. Where this is not always possible, the Parliamentary Ombudsman can be asked by the complainant to take a view. There was 1 referral to the Parliamentary Ombudsman in 2020/21, with the Ombudsman deciding there was no requirement to take further action and closed the case.

Whistleblowing: APHA implements and follows Defra policies in this area. This area is reviewed annually by the APHA Audit and Risk Assurance Committee. There have been no reports 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 Group Human Resources department, which we expect all our managers and staff to adhere to. DLT is committed to ensuring all staff undertake yearly mandatory training and encourages all APHA staff to participate in 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, such as this year training even more staff to be 'Go To People' who are available to provide additional support and signposting for colleagues, as well as ensuring external confidential support is available to allow staff 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

⁶ <https://www.gov.uk/government/organisations/animal-and-plant-health-agency/about/our-governance>

included taking part in the National Fraud Initiative and regular reviews by the APHA Audit and Risk Assurance Committee.

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 responsibility of APHA Accounting Officer to the Chief Executive of APHA.

This carries with it responsibility for the propriety and regularity of the public finances for which they are answerable, for keeping proper records and for safeguarding APHA's assets, as 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 Principal Accounting Officer for Defra, Tamara Finkelstein has designated the APHA 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 are provided on these issues by the APHA Management Board, which also provides scrutiny, challenge and support to the Directorate Leadership Team (DLT).

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

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 several actions arising from the review, and the remaining actions will be implemented and reviewed throughout the year. This included reviewing the future topics to be discussed at Management Board meetings; looking to make Management Board meetings more focussed on one or two items per meeting; and looking at how engagement and briefing of Non-Executive Directors can be improved between meetings.

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

In 2020/21 issues on the Management Board's agenda included:

- Employee engagement
- Reviewing the plans for the redevelopment and investment in
- the APHA Science Estate
- New Ways of Working (including COVID-19)

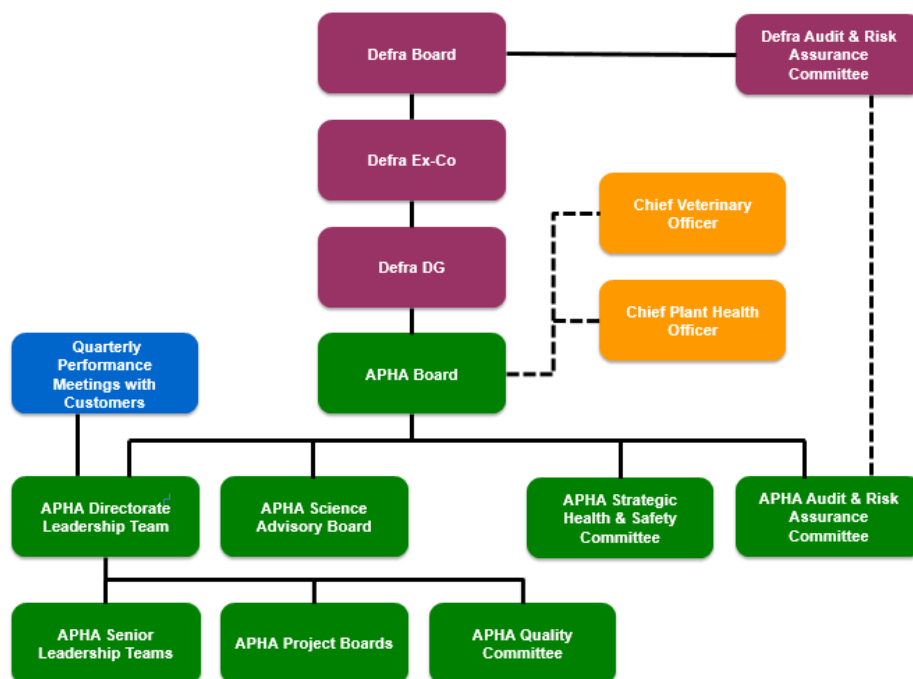
- Charging and future income streams
- Management and mitigation of strategic risks
- Planning for EU transition
- Financial performance, funding challenges and forecasting
- Performance against the corporate scorecard

During the year, APHA has worked closely with ministers following a Ministerial Direction given by the Secretary of State to Defra, on the operation of the Movement Assistance Scheme from 1 January 2021. The Principal Accounting Officer for Defra, Tamara Finkelstein authorised the APHA Chief Executive to rely on this Ministerial Direction in operating the Movement Assistance Scheme in the agency whilst meeting his own responsibilities as Accounting Officer. A request to extend the Movement Assistance Scheme is expected to be submitted to HM Treasury in 2021/22. Officials in core Defra and APHA have refined the design and operation of this scheme during its initial phase, with the aim of ensuring that its continued operation meets the standards expected by Managing Public Money.

In 2020/21, the Board has been supported by four committees:

- Audit and Risk Assurance Committee (ARAC), chaired by Alison White, APHA Non-Executive Director. The remit covers risk assurance, control, and governance in APHA. It met six times during 2020/21.
- Strategic Health and Safety Committee, chaired by the APHA 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 2020/21.
- Science Advisory Board (SAB), chaired by Professor Julie Fitzpatrick, APHA Non-Executive Director. The remit covers the oversight and assurance of APHA's scientific work. It met four times during 2020/21.
- Directorate Leadership Team (DLT), chaired by the APHA 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 Management Board remit, governance structure, the remit of committees and attendance records are available on GOV.UK.⁷

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 in 2020/21 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.

During the year the ARAC kept the risk register under active review, as the risk environment was constantly changing as a result of the combined impacts of the pandemic, EU transition and outbreaks of animal disease. At the instigation of the Management Board, the Committee oversaw improvement plans in regard to financial forecasting and the reduction of salary overpayments. The Committee also conducted a number of risk-based deep dives, including improving the governance of health and safety (through outsourced providers) and security, and the plans for introduction of a national view of animal movements through the Livestock Information Systems project. These deep dives have helped to clearly identify the reasons why problems have emerged and set out what APHA needs to do to ensure mitigations and actions are put in place and delivered.

⁷ <https://www.gov.uk/government/organisations/animal-and-plant-health-agency/about/our-governance>

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

Coronavirus pandemic: APHA has managed the risk to achievement of its objectives due to COVID-19 restrictions, with changes in working practices being introduced to ensure social distancing measures can be implemented and staff could work at home.

Appropriate measures were taken when staff were unavailable for work due to caring commitments. Alternative approaches were taken to continue to recruit staff required for preparations for EU Transition. APHA ensured equipment to aid home working was supplied and improvements to communication tools made to allow better and quicker communications. DLT continues to review and manage this risk

EU Transition: APHA continues to manage the changes required from the UK's departure from the EU. Prior to the end of the Transition Period APHA recruited additional staff to undertake checks on EU and NI trade in Sanitary and Phytosanitary products; amended processes and systems; and engaged with customers. A senior lead officer managed the risk, ensuring that sufficient resources were allocated to achieve relevant changes required, especially to meet the anticipated increased demand and ensuring IT systems were fit for purpose. The risk was regularly reviewed by APHA's and Defra's EU Exit Steering group.

Financial sustainability of APHA: The single year spending review in 2020 resulted in an uplift in funding for APHA in relation to new border responsibilities in 2021/22, post EU-Transition. Uncertainties remain in relation to funding beyond 2021/22, and to border responsibilities that are still evolving both in scope and timing. APHA continues to look at other options to be able to deliver its core purpose, including ways to generate new income. Financial transformation is planning to develop the tools, systems, and capability to support improved financial management.

Estate infrastructure: Weybridge is the oldest science site occupied by APHA and hosts key National Reference and high containment facilities. The site is classified as critical national infrastructure. Defra group Property manage the physical infrastructure (including maintenance and capital projects on the site). Defra secured significant funding for renewal of the specialist Weybridge science facility in 2020, alongside funds for critical works to maintain the ageing facilities pending the renewal. The Science Capability and Animal Health (SCAH) Programme, is managing the development of the new facility in a timely manner to retain and enhance functionality to the UK's primary high containment animal health science capability and facilities. The programme is designated by the Infrastructure Projects Authority (IPA) as major Infrastructure project and comprehensive governance is in place. A cross Defra/APHA/IPA/Treasury Programme Board is managing this risk, with Governance & Assurance structures approved. The process is likely to take 10+ years to complete and regular reporting is planned to manage this risk.

Disease outbreak: Since November 2020, APHA has been managing an outbreak of low and high pathogenic Avian Influenza (AI) as this risk has materialised. To date, the

disease has been successfully controlled at locations across Great Britain, with the response accomplished while maintaining social distancing and other COVID-19 safety measures. The large scale of the AI outbreak combined with the application of COVID-19 restrictions put pressure on resources. The agency also adapted its approach to surveillance following the UK's departure from the EU.

Coronavirus pandemic

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 COVID-19 Incident Management Team (IMT) was created at short notice, in line with the Incident Management Framework, to deal with and assess the risks to the business. The IMT was repurposed in October 2020 to deal with the "D20" risks (the collective name of the risk period including COVID-19 impacts, the end of the transition period and the other risks that the winter period often brings – including flooding and animal disease outbreaks). The team fed real time information into both Defra and central government response structures to allow for the rapid assessment of risks and appropriate mitigations across government.

Early on, when the potential impact of COVID-19 was first identified, APHA refocused its attention on business-critical activities and associated business continuity plans, and a campaign was implemented to deliver pandemic related exercises. APHA's laboratory scientists were sent to national hubs to support the testing of SARS-CoV-2 in people. Subsequently, APHA supported the COVID-19 response, sharing their specialist skills in animal science, virology, data handling, epidemiology, risk assessment and modelling. This allowed government vets to closely monitor the emerging global situation and produce the UK risk assessment of SARC-CoV-2 in pets. APHA, in collaboration with the University of Southampton, developed and trialled an alternative testing approach to detect COVID-19 infections in people, using saliva rather than swabs. This approach paved the way for wider regular nationwide simplified rapid testing, helping to ensure safe easing of restrictions and preventing community transmission following spread of the virus. Overall, the business adapted well to smarter working initiatives, working from home, strengthening resilience, and utilising virtual platforms where possible.

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.

DLT has put processes in place 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) these allow for risks to be monitored and issues with service delivery raised. A sub-group of the ADPG was formed in November 2020 to specifically consider the potential for animal welfare issues to develop during the pandemic. This has the potential to affect the intensive production systems (pigs and poultry). The group met to discuss the collective risks and mitigations that could be implemented if they arose.

In November 2020, APHA was required to mount a response to an outbreak of Avian Influenza. The outbreak continued into 2021 with a total of 24 infected premises being declared in Great Britain (up until the 12 February 2021). APHA was required to operate virtual disease control structures including for the National Disease Control Centre and the Central Disease Control Centres. Local teams were required to operate from Forward Operating Bases in COVID-19 safe environments. The response was not without its challenges and a 'lessons identified' project is underway. A report will be published on GOV.UK. The outputs will be used to improve the exotic disease response for the future as well as informing the APHA Pandemic Response Plan.

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) and Lloyd's Register Quality Assurance.

The laboratory services at APHA are UKAS accredited to BS EN ISO 17025:2017 (Lab No 1769) laboratory competency standard for an extensive range of tests. These are detailed on the UKAS Schedule of accreditation available via the UKAS website.

APHA also offers the [VETQAS®](#) independent, ISO 17043 accredited, proficiency testing (PT) service provided by the APHA's Quality Assurance Unit (QAU). This is the global market leader in the provision of PT schemes for veterinary laboratories.

The plant health imports, plant passporting and outbreak management and bee health foulbrood inspections also are accredited to BS EN ISO 17020:2012 inspection standard (Inspection No. 5640) and their UKAS Schedule of accreditation available via the UKAS website. The animal health inspection activities of the agency are moving towards compliance with the ISO 17020 standard.

APHA is certificated to BS EN ISO 9001:2015 by Lloyd's 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). APHA also complies with the Joint Code of Practice for Research projects.

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.

Information Security Assurance: APHA holds a significant level of sensitive information commensurate with its size, statutory requirements, and business delivery needs. Currently there is an ongoing programme of work in conjunction with Digital, Data and Technology colleagues, to uplift our legacy technology estate to mitigate cyber security risks. 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. There have been no losses of data or reports made to the Information Commissioners Officer (ICO).

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) provides the APHA internal audit function. GIAA helps ensure that government and the wider public sector provide services effectively.⁸ 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 the audits in year and other related assurance pieces.^{9 10}

A total of ten audits and reviews that related to APHA, and two Defra group audits, were carried out in this reporting period:

- Two APHA audits received "Substantial" assurance
- Four APHA audits received "Moderate" assurance
- No APHA audits resulted in a "Limited" assurance
- No APHA audits resulted in a "Unsatisfactory" assurance
- Four Defra advisory pieces had no opinion
- Two Defra group audits received "limited" assurance but the findings and subsequent management actions do not require any strengthening in controls from APHA

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. This evidence included assurance provided by the previous Chief Executive, Chris Hadkiss, who had undertaken the Accounting Officer role throughout 2020/21. I have concluded that the agency has appropriate risk management and control systems in place.

⁸ <https://www.gov.uk/government/organisations/government-internal-audit-agency/about>

⁹ <https://www.gov.uk/government/publications/review-of-quality-assurance-of-government-models>

¹⁰ Note: This opinion is based on a scale of "unsatisfactory", "limited", "moderate" and "substantial".

Accountability Report: Remuneration Report

The Management Board: The Management 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	Acting Science Director & Chair of the Design Authority (from 15 June 2020)
Kevin Ingram	Defra Finance Director with responsibility for APHA (from 27 April 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 (from 1 April 2020) and Member of Audit Risk & Assurance Committee
Julie Fitzpatrick	Non-Executive Director and Chair of Science Advisory Board
Robin Walker	Non-Executive Director (to 1 April 2020)
Mike Venables	Non-Executive Director

From 2019 the APHA Management Board have 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 the Management Board level. The representative plays a full and active role in Management Board meetings and is able to raise concerns and ensure employees are sighted on actions taken by Management Board Members.

Directorate Leadership Team: The Directorate Leadership Team (DLT) is responsible for day-to day leadership and management.

Chris Hadkiss	Chief Executive
Ian Hewett	Director of Service Delivery, EU Exit and Trade
Andrew Soldan	Veterinary Director
Kath Webster	Acting Science Director & Chair of the Design Authority (from 15 June 2020)
Kevin Ingram	Defra Finance Director with responsibility for APHA (from 27 April 2020)
Nadia Khan	Defra HR Deputy Director with responsibility for APHA
Jill Moray	Defra Senior HR Business Partner with responsibility for APHA
Ian Brown	Deputy Director of Scientific Services (from 1 July 2020)
Yvonne Spencer	Deputy Director for Science Transformation (from 1 August 2020)
Paul Townsend	Deputy Director of Service Delivery (to 1 November 2020)

Remuneration Policy: Defra’s Senior Civil Service Pay Committee, chaired by the Permanent Secretary, determines the remuneration and performance conditions of the APHA Management 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 Management Board members at 31 March 2021 hold open-ended appointments until they reach normal retirement age. The employment of the chief executive and of the other executive APHA management 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.

	2020/21	2019/20
Annualised band of highest paid director remuneration (£'000)	140-145	135-140
Median total remuneration (£)	27,024	27,415
Ratio	5.3	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 £140,000-£145,000 (2019/20: £15,000-£20,000 to £135,000-£140,000). In 2020/21, no permanent staff received full-time equivalent remuneration in excess of the highest paid director (2019/20: None).

Remuneration of Non-Executive Directors (Audited)

Name	Date of appointment	Period of appointment	Remuneration 2020/21 (£'000)	Remuneration 2019/20 (£'000)
Alison White	01/02/2020	3 years	10-15	10-15
Julie Fitzpatrick	18/09/2020	3 years	0-5	5-10
Nigel Reader	01/04/2020	2 years	15-20	5-10
Chris Nicholson	01/05/2018	3 years	5-10	10-15
Robin Walker	18/03/2019	13 months	0-5	5-10
Mike Venables	01/04/2019	3 years	5-10	10-15

Julie Fitzpatrick's appointment was extended for a further three years from 18 September 2020; and Nigel Reader was reappointed to the board for two years from 1 April 2020.

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

Remuneration and Pension Entitlements (Audited)

The emoluments and pension entitlements of the APHA Board members in 2020/21 were as follows¹¹ (2019/20 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>	5-10 <i>(0-5)</i>	0 <i>(0)</i>	0 ^{*2} <i>(38)</i>	140-145 <i>(170-175)</i>
Ian Hewett	75-80 <i>(75-80)</i>	0-5 <i>(0)</i>	5-10 <i>(0)</i>	27 <i>(11)</i>	110-115 <i>(85-90)</i>
Andrew Soldan	80-85 <i>(80-85)</i>	0 <i>(0)</i>	0 <i>(0)</i>	23 <i>(22)</i>	105-110 <i>(100-105)</i>
Kath Webster	90-95 <i>(75-80)</i>	5-10 <i>(5-10)</i>	0 <i>(0)</i>	113 <i>(25*¹)</i>	210-215 <i>(110-115)</i>
Kevin Ingram (from 27 April 2020)	75-80 FYE 80-85* <i>(0)</i>	0 <i>(0)</i>	0 <i>(0)</i>	30 <i>(0)</i>	105-110 <i>(0)</i>
Directors on the APHA Board during 2018/19					
Dave Webster (to 31 March 2020)	0 <i>(110-115)</i>	0 <i>(5-10)</i>	0 <i>(0)</i>	0 <i>(46)</i>	0 <i>(170-175)</i>

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

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

*2 Chris Hadkiss chose not to be covered by the Civil Service pension arrangements during 2020/21.

¹¹ 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.

Kevin Ingram and Dave Webster are included above, as although paid by Defra, they are/were a member of the Management Board and are/were deemed to be in a position to influence APHA decisions.

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 2020/21 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 2021	CETV at 31 March 2020	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 2021							
Chris Hadkiss ^{*1}	0	0	0	0	1466	0	0
Andrew Soldan	20-25	65-70	0 - 2.5 plus lump sum of 2.5 - 5	529	486	23	0
Ian Hewett ^{*2}	40-45	125-130	2.5 - 5 plus lump sum of 7.5 - 10	998	928	99	0
Kath Webster ^{*3}	45-50	0	5-7.5	901	773	99	0
Kevin Ingram (from 27 April 2020)	0-5	0	0-2.5	23	0	17	0
Directors on the APHA Board during 2019/20							
Dave Webster (to 31 March 2020)	0	0	0	0	1610	0	0

*1 Chris Hadkiss chose not to be covered by the Civil Service pension arrangements during 2020/21.

*2 Ian Hewett CETV at 31 March 2020 was reported as 922 in 2019/20 but has subsequently been recalculated to 928

*3 Kath Webster CETV at 31 March 2020 was reported as 841 in 2019/20 but has subsequently been recalculated to 773

Kevin Ingram and Dave Webster are included above, as although paid by Defra, they are/were a member of the Management Board and are 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)

	2020/21	2019/20
	£'000	£'000
Wages and salaries	77,057	73,012
Social security costs	8,143	7,876
Pension costs	19,650	19,390
Agency staff costs	3,090	2,056
Less recoveries in respect of outward secondments	(246)	(2,145)
Total Staff Costs	107,694	100,189

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, Devolved Administrations or Other Government Bodies. In 2019/20 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. There was nothing of significance in 2020/21. There was nothing of significance in 2020/21.

APHA has consultancy spend of £105k for the year ended 31 March 2021 (2019/20: £103k). 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 £0k (2019/20: £64k) 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 2021; this employee benefit is payable in 2021/22.

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 2020/21, employer's contributions of £19,383k were payable to the PCSPS (2019/20: £19,108k) at one of four rates in the range 26.6% to 30.3% (2019/20: 26.6% to 30.3%) 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 £259k (2019/20: £273k) 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 (2019/20: £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 2021 were £8k (2019/20: £9k).

Four members of staff (2019/20: one) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £45k (2019/20: £18k).

Average Number of Persons Employed (Audited)

Average Number of Full Time Equivalent Staff	2020/21	2019/20
	FTE	FTE
Science staff	420	395
Veterinary staff	355	334
Technical staff	228	228
Administrative and managerial staff (all disciplines) incl agency	1,244	1,295
Inspectorate staff	192	181
	2,439	2,433

Average Number of Full Time Equivalent Staff	2020/21	2019/20
	FTE	FTE
Permanently employed staff	2,151	2,100
Fixed term contracts and inward secondment	154	230
Temporary and agency staff	134	103
	2,439	2,433

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

Senior staff by pay-band	31 March 2021	31 March 2020
Pay-band 3	0	0
Pay-band 2	1	1
Pay-band 1	5	5

The remuneration and emoluments of the APHA Management Board are set out in the Remuneration Report starting on page 39 to 40 of this annual report.

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

During the year no employees have left APHA under early release schemes, (2019/20: 12). The 2020/21 cost of £104k in the staff costs consists of £69k relating to payments to staff who have left the APHA due to other reasons and £35k relating to 2019/20 early release departures.

Exit Package Cost Band	2020/21			2019/20		
	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
£10,000 - £25,000	-	-	-	2	2	4
£25,000 - £50,000	-	-	-	7	-	7
£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	-	1	1	12	2	14
2019/20 Costs in 2020/21	35	0	35	0	0	0
Total resource cost (£'000)	35	69	104	373	27	400

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 2020/21 (2019/20: 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 2021	Female	Male
Directors	2	4
Senior Managers	79	97
Other Staff	1,521	972
Gender Split 31st March 2020	Female	Male
Directors	1	5
Senior Managers	70	98
Other Staff	1,349	897

*Tables above include employed staff only

APHA 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.

APHA 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	2020/21	2019/20
No of Sick Days	8,808	11,965
No of Staff	2,365	2,387
Average days lost per employee	3.72	5.01

*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 2020/21 year.

In APHA 16 (15.4 FTE) employees were Trade Union (TU) representatives (2019/20: 16 (15.6 FTE)). Of these, 16 employees (2019/20: 16) spent up to 50 percent of their working hours on facility time.

The total cost of the facility time was £60,446 (2019/20: £53,536) which is 0.06 percent (2019/20: 0.05 percent) of the total pay bill. The total pay bill cost was £102,950k (2019/20: £100,482k). The 2019/20 total paybill cost and facility time as a percentage of the total pay bill has been restated from £73,901k and 0.07 percent respectively.

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 temporary off-payroll engagements for £245 or more per day as at 31 March 2021	
Number of existing engagements as of 31 March 2021	31
Of which:	
Number that have existed for less than one year at the time of reporting	31
Number that have existed for between one and two years at the time of reporting	0
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	0

All temporary off-payroll workers engaged at any point during the year ended 31 March 2021 for £245 or more per day

Number of off-payroll workers engaged during the year ended 31 March 2021	39
Of which:	
Number determined as in-scope of IR35 (i.e. the intermediaries legislation applies to the engagement)	39
Number determined as out-of-scope of IR35 (i.e. the intermediaries legislation does not apply to the engagement)	0
Number of engagements reassessed for compliance or assurance purposes during the year	
Of which: number of engagements that saw a change to IR35 status following review	0
Number of engagements where the status was disputed under provisions in the off -payroll legislation	0
Of which: number of engagements that saw a change to IR35 status following review	0
Please explain the circumstances behind any contractor who has not been assessed for IR35 or any other noteworthy situation.	
All contractors assessed for IR35.	

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

Number 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 Management 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 Management 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 2020/21. Plant Health have completed their annual review and there has been no fee adjustments in line with ministerial direction. However, the Statutory Instrument (2020 No.9) has been amended to cater for charging relating to EU Exit imports and exports. All of the Plant Health chargeable 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.

The majority of the Animal Health fees have under-recovered, 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 Welfare of Wild Animal in Travelling Circuses 2012 regulation expired on 19 January 2020, having been replaced by a legislative ban – Wild Animals in Circuses Act 2019 which has no income or expenditure in 2020/21.

The table 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	1,302	1,981
National Listing (NL) / Plant Breeder Rights (PBR)	1,054	982
The Seed Marketing Regulations 2011 (England & Wales)	1,468	1,428
The Animal Gatherings Order 2018	62	73
The Animal By-Products and Pet Passport Regulations 2018	491	641
The Disease of Animals (Approved Disinfectants) 2011	166	157
The Plant Health etc. (Fees) Regulations 2018 and Amendments	6,751	6,777
The Poultry Compartments Order 2010	34	34
The Welfare of Animals at the Time of Killing Regulation 2015	7	13
Wildlife and Countryside Act 1982	13	26
Total	11,348	12,112

Remote Contingent Liabilities (Audited)

APHA does not have any remote Contingent Liabilities as at 31 March 2021; this was the same as at 31 March 2020.

Losses and Special Payments (Audited)

For 2020/21, we can report that there were no losses or special payments which exceeded £300k (2019/20: Nil).

Ian Hewett,

APHA Interim Chief Executive and Accounting Officer

05 July 2021

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 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Animal and Plant Health Agency affairs as at 31 March 2021 and of the Animal and Plant Health Agency's total comprehensive net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Animal and Plant Health Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

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

Other Information

The other information comprises information included in the annual report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Animal and Plant Health Agency

and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and accountability report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- Inquiring of management, the Animal and Plant Health Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Animal and Plant Health Agency's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Animal and Plant Health Agency's controls relating to the Government Resources and Accounts Act 2000 and Managing Public Money;
 - reviewing the Animal and Plant Health Agency's accounting policies; and
 - using analytical procedures to identify any unusual or unexpected relationships and transactions;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and
- obtaining an understanding of Animal and Plant Health Agency's framework of authority as well as other legal and regulatory frameworks that the Animal and Plant Health Agency operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Animal and Plant Health Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money and employment, taxation and pensions legislation.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether

the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- in addressing the risk of fraud in revenue recognition of contract income particularly income recognition for contracts which run across the year end.

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 7th July 2021

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 5SP

Financial Statements

Statement of Comprehensive Net Expenditure –

for the year ended 31 March 2021

		2020/21	2019/20
	Note	£'000	£'000
Revenue from contracts with customers	4	(64,587)	(72,406)
Other operating income	4	(98)	(78)
Total operating income		(64,685)	(72,484)
Staff costs	3	107,694	100,189
Total staff costs		107,694	100,189
Other operating costs			
Official veterinarian costs	3	27,942	25,727
Operating costs	3	41,329	39,040
Non-cash costs	3	86,704	83,251
Total non staff costs		155,975	148,018
Total operating expenditure		263,669	248,207
Total net expenditure		198,984	175,723
OTHER EXPENDITURE			
Net loss / (gain) on revaluation of property, plant and equipment	5	6,008	880
Net loss / (gain) on revaluation of intangibles	6	(1,693)	(39)
Total expenditure for the year ended 31 March 2021		203,299	176,564

All expenditure is derived from continuing operations.

The notes on pages 62 to 85 form part of these financial statements.

Statement of Financial Position as at 31 March 2021

		31 March 2021	31 March 2020
	Note	£'000	£'000
Non current assets			
Property, plant and equipment	5	242,835	259,926
Intangible assets	6	46,733	10,151
Total non current assets		289,568	270,077
Current assets			
Inventories	8	5,110	5,412
Trade receivables and other current assets	9	29,437	18,337
Cash and cash equivalents	10	1,530	6,821
Total current assets		36,077	30,570
Total assets		325,645	300,647
Current liabilities			
Trade payables and other liabilities	11	(24,297)	(18,484)
Provisions		(638)	(303)
Total current liabilities		(24,935)	(18,787)
Total assets less current liabilities		300,710	281,860
Non current liabilities			
Contract liabilities		-	-
Lease obligations		-	-
Provisions		-	-
Total non current liabilities		-	-
Assets less liabilities		300,710	281,860
Taxpayers' equity			
General fund		190,671	163,490
Revaluation reserve		110,039	118,370
Total taxpayers' equity		300,710	281,860

The notes on pages 62 to 85 form part of these financial statements.

Ian Hewett,
 APHA Interim Chief Executive and Accounting Officer
 05 July 2021

Statement of Cash Flows for the year ended 31 March 2021

	2020/21	2019/20
	£'000	£'000
Cash flows from operating activities		
Net operating income / (expenditure)	(198,984)	(175,723)
Adjustments for non-cash transactions	87,058	83,426
(Increase) / decrease in trade and other receivables	(11,100)	(612)
(Increase) / decrease in inventories	302	(2,305)
Increase / (decrease) in trade payables	5,813	(1,992)
Use of provisions	-	(22)
Net cash outflow from operating activities	(116,911)	(97,228)
Cash flows from investing activities		
Purchase of property, plant and equipment	(530)	(1,108)
Purchase of intangible assets	-	(195)
Proceeds from the disposal of non current assets	-	-
Net cash outflow from investing activities	(530)	(1,303)
Cash flows from financing activities		
Net cash requirement received / (paid) from Defra	112,150	103,100
(Decrease) / increase in non current lease obligations	-	-
Net cash outflow from financing activities	112,150	103,100
Change in cash and cash equivalents		
Cash and cash equivalents at 1 April	6,821	2,252
(Decrease) / Increase in cash	(5,291)	4,569
Cash and cash equivalents at 31 March	1,530	6,821

The notes on pages 62 to 85 form part of these financial statements.

**Statement of Changes in Taxpayers' Equity –
for the year ended 31 March 2021**

		General fund	Revaluation reserve	Total Reserves
	Note	£'000	£'000	£'000
Balance at 1 April 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/(loss) on revaluation of property, plant and equipment	5	-	(880)	(880)
Net gain/(loss) 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
Transfers between reserves		4,016	(4,016)	-
Non-cash charges - notional charges	3	71,116	-	71,116
Non-cash adjustments		38,883	-	38,883
Comprehensive net expenditure for the year		(198,984)	-	(198,984)
Net gain/(loss) on revaluation of property, plant and equipment	5	-	(6,008)	(6,008)
Net gain/(loss) on revaluation of intangible assets	6	-	1,693	1,693
Parliamentary funding received		112,150	-	112,150
Balance at 31 March 2021		190,671	110,039	300,710

The notes on pages 62 to 85 form part of these financial statements.

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 2020/21 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.

The fair value of land and buildings is determined by valuations carried out by a professional valuer Montagu Evans. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) and Valuation Manual in so far as these

terms are consistent with the agreed requirements of the Financial Reporting Manual and HM Treasury. A desktop valuation was carried out as at 31 March 2021 and assets lives were also reviewed by the valuer as at this date. This valuation was based on published data from the Building Cost Information Service (BCIS) which provides a level of consistency in reporting and forecasting future trends. Future revaluations of the agency's property may result in further material changes to the carrying value of non-current assets.

Official Veterinarians (OVs)

- An estimate is included in the accounts for tests which the OVs have undertaken but have not been concluded at the end of March. The estimate is based upon the volume of tests allocated to OVs 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.

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.

- 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.

A general impairment provision based on expected credit losses has been created, using a standard 1% of anticipated external UK sales values for 2021/22; and a standard 2% of anticipated export sales values for 2021/22 (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 2021, 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, for Departments, has been delayed and is now effective from 1 April 2022 with limited options for early adoption. 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 2020/21

Region/Sector	Total expenditure	Total income	Net expenditure
	£'000	£'000	£'000
Service delivery directorate	103,780	(43,760)	60,020
Scientific services directorate	50,632	(20,827)	29,805
Veterinary directorate	3,941	-	3,941
EU Exit directorate	16,129	-	16,129
Corporate centre, notional charges, depreciation and amortisation	89,659	-	89,659
	264,141	(64,587)	199,554
Apprenticeship levy training / (grant income)	98	(98)	-
Revaluation deficits / (surpluses) not covered by previous revaluation surpluses and increases in provisions	(570)	-	(570)
Totals	263,669	(64,685)	198,984

The table summarises the management accounts prepared by APHA during the course of 2020/21 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 Management 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 Management 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 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

3 Operating Costs

	2020/21	2019/20
	£'000	£'000
Staff costs		
Wages and salaries	77,057	73,012
Social security costs	8,143	7,876
Pension costs	19,650	19,390
Agency staff costs	3,090	2,056
Less recoveries in respect of outward secondments	(246)	(2,145)
Total staff costs	107,694	100,189
Official veterinarian costs		
Official veterinarian costs	27,942	25,727
Total official veterinarian costs	27,942	25,727
Operating costs		
Veterinary and laboratory costs	15,430	13,395
Outsource laboratory and technical Services	10,158	8,545
Programme service delivery costs	5,374	5,444
Travel and subsistence	2,873	5,575
IT costs	2,617	2,418
Service level agreements	2,609	1,634
Training and apprenticeship levy training	1,564	1,336
Exit Costs	600	400
Estates and accommodation costs	104	293
Total other operating costs	41,329	39,040
Non-cash costs		
Defra notional charges	71,116	62,080
Depreciation and amortisation	16,158	15,765
Revaluation deficits / (surpluses) & impairments	(570)	5,401
(Profit) / loss on disposal of fixed assets	-	5
Total non-cash costs	86,704	83,251
Total non staff costs	155,975	148,018

For more detailed disclosures regarding staff costs, see the staff report on page 45.

Official Veterinarian Costs

Official Veterinarians (OVs) are qualified veterinarians in private practice who undertake work on behalf of APHA. An estimate is included in the accounts for tests which the OVs have undertaken but have not been concluded at the end of March 2021. The estimate is based on the volume of tests allocated to OVs in March using test values as set out in the

contract. From the 1 January 2021 OV's were involved in the implementation of the Movement Assistance Scheme.

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 value of notional charges is rigorously checked and reviewed prior to approval by APHA.

The Defra overhead notional recharge comprises of:

	2020/21	2019/20
	£'000	£'000
Estates costs	33,028	34,547
Information technology services, staff and project costs	31,094	19,699
Finance service costs	2,060	2,165
Shared services including payroll and financial	1,520	2,056
Human resources services and staff costs	1,100	1,193
Commercial costs	1,047	1,031
Communications costs	775	852
Legal services costs	298	313
Defra investigation services costs	36	66
External audit fee	158	158
Total	71,116	62,080

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 £1,154k (2019/2020: £4,563k). The value has decreased since 2019/20 due to freehold property transferring to the Government Property Agency (GPA) and being leased to Defra. APHA will receive the charge for occupancy of the properties through notional charges and these operating leases are disclosed in Note 12 Commitments under Operating Leases.

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 2020/21 financial statements (2019/20: £158k). No remuneration was paid to the auditors for non-audit work.

4 Income

4.1.1 Revenue from Contracts with Customers 2020/21

Analysis by customer	Service delivery directorate	Scientific services directorate	Total
	£'000	£'000	£'000
Defra & Defra Agencies	965	4,479	5,444
Devolved Administrations	30,885	2,687	33,572
Other Government Departments	166	2,000	2,166
Other non commercial	616	302	918
Fees and charges	11,114	234	11,348
UK commercial & external	4	7,784	7,788
EU	10	501	511
Overseas commercial	-	2,840	2,840
Total	43,760	20,827	64,587

4.1.2 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

4.2 Other Operating Income

Analysis by customer	2020/21	2019/20
	£'000	£'000
Grant income - apprenticeship levy	98	78
Total	98	78

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. During 2020/21 the collection of this income changed to being collected by Defra.

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

2020/21	Land	Buildings	Scientific Equipment	Office Equipment and Furniture	Plant and Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
1 April 2020	26,607	235,351	8,766	200	3,520	274,444
Additions	-	-	462	-	68	530
Transfers	-	-	-	-	-	-
Disposals	-	(2)	(92)	-	-	(94)
Impairment	-	570	-	-	-	570
Revaluation	18	(5,488)	(826)	(2)	(96)	(6,394)
31 March 2021	26,625	230,431	8,310	198	3,492	269,056
Depreciation						
1 April 2020	-	(6,469)	(5,068)	(161)	(2,820)	(14,518)
Charged	-	(11,436)	(628)	(3)	(116)	(12,183)
Transfers	-	-	-	-	-	-
Disposals	-	2	92	-	-	94
Impairment	-	-	-	-	-	-
Revaluation	-	-	347	-	39	386
31 March 2021	-	(17,903)	(5,257)	(164)	(2,897)	(26,221)
Net Book Value						
31 March 2020	26,607	228,882	3,698	39	700	259,926
31 March 2021	26,625	212,528	3,053	34	595	242,835

Land & Buildings

Montagu Evans undertook a desktop valuation of land and buildings during the year ended 31 March 2021. This resulted in Land and Buildings being valued at £239,153k at 31 March 2021, a net decrease from 2019/20 of £16,336k. The net decrease included £5,470k debited to the Revaluation Reserve (£18k less £5,488k) and £570k credited to the SoCNE, with the balance relating to disposals (nil NBV) and depreciation charged (£11,436k).

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 2020/21 (2019/20: nil).

2019/20	Land	Buildings	Scientific Equipment	Office Equipment and Furniture	Plant and Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2019	25,874	281,671	7,442	158	3,412	318,557
Additions	(10)	2,939	1,411	42	101	4,483
Transfers	-	-	-	-	-	-
Disposals	-	(64)	(148)	-	-	(212)
Impairment	-	(5,401)	-	-	-	(5,401)
Revaluation	743	(43,794)	61	-	7	(42,983)
At 31 March 2020	26,607	235,351	8,766	200	3,520	274,444
Depreciation						
At 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
At 31 March 2020	-	(6,469)	(5,068)	(161)	(2,820)	(14,518)
Net Book Value						
At 31 March 2019	25,874	244,464	2,911	-	770	274,019
At 31 March 2020	26,607	228,882	3,698	39	700	259,926

Of the additions shown in the table above £1,108k of Scientific Equipment was purchased in the year and the remaining £3,375k of additions were transfers from Defra at nil cost.

6 Intangible Assets

2020/21	Software Licences	IT Software	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2020	145	88,316	-	88,461
Additions	-	38,864	-	38,864
Transfers	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	-	4,706	-	4,706
At 31 March 2021	145	131,886	-	132,031
Amortisation				
At 1 April 2020	(145)	(78,165)	-	(78,310)
Charged	-	(3,975)	-	(3,975)
Transfers	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	-	(3,013)	-	(3,013)
At 31 March 2021	(145)	(85,153)	-	(85,298)
Net Book Value				
31 March 2020	-	10,151	-	10,151
31 March 2021	-	46,733	-	46,733

The £38,864k of IT Software additions shown above were transfers in year from Defra at nil cost and consist of Export Health Certificates Online (EHCO) (take on value of £13,444k) and Import of Products, Animals, Food and Fees Systems (IPAFFS) (take on value of £25,420k) with further details below.

There are three material individual intangible assets:

- (1) 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 £8,142k, and is part of a group of interdependent assets whose useful economic lives are 5 years as at 31 March 2021.
- (2) Export Health Certificates Online (EHCO), which is a web-based service enabling exporters to apply for certificates online, replacing a manual PDF process called Exports Management Service (EMS), for all UK Animal Exports. EHCO is running in parallel to EMS until all UK registered users have

transitioned from EMS to EHCO. EHCO has a Net Book Value of £12,780k with a useful economic life of 9 years as at 31 March 2021.

- (3) Import of Products, Animals, Food and feed Systems (IPAFFS), which is an import control system developed in order to maintain the flow of imports and a robust biosecurity control. IPAFFS has a Net Book Value of £25,487k with a useful economic life of 10 years as at 31 March 2021.

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	-	1,110	195	1,305
Transfers	-	1,506	(1,506)	-
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				
At 31 March 2019	21	10,950	1,311	12,282
At 31 March 2020	-	10,151	-	10,151

The £1,110k of IT Software additions shown above were transfers from Defra at nil cost.

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 2021	31 March 2020
	£'000	£'000
Finished goods	7,130	6,960
Raw materials and consumables	2,120	1,876
Impairment provision	(4,140)	(3,424)
Total	5,110	5,412

9 Trade Receivables and Other Current Assets

	31 March 2021	31 March 2020
	£'000	£'000
Trade receivables	16,488	5,436
Deposits and advances	198	154
Other receivables	1	2
Prepayments and accrued income	12,750	12,745
Total	29,437	18,337

An additional credit loss provision of £218k (2019/20: £195k) has been created due to the increased risk of customer defaults resulting from COVID-19. This provision is included in the table above within the trade receivables line.

10 Cash and Cash Equivalents

	31 March 2021	31 March 2020
Government Banking Services	£'000	£'000
Opening balance	6,821	2,252
Net cash inflow/(outflow)	(5,291)	4,569
Closing balance	1,530	6,821

The Government Banking Service has procured banking services from the Natwest Group (formally Royal Bank of Scotland Group). 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 2021	31 March 2020
	£'000	£'000
VAT payables	(932)	(174)
Other taxation and social security	(2,299)	(1,766)
Trade payables	(1,374)	(1,381)
Other payables	(2,208)	(1,970)
Accrued expenditure and deferred income	(15,305)	(11,534)
Contract liabilities	(2,179)	(1,659)
Total	(24,297)	(18,484)

12 Commitments under Operating Leases

	31 March 2021	31 March 2020
	£'000	£'000
Land		
Not later than one year	45	3
Later than one year and not later than five years	-	1
Later than five years	-	12
Total	45	16
	£'000	£'000
Buildings		
Not later than one year	1,302	1,201
Later than one year and not later than five years	3,013	2,185
Later than five years	1,105	1,158
Total	5,420	4,544
	£'000	£'000
Other		
Not later than one year	493	467
Later than one year and not later than five years	388	699
Later than five years	-	-
Total	881	1,166

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. During 2020/21 Defra transferred freehold office property to the Government Property Agency (GPA) which has increased the amount of leasehold property occupied by APHA.

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

13 Capital Commitments

At 31 March 2021 APHA had £515k of equipment for the Weybridge site as capital commitments not otherwise included in these accounts. For 2019/20 APHA had no capital commitments.

14 Other Financial Commitments

	31 March 2021	31 March 2020
	£'000	£'000
Not later than one year	15,378	16,004
Later than one year and not later than five years	30,798	48,012
Later than five years	-	-
Total	46,176	64,016

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.

15 Contingent Liabilities

There were no contingent liabilities as at 31 March 2021 (31 March 2020: None).

16 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 2021, 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 the Department's Executive Non Departmental Public Bodies of the Environment Agency and Agriculture and Horticulture Development Board.

APHA had a number of operational transactions with other government bodies, notably the Scottish Government, the Welsh Government, Department of Agriculture, Environment and Rural Affairs (NI), Food Standards Agency (FSA) and Department of Health and Social Care.

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.

17 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.

Chris Hadkiss, retired from his role as Chief Executive and Accounting Officer of APHA on the 11 June 2021, he was replaced on an interim bases by Ian Hewett.

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