



Animal &
Plant Health
Agency

Animal and Plant Health Agency

Annual Report and Accounts

2021/22

HC 467

Animal and Plant Health Agency

Annual Report and Accounts 2021/22

(For the year ended 31 March 2022)

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

Ordered by the House of Commons to be printed 19 July 2022

HC 467



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ISBN 978-1-5286-3566-0

E-Number: E02767166 07/22

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates on behalf of the Controller of Her Majesty's Stationery Office

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Foreword by former Interim Chief Executive, Ian Hewett

25 April 2022

Thank you for taking an interest in APHA's Annual Report and Accounts for 2021/22.

The past year has been a very challenging period for the Agency, successfully responding to several high profile and extensive animal and plant health incidents, delivered alongside our world-leading animal health scientific activities and surveillance programmes.



All our activities were delivered while working under COVID-19 restrictions, which for many colleagues meant continuing to work in the field and at our science estate.

In the first quarter we completed the remaining work on the 2020/21 avian influenza outbreak. By the start of the third quarter a further and far more extensive outbreak had started which by the end of March had seen almost 100 premises across Great Britain and over 800 wild bird incursions, confirmed with highly pathogenic avian influenza. The scale and duration of the outbreak far exceeded previous incidents and was the largest single animal health disease response since the 2001 foot and mouth outbreak.

The year saw APHA confirm a single case of BSE, contagious equine metritis at a stallion premises, and SARS-CoV-2 in pet and zoo animals. There was further confirmed sightings of Asian hornet in Hampshire and Berkshire, and APHA responded to the first UK cases of blueberry rust and the tree fungus-like pathogen, *Phytophthora pluvialis*. All of which required extensive field and scientific response, often undertaken at unsocial hours.

During the year APHA also supported two separate high profile and sensitive large-scale movement of pets into this country from Afghanistan and Ukraine. Such activity required extensive engagement with stakeholders, charities and individuals fleeing conflict.

The UK's departure from the European Union (EU) has increased the volume of animal and plant export certification that APHA oversees, alongside supporting traders exporting sanitary and phytosanitary products to Northern Ireland. Our certification services have expanded and moved to web-based portals better placed to facilitate trade. Our import checking capability has also expanded and is now operating in many locations across England and Wales.

Our Science Strategy remains a critical articulation of our commitment and ambition. This is cemented through the continued investment and development of our Weybridge facility, which is one of the Government's top 200 projects.

Our People Plan and its key themes has been a priority throughout the year, facilitating improved engagement and an increased focus on supporting our staff through, for example, training and development, and apprenticeships. Recruitment and retention have been a challenge in a very competitive marketplace, but despite the challenge we were able to expand our workforce throughout the year to meet the increasing demands on us predominantly as result of leaving the EU.

I would like to pay tribute to all APHA's staff and contractors for their monumental efforts and dedication throughout the year, whether responding to notifiable disease incidents or undertaking our many other diverse responsibilities.

Welcome statement from Chief Executive, David Holdsworth

31 May 2022

I feel honoured to have been given the opportunity to lead such an exceptional organisation as APHA. It delivers a remarkably wide breadth and depth of scientific, field and international trade services; all of which is pivotal in protecting not just UK but also global animal, plant and bee health.



The work of the Agency is also critical in supporting UK economic growth through robust export and import checks giving our trade partners confidence and enabling billions in UK exports.

As I write this, I'm only in my sixth week as Chief Executive but already it's clear to me that the Agency's greatest asset is our amazing people who I feel privileged to lead.

It's also clear we have challenges as an Agency due to the prolonged, extraordinary demands on our resources and people which we will have to look at critically going forwards. A huge amount has been achieved and everyone in APHA should be very proud, as I am, of their dedication and commitment.

Finally, I would like to thank Ian Hewett for his leadership of APHA during his time as Interim Chief Executive and all achieved during his career with the Agency. He has made a valuable contribution to the success of APHA in his roles leading the Service Delivery Directorate and EU Exit Programme, as well as Interim Chief Executive.

I look forward to working with APHA, and its partner organisations, on future challenges and opportunities and most of all being part of a government agency that makes a difference and is at the forefront of protecting animal and plant health for the benefit of people, the environment, and the economy.

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

It has been another year of unprecedented challenge for APHA.

We have responded to the worst outbreak of avian influenza the UK has ever experienced, while the challenges of the phased implementation of new border controls and facilitating the rapid import of pets of Ukrainian refugees to protect the UK from the risk of rabies have caused real pressure on our resources.



Staff capacity, wellbeing and training, especially for new recruits and new managers, and the appropriate senior management structure, have all been areas of focus for the Board.

Our ability to recruit at the pace required to increase staff resources by over 50% in a couple of years and to integrate them successfully, when many may not have ever met their work colleagues in person, has been a particular challenge.

The results of the annual Civil Service People Survey have shown the impact that these strains have had on our staff. In response, we have refreshed our People and Strategic Workforce Plans; the Board's top priority in the year ahead.

As the Agency embeds all the changes of the past few years into business as usual, the Board will look ahead to our future strategy in partnership with the Executive Team led by our new Chief Executive David Holdsworth.

I would like to thank two of our departing Non-Executive Directors for their exemplary service: Julie Fitzpatrick left us following her appointment as Chief Scientific Adviser to the Scottish Government, and Nigel Reader completed his final term, having also served on the Audit and Risk Assurance Committee.

My particular thanks to Ian Hewett, Interim Chief Executive since summer 2021, who has steered the Agency through the often choppy waters of the last year. It has been a privilege to work with him.

Performance report and analysis

Who we are

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

APHA's purpose is to safeguard animal and plant health for the benefit of people, the environment, and the economy.

Working with Defra

The Defra strategy sets out a set of strategic objectives for the Defra group. It provides a clear vision, direction, and shared framework to improve and protect our environment by making our air purer, our water cleaner, our land greener and our food more sustainable. Actions to achieve the strategic objectives are described in more detail in Defra's Outcome Delivery Plan¹.

Defra and APHA share the objective to increase the sustainability, productivity and resilience of the agriculture, fishing, food and drink sectors, enhance biosecurity at the border and raise animal welfare standards.

Working with the Scottish and Welsh Governments

APHA works on behalf of the Scottish Government² and Welsh Government³ providing support for the delivery of their animal health and welfare. APHA also supports the delivery of the Welsh Government's plant and bee health policies.

What we do

APHA takes the leading role in controlling and eradicating animal and plant diseases and pests, as well as reducing the risk of new and emerging threats and providing an emergency response to rapidly control pest and disease outbreaks. APHA also:

- provides science-based evidence and advice to inform policy makers.
- delivers and advises on statutory services for the implementation of legislation and standards on animal health and welfare, bee health, plant health, and plant varieties and seeds.
- facilitates GB trade in animals, products of animal origin, plants and produce.
- continues to adapt and implement outbreak response plans and identify lessons from outbreaks, implementing any improvements needed.
- maintains its national and international specialist veterinary and scientific capability and reputation.

¹ [Department for Environment, Food and Rural Affairs Outcome Delivery Plan - GOV.UK](#)

² [Animal health and welfare - gov.scot \(www.gov.scot\)](#)

³ [Keeping farmed animals | Sub-topic | GOV.WALES](#)

More detail on APHA's aims and responsibilities is available on GOV.UK⁴ along with information about our operating structure and governance.



What we do



What we achieve

⁴ <https://www.gov.uk/government/organisations/animal-and-plant-health-agency>

The past year in summary

The year was characterised by multiple out-of-the-ordinary incidents, against the backdrop of continuing COVID-19-related working restrictions and scientific activity, and the worst outbreak of avian influenza that Great Britain has ever experienced.

Throughout the year, APHA has continued to expand its resources to enable its enhanced role in facilitating international trade, linked to the UK's exit from the European Union. Alongside all these challenges, APHA has continued its vital day-to-day work in regulating and promoting plant and bee health and animal health and welfare.

It is fair to say the year has been at the most challenging end of the spectrum for our staff. Resourcing as much of the activity required by our policy customers as possible, at the same time as dealing with the restrictions of the global pandemic and the prolonged outbreak of avian influenza has significantly stretched our staff, and their continued commitment and professionalism has been of the highest standard. They are the Agency's finest asset.

Scientific development

APHA is one of the world's leading research centres in the field of animal disease and veterinary public health. We are proud of the national and international reputation that APHA has for the quality of our science and our services to our customers.

Science continues to be fundamental to everything APHA does, and we are committed to provide high quality science-based evidence for decision-making and policy development.

We launched our new science strategy⁵ in April 2021, which sets out our ambition to achieve global scientific influence with world class facilities to support and retain our internationally recognised expertise over the next five years.

APHA is the UK National Reference Laboratory for 49 animal health diseases and hosts 23 reference laboratory facilities or expertise centres, which are designated by the:

- World Organisation for Animal Health (WOAH)
- World Health Organisation (WHO)
- Food and Agriculture Organisation of the United Nations (FAO).

Our scientists hold these expert roles being at the cutting edge of knowledge, modern technology and at the forefront of their fields.

In March 2020, the Government committed to transform the animal science facility at Weybridge. The Science Capability in Animal Health (SCAH) Programme will secure

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/979231/apha-science-strategy20212026.pdf

the future of this critical national asset and equip our scientists with the facilities they need to place the UK at the forefront of global scientific endeavour.

This investment will transform our scientific infrastructure, enhance our ability to build influence around the world and be at the cutting edge of animal health science, attracting and working with the world's best scientists, and maintaining our status as world leader in animal health science and zoonotic research.

Key highlights of the year

Rapid control of pest and disease outbreaks

In October 2021, the most significant outbreak of avian influenza (AI) ever experienced in Great Britain was triggered by winter wild bird migrations into the UK carrying the virus.

By the end of March 2022, APHA had responded to 190 suspected highly pathogenic AI H5N1 infected premises. Of these, 84 were confirmed in England, five in Wales and nine in Scotland, along with six infected premises in Northern Ireland. This was significantly higher than the 26 cases confirmed in the 2020/21 outbreak. APHA also confirmed the virus in 841 wild birds found dead. Further cases have occurred in subsequent months.

A GB-wide avian influenza prevention zone was put in place on 3 November 2021 instructing all bird keepers to follow biosecurity measures to reduce the risk of disease spread from wild birds to poultry. This was followed by a legal requirement to keep all poultry indoors from 29 November.

The emergency response involved a very large number of staff from teams across APHA working as one to protect animal and human health, the farming industry, and the economy.

From October 2021 to the end March 2022, APHA staff worked over 1,600 full-time equivalent months on the outbreak. Contracted staff (vets, agency staff etc.) worked more than 230 months, and other government staff on loan to APHA, 70 months.

Key scientific activities in support of our work on the outbreak included:

- APHA is a National and International Reference Laboratory for avian influenza and has provided round the clock disease testing and diagnosis to confirm disease, completing over 20,000 diagnostic tests on samples from poultry premises and over 10,000 wild bird samples.
- APHA validated and implemented a novel PCR test so the Chief Veterinary Officers could be informed of the pathogenicity of the virus strain 24 hours earlier than with the previous tests. This enabled faster decisions on appropriate control actions.
- The APHA National Emergency Epidemiology Group provided expertise in risk analysis, epidemiology and intelligence gathering.

APHA received over 5,000 licence applications and launched a new online Avian Influenza Licensing Service to enable customers to apply online for a licence during the outbreak to move poultry, eggs, and poultry products into, or out of, controlled zones around an infected farm.

The Agency updated and maintained public access to Interactive Disease Maps providing locations of the 3km Protection Zones and 10km Surveillance Zones as well as information to Official Veterinarians signing export certificates, enabling them to check if birds originated within any of the zones.

Other highlights included:

- Co-ordination of the outbreak support response by Veterinary Delivery Partners and the network of contracted suppliers.
- Completion of 8,386 site surveillance visits and 2,533 surveillance phone calls by the end of March.
- Working with the UK Health Security Agency on the confirmation of the first reported case of the H5 Flu A in a person living in south-west England.

Aside from our work on avian influenza, APHA has worked to control other outbreaks during the year:

- Completing the eradication of tomato brown rugose fruit virus which was confirmed at one commercial tomato production site in England in 2019 and five in 2020. During 2021, APHA continued its surveillance programme of the virus at nurseries and packing sites which included sampling and testing plants and fruit, and tracing activities at the confirmed positive sites.
- Ongoing surveillance for transmissible spongiform encephalopathies (TSEs) led to the detection and confirmation of classical bovine spongiform encephalopathy (BSE) in a cow on a farm in Somerset. Our mathematical modelling in 2016 had suggested that there was a low probability of further cases of BSE up to 2026. We led a rapid response to this case by tracing 60 cohort animals and offspring from the confirmed case, which all tested negative, and identifying the possible cause of exposure to the disease. This ensured that England and Wales retained their controlled BSE risk status.
- APHA joined the Defra group Incident Management Team to prevent the spread of the tree fungus-like pathogen, *Phytophthora pluvialis* found in Cornwall by the Forestry Commission. There were further findings in the Lake District and Scotland. Demarcated Zones were put in place to control the movement of plants and plant products in the affected areas and APHA worked with industry to ensure they were informed of the biosecurity measures and restrictions in place, and to be vigilant of any signs of the pathogen. Further research and modelling continue as part of a UK-wide survey to understand more about the pathogen, climate impact and other susceptible hosts.

We organised and hosted a virtual UK-wide exercise (named Exercise Holly) which simulated an outbreak of African swine fever (ASF) to test government contingency plans to contain and eliminate the disease if it reached the UK.

Improved international trade

Our work to strengthen and protect biosecurity at the UK's borders now the UK is outside the EU, represents the area of greatest growth in our responsibilities.

We continued to support the Place of Destination (PoD) Scheme by registering over 5,000 premises for plant and plant product import inspections and completing over 17,000 checks at these premises. This has enabled importers of plants to arrange for document and plant health checks to be carried out by APHA at a registered premises of their choice so they can avoid delays at the border while still protecting biosecurity.

We also supported traders on the phased transition to the new Plant Health Export Service (PHES) launched in September 2021 for registration, and applications from all exporters of used farm machinery, plants, plant produce and plant products.

After 58 countries took part in the public beta, we launched a new certificate format for export health certificates to move away from the need to print these documents on special Crown watermarked paper and manually process certificates. Traders can use dithered watermark security to print certificates locally so that they can benefit from a more efficient and speedy process.

We led the administration of the Movement Assistance Scheme which was set up to support the delivery of the Northern Ireland Protocol to streamline trade between Great Britain to Northern Ireland.

Another notable achievement was launching the UK Ivory Service on GOV.UK which supports the import of items made from or containing elephant ivory provided specific exemptions are met, such as museum specimens.

Decreased incidence of bovine tuberculosis

Particular highlights of our work in controlling and working towards eradicating bovine TB (bTB) included:

- Launching a new version of ibTB mapping tool (www.ibtb.co.uk) which enables farmers to access information on TB free farms and facilitate safer trading.
- Beginning clinical field trials on farms in England and Wales to investigate the safety of a cattle vaccine for TB and a companion skin test to detect vaccinated animals that are infected. Developed by APHA, the vaccine is a major milestone in the delivery of the Government's bovine TB eradication strategy.
- Launching a new test to confirm TB infection more quickly. APHA validated a new polymerase chain reaction (PCR) test which can detect the bacterium

responsible for bovine TB directly from tissue samples collected at post-mortem inspection. This new method will reduce the time for APHA laboratories to report results to livestock keepers from up to 22 weeks to just three weeks.

- Implementing TB Whole Genome Sequencing (WGS) to provide more accurate data to trace the origins and causes of individual bTB outbreaks. APHA is now able to distinguish between individual *M. bovis* isolates to such a degree that in some cases transmission routes can be detected down to individual cattle movements and badger colonies. This is the first such pipeline to be accredited by UKAS, the national accreditation body for the UK.
- Following a retender exercise, new contracts were awarded to regional Veterinary Delivery Partners for TB testing and other government veterinary services in England and Wales. In addition to Official Veterinarians, the new contracts also allow for TB testing in England to be carried out by approved lay testers who are authorised by APHA.

Improved animal welfare and plant health

Safeguarding animal welfare and plant health is central to APHA's purpose. Highlights of our work this year included:

- Establishing the Small Animal Species Expert Group (SASEG) as part of our network of Species Expert Groups who lead on disease scanning surveillance. The Group met for the first time in January 2022, to discuss pet animal topics, such as the outbreak of sickness in pet dogs early in 2022 with a possible link to walking on the Yorkshire coast, pet imports and the disease *Brucella canis*.
- Completing the surveillance of pine trees in the vicinity of a first-confirmed UK finding of the tree pest, *Cinara shinjii*, on four Japanese white pine in North Wales, to support the statutory response to eradicate the pest.
- Setting up a new CITES Stakeholder Working group to work directly with stakeholders to share best practice, create stronger relationships and resolve issues in relation to the trade of protected species.
- Supporting the work of wildlife inspectors, and the National Wildlife Crime Unit in the successful arrest of several individuals.

Reduced risk from new and emerging threats

Alongside supporting the government's response to the human pandemic, APHA has been leading the work on investigating and confirming suspect cases of the coronavirus SARS-CoV-2 in animals.

We established a SARS-CoV-2 Investigation Team to diagnose and confirm suspect cases in GB and find out more about this animal infection from its virological findings. The team collaborated with national and international laboratories to validate their SARS-CoV-2 tests and achieve ISO17025 accreditation. By the end of March 2022, APHA had confirmed seven cases of the virus in England and Jersey – one cat, three dogs, and three zoo tigers.

The Agency also introduced a ferret register to provide access to more detailed knowledge of the UK ferret population in the event of an outbreak of SARS-CoV-2 in this species which could be a health risk to their keepers. Other highlights of our work this year included:

- Establishing a new science workgroup and discipline champion on vector borne diseases. This follows the designation of the APHA National Reference Laboratory for arboviruses (West Nile virus, Rift Valley fever virus and Japanese encephalitis virus) which will support APHA's response to the increased threat of arthropod-borne disease to UK livestock and wildlife.
- Continuing diagnostic testing of negative report cases of notifiable disease reports particularly in cases of high mortality in broiler chickens. Detailed investigations confirmed that these mortalities were due to primary avian pathogenic *E.coli* (APEC) ST1564 which is a new disease threat not previously seen in disease outbreaks in GB.

Decreased spread of zoonotic diseases

Identifying and mitigating animal related threats to human health is a key priority for APHA. Highlights of our work this year included:

- Launching a collaboration with the Sierra Leone Central Veterinary Laboratory in response to their urgent need for laboratory support and guidance on rabies disease control.
- Receiving UKAS accreditation to use the same Whole Genome Sequencing technology in tracing the origins of *Salmonella* outbreaks. This will enable APHA to conduct more rapid and detailed analyses of *Salmonella* outbreaks and help to investigate the source of outbreaks.
- Collaborating with the UK Health Security Agency to consider how effectively to protect animal and public health against the emerging human disease threat of the zoonotic bacteria *Brucella canis* from imported dogs.

Enhanced biosecurity

Improving biosecurity is key to safeguarding human, animal and plant health as well as the environment and economy. Highlights of our work this year included:

- Providing an accredited proficiency testing service to 700 veterinary laboratories in 68 countries. This allows laboratories and trading partners to assure the quality of their testing and helps ensure that laboratories worldwide are performing diagnostic testing to the highest standards.
- Launching an Asian Hornet Track and Trace mobile application for inspectors to collect and record data, share information effectively and improve tracking.
- Supporting Defra's and the Welsh Government's Healthy Bees Plan 2030, the National Bee Unit published new educational material and launched new social media channels to provide accessible advice and guidance on keeping bees and protecting them from pests and diseases.

Enhanced food security

APHA investigated serious breaches of the egg marketing regulations at a packing centre of one of the UK's largest egg suppliers which led to a successful legal prosecution of the company. Another highlight was:

- Detecting and responding to the first finding of the fungal disease, blueberry rust, in the UK at a nursery site and a commercial fruit production site in Kent. Working with Scottish Government inspectors, APHA completed a joint tracing exercise and survey of other plant production sites, and intercepted EU imported material. With the increase of blueberry crops, the disease is officially recognised as present in the UK but not widely distributed and under official control.

Improved policy making

We provided scientific and field delivery advice to the GB governments to enable the best possible policy decisions both in disease outbreaks and in routine activities. Highlights of our work included:

- Developing and validating two new PCR tests to detect and discriminate between important influenza viruses. One detects 'H5' viruses while the other 'types' swine influenza viruses. Both tests reduce the time needed to differentiate these viruses and help to inform rapid policy decisions.
- Working with the Veterinary Medicines Directorate to launch a new monitoring scheme for the antibiotic susceptibility of bacteria causing infections in food animals. This has enhanced our ability to detect emerging antimicrobial resistance and to compare trends.

Improved agricultural economy

Highlights of our work included:

- Working with Livestock Information Ltd, Scot EID and EID Cymru on the development and roll-out of new systems for livestock identification and tracings. This supports improved disease response, international trade and food security along with farm sector productivity and efficiency.
- Continuing to work with policy colleagues and industry as part of the co-design approach to developing a different regulatory landscape after leaving the EU to achieve a sustainable model of food production, robust animal and plant health protection, and promotion of animal welfare.

Snapshot of service delivery in 2021/22

Protecting animal health and welfare

Completed 1,967 animal welfare visits

Tested 93,488 samples for disease scanning surveillance of livestock and wildlife

Tested 40,192 samples for statutory artificial breeding controls

Tested 36,643 samples for National Reference Laboratory testing of statutory and exotic viral diseases

Protecting plant and bee health

Completed 7,323 plant health inspections

Inspected 49,090 consignments

Inspected 6,896 apiaries

Providing scientific evidence

Published 235 scientific papers

Published 28 APHA Science blogs

Supporting international trade

Issued 406,706 export certificates with 266,529 of these auto-dispatched via the EHC online service

Issued 69,067 CITES permits and certificates

Tested 1,743 import samples

Tested 95,708 export samples

Issued 4,086 import licences and authorisations

Controlling bovine TB

Completed 271,748 gamma tests

Completed 3,573 TB genotyping tests

Completed 11,704 culture TB tests of cattle

Completed 6,333 TB tests of non-bovine animals

Completed 261,323 TB tracings

Protecting food security

Completed 3,828 risk-based egg marketing inspections

Completed 1,925 animal feed sampling visits for the National Feed Audit

Tested 10,030 samples for antimicrobial resistance surveillance

Key performance indicators

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

The COVID-19 pandemic continued to impact our service delivery during 2021/22. Many staff were deployed to support the emergency response to the avian influenza outbreak, and other animal and plant incidents

The table below lists APHA's 27 KPIs which are agreed with our policy customers. During the past year, 16 KPIs were met, two were substantially met, three were met in part and six were not met.

Work area and key performance indicator	Target
<p>Exports</p> <p>Ensure that 97% of Export Health Certificates/licences are issued correctly within the agreed timeframes.</p> <p>This is a composite KPI and consists of seven components of timeliness and quality components for animal EHCs, CITES, birds and for plant products.</p>	<p>Met</p>
<p>Imports</p> <p>Ensure consignments are checked correctly at the required levels.</p> <p>This is a composite KPI and consists of consignment checks across different work areas including plants, livestock, and bees.</p>	<p>Met</p>
<p>Animal welfare</p> <p>Complete 100% of cross compliance inspections to enable the GB paying agencies meet the Basic Payment Scheme deadlines.</p> <p>The target for England and Scotland has been revised to 0.5% of claimants while Wales remained at 1% as agreed with paying agencies and policy customers. The target level and expected volumes were not adjusted on any other KPIs.</p>	<p>Met</p>
<p>Visit 95% of high priority welfare reports within one calendar day of notification.</p>	<p>Substantially met</p>

<p>Surveillance</p> <p>Complete 98.4% of required sampling/visits as part of National Surveillance Programmes.</p> <p>This is a composite KPI and consists of surveillance across animals and plants.</p>	Met in part
<p>Endemic disease – tuberculosis</p> <p>Low Risk Area: proportion of live herds under restriction as a result of a OTF-W bovine TB breakdown.</p>	Met
<p>Edge Area: proportion of live herds under restriction as a result of a OTF-W bovine TB breakdown.</p>	Not met
<p>High Risk Area: Proportion of live herds under restriction as a result of a OTF-W bovine TB breakdown.</p>	Met
<p>All eligible persistent breakdowns to have an action plan in place within three months of identified need.</p>	Not met
<p>During the financial year to have no more than 256 overdue herds in Scotland.</p>	Met
<p>Complete agreed target level of audits of Official Veterinarians.</p>	Not met
<p>Complete scheduled practice audits on proportion of practices who have a quality management system in place.</p>	Not met
<p>Science</p> <p>Maintain the scanning surveillance network and capability in England and Wales to identify and escalate animal disease trends.</p>	Met
<p>Deliver policy customers research milestones within a tolerance of 7% changed within the year.</p>	Not met
<p>Deliver surveillance deliverables within a tolerance of 5% changed within the year.</p>	Met
<p>Maintain third-party quality accreditations.</p>	Met
<p>Receive assurance statement from APHA Science Advisory Board on quality of science.</p>	Met
<p>Disease risk reduction</p> <p>Complete required routine animal by-products inspections using a risk-based approach.</p>	Not met
<p>Approve national and significant regional agricultural shows.</p>	Met

Carry out annual market inspections.	Substantially met
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.	Met in part
For all report cases assessed by VENDU, deliver a good or excellent service.	Met
Protecting the food chain For poultry meat marketing, complete inspections for registered production sites.	Met
Complete egg marketing inspections for registered production sites.	Met
Complete risk-based sampling visits for the National Feed Audit.	Met in part
Complete BSE processes within required timescales.	Met

Target outcome key

Met = 100% or more of target	Met in part = 75% or more of target
Substantially met = 95% or more of target	Not met = less than 75% of target met

Science Capability in Animal Health Programme

Investing in the delivery of APHA's world class science

Work is underway to transform APHA's Weybridge campus, paving the way for a future science hub which supports our well-prepared national disease control and international reputation as experts in animal science.

In March 2020 the Government committed to transform the animal science facility at Weybridge. The Science Capability in Animal Health (SCAH) Programme represents a significant investment in the Weybridge site over a 15-year period. It highlights the importance of the UK having a future-proofed biosecurity facility and a strong international reputation for animal health science.

This investment will improve our scientific infrastructure, will enhance our ability to build influence around the world and be at the cutting edge of animal health science, attracting and working with the world's best scientists.

It is vital that the UK has this animal health science capability to:

- Protect us against, and allow us to respond rapidly to, animal diseases.
- Protect us against the risk these diseases can pose to human health - the risk from threats is increasing.
- Respond to outbreaks to minimise the impact on the economy and trade.
- Maintain our status as world leader in animal health science and zoonotic research.

The programme is being delivered in Tranches, recently undertaking Tranche 1a to define what is included in the scope of the programme and when this will be delivered, by maturing our plans and testing core assumptions to optimise the SCAH Programme delivery plan.

Tranche 1a has included several key activities, including enabling work to complete the first demolitions on site and establishing robust governance arrangements that support the delivery and create clear accountabilities and responsibilities that enable transparent and effective decision-making.

The commercial strategy is being progressed by engaging with suppliers to inform how we progress procurements, and Business Transformation has a greater definition, as well as sustainability and net zero requirements for the programme.

Due to the scale of the programme and the impact it will have on APHA, the importance of getting these activities defined has been recognised as key to the successful delivery of the programme and to ensure APHA can continue to safeguard animal and plant health for the benefit of people, the environment, and the economy.

The SCAH Programme is led by Defra, with all funding, expenditure and assets under construction reported in their statements until assets are completed and handed over to APHA. £200m investment has been approved for the next phase of this long-term programme to future-proof our animal health capabilities, and will provide greater cost confidence to secure investment for future phases.

Our environmental performance and contribution to sustainability

Our strategy

As part of Defra's Sustainability Leadership Group, APHA has helped to develop a Defra-wide strategy that sets out our approach to delivering ongoing commitments to minimising the impact on the environment from our operations. It recognises the positive contribution we can make to national and global efforts towards a sustainable future.

This cross-Defra approach includes input from APHA's Sustainability Lead and Champion as well as representation from the Science Capability in Animal Health (SCAH) Programme that oversees major re-development of our science estate.

Due to be published in 2022, the strategy focuses on the following priority outcome areas: responding and adapting to climate change; nature recovery; resource and water conservation; and positive social impacts.

Working with suppliers

APHA's Contract Management team continues to work with Defra group Commercial to ensure that the service provision from new contracts and suppliers are in line with the Defra group Sustainable Operations and Procurement Strategy. The same applies to building projects by Defra group Estates.

For example, following a contract retender led by Defra group Fleet Services, the new supplier of lease cars across the Defra group will enable us to meet the Government's Fleet Commitment. This includes a commitment for 25% of the government car fleet to be ultra-low emission vehicles (ULEV) by 31 December 2022, and for 100% of the government car and van fleet to be fully zero emissions at the tailpipe by 31 December 2027.

APHA operates a lease car scheme which is in scope of this target and will continue to support the Government's commitment.

Our aim is to buy more sustainable and efficient products and engage with suppliers to understand and reduce the environmental impacts of our supply chain.

Investing in our science facilities at Weybridge

The investment in our science capability at the Weybridge site is an opportunity to improve the environmental performance of these facilities which contribute most to APHA's carbon emissions.

Work is in progress to complete a Weybridge Strategic Brief Sustainability Requirement for the SCAH Programme. The proposal is for development at a 'landscape scale' aiming to deliver resilience, regenerative development, and biodiversity net gain in line with the requirements of the Environment Act 2021.

This Plan will outline our aims to:

- Measure our existing consumption in energy to establish our baseline.
- Move to reduced carbon use with the electrification of the energy infrastructure.
- Explore the potential for renewable energy innovation and generation.
- Offset remaining carbon emissions.

The combustion process for the new incineration scheme at Weybridge has improved fuel efficiency and allows for energy recovery. We will be considering how we can further reduce the environmental impact of our waste management process.

Protecting animal and plant health

Changes in the environment and climate can impact animal and plant health which APHA is responding to in readiness by:

- Completing around 140 risk assessments to consider the effect of climate change on non-native species and recommend updates to listings in legislation.
- Contributing to Defra's National Adaption Programme which is expanding research into invasive species which will benefit from climate change.
- Appointing a new Vector-Borne Diseases (VBD) Discipline Champion post and a VBD Work Group in the Virology Department and investing in expanding our capability in parasitology, recognising that these are animal disease areas most likely to be impacted by climate change.
- Participating in a 3-year project with the Met Office on climate change and plant health pests.
- Horizon scanning and continuing surveillance for potential new and re-emerging disease threats, which is led by the Surveillance Intelligence Unit.

APHA will also respond to possible impacts on farming and wider agricultural and food security issues which may arise from climate change.

Our environmental performance against government baseline targets

Greenhouse gas emissions		2021/22	2020/21	2019/20	2018/19
Non-financial indicators (tonnes CO2)	Scope 1 emissions (direct)	10,174.85	9,700.00	10,693.30	7,269.10
	Scope 2 emissions (indirect)	4,279.23	5,240.00	5,242.90	5,403.50
	Scope 3 emissions (direct travel)	1,434.22	1,203.80	1,289.60	1,537.80
	Total emissions	15,888.30	16,143.80	17,225.80	14,210.40

Baseline target	Target 2022	Current performance
16% reduction against baseline of 18,836.67	Reduce overall CO2 emissions by 50%	Improved on baseline target
	2021/2022	Baseline target
Direct carbon from buildings (Tonnes)	9,865.45	-11% against baseline target of 8,881.54

Water consumption	2021/22	2020/21	2019/20	2018/19
Water consumption (m3)	101,022.16	222,987.00	187,206.10	160,242.60

Baseline target	Target 2022	Current performance
21% reduction against baseline of 127,849.66	Reduce water consumption by 8%	Improved on baseline target

Waste management		2021/22	2020/21	2019/20	2018/19
Recovered or recycled (tonnes)	Recycled or reused	388.62	111.87	293.25	113.88
	Composted	7.26	1.36	0.24	1.95
	Incinerated with energy recovery	638.53	440.76	515.46	863.31
Total waste recovered or reused		1,034.40	553.99	808.95	979.14
Not recovered or recycled (tonnes)	Incinerated without energy recovery	398.35	337.77	391.79	347.99
	Landfilled	0.43	4.29	16.13	12.28
Total waste (tonnes)		1,433.8	896.05	1,216.87	1,339.41

Baseline target	Target 2022	Current performance
3% reduction against baseline of 1,484.07	Reduce overall amount of waste generated by 15% Reduce landfill to 5% of overall waste Increase waste recycled to 70% of overall waster	Improved on baseline target

New data for 2021/22

Energy use (kWh)	2021/22	Baseline target	Energy use against baseline target
Electricity	20,158,171.28	22,668,330.38	11%
Gas	53,020,507.81	46,749,868.05	-13%
Oil	600,531.88	985,540.95	39%

Paper reduction	2021/22	Baseline target	Paper reduction
Reams	5,335	7,898.00 Reduce paper use by 50%	Improved on baseline target

Financial review

APHA's total operating expenditure for the financial year ending 31 March 2022 was £314m, £50m higher than the £264m in the previous year. This is primarily due to a £11m increase in staff costs and a £27m increase in operating costs, such as laboratory and technical services.

The increase in expenditure was driven by additional border responsibilities in supporting imports and exports due to EU transition, and in managing an exceptionally high number of avian influenza outbreaks.

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 £72m (2020/21: £65m), 50% of which came from the devolved administrations in Scotland and Wales. The increase in income, compared to the previous year, is primarily due to fees and charges for additional border responsibilities.

The total operating expenditure of £314m was funded by the operating income of £72m (23%), leaving comprehensive net expenditure of £242m to be funded by Defra.

The operational challenges during the year, such as the impact of avian influenza outbreaks and changes in border arrangements have been managed through the re-allocation of resources and good financial management. We worked closely with Defra to ensure that we operated within budget and funding limits.

Our financial priorities going forward are based on continuing to improve financial capabilities, responding to the HM Treasury/Cabinet Office workforce reduction review, developing external income streams, and identifying efficiency and value for money initiatives to help to offset increasing inflationary pressures.

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

Non-current assets

Non-current assets, which include both operational assets such as science equipment and corporate assets such as property and IT, have remained at the same value as last year. The net book value (NBV) of our non-current asset base is £289m. Further details are shown in Notes 5 and 6.

We are required to carry out an independent five-yearly revaluation of our land and buildings with a desktop exercise in the intervening years. The desktop exercise in March 2022 resulted in increases and decreases in building values, with the overall result a net £4m upwards revaluation. This review also considered the remaining

economic life and change of use of the buildings as part of the redevelopment of the Weybridge estate. More detail is provided in Note 5.

Going concern

The statement of financial position at 31 March 2022 shows taxpayers' equity of £278m (31 March 2021: £301m). In common with other government executive agencies, the future funding for our liabilities will come 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 the Agency. This process sets funding for all government departments. The functions carried out by the Agency are ongoing and will continue.

We have already received approval for our Defra funding for next year (up to March 2023), and indicative funding for the following two years as a result of the Spending Review in 2021.

An HM Treasury/Cabinet Office workforce reduction review is to be undertaken in the financial year 2022/23, which will provide further clarity on the future funding position for the Agency. The Agency expects to be able to continue to provide our services within the constraints of the funding envelope provided and we have therefore prepared these financial statements on a going concern basis.

David Holdsworth
APHA Chief Executive and Accounting Officer
13 July 2022

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 sit on the Directorate Leadership Team.

The Chief Executive is supported and challenged by the APHA Management Board and its committees and is managed by Defra's Director General (DG) for Food, Farming and Biosecurity who acts on the Ministers' behalf.

Full details on the APHA Management Board remit, governance structure and attendance records are available on GOV.UK and in the governance statement on pages 27-34.

Complaints

APHA received 111 escalated complaints during 2021/22, compared to 124 in 2020/21. The majority of these were concerns about animal welfare, the quarantine of imported dogs, international trade and CITES, bovine TB tests and the avian influenza outbreak response.

APHA responded to seven requests from customers for an internal review of their complaint and liaised with the Parliamentary and Health Services Ombudsman on five investigations referred to them by complainants. By the end of March 2022, the Ombudsman decided there was no requirement to take further action on two of these investigations and closed the cases. The remaining three are still in progress and remain open.

Guidance on the APHA complaints process is available on GOV.UK at <https://www.gov.uk/government/organisations/animal-and-plant-health-agency/about/complaints-procedure>

Access to Information

APHA received 287 Freedom of Information (FOI) requests during 2021/22 and received 20 Environmental Information Regulations (EIR) requests. Trade was the most common category for requests recorded, particularly on the import and export of livestock, hedgehogs, and dog imports. This was followed by requests for information on animal disease and the avian influenza outbreak.

Guidance on how to make an FOI/EIR request, and APHA's responses, are available on GOV.UK at <https://www.gov.uk/government/organisations/animal-and-plant-health-agency>

Whistleblowing

Regular articles on the intranet and staff newsletter reminded staff of whistleblowing processes. These encouraged several members of staff to voice their concerns to the Whistleblowing Champions which were appropriately investigated.

No instances of fraud or serious breaches of the Civil Service Code were identified but several of the findings resulted in improvements to the internal processes. One whistleblowing case was formally investigated by a Non-Executive Director this year. The main allegation of wrongdoing was not upheld, although several suggestions for improvement in the internal processes were made and actively pursued.

Bullying, harassment, and misconduct

APHA has refreshed the Bullying and Harassment Go To Network and has developed and provided refresher training for the volunteers. This was in response to some staff reporting stress linked to bullying

Counter-fraud

APHA continues to operate in line with the Defra Counter-Fraud and Anti-Bribery and Corruption Policy. We share intelligence and use best practice to minimise risk. This has included taking part in the National Fraud Initiative (NFI) and investigating relevant matches and regular reviews by the APHA Audit and Risk Assurance Committee. The NFI in 2021/22 has not identified any instances of fraud.

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.

Governance statement

Effectiveness of governance arrangements

The Chief Executive is responsible for maintaining effective governance and a sound system of internal control to achieve APHA's aims and objectives.

This governance 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 statement overall confirm that arrangements are effective.

Ensuring oversight

As an executive agency of Defra, APHA provides regular performance reports, risk assessments and other information to Defra, as required, throughout the year. APHA follows the HM Treasury Corporate Governance Code for Central Government.

The Principal Accounting Officer and Permanent Secretary for Defra, Tamara Finkelstein, has designated the APHA Chief Executive as Accounting Officer of APHA.

Governance

The Accounting Officer is accountable for the delivery and performance of APHA, delivering the priorities set by the Secretary of State for Defra and 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 APHA Directorate Leadership Team.

The comprehensiveness, reliability and integrity of the assurances provided are scrutinised by the Audit and Risk Assurance Committee (ARAC). During the year these assurances 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, chaired by Chris Nicholson APHA Lead Non-Executive Director, met six times during the year. Details of the membership of the Board are included in the Remuneration Report.

The Board reviewed its own effectiveness at the end of the year, using a combination of an anonymous questionnaire and interviews with the Chair. The outcome overall was that effectiveness had continued to improve.

Areas of strength were considered to be:

- the Board has a good knowledge of, and effective working relationships with, its stakeholders; and
- the Board is consulted on key decisions outside formal Board meetings.

The Board agreed that further improvement was needed in how it supported and added value to the Executive, especially on strategic issues. Development of a new strategy will be a key area of focus for the Board in the year ahead.

The Management Board has received assurance on the quality of data it receives and the process of internal control from the Audit & Risk Committee and the Directorate Leadership Team.

Committees of the APHA Management Board

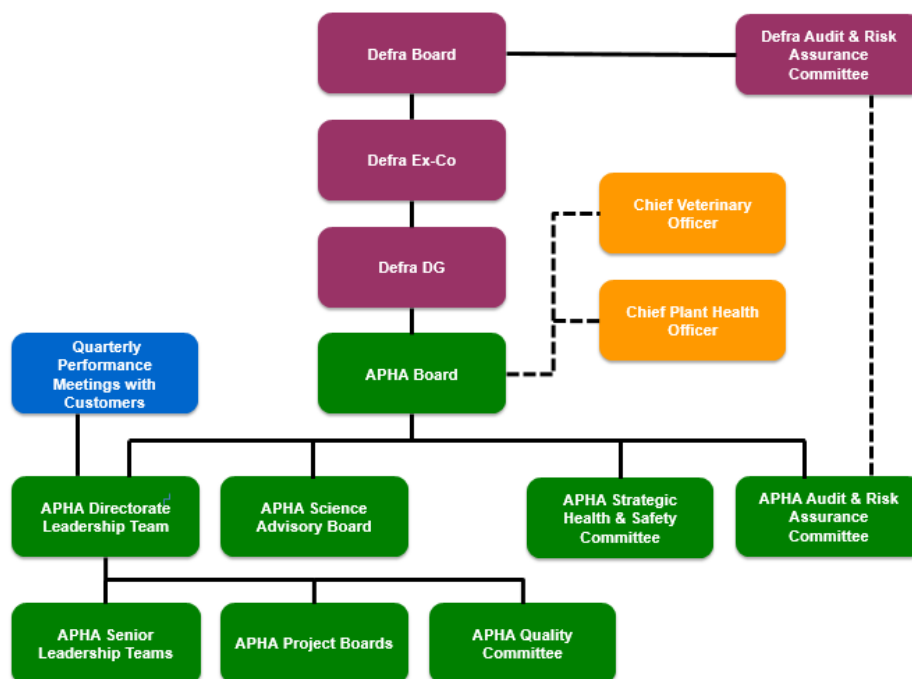
Audit and Risk Assurance Committee (ARAC) chaired by Alison White, APHA Non-Executive Director. It met four times during 2021/22 and its remit covers risk management, control and governance, by reviewing the comprehensiveness, reliability and integrity of assurances.

Strategic Health and Safety Committee chaired by the APHA Chief Executive. Its remit covers the implementation of the APHA Health and Safety Strategy, and monitoring the performance of facilities management, particularly for the science estate. While the committee usually meets three times each year, during 2021/22 it met twice due to the impact of the avian influenza outbreak.

Science Advisory Board (SAB) chaired by Professor Julie Fitzpatrick, APHA Non-Executive Director until September 2021 and then by Professor Laura Green, the new APHA Non-Executive Director who joined APHA in December 2021. It met four times during 2021/22 and its remit covers the oversight and assurance of APHA's scientific work.

Directorate Leadership Team (DLT) chaired by the APHA Chief Executive. It met each fortnight, and its remit covers the day-to-day operations and management of APHA.

APHA governance model



Full details of the Management Board remit, governance structure, the remit of committees and attendance records are available on GOV.UK.⁶

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

Effectiveness of risk management

The role of APHA is to mitigate the risk to the national economy and public health caused by animal and plant disease. The Agency has a well-developed and robust approach to risk management and works within the strategy and guidelines set for all parts of the Defra group.

The Government Internal Audit Agency reviewed APHA's risk processes during the year and provided a substantial audit opinion, showing that risk processes are well organised, adhere to the HM Treasury Orange Book, and are working well.

In 2021/22, changes were introduced across the Defra group to further improve the risk management process, especially in relation to risk escalation.

ARAC kept the Agency's risk management approach under constant review throughout the year as the risk environment was constantly changing due to the combined impacts of the COVID-19 pandemic, the impact of EU transition on borders and animal disease outbreaks, including the worst ever outbreak of avian influenza experienced in the UK.

The risks associated with the implementation of the Movement Assistance Scheme to mitigate the impact of border controls associated with the Northern Ireland Protocol (which were originally implemented under a ministerial direction) were given close attention by the Committee.

Additionally, the Committee started to consider the integration of risks associated with remedial works and the SCAH Programme at the Weybridge site. This includes consideration of the risks and observations in the NAO report on improving the UK's science capability for managing animal diseases.

The Committee continued to express concern about the risks associated with legacy technology and to seek improvements in definition and mitigation of individual system and application risks, but there is more to do in this area. In the early part of 2022, the impact of the war in Ukraine severely impacted the work of the Agency at borders, introducing a new area of risk.

The Committee continued to review progress with improvement plans for financial forecasting, the reduction of salary overpayments and the implementation of the new system to record UK-wide animal movements. The Committee noted enduring risks associated with all these areas and retained an ongoing overview.

The Committee maintained its oversight of improving standards of internal control, with particular interest in increasing the coverage of quality systems and improving quality standards; some of the areas where there had been poor quality standards last year, were found to be much improved when the internal auditors conducted follow-up reviews.

The Committee conducted several risk-based deep dives into employee wellbeing, export trade and climate change. In all these areas, the Committee was able to provide advice to the Board and Executive, especially about the definition and mitigation of associated risks and measurement of performance.

During the audit a number of areas for improvement around the accruals processes were identified, including the contracts related to the response to the avian influenza outbreak. We will review these processes to enhance evidence and the internal review of accrued expenditure in time for the preparation of the 2022/23 accounts.

Key risks identified and managed during 2021/22

Disease outbreak: The ability of the Agency to resource disease outbreaks at the same time as maintaining its core responsibilities.

New Border Operating Model: The ability of the Agency to resource changing policy requirements either from a staff or technological perspective.

Health and safety: Loss of a high-risk pathogen, death, or serious illness of anyone using an APHA facility. This risk is particularly acute at the Weybridge site, where the remedial works and the future SCAH Programme will take many years to complete.

People: Staff morale, wellbeing and resilience is adversely affected by inability to recruit and train sufficient staff to resource workload.

Legacy technology: the risk of cyber-attacks or business failure due to technology which is not fit for purpose.

In all these areas of risk, effective mitigation plans are in place and working satisfactorily.

Other areas of assurance

Third Party Assurance and Quality Management Systems

APHA aims to maintain a high standard of quality in all aspects of the delivery of its operational work. 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 the Bureau Veritas Certification Body.

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 listed on the UKAS Schedule of accreditation available on the UKAS website.

APHA also offers the VETQAS® independent, ISO 17043 accredited, proficiency testing (PT) service provided by 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, passporting and outbreak management and bee health foulbrood inspections are also accredited to BS EN ISO 17020:2012 inspection

standard (Inspection No. 5640). Their UKAS Schedule of accreditation is available on the UKAS website.

APHA senior management have decided to apply the ISO 17020 standard for the field delivery of animal health inspections. Work is progressing to introduce all the elements of ISO 17020 into field delivery systems. This has included formalising training and training records and introducing internal audits, as well as using witnessed inspections to ensure staff competence. Once the systems are in place the aim is to seek accreditation from UKAS to cover this work.

APHA is certificated to BS EN ISO 9001:2015 by Bureau Veritas Certification Body for the provision of a range of specialist veterinary scientific services and products to the Government and other interested parties worldwide. APHA also complies with the Joint Code of Practice for Research projects.

Additionally, APHA holds a statement of compliance with Good Laboratory Practice within specific departments in support of the licensing of veterinary products. It holds a certificate of compliance with Good Manufacturing Practice in specific departments as a supplier of contract quality control services, and Good Clinical Practice (veterinary) for clinical studies.

Health and Safety

During 2021/2022, a total of 575 incidents were recorded, of which two were reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). Both related to an absence from work for over seven days following an incident at work. No dangerous occurrences were reported under the Specified Animal Pathogens Order 2008.

APHA had its annual review with the Health and Safety Executive (HSE) and was scored as either 'broadly compliant' or 'fully compliant' for areas inspected by the regulator at the Weybridge and Starcross sites. Verbal advice and instructions were received following all visits, and written enforcement was received on the management of meeting minutes and tracking of actions.

The Safety, Health & Wellbeing Team completed 917 assurance activities across the APHA estate which include audits and inspections of science facilities, offices, and compliance with COVID-19 regulations.

The team has also supported APHA's response to the avian influenza outbreak and submitted a report to the New and Emerging Respiratory Virus Threats Advisory Group to recommend the end of the provision of Tamiflu for the season. This was agreed and we are now working on the requirements and our responsibilities with UK Health Security Agency.

All the APHA estate, and the Defra estate where APHA colleagues work, were risk assessed to ensure people could work safely during the pandemic. These assessments were reviewed following any changes in government guidance.

To provide further assurance to APHA staff, all premises were subject to COVID-19 assurances where checks were completed on the deployment of control measures. Alongside these health and safety activities, APHA continued to support the mental health and wellbeing of work colleagues and has primarily focused on their concerns and anxiety about returning to the workplace. Wellbeing sessions have been made available to all staff to discuss and learn how to cope with change, build resilience, and effectively manage stress.

Other training, or wellbeing initiatives included retraining the current network of Mental Health First Aiders (MHFAs) across APHA, with some taking part in specific suicide awareness training. Training has also been provided for new Mental Health First Aiders based in areas of the Agency which have seen a high intake of new staff in recent months.

Work progressed on placing health kiosks in seven of the Agency's main offices to help staff measure and monitor their physical wellbeing. A short online mindfulness course was also launched during the year while online mental health awareness training continued to be available.

Information Security Assurance

APHA holds a significant level of sensitive information commensurate with its size, statutory requirements, and business delivery needs. There is an ongoing programme of work with Defra group's Digital, Data and Technology Service (DDTS) 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 line with data protection legislation (Data Protection Act 2018 and UK General Data Protection Regulation), Environmental Information Regulations 2004 and Freedom of Information Act 2000.

There is a Senior Information Risk Owner in place who ensures the overall management of such information. No personal data breaches, for which APHA was responsible, were reported to the Information Commissioner's Office (ICO) during 2021/22.

Business-Critical Models

APHA ensures that an appropriate quality assurance framework is in place for its business-critical models. APHA continues to operate a business-critical model for Defra. Exodis-FMD is a mathematical model and is a critical part of Defra and APHA's preparations and response to a foot and mouth disease outbreak for the evaluation of range of control strategies. It is used to generate simulated outbreaks to 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. 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.^{7 8}

A total of 10 audits and reviews that related to APHA were carried out in this reporting period:

- Six audits received 'Substantial' assurance
- Three audits received 'Moderate' assurance
- One audit resulted in a 'Limited' assurance
- Nil audits resulted in a 'Unsatisfactory' assurance

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, and the National Audit Office.

This evidence included assurance provided by the former Interim Chief Executive, Ian Hewett, who had undertaken the Accounting Officer role during 2021/22. I have concluded that the Agency has appropriate risk management and control systems in place.

⁷ <https://www.gov.uk/government/publications/review-of-quality-assurance-of-government-models>

⁸ 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 in the development of strategies, plans, business cases and targets and for monitoring our business performance targets.

Chris Hadkiss	Chief Executive (to 11 June 2021) *
Ian Hewett	Director of Service Delivery, EU Exit and Trade Interim Chief Executive (from 11 June 2021) *
Andrew Soldan	Veterinary Director
Kath Webster	Acting Science Director & Chair of the Design Authority Director of Scientific Services (from 1 September 2021)
Jenny Stewart	Director of Science and Transformation (from 1 September 2021)
Anne Marie Wallace	Interim Director of Service Delivery (job share) (from 11 June 2021)
Nicola Hirst	Interim Director of Service Delivery (job share) (from 1 March 2022)
Michelle Reynolds	Interim Director of Service Delivery (job share) (from 14 June 2021)
Yvonne Spencer	Director of Transformation (SCAH Programme) (from 15 June 2021)
Kevin Ingram	Defra Finance Director with responsibility for APHA
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 and Member of Audit Risk & Assurance Committee (both positions to 31 March 2022)
Julie Fitzpatrick	Non-Executive Director and Chair of Science Advisory Board (to 1 October 2021)
Laura Green	Non-Executive Director and Chair of Science Advisory Board (from 30 November 2021)
Mike Venables	Non-Executive Director

Since 2019 the APHA Management Board has welcomed a representative from the APHA National Employee Engagement Group. While 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 can raise concerns and ensure employees are sighted on actions taken by Management Board Members.

* David Holdsworth was appointed APHA Chief Executive and Accounting Officer on 25 April 2022.

Directorate Leadership Team

The Directorate Leadership Team is responsible for day-to day leadership and management.

Chris Hadkiss	Chief Executive (to 11 June 2021)
Ian Hewett	Director of Service Delivery, EU Exit and Trade Interim Chief Executive (from 11 June 2021)
Andrew Soldan	Veterinary Director
Kath Webster	Acting Science Director & Chair of the Design Authority Director of Scientific Services (from 1 September 2021)
Kevin Ingram	Defra Finance Director with responsibility for APHA
Nadia Khan	Defra HR Deputy Director with responsibility for APHA
Jill Moray	Defra Senior HR Business Partner with responsibility for APHA
Jenny Stewart	Director of Science and Transformation (from 1 September 2021)
Anne Marie Wallace	Interim Director of Service Delivery (job share) (from 11 June 2021)
Nicola Hirst	Interim Director of Service Delivery (job share) (from 1 March 2022)
Michelle Reynolds	Interim Director of Service Delivery (job share) (from 14 June 2021)
Yvonne Spencer	Director of Transformation (SCAH Programme) (from 15 June 2021)

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 is available 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 APHA Management Board members at 31 March 2022 hold open-ended appointments. 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. Bonuses in 2021/22 were assessed and awarded by the Interim Chief Executive.

Fair pay disclosures (Audited)

Reporting bodies are required to disclose the percentage change from the previous financial year for both salary and performance pay in respect of the highest paid director in their organisation and the average percentage change in respect of the employees of the organisation taken as a whole.

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.

	2021/22	2020/21
Annualised band of highest paid director remuneration (£'000)	100-105	140-145
Highest paid director remuneration (midpoint of pay band) (£)	102,500	142,500
The % change from previous financial year in respect of highest paid director	-39.02%	3.51%

The percentage change in 2021/22 is due to the Chief Executive retiring and an Interim Chief Executive appointed on a lower salary. The calculation is based on the annualised, full-time equivalent of staff in post as at the reporting date. The highest paid director used in these calculations is the Director of Science and Transformation, however the highest paid director in-year was the previous Chief Executive who retired in June 2021.

The banded remuneration of permanent employees in APHA ranged from £15,000-£20,000 to £100,000-£105,000 (2020/21: £15,000-£20,000 to £140,000-£145,000). In 2021/22, no permanent staff received full-time equivalent remuneration in excess of the highest paid director (2020/21: None).

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

	2021/22	2020/21
25th percentile pay (£)	22,427	22,147
Ratio of number of times the midpoint of highest paid director to 25% of workforce	4.57	6.43
Median Pay (£)	27,255	27,024
Ratio of number of times the midpoint of highest paid director to median of workforce	3.76	5.27
75th percentile pay (£)	35,895	35,915
Ratio of number of times the midpoint of highest paid director to 75% of workforce	2.86	3.97
The average % change from previous financial year in respect of employees as a whole	1.15	0.61

The change in ratios from 2020/21 to 2021/22 is due to the Chief Executive retiring and an Interim Chief Executive appointed on a lower salary.

Remuneration of Non-Executive Directors (Audited)

Name	Date of appointment	Period of appointment	Remuneration 2021/22 (£'000)	Remuneration 2020/21 (£'000)
Alison White	01/02/2020	3 years	15-20	10-15
Julie Fitzpatrick	18/09/2020	13 months	0-5	0-5
Nigel Reader	01/04/2020	2 years	5-10	15-20
Chris Nicholson	01/05/2021	3 years	15-20	5-10
Mike Venables	01/04/2019	3 years	5-10	5-10
Laura Green	30/11/2021	3 years	0-5	0

Laura Green was appointed effective from 30 November 2021, Julie Fitzpatrick resigned her appointment effective from 1 October 2021, Mike Venables was reappointed to the board for three years from 30 November 2021, and Chris Nicholson was reappointed to the board for three years from 1 May 2021.

Remuneration and Pension Entitlements (Audited)

The emoluments and pension entitlements of the APHA Board members in 2021/22 were as follows⁹ (2020/21 in italics):

	Salary Banding	Bonus Banding	Benefits in kind	Pensions Benefits	Total
	£'000	£'000	Nearest £100	£'000	£'000
Chris Hadkiss (to 11 June 2021)	30-35 FYE 130-135* <i>(130-135)</i>	0 <i>(5-10)</i>	0 <i>(0)</i>	0 ² <i>(0²)</i>	30-35 FYE 130-135* <i>(140-145)</i>
Ian Hewett	85-90 <i>(75-80)</i>	0 <i>(0-5)</i>	5,900 <i>(5,000)</i>	141 <i>(27)</i>	230-235 <i>(110-115)</i>
Andrew Soldan	80-85 <i>(80-85)</i>	0 <i>(0)</i>	0 <i>(0)</i>	1 <i>(23)</i>	80-85 <i>(105-110)</i>
Kath Webster	85-90 <i>(90-95)</i>	0 <i>(5-10)</i>	0 <i>(0)</i>	7 <i>(113)</i>	90-95 <i>(210-215)</i>
Kevin Ingram	80-85 <i>(75-80 FYE 80-85*)</i>	0 <i>(0)</i>	0 <i>(0)</i>	29 <i>(30)</i>	110-115 <i>(105-110 FYE 110-115*)</i>
Jenny Stewart (from 1 September 2021)	60-65 FYE 100-105* <i>(0)</i>	0 <i>(0)</i>	0 <i>(0)</i>	35 <i>(0)</i>	95-100 FYE 160-165* <i>(0)</i>
Anne Marie Wallace (from 11 June 2021)	60-65 FYE 85-90* <i>(0)</i>	0-5 <i>(0)</i>	0 <i>(0)</i>	68 <i>(0)</i>	130-135 FYE 180-185* <i>(0)</i>
Nicola Hirst (from 1 March 2022)	5-10 FYE 85-90* <i>(0)</i>	0-5 <i>(0)</i>	0 <i>(0)</i>	18 <i>(0)</i>	25-30 FYE 325-330* <i>(0)</i>
Michelle Reynolds (from 14 June 2021)	55-60 FYE 65-70* <i>(0)</i>	0 <i>(0)</i>	0 <i>(0)</i>	27 <i>(0)</i>	80-85 FYE 105-110* <i>(0)</i>
Yvonne Spencer (from 15 June 2021)	55-60 FYE 65-70* <i>(0)</i>	0 <i>(0)</i>	0 <i>(0)</i>	6 <i>(0)</i>	60- 65 FYE 80-85* <i>(0)</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 departed from APHA in June 2021 and was no longer participating in the Civil Service Pension Scheme.

Kevin Ingram is included above, as although paid by Defra, he is 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 2021/22 for APHA.

⁹ 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.

Pension Benefits (Audited)

	Accrued pension at pension age as at 31 March 2022	Accrued Lump Sum at pension age as at 31 March 2022	Real increase in pension and related lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	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 2022							
Ian Hewett ^{*1}	40-45	140-145	5 - 7.5 plus lump sum of 17.5 - 20	1126	967	143	0
Andrew Soldan	20-25	70-75	0 - 2.5 plus lump sum of 0 - 2.5	567	529	2	0
Kath Webster	45-50	0	0 - 2.5 plus lump sum of 0 - 2.5	952	901	-5	0
Kevin Ingram	0-5	0	0 - 2.5 plus lump sum of 0 - 2.5	51	23	19	0
Jenny Stewart (from 1 September 2021)	40 - 45	0	0 - 2.5 plus lump sum of 0 - 2.5	608	N/A	20	0
Anne Marie Wallace (from 11 June 2021)	35 - 40	80 - 85	2.5 - 5 plus lump sum of 5 - 7.5	727	N/A	57	0
Nicola Hirst (from 1 Mar 2022)	25 -30	10 - 15	0 - 2.5 plus lump sum of 0 - 2.5	374	N/A	13	0
Michelle Reynolds (from 14th June 2021)	30 - 35	0	0 - 2.5 plus lump sum of 0 - 2.5	485	N/A	14	0
Yvonne Spencer (from 15th June 2021)	35 -40	75 - 80	0 - 2.5 plus lump sum of 0 - 2.5	721	N/A	-1	0

*1 Ian Hewett CETV at 31 March 2021 was reported as £998K in 2021/22 but has subsequently been recalculated to £967K by MyCSP.

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

Chris Hadkiss departed from APHA in June 2021 and was no longer participating in the Civil Service Pension Scheme.

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)

	2021/22	2020/21
	£'000	£'000
Wages and salaries	83,366	77,057
Social security costs	8,835	8,143
Pension costs	21,368	19,650
Agency staff costs	5,932	3,090
Less recoveries in respect of outward secondments	(443)	(246)
Total Staff Costs	119,058	107,694

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 to other Defra bodies, Devolved Administrations or Other Government Bodies.

APHA has consultancy spend of £251k for the year ended 31 March 2022 (2020/21: £105k). This is included within operating costs – programme service delivery costs shown in Note 3.

Included within the wages and salaries line is the staff leave accrual for any outstanding leave to be taken. This increased significantly in 2020/21 and the level of accrual has remained higher than usual in 2021/22 due to less annual leave being taken during the COVID-19 pandemic.

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 (2020/21: £0k) have been capitalised. These would be 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 2022; this employee benefit is payable in 2022/23.

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 at <http://www.civilservicepensionscheme.org.uk/>.

In 2021/22, employer's contributions of £21,108k were payable to the PCSPS (2020/21: £19,383k) at one of four rates in the range 26.6% to 30.3% (2020/21: 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 £252k (2020/21: £259k) 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 (2020/21: £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 2022 were £8k (2020/21: £8k).

One member of staff (2020/21: Four) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £21k (2020/21: £45k).

Analysis of the Average Number of Persons Employed

Average Number of Full Time Equivalent Staff	2021/22	2020/21
	FTE	FTE
Science staff	446	420
Veterinary staff	337	355
Technical staff	218	228
Administrative and managerial staff (all disciplines) including agency	1,374	1,244
Inspectorate staff	340	192
	2,715	2,439

Average Number of Full Time Equivalent Staff	2021/22	2020/21
(Audited)	FTE	FTE
Permanently employed staff	2,328	2,151
Fixed term contracts and inward secondment	199	154
Temporary and agency staff	188	134
	2,715	2,439

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

Senior staff by pay-band	31 March 2022	31 March 2021
Pay-band 3	0	0
Pay-band 2	2	1
Pay-band 1	6	5

The remuneration and emoluments of the APHA Management Board are set out in the Remuneration Report starting on pages 42 to 50 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, (2020/21: Nil). 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	2021/22			2020/21		
	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	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	-	-	-	-	-	-
£50,000 - £100,000	-	-	-	-	1	1
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
£200,000>	-	-	-	-	-	-
Total number of exit packages by type	-	-	-	-	1	1
2019/20 Costs in 2020/21	0	0	0	35	0	35
Total resource cost (£'000)	0	0	0	35	69	104

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 2021/22 (2020/21: Nil).

Staff turnover

The staff turnover percentage for APHA is 11.30%. The reasons for leaving are shown below.

Reason for leaving	Number of staff
Retirement	54
Death in service	7
Resignation	175
End of casual, period, conditional or provisional	33
Dismissal	1
Transfer to non-civil service public sector	18
Other cause of leaving (includes discharged probation and other)	3

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.

APHA participates in the annual Civil Service People Survey. The staff engagement score in 2021 was 58% (2020: 59%). Further information on the results is on GOV.UK at: <https://www.gov.uk/government/publications/civil-service-people-survey-2021-results>

Gender Split 31st March 2022	Female	Male
Directors	6	2
Senior Managers	117	119
Other Staff	1,599	1,048
Gender Split 31st March 2021	Female	Male
Directors	2	4
Senior Managers	79	97
Other Staff	1,525	972

*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	2021/22	2020/21
No of Sick Days	13,178	8,808
No of Staff	2,583	2,365
Average days lost per employee	5.10	3.72

*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 2021/22 year.

In APHA 15 (14.2 FTE) employees were Trade Union (TU) representatives (2020/21: 16 (15.4 FTE). Of these, 15 employees (2020/21: 16) spent up to 50 percent of their working hours on facility time.

The total cost of the facility time was £54,247 (2020/21: £60,446) which is 0.05 percent (2020/21: 0.06 percent) of the total pay bill. The total pay bill cost was £112,888k (2020/21: £102,950k).

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.

Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater	
Number of existing engagements as of 31 March 2022	39
Of which:	
Number that have existed for less than one year at the time of reporting	37
Number that have existed for between one and two years at the time of reporting	2
Number that have existed for between two and three years at the time of reporting	0
Number that have existed for between three and four years at the time of reporting	0
Number that have existed for between four or more years at the time of reporting	0

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022 earning £245 per day or greater	
Number of off-payroll workers engaged during the year ended 31 March 2022	40
Of which:	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	40
Subject to off-payroll legislation and determined as out-of-scope of IR35	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
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

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022	
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	18

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 2021/22. However in June 2021, Plant Health Services started to charge for high risk planting materials from the EU. Other EU checks will start to be charged during the following financial years. Plant Health Services are close to Full Cost Recovery, although there is a plan for the fundamental review of methodology and processes which will be completed in the financial year 2022/23.

The majority of the animal health related fees have under-recovered, and therefore we are progressing with our review of our existing fees relating to animal health services, this should lead to fee uplifts to move towards Full Cost Recovery by the end of the financial year 2024/25.

The Pet Passports Fees Regulations 2018 is no longer relevant since EU Exit, and therefore there is no income or expenditure in 2021/22. However, on 24 February 2022, the Ivory Prohibitions Regulations were brought into force and APHA started to collect registration fees. Work related to these Regulations is administered by the CITES team, based in Bristol.

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
The Plant Health etc. (Fees) Regulations 2019	9,929	10,172
Animal Health Regulations 2013 and 2018	1,880	3,333
The Seed Marketing Regulations 2011 (England & Wales)	1,357	1,411
National Listing / Plant Breeder Rights	1,001	1,117
The Animal By-Products and Pet Passport Regulations 2018	587	784
The Disease of Animals (Approved Disinfectants) 2011	296	359
The Animal Gatherings Order 2018	69	100
The Poultry Compartments Order 2010	52	52
Wildlife and Countryside Act 1982	12	26
The Welfare of Animals at the Time of Killing Regulations 2015	12	21
The Ivory Prohibitions (Exemptions) Regulations 2022	7	27
Total	15,202	17,402

Remote Contingent Liabilities (Audited)

APHA does not have any remote Contingent Liabilities as at 31 March 2022; this was the same as at 31 March 2021.

Losses and Special Payments (Audited)

For 2021/22, we can report that there were no losses or special payments which exceeded £300k (2020/21: Nil).

David Holdsworth

APHA Chief Executive and Accounting Officer

13 July 2022

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 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Animal and Plant Health Agency's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Animal and Plant Health Agency's affairs as at 31 March 2022 and its total 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (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 have also elected to apply the ethical standards relevant to listed entities. 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 certificate.

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

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

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

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

Matters on which I report 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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Animal and Plant Health Agency 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;

- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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; and
- 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 the 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.

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

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

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

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

- the nature of the sector, control environment and operational performance including the design of the Animal and Plant Health Agency's accounting policies, key performance indicators and performance incentives.
- 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; and
 - 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 Animal and Plant Health Agency's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- discussing among the engagement team including relevant internal specialists, including for Property regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I also obtained an understanding of the Animal and Plant Health Agency's framework of authority as well as other legal and regulatory frameworks in which the Animal and Plant Health Agency operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the 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, employment law, taxation and pensions legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- 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 we have performed focused testing on income recognised across the year end.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and internal specialists, 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.

Other auditor's responsibilities

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 also 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 15 July 2022

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

Financial Statements

Statement of Comprehensive Net Expenditure – for the year ended 31 March 2022

		2021/22	2020/21
	Note	£'000	£'000
Revenue from contracts with customers	4	(71,939)	(64,587)
Other operating income	4	(152)	(98)
Total operating income		(72,091)	(64,685)
Staff costs	3	119,058	107,694
Total staff costs		119,058	107,694
Other operating costs			
Official veterinarian costs	3	33,589	27,942
Operating costs	3	67,983	41,329
Non-cash costs	3	93,315	86,704
Total non staff costs		194,887	155,975
Total operating expenditure		313,945	263,669
Total net expenditure		241,854	198,984
Other comprehensive expenditure			
Net loss / (gain) on revaluation of property, plant and equipment	5	(18,292)	6,008
Net loss / (gain) on revaluation of intangibles	6	790	(1,693)
Total comprehensive net expenditure for the year ended 31 March 2022		224,352	203,299

All expenditure is derived from continuing operations.

The notes on pages 62 to 87 form part of these financial statements.

Statement of Financial Position as at 31 March 2022

		31 March 2022	31 March 2021
	Note	£'000	£'000
Non current assets			
Property, plant and equipment	5	248,458	242,835
Intangible assets	6	40,899	46,733
Total non current assets		289,357	289,568
Current assets			
Inventories	8	5,364	5,110
Trade receivables and other current assets	9	20,939	29,437
Cash and cash equivalents	10	1,114	1,530
Total current assets		27,417	36,077
Total assets		316,774	325,645
Current liabilities			
Trade payables and other liabilities	11	(38,971)	(24,297)
Provisions		-	(638)
Total current liabilities		(38,971)	(24,935)
Total assets less current liabilities		277,803	300,710
Non current liabilities			
Contract liabilities		-	-
Lease obligations		-	-
Provisions		-	-
Total non current liabilities		-	-
Assets less liabilities		277,803	300,710
Taxpayers' equity			
General fund		163,235	190,671
Revaluation reserve		114,568	110,039
Total taxpayers' equity		277,803	300,710

The notes on pages 62 to 87 form part of these financial statements.

David Holdsworth

APHA Chief Executive and Accounting Officer

13 July 2022

Statement of Cash Flows for the year ended 31 March 2022

	2021/22	2020/21
	£'000	£'000
Cash flows from operating activities		
Net operating income / (expenditure)	(241,854)	(198,984)
Adjustments for non-cash transactions	93,164	87,058
(Increase) / decrease in trade and other receivables	8,498	(11,100)
(Increase) / decrease in inventories	(254)	302
Increase / (decrease) in trade payables	14,674	5,813
Use of provisions	-	-
Net cash outflow from operating activities	(125,772)	(116,911)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,704)	(530)
Purchase of intangible assets	-	-
Proceeds from the disposal of non current assets	60	-
Net cash outflow from investing activities	(1,644)	(530)
Cash flows from financing activities		
Net cash requirement received from Defra	127,000	112,150
(Decrease) / increase in non current lease obligations	-	-
Net cash outflow from financing activities	127,000	112,150
Change in cash and cash equivalents		
Cash and cash equivalents at 1 April	1,530	6,821
(Decrease) / Increase in cash	(416)	(5,291)
Cash and cash equivalents at 31 March	1,114	1,530

The notes on pages 62 to 87 form part of these financial statements.

Statement of Changes in Taxpayers' Equity – for the year ended 31 March 2022

Balance at 1 April 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
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 from Defra		112,150	-	112,150
Balance at 31 March 2021		190,671	110,039	300,710
Transfers between reserves		12,973	(12,973)	-
Non-cash charges - notional charges	3	66,839	-	66,839
Non-cash adjustments		7,606	-	7,606
Net expenditure for the year		(241,854)	-	(241,854)
Net gain/(loss) on revaluation of property, plant and equipment	5	-	18,292	18,292
Net gain/(loss) on revaluation of intangible assets	6	-	(790)	(790)
Parliamentary funding received from Defra		127,000	-	127,000
Balance at 31 March 2022		163,235	114,568	277,803

The notes on pages 62 to 87 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 2021/22 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 2022 and asset 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 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:

- 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.
- APHA's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- 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. Financing from Defra

APHA receives funding that are classified as either 'resource' or 'revenue' (to fund operating expenditure) or 'capital' (to fund expenditure on items providing longer term benefit). These funding are treated as financing received from its controlling party, which is Defra. The receipts are recorded as a financing transaction and are credited directly to the general reserve in the statement of financial position and not through the statement of comprehensive net expenditure.

1.6. 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.

1.7. Expenditure on Employee Benefits

1.7.1. 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.

1.7.2. 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.

1.8. Non-Current Assets

1.8.1. 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.

1.8.2. Measurement

1.8.2.1. 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, to the extent an individual asset has accumulated a revaluation reserve.

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.

1.8.2.2. 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.

1.8.2.3. Subsequent Expenditure

Subsequent expenditure on Property, Plant and Equipment 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.

1.8.2.4. 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).

1.8.3. 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.

1.8.4. 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.

1.9. 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.

1.10. 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.

1.11.1. 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.

1.12. 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.

1.13. 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.

1.14. 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.

A general impairment provision based on expected credit losses has been created, using a standard 1% of anticipated external UK sales values for 2022/23; and a standard 2% of anticipated export sales values for 2022/23 (the latter to recognise the additional challenges of collecting foreign debt where there is no legal redress).

1.15. Notional Corporate Services 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. There is a rigorous process to check, challenge and approve these charges. Further details are provided in note 3.

1.16. Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into sterling using the rate of exchange at 31 March 2022, 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.

1.17. 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 –This standard has been effective since 1 January 2019 for the private sector. Due to the impact on the government departments of COVID-19, HM Treasury agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 across central government to 1 April 2022.
- When implemented, IFRS 16 will replace IAS 17 (leases) and related International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations committee (SIC) interpretations. For lessees, it will remove the previous distinction between finance leases and operating leases. Under IFRS 16, all qualifying leases will recognise a right of use asset and lease liability. As a result, former operating leases will come on to the

Statement of Financial Position. The statement of Comprehensive Net Expenditure will reflect related charges for the depreciation of the right of use asset and interest on the lease liability in place of rental expenses, and continue to reflect irrecoverable VAT where applicable on any leases as FRAB have determined this should not form part of the ROU asset value.

- Within government, the scope of the standard has been extended to include lease-like arrangements that are not legally binding, for example Memorandum of Terms of Occupation (MOTOs). As mandated by the FReM, exemptions will be applied to short term leases with full terms or outstanding items on transition of less than 12 months. The Defra group has set a value of £5,000 as the low value exemption threshold applied to the cost of the underlying asset when new, although may still choose to treat specific low value leases as ROU assets.
- On initial application, the FReM requires government bodies to adopt the option of recognising the net cumulative effects of applying IFRS 16 as an adjustment to the opening balance of taxpayers' equity at 1 April 2022. This means that prior year comparatives will not be re-stated in APHA's 2022/23 accounts.
- On transition, the opening cost of right of use assets will equal lease liabilities, adjusted for any lease prepayments or accruals that exist immediately prior to 1 April 2022. Lease liabilities will be calculated as the present value of outstanding payments due under the lease. Lease and non-lease components will be separated for vehicle leases, with the non-lease element continuing to be treated as an expense in the Statement of Comprehensive Net Expenditure.
- The subsequent measurement of right of use assets will be at fair value or current value in existing use where assets are held for their service potential, unless cost represents a reasonable proxy. For land and buildings, valuations will be determined by appropriately qualified professionals in accordance with Royal Institution of Chartered Surveyors (RICS) Guidance. Current costs indices will be applied to other asset categories.
- The estimated impact of IFRS 16 on the Statement of Financial Position at 1 April 2022 is to increase right of use assets by £591k and lease liabilities by £490k. Depreciation and finance charges to the Statement of Comprehensive Net Expenditure in 2022/23 are estimated at £269k.
- Occupation of the corporate estate by Defra group bodies is on a flexible shared basis with no formal occupancy agreements in place between the leaseholder (the core department or the Environment Agency) and the occupant. Corporate estate leases will therefore be recognised in full by the legal leaseholder.
- IFRS 17: Insurance Contracts. This standard will apply to all types of insurance contracts and proposes an approach based on the expected present value of future cash flows to measuring insurance contract liabilities. The implementation of this standard is effective for accounting periods beginning on or after 1 January 2023. The date of implementation for public sector accounts may be delayed, however, this has not yet been determined and published in the FReM. The impact on APHA has not yet been assessed.

2. Operating Segments

2.1 Expenditure and Income 2021/22

Region/Sector	Total expenditure	Total income	Net expenditure
	£'000	£'000	£'000
Service delivery and EU Exit directorate	152,777	(49,855)	102,922
Scientific services directorate	59,087	(22,084)	37,003
Veterinary directorate	4,992	-	4,992
Corporate centre, notional charges, depreciation and amortisation	88,484	-	88,484
	305,340	(71,939)	233,401
Apprenticeship levy training / (grant income)	152	(152)	-
Revaluation deficits / (surpluses) not covered by previous revaluation surpluses and increases in provisions	8,453	-	8,453
Totals	313,945	(72,091)	241,854

The table summarises the management accounts prepared by APHA during the course of 2021/22 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 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

3. Operating Costs

	2021/22	2020/21
	£'000	£'000
Staff costs		
Wages and salaries	83,366	77,057
Social security costs	8,835	8,143
Pension costs	21,368	19,650
Agency staff costs	5,932	3,090
Less recoveries in respect of outward secondments	(443)	(246)
Total staff costs	119,058	107,694
Official veterinarian costs		
Official veterinarian costs	33,589	27,942
Total official veterinarian costs	33,589	27,942
Operating costs		
Outsource laboratory and technical Services	27,339	10,158
Veterinary and laboratory costs	19,187	15,430
Programme service delivery costs	7,402	5,374
Estates and accommodation costs	4,291	600
Travel and subsistence	3,310	2,873
IT costs	2,316	2,617
Training and apprenticeship levy training	1,857	1,564
Service level agreements	1,597	2,609
Rentals under operating leases	684	-
Exit costs	-	104
Total other operating costs	67,983	41,329
Non-cash costs		
Defra notional charges	66,839	71,116
Depreciation and amortisation	17,824	16,158
Revaluation deficits / (surpluses) & impairments	8,453	(570)
(Profit) / loss on disposal of fixed assets	199	-
Total non-cash costs	93,315	86,704
Total non staff costs	194,887	155,975

For more detailed disclosures regarding staff costs, see the staff report on page 43.

The increase in Operating Costs in 2021/22 reflect the growth in APHA due to taking on additional border responsibilities and the operation of the Movement Assistance Scheme, as well as management of an exceptional level of avian influenza outbreaks.

Official Veterinarian Costs

Official Veterinarians (OVs) are qualified veterinarians in private practice who undertake work on behalf of APHA. From 1 January 2021, OVs were involved in the implementation of the Movement Assistance Scheme. An estimate is included in the accounts for tests which the OVs have undertaken but have not been concluded at the end of March 2022. The estimate is based on the volume of tests allocated to OVs in March using test values as set out in the contract.

Avian Influenza Outbreak Costs

Avian influenza outbreaks have already been confirmed in over 103 sites in England, Wales and Scotland, with £19,815k of costs included in the operating costs in the table on page 74.

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:

	2021/22	2020/21
	£'000	£'000
Estates costs	32,591	33,028
Information technology services, staff and project costs	25,137	31,094
Shared services including payroll and financial	2,121	1,520
Finance service costs	2,030	2,060
Human resources services and staff costs	1,405	1,100
Corporate strategy	1,136	-
Commercial costs	1,020	1,047
Communications costs	828	775
Legal services costs	324	298
External audit fee	145	158
Defra investigation services costs	102	36
Total	66,839	71,116

From 1 April 2021, a new category of notional charges of 'Corporate Strategy' has been included. This category covers the costs of planning for a replacement Finance and HR system, replacement facilities management contract, smarter ways of working and corporate services project management.

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 £1,168k (2020/21: £1,154k). APHA 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 £145k for the audit of the 2021/22 financial statements (2020/21: £158k). No remuneration was paid to the auditors for non-audit work.

4. Income

4.1.1 Revenue from Contracts with Customers 2021/22

Analysis by customer	Service delivery and EU Exit directorate	Scientific services directorate	Total
	£'000	£'000	£'000
Defra & Defra Agencies	586	6,063	6,649
Devolved Administrations *	33,826	2,838	36,664
Other Government Departments	78	1,478	1,556
Other non commercial	517	351	868
Fees and charges	14,836	366	15,202
UK commercial & external	10	7,248	7,258
EU	2	987	989
Overseas commercial	-	2,753	2,753
Total	49,855	22,084	71,939

4.1.2 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

* Income from the Devolved Administrations: Welsh Government £22,853k (2020/21 = £20,892k) and Scottish Government £13,811k (2020/21 = £12,680k)

Other Operating Income

Analysis by customer	2021/22	2020/21
	£'000	£'000
Grant income - apprenticeship levy	152	98
Total	152	98

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

2021/22	Land	Buildings	Scientific Equipment	Office Equipment and Furniture	Plant and Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
1 April 2021	26,625	230,431	8,310	198	3,492	269,056
Additions	-	-	1,536	-	168	1,704
Reclassifications	-	-	68	-	(68)	-
Transfers	-	5,489	468	-	-	5,957
Disposals	-	(486)	(154)	-	-	(640)
Impairment	650	(9,103)	-	-	-	(8,453)
Revaluation	349	17,716	353	-	34	18,452
31 March 2022	27,624	244,047	10,581	198	3,626	286,076
Depreciation						
1 April 2021	-	(17,903)	(5,257)	(164)	(2,897)	(26,221)
Charged	-	(10,896)	(619)	(3)	(100)	(11,618)
Transfers	-	-	-	-	-	-
Disposals	-	233	148	-	-	381
Impairment	-	-	-	-	-	-
Revaluation	-	-	(143)	-	(17)	(160)
31 March 2022	-	(28,566)	(5,871)	(167)	(3,014)	(37,618)
Net Book Value						
31 March 2021	26,625	212,528	3,053	34	595	242,835
31 March 2022	27,624	215,481	4,710	31	612	248,458

Land and Buildings

Montagu Evans undertook a desktop valuation of land and buildings during the year ended 31 March 2022. This resulted in Land and Buildings being valued at £243,105k at 31 March 2022, a net increase from 2020/21 of £3,952k. The net increase included £18,065k credited to the Revaluation Reserve (£349k plus £17,716k) and £8,453k debited to the SoCNE, with the balance relating to transfers from Defra (£5,489k), disposals (£253k) and depreciation charged (£10,896k).

This desktop 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, and any impairments, based on input from local management. Applying a 1% increase in the annual indices applied to revalue the buildings would result in approximately a further £2,000k to their value.

The £6,586k of impairment reversals relates to a number of buildings that have had downward revaluations in prior years, but have now been upwardly revalued at 31 March 2022. £15,039k of downward revaluations.

The £15,039k includes two buildings impaired by £6,620k following a reduction in their economic lives from 45 and 47 years to 5 years as these buildings were identified for planned demolitions as part of the strategic review of the Weybridge development; another building was impaired by £6,661k as it no longer has the laboratory capabilities; and also a write-down of £1,758k of capital costs transferred from Defra Estates exceeding the valuation of a building.

The £5,489k of transfers from Defra consisted of capital expenditure transferred from Defra Estates for completed building work on APHA properties and the Weybridge site. 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 2021/22 (2010/21: Nil).

The capital investment in Weybridge (SCAH Programme) is led by Defra with assets under construction reported in their financial statements until assets are completed and handed over to APHA.

2020/21	Land	Buildings	Scientific Equipment	Office Equipment & Furniture	Plant & Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 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)
At 31 March 2021	26,625	230,431	8,310	198	3,492	269,056
Depreciation						
At 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
At 31 March 2021	-	(17,903)	(5,257)	(164)	(2,897)	(26,221)
Net Book Value						
At 31 March 2020	26,607	228,882	3,698	39	700	259,926
At 31 March 2021	26,625	212,528	3,053	34	595	242,835

6. Intangible Assets

2021/22	Software Licences	IT Software	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2021	145	131,886	-	132,031
Additions	-	-	-	-
Transfers	1,162	-	-	1,162
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	(22)	(2,420)	-	(2,442)
At 31 March 2022	1,285	129,466	-	130,751
Amortisation				
At 1 April 2021	(145)	(85,153)	-	(85,298)
Charged	(213)	(5,993)	-	(6,206)
Transfers	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	4	1,648	-	1,652
At 31 March 2022	(354)	(89,498)	-	(89,852)
Net Book Value				
31 March 2021	-	46,733	-	46,733
31 March 2022	931	39,968	-	40,899

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 work of the Service Delivery Directorate and it was developed for the former agency, Animal Health. BRP has a Net Book Value of £6,392k, and is part of a group of interdependent assets whose useful economic lives are four years as at 31 March 2022.
2. Export Health Certificates Online (EHCO) is a web-based service enabling exporters to apply for certificates online for all UK animal exports, and is replacing a manual PDF process called Exports Management Service. 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 £11,172k with a useful economic life of eight years as at 31 March 2022.
3. The Import of Products, Animals, Food and Feed System (IPAFFS) is an import control system developed to maintain the flow of imports and robust biosecurity control. IPAFFS has a Net Book Value of £22,404k with a useful economic life of nine years as at 31 March 2022.

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				
At 31 March 2020	-	10,151	-	10,151
At 31 March 2021	-	46,733	-	46,733

The £38,864k of IT Software additions shown above were transfers 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 Feed System (IPAFFS) (take on value of £25,420k).

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 2022	31 March 2021
	£'000	£'000
Finished goods	6,810	7,130
Raw materials and consumables	2,133	2,120
Impairment provision	(3,579)	(4,140)
Total	5,364	5,110

9. Trade Receivables and Other Current Assets

	31 March 2022	31 March 2021
	£'000	£'000
Trade receivables	6,652	16,488
Deposits and advances	344	198
Other receivables	279	1
Prepayments and accrued income	13,664	12,750
Total	20,939	29,437

An additional credit loss provision of £299k (2020/21: Nil) has been created due to increased risk of customer defaults resulting from delayed invoicing of animal by-products sales. This provision is included in the table above within the trade receivables line.

10. Cash and Cash Equivalents

	31 March 2022	31 March 2021
Government Banking Services	£'000	£'000
Opening balance	1,530	6,821
Net cash inflow/(outflow)	(416)	(5,291)
Closing balance	1,114	1,530

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 2022	31 March 2021
	£'000	£'000
VAT payables, other taxation and social security	(2,168)	(3,231)
Trade payables	(3,704)	(1,374)
Other payables	(3,313)	(2,208)
Accrued expenditure	(27,213)	(15,305)
Contract liabilities	(2,573)	(2,179)
Total	(38,971)	(24,297)

Included within other payables is £942k (2020/21: £1k) mainly due to the Consolidated Fund for EU receipts in relation to the avian influenza outbreaks in the previous year.

12. Commitments under Operating Leases

	31 March 2022	31 March 2021
	£'000	£'000
Land		
Not later than one year	2	45
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	2	45
	£'000	£'000
Buildings		
Not later than one year	1,387	1,302
Later than one year and not later than five years	2,393	3,013
Later than five years	926	1,105
Total	4,706	5,420
	£'000	£'000
Other		
Not later than one year	383	493
Later than one year and not later than five years	381	388
Later than five years	-	-
Total	764	881

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

13. Capital Commitments

At 31 March 2022, APHA had £432k of equipment for the Weybridge site as capital commitments not otherwise included in these accounts. For 2020/21, the Agency had £515k of equipment for the Weybridge site as capital commitments.

14. Other Financial Commitments

	31 March 2022	31 March 2021
	£'000	£'000
Not later than one year	14,928	15,378
Later than one year and not later than five years	14,968	30,798
Later than five years	-	-
Total	29,896	46,176

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 2022 (31 March 2021: 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 2022, 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 the 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), and the Food Standards Agency (FSA). None of APHA's Board members, other key managerial staff or other related parties undertook any material transactions with APHA during the period.

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

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

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.

Ian Hewett, stepped down from his role as Interim Chief Executive and Accounting Officer of APHA on 25 April 2022, and he was replaced on a permanent basis by David Holdsworth.

E-Number: E02767166

ISBN 978-1-5286-3566-0