

Animal and Plant Health Agency

Annual Report and Accounts

2022/23

(For the year ended 31 March 2023)

Accounts presented to the House of Commons in pursuant to
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Foreword by Chief Executive, David Holdsworth

“Looking back on another year of continued change and adaptation – and with more to come – I’m immensely proud of how the Animal and Plant Health Agency has moved from reacting to difficult circumstances to seizing the opportunity of change to support our customers and colleagues.”



I’m delighted to be introducing the Animal and Plant Health Agency (APHA) Annual Report and Accounts 2022/23: my first as Chief Executive of APHA.

Since starting in this role, it has become increasingly clear to me that, while APHA is a respected partner for our customers and colleagues, we’re entering a period of significant change which brings both challenges and opportunities.

That’s why in May 2023 we set out ‘Sustainable Futures’ our new APHA strategy. We worked with our stakeholders, the UK, Welsh and Scottish Governments to develop this strategy and over 1,500 APHA colleagues attended roadshows to contribute and help shape the future. Our strategy sets out how we will shape the future of APHA and unlock our potential so we can help unleash the UK’s potential. It is focused on our pillars of ‘Protect, Innovate, Promote, People and Place’.

I believe these priorities enable us to respond more effectively to the increasing challenges we face in our food security, animal welfare and exposure to zoonotic diseases. Alongside this, we can be proactive in enabling and supporting the UK to mitigate the worst impacts of climate change in these areas, working with our partners in the UK Health Security Agency, academia and food producers.

The priorities will focus us on delivering improved performance over both the short and long term, as well as on the broader agendas of the UK, Welsh, and Scottish Governments to unleash our trading potential, create jobs and wealth while keeping the UK bio-secure.

When I joined APHA in early 2022, I said that I felt privileged to join such an amazing organisation. Twelve months on, after visiting over 40 of our sites across England, Scotland and Wales, I can say that I’m proud to lead a government agency which doesn’t just protect plant and animal health, but through its world class science capability, also drives standards globally and is on the frontline of the UK’s early warning system for human health. This is only possible thanks to our amazing expert and dedicated people whom we are all lucky to have.

2022/23 performance

Early in the year we set up a new Ukraine Pet Travel Team to support Ukrainian refugees arriving in the UK with their pets. This enabled over 2,500 pets to safely enter the UK with their Ukrainian families, making a huge difference to their lives during their darkest hour, while also protecting the UK's biosecurity and rabies free status.

The large avian influenza outbreak we saw in 2021/22 continued into 2022/23, along with our efforts to control this disease which has had a devastating impact on wild birds, the poultry industry and kept birds. We had to increase our resource capacity to cope with this outbreak.

In 2022, we confirmed the first cases of Seneca Valley virus (SVV) in Great Britain, after a vesicular virus was detected in pig farms in England. Our Brucella Reference Laboratory also helped to confirm the first UK case of a disease in a human caused by *Brucella canis*.

For much of the year, we also faced considerable uncertainty concerning the new Border Control Regime for imports of animals and plants following EU exit, the renegotiation of the Northern Ireland protocol and the implications for the numbers of staff required and their location. Greater clarity has now been reached and we're able to plan to ensure we meet the new requirements.

New appointments

The period has seen some new colleagues join us and promotions from within APHA. By promoting colleagues from within the Agency, we can demonstrate our succession plans are effective and we're truly developing the next generation's experts.

I'm delighted that we were able to confirm the appointment of 3 new Directors to give the executive level the stability we needed. We also said farewell to our Science Director, Kath Webster, who contributed so much to APHA over many years.

There was a change to the Chair of our Audit and Risk Committee (ARAC). Alison White, to whom I'm extremely grateful for her sage advice in my first year, ended her second three-year term and we welcomed Lizzie Peers as our new Chair of ARAC and Deep Sagar to our non-executive cadre.

Performance and values-based culture

Our ambition is to be an organisation with a high-performance and agile culture, remaining true to our values and our purpose while re-energising our commitment to improving APHA for our customers and people, and making APHA a great place to work.

Our great people and their commitment are a fundamental foundation for APHA's culture, and I look forward to seeing this develop through several initiatives as part of the 'People Pillar' of our new strategy.

Outlook

Given the momentum and the pace with which we need to move in the coming months to develop and improve our business planning, and embed the new strategy, I'm confident we will have a busy, productive, and rewarding year

I cannot end on this note of optimism without thanking APHA employees, partners, and customers for their work during 2022/23 and especially for their support in meeting the unprecedented challenges we faced. I very much look forward to working with them all in the coming year to deliver our priorities.

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

“As I come into the final year of my second three-year term as Chair, I’m struck during this time how APHA has both changed significantly in size, and what it does and how it does it. At the same time the commitment and professionalism of its staff has never wavered. I’m sure APHA will continue its vital contribution to protecting animal and plant and bee health - whatever the future challenges.”



The past year has been one of challenge and change for APHA. As highlighted in this Annual Report, throughout the year we faced the challenge of responding to the largest avian influenza outbreak that Great Britain has ever experienced – greater than the substantial outbreak in 2021/22. Outbreak cases continued throughout the summer of 2022 and then intensified during the autumn. Lessons learned from last year’s outbreak were implemented in real time to deal with this year’s spread of the disease.

Once again, we were heavily reliant on the goodwill and professionalism of our staff. However, it became clear that greater attention was needed to data collection and analysis, and to improve the capacity of APHA to respond to outbreaks - rather than the ‘all hands to the pump’ approach which has sufficed in the past. The Board gave considerable attention to this issue.

The impact of this challenge on APHA has been immense. By the end of 2023/24, we will have around 3,500 employees compared to around 1,900 when I was appointed Chair of the Board 5 years ago.

Given the myriad of changes during that time, and the appointment of David Holdsworth as our new Chief Executive at the start of the financial year, it was opportune to devise a new strategy for APHA and review our structure, to ensure we are fit to face the current and future challenges. The implementation of the new strategy, and some changes to the way in which the Board operates, will be implemented during 2023/24.

Amidst all the challenges and change, the highlight of the year was undoubtedly the visit of HM King Charles III to our headquarters at Weybridge to thank staff for their work throughout the avian influenza outbreak and to learn more about our work.

David Holdsworth, who joined APHA as our new Chief Executive at the start of the year, has undoubtedly brought the energy and new ideas which we looked for when appointing him. We’ve already seen the benefits of this new approach and I’m sure these will continue to come through in the years to come.

Performance report and analysis

Overview of APHA

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

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

We support Defra's priority outcome 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.

We work on behalf of the Scottish Government and Welsh Government providing support for the delivery of their animal health and welfare policies. We also support the delivery of the Welsh Government's plant and bee health policies.

What we do

APHA leads on the control and eradication of 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. Our overarching structure includes the Science Directorate, Veterinary Directorate, Service Delivery Directorate, and Strategy, Planning and Innovation Directorate who:

- provide science-based evidence and advice to inform policy makers.
- deliver statutory services, including inspection and certification, to ensure compliance with legislation and standards for animal health and welfare, bee health, plant health, and plant varieties and seeds.
- support the implementation of policy and legislation to decrease the incidence of bovine TB.
- facilitate trade in animals, products of animal origin, plants and produce.
- deliver high quality scientific services and research as the UK National Reference Laboratory for 49 animal health diseases and the host for 23 international reference laboratory facilities or expertise centres.
- protect endangered wildlife through licensing and registration.
- manage a programme of bee inspections, and apiary training and advice.
- regulate the safe disposal of animal by-products to reduce the risk of potentially dangerous substances entering the food chain.

For further information on the work of APHA, see [GOV.UK](https://www.gov.uk).

Performance summary

Responding to emergencies



The year began with setting up a new Ukraine Pet Travel Team in response to the urgent need to support Ukrainian refugees arriving in the UK with their pets, while at the same time protect biosecurity and the UK's rabies free status.

The large avian influenza outbreak we saw in 2021/22 continued into 2022/23 with 224 confirmed cases between April 2022 and March 2023, which has had a devastating impact on wild and kept birds as well as the poultry industry. Much of our resource across APHA was redeployed to work with our customers and public and industry stakeholders to maintain our efforts to control this disease.

Our role in disease surveillance, detection and containment continued alongside our emergency response. In 2022, we confirmed the first cases of Seneca Valley virus (SVV) in Great Britain after a vesicular virus was detected in pig farms in England. Some of the clinical signs of this disease are very similar to foot and mouth disease (FMD) so significant work was required to negate FMD. In early 2023 we confirmed a case of atypical BSE on a farm in Cornwall. The animal, which died on the farm (known as fallen stock), was routinely tested as part of the requirements to test fallen stock for BSE.

APHA's Brucella Reference Laboratory confirmed the first UK case of a disease in a human caused by canine Brucellosis. Our genome sequence analysis showed that the strain of the disease in the human patient was the same strain as their imported pet dog. We are seeing a rise in cases of this disease in imported dogs and our response highlights APHA's important role in the One Health approach to protecting animal and human health. We continue to liaise with local health protection teams and veterinary practices to monitor this disease and act on any necessary containment and control.

We enhanced our expertise, capacity and facilities to respond to cases of Mpox (previously known as Monkeypox) following the transfer of the PCR test from the UK Health Security Agency to APHA, and successfully passed a proficiency ring trial run by the Canadian Laboratory Response Network. This rapid re-focus of our expertise and capacity to address an emerging disease threat highlights our unique capability to respond to biosecurity threats.

Our team at Heathrow intercepted crop pests in plant consignments, including southern armyworm caterpillar (*Spodoptera eridania*) from Africa and skull-face moringa caterpillar (*Eupterote mollifera*) from Sri Lanka. These pests are unlikely to survive in the UK climate but are very destructive and can be dangerous to humans.

Large numbers of beet moth (*Scrobipalpa ocellatella*) were found in beet crop during the summer of 2022, particularly in Suffolk. This pest is not currently on the UK Plant Health Risk Register, but the increase in numbers is an example of the risk of pests, used to warmer climates, starting to host on plants in the UK due to the impact of climate change.

The first UK finding of Spiney Whitefly (*Aleurocanthus spiniferus*) was confirmed on citrus plants and Fatsia plants at two sites in Kent and East Sussex. We also responded to further outbreaks of *Phytophthora pluvialis* which affects conifers, 14 outbreaks of spruce bark beetle and 7 outbreaks of *Bemisia tabaci* (tobacco whitefly). This is alongside the ongoing operations to control *Ips typographus* in spruce in Kent and West Sussex, and findings of the Pine Processionary Moth in imported pines and cedar.

Our National Bee Unit (NBU) responded to 3 single Asian hornet incursions in Essex and Kent; and a fourth in Essex traced to a nest in a sycamore tree. Genetic analysis of all the hornet outbreaks since the first in 2016 shows no indication of genetic links and therefore no evidence of an established population, illustrating APHA's effective response to control this invasive non-native species.

Enabling industry



We worked with Defra to host the first International Plant Health Conference for policy makers, academics and experts from across the world to discuss current and future plant health challenges, food security and the impact of climate change. This successful first conference received positive international press coverage on the importance of plant health, led to a commitment to meet every 4 years, and elevated UK's status in the international community from hosting this event.

We hosted the first face-to-face Antimicrobial Resistance (AMR) Congress for The Food and Agriculture Organisation of the United Nations (FAO) in March 2023. This brought together international experts on AMR including the UK FAO AMR Reference Centre, which APHA leads in partnership with the Veterinary Medicines Directorate (VMD) and the Centre for Environment, Fisheries and Aquaculture Science (Cefas).

The aim of the event was to strengthen and share expertise and apply the One Health approach to address emerging AMR issues in agri-food systems.

With the launch of our new Non-native Species Inspectorate, we were pleased to see our targets on the control of invasive non-native species agreed at the UN Biodiversity Conference, COP15, in 2022. Supporting the delivery of The Great Britain Invasive Non-native Species Strategy 2023, our new Inspectorate is key to the UK achieving the targets of preventing the introduction and establishment of priority invasive species and reducing new establishments of all other invasive species by at least 50 per cent.

As part of the new Plant Biosecurity Strategy 2023 to 2028, APHA launched the Internet Trading Unit to help monitor online retailers and social media sites as part of our role in preventing pests and diseases entering the UK. We continue our efforts to raise awareness of plant health biosecurity. Our 'Don't risk it' stand at the RHS Chelsea Flower Show 2022 won a gold medal for highlighting UK outbreaks of plant pest and diseases and invasive species, and how the public can reduce the risk of outbreaks.

We completed the transition of export plant health applications to the new Plant Health Export Service (PHES) which is used to issue phytosanitary certificates, inspections and samples. Since this transition, 1 billion pounds of goods have been exported using PHES which has improved the functionality for all users.

We have seen the benefits of using a new polymerase chain reaction (PCR) test to detect bovine TB in post-mortem tissue samples. We can report a result within 3 weeks compared to the longer time needed for testing microbiological culture from tissue samples. This means we can revoke herd movement restrictions much sooner if the PCR test results are negative.

After several years of development and validation, in January 2023, we started using whole genome sequencing to characterise Salmonella. This will improve our understanding of the transmission of this bacterium so we can effectively detect outbreaks and protect food safety and public health.

Preparing for the future



During 2022/23 we continued to manage the Movement Assistance Scheme which helps traders move agri-food commodities from Great Britain to Northern Ireland. Following the signing of the Windsor Framework we are now working with Defra's Northern Ireland Directorate on how our operations will help to ensure the free flow movement of animal products, fresh produce, plants, seed potatoes and used agricultural machinery between Great Britain and Northern Ireland.

This is alongside our work with Defra on the new border operating model to protect against disease threats and protect food safety. This programme aims to 'digitise' Great Britain borders so industry can benefit from new technologies which will simplify and streamline trade processes.

These technologies include IPAFFS (Import of Products, Animals, Food and Feed System) for the e-notification of trade in goods, an eEHC system to further automate export health certification for animals and products of animal origin, and an ePhyto system to digitise both import and export phytosanitary certificates. We also continue the work to introduce 'Genie' testing at key Border Control Posts to facilitate initial diagnosis of plant pests.

We are working on the introduction of health certificates towards the end of 2023 for imports of medium risk animal products, plants, plant products and high-risk food and feed of non-animal origin from the EU. This will be followed by the introduction of documentary and risk-based identity and physical checks in early 2024 when existing inspections of high-risk plants and plant products will move from point of destination inspections to Border Control Posts (BCP). Checks on live animals will also move over to BCPs where additional controls or processes are needed inland, replacing current temporary controls at point of destination.

We have completed phase 1 of our Legacy Application Programme. This involved moving some of our business-critical IT applications, including operational and trade systems, to new platforms and resolving some of their technical risks and vulnerability. Work now continues on the scope for phase 2 of the programme to secure further APHA IT applications.

After the devastating avian influenza outbreak, a new research consortium is exploring how industry can be better protected from the impact of bird flu and looking at the options for future vaccination of poultry. As the International Reference Laboratory for Avian Influenza, we are leading this new FluMap research project which includes members from UK scientific organisations.

In January 2023, we began phase 2 of the field trials for the tuberculosis cattle vaccine programme to investigate the safety of the BCG vaccine and the safety and specificity of a DIVA test for vaccinated cattle that can differentiate vaccinated animals from infected animals. This follows the completion of phase 1 in May 2022 and is a significant milestone, after many years of research, to enable the vaccination of cattle against TB. The data from the field trials will help to support our applications for marketing authorisation to use both the cattle BCG and novel skin test in the UK.

We have expanded our team of bee inspectors and we are increasing resource to support the work required to deliver the border and trade operating model. We continue to deliver our programme of apprenticeships for staff with 30 plant health apprentices successfully completing Regulatory Compliance Apprenticeships.

During the last year, we have been developing our long term APHA Strategy with our staff and stakeholders. In recent years, we have grown significantly in size and face new demands in our role to protect animal, plant and bee health. The aim of the strategy is to show our purpose and vision and complements our business plan for 2023/24. It will also inform transformational change around our future operating model and ways of working.

Moving forward with the Science Capability in Animal Health Programme

The Science Capability in Animal Health (SCAH) Programme continues to make progress. Funding approved by Treasury in March 2020 is being delivered in tranches, and current tranche 1 paves the way for an ambitious plan for long-term investment in APHA's animal health science estate in Weybridge, Surrey.

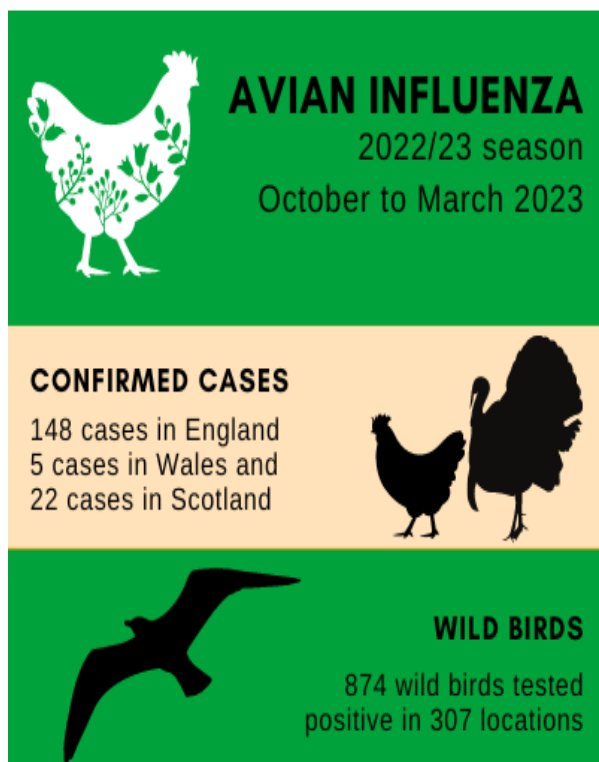
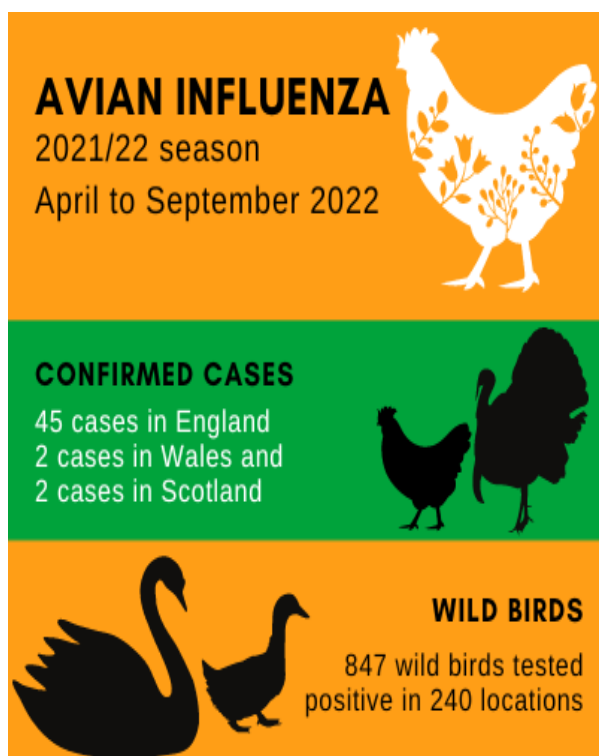
A detailed plan for the proposed scheme has been developed to define scope, costs and schedule. This has informed a series of options in the business case and the analysis reaffirms that doing nothing or continuing a patch and repair approach are not feasible and present unacceptable risks.

Tranche 1 has focussed on building organisational capability to manage a growing supply chain and progressing early enabling work to prepare the site for the main works. This includes progress on the commercial approach with the appointment of a Technical Partner to develop the requirements and scheme design through to 2024.

A recent Programme Review has also recognised that we are making progress on strengthening internal capability, governance, and commercial management.

Avian influenza outbreak – our emergency response

Battling against the spread of this devastating virus



APHA's response to this unprecedented large scale avian influenza (AI) outbreak demonstrated a collaborative effort across all teams to deliver various tasks: responding to and confirming reported cases, zone mapping, foot patrols, visiting premises, surveillance, tracings, and laboratory diagnosis.

To improve our geographical data, we introduced a new surveillance mapping system with detailed and high resolution. This allows multiple categorisation and visual layering of information which helps show where premises are across the various restricted categories of Protection Zone (PZ), Surveillance Zone (SZ) and Enhanced Surveillance Zone (ESZ).

We launched a new AI licensing service (AILS) with the design based on service user insight to improve the licence application process.

Since October 2021, there have been 23 reported cases of AI in mammals. We gathered evidence to assess the zoonotic risk of AI in mammals and humans. Evidence suggests there is a limited risk of transmission, and infection of mammals is likely due to wild animals feeding on or having had close contact with infected dead birds.

Our research on the role of airborne transmission in the outbreak showed that the spread of the virus between premises by the wind was very low. This evidence highlighted how wild birds and the movement of contaminated objects are the main sources of virus on premises.

The Weybridge Science Team was awarded the Defra group Nobel House Prize recognising their expertise at handling infectious samples and working in high biosecurity labs. They developed a novel test for testing samples which saved time in declaring disease control zones around infected farms.

Pet imports from Ukraine – protecting animal and human health

Helping refugees and their pets fleeing war



With refugees arriving in the UK from Ukraine with their pets, APHA quickly responded to provide support while at the same time protect the UK's biosecurity and rabies free status.

The new Ukraine Pet Travel Team, customer service centres, port and veterinary staff immediately faced many unannounced arrivals and a high volume of applications, emails and helpline calls.

The size of the team increased to 90 with agency workers and colleagues joining from across APHA and other government departments.

The team had to act quickly, and with compassion, often dealing with some very emotional and difficult circumstances.

With the challenge of a limited number of quarantine spaces in the UK, new rules on home isolation were introduced in England which allowed some pets to spend their quarantine period at home with their owner and sponsor which also increased quarantine capacity.

In response to the high demand for home isolation, vets were trained to inspect homes and ensure they were suitable to isolate pets. Quarantine vans were purchased to provide secure and safe transport of the pets where needed.

To improve and quicken the application process, APHA implemented a new rapid serological test (ELISA) to quickly check whether the animals have antibodies to the rabies vaccine. Working with IT colleagues, APHA launched a Ukrainian Digital Service which pet owners could use on any device and benefit from the inbuilt function which translated questions into 10 languages.

The Ukraine Pet Travel Team won Defra Team of Year Award in recognition of their efforts to support the refugees and their pets, while at the same time protect animal and human health in the UK.

Snapshot of service delivery

2022/23

Protecting animal health and welfare

1,675

Reports of animal welfare concerns responded to.

131,716

Samples tested for disease scanning surveillance of livestock and wildlife

42,163

Samples tested for statutory artificial breeding controls

91,7489

Samples tested for surveillance testing of statutory and exotic viral diseases



Protecting plant and bee health

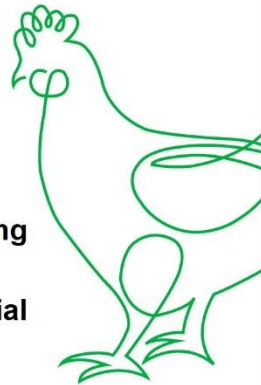
Completed **7,059** plant health inspections
Inspected **5,331** apiaries

Protecting food security

Completed **3,512** risk-based egg marketing inspections

Completed **1,715** animal feed sampling visits for the National Feed Audit

Tested **9,981** samples for antimicrobial resistance surveillance



Providing scientific evidence

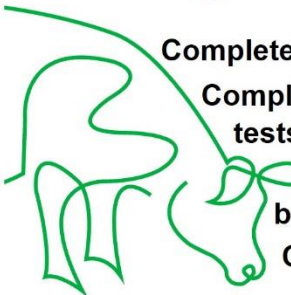
191

Scientific papers published

26

APHA science blogs published

Controlling bovine TB



Completed **225,818** TB gamma tests

Completed **3,164** TB genotyping tests

Completed **5,599** TB tests of non-bovine animals

Completed **230,440** TB tracings

Supporting international trade

406,925

Export certificates issued

59,561

CITES permits and certificates issued

1,934

Import samples tested

86,787

Export samples tested

2,557

Import licences and authorisations issued

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.

An unprecedented number of avian influenza cases continued through 2022/23 with no natural break in the outbreak response. This has meant that, in addition to surge recruitment, permanent APHA staff continued to be redeployed from core business activities to contain and reduce the spread of avian influenza, and other animal and plant pests and diseases. This has impacted our ability to meet our targets. The impact of a 30 per cent deficit in veterinary resource capacity, due to recruitment challenges, also affected the delivery of bovine TB services.

The table below lists APHA's 26 KPIs which are agreed with our policy customers. During the past year, 14 KPIs were met, 1 was substantially met, 2 were met in part and 9 were not met. APHA works closely with our policy customers when deciding priorities and the reallocation of resources.

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

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 7 components of timeliness and quality for animal EHCs, CITES, birds and plant products.</p>	Met
<p>Animal welfare</p> <p>Complete 100% of cross compliance inspections to enable the Great Britain paying agencies to meet the Basic Payment Scheme deadlines.</p> <p>Great Britain achievement is 67.5%. Available resources were directed to high priority legacy cases as activity was severely impacted by staff vacancies and resources deployed to outbreak response.</p>	Not met
<p>Visit 95% of high priority welfare reports within 1 calendar day of notification.</p>	Met

<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. 75% or more of the target was met.</p>	Met in part
<p>Endemic disease – tuberculosis</p> <p>Low Risk Area: proportion of live herds under restriction due to an officially TB-free withdrawn bovine TB breakdown.</p>	Met
<p>Edge Area: proportion of live herds under restriction due to an officially TB-free withdrawn bovine TB breakdown.</p> <p>75% or more of the target was met.</p>	Met in part
<p>High Risk Area: Proportion of live herds under restriction due to an officially TB-free withdrawn bovine TB breakdown.</p>	Met
<p>All eligible persistent breakdowns to have an action plan in place within 3 months of identified need in Wales.</p> <p>Meeting the target of 90% was impacted by the availability of veterinary resource.</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> <p>During the year, APHA passed this responsibility to the veterinary delivery partners with APHA overseeing and maintaining authority on targeted audit activity.</p>	Not met
<p>Bovine TB: complete scheduled practice audits on proportion of practices who have a quality management system in place in Scotland.</p> <p>23.6% of quality management system audits completed.</p> <p>A risk-based approach was taken to prioritise resources.</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 agreed policy on science customers research milestones within a tolerance of 7% changed within the year.</p> <p>Delivery was impacted by avian influenza outbreak priorities.</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

Receive assurance statement from APHA Science Advisory Board on quality of science.	Met
<p>Disease risk reduction</p> <p>Complete required routine animal by-products inspections using a risk-based approach.</p> <p>Due to the necessary deployment of resources on the avian influenza outbreak, APHA focused on priorities and emergency action and the target of 90% was not met. Establishments had at least 1 visit equating to 35.9%.</p>	Not met
Approve national and significant regional agricultural shows.	Met
<p>Carry out annual market inspections.</p> <p>Activity impacted by the necessary deployment of resources on the avian influenza outbreak.</p>	Not met
Approve and re-approve PRIMO (pig pyramid) premises on an annual basis.	Met
<p>Exotic disease</p> <p>Veterinary Inspector dispatched to immediate level exotic disease within 30 minutes of the decision being made.</p> <p>Delivery impacted by veterinary resource prioritisation; a risk-based approach was put in place and high priority timeline inspections completed.</p>	Not met
For all report cases assessed by VENDU, deliver a good or excellent service.	Met
<p>Protecting the food chain</p> <p>For poultry meat marketing, complete inspections for registered production sites.</p>	Met
Complete egg marketing inspections for registered production sites. 95% or more of the target was met.	Substantially Met
<p>Complete risk-based sampling visits for the National Feed Audit.</p> <p>Due to necessary deployment of resources on the avian influenza outbreak, focused on priorities and emergency action.</p>	Not met
Complete BSE processes within required timescales.	Met

Our environmental performance and contribution to sustainability

Background

The environmental data and associated financial costs presented in the following pages are consistent with the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting Guidance 2022/23.

Greening Government Commitments (GGCs) targets and performance

This report sets out APHA's performance against the sustainability objectives of its estate and operations. APHA is provided data from Defra group's Environmental Management Systems, which measure against some of the Greening Government Commitments (GGC) targets. These targets are for reductions in greenhouse gas (GHG) emissions to mitigate climate change, waste production, paper use, and water use. Further information on the source of the data is available in the Defra Annual Report and Accounts 2022/23.

The majority of GGCs are managed centrally by Defra including commitments for consumer single use plastics, finite resource consumption, nature recovery and biodiversity action planning. Defra also manages reducing the environmental impacts from ICT and digital, climate change adaptation, sustainable construction, rural proofing, air travel, and other natural resource consumption. Consequently, all these GGCs are reported in the Defra Annual Report and Accounts. APHA does not hold any natural capital or landholdings.

The GGC targets, which are measured from a 2017/18 baseline, to meet by the end of March 2025 include:

- Reduce GHG from the whole estate and business-related transport by 50%
- Reduce direct GHG from buildings by 15%
- Reduce the amount of waste to landfill to below 5%
- Increase the amount of recycled waste to above 70%
- Reduce total waste by 15%
- Reduce water consumption by 8%
- Reduce the GHG from domestic flights by 30%
- Reduce paper use by 50%
- Upgrade all fleet vehicles to ultra-low emissions (by end 2027).

Performance against these targets is defined using the following terms:

- Exceeded target: the target has been exceeded
- On target: performance is on track to meet the target
- Below Target: increase in performance but is not on track to meet the target
- Increase from baseline: no reduction made and performance in this area has decreased since the baseline year.

GGC performance	Target April 2025	Current APHA achievements	APHA 2022/23 performance
Total GHG reduction 2022/23 versus baseline	50% reduction	22.01%	Below target
Direct GHG reduction 2022/23 versus baseline	15% reduction	1.51% increase	Increase from baseline
Landfill waste reduction 2022/23	Less than 5% sent to landfill	0.38%	Exceeded target
Recycling waste 2022/23	More than 70% recycled	47.59%	On target
Total waste reduction 2022/23 versus baseline	15% reduction	38.08% increase	Increase from baseline
Water reduction 2022/23 versus baseline	8% reduction	74.62%	Exceeded target
Domestic flights emissions reduction 2022/23 versus baseline	30% reduction	No flights in 2022/23	Exceeded target
Paper use reduction 2022/23 versus baseline	50% target	81.07%	Exceeded target

For 2022/23, APHA has increased from the baseline for direct GHG reduction and total waste reduction and is below target for total GHG reduction.

Since the baseline has been set, APHA has increased significantly in headcount and the baseline has not been adjusted to reflect this. APHA is below where we would like to be for these targets and is taking actions to improve.

The investment at the Weybridge site will have a large impact on our sustainability performance in the future and beyond 2025, due to the size of the site. This section provides further details. APHA is on target or exceeding the target for all other GGC performance measures.

Sustainability 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 has priority business outcomes guided by aims and objectives that are structured under 4 themes: responding and adapting to climate change; nature recovery and enhancement; resource and water conservation; and social impact and value.

APHA's new strategy, launched in May 2023, includes the commitment to minimise our environmental impact and make our operations sustainable and net zero. APHA will create a specific sustainability strategy aligned to the Defra Sustainability Strategy, which will initially largely focus on the Science Capability in Animal Health (SCAH) Programme that oversees major re-development of our science estate.

In addition, it will include reducing the carbon footprint of the car fleet and improving the infrastructure for electric vehicles on our sites.

Weybridge sustainability strategy

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.

Our new Weybridge Sustainability Strategy (2023) aligns with the structure of the Defra group Sustainability Strategy. It includes the same 4 sustainability themes to guide outcomes that maintain our aim to deliver resilience, regenerative development, and biodiversity net gain, in line with the requirements of the Environment Act 2021.

The Plan outlines our key actions taken and future aims:

- We have measured our existing primary energy consumption and established an Energy Use Intensity (EUI) value site baseline and will continue to install additional meters so that we can measure consumption on a more granular (building) basis.
- Continuing with our supply authority negotiations to move to reduced carbon use with the electrification of the thermal energy infrastructure.
- Explore the potential for renewable energy innovation and generation.
- Review ancillary land for biodiversity improvements along with enhanced landscape on the main research site.
- We are adding additional capacity on our existing incinerator scheme to recover energy from our waste disposal process. This enables us to explore and enhance our waste strategy related to recycling and developing circular economy with other arm's length bodies for the disposal of their waste in our energy from waste process.

Sustainable procurement and car fleet

APHA's Contract Management team continues to work with Defra Commercial to ensure that the service provision from new contracts and suppliers are in line with the Defra Sustainable Procurement Strategy.

The same applies to building projects by Defra group Estates on behalf of APHA and the shared estate, and APHA's continued commitments under the cross-government approach to a sustainable fleet. APHA is working towards the target of 100% of the government car and van fleet to be fully zero emissions at the tailpipe by 31 December 2027.

APHA is committed to procuring sustainably, in line with Defra’s Sustainable Procurement Policy Statement, and minimising its own environmental impact.

Suppliers are asked to consider social, economic, and environmental aspects of sustainability in all in scope procurements for APHA. This is evaluated and is part of the decision-making in tender awards. 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.

Sustainability data

Greenhouse gas emissions		2022/23	2021/22	2020/21	2019/20	2017/18 baseline
Non-financial indicators (tonnes CO2)	Scope 1: Direct emissions	9,073	10,175	9,700	10,693	9,045
	Scope 2: Energy indirect emissions	4,011	4,279	5,240	5,243	7,969
	Scope 3: Official business travel emissions	1,607	1,434	1,204	1,290	1,823
	Total emissions	14,690	15,888	16,144	17,226	18,837
	Direct emissions from buildings	9,016	9,865	Not reported in these years	Not reported in these years	8,882
	Domestic flight emissions	Not reported in these years	Not reported in these years	Not reported in these years	Not reported in these years	Not reported in these years
	International flight emissions	Not reported in these years	Not reported in these years	Not reported in these years	Not reported in these years	Not reported in these years
	Financial Indicator (£)	Expenditure on official business travel	2,085,026	Not reported in these years	Not reported in these years	Not reported in these years

Waste management		2022/23	2021/22	2020/21	2019/20	2017/18 baseline
Recovered or recycled (tonnes)	Recycled or reused	975.21	388.62	111.87	293.25	186.50
	Composted	5.02	7.26	1.36	0.24	4.99
	Incinerated with energy recovery	731.83	638.53	440.76	515.46	897.98
Not recovered or recycled (tonnes)	Incinerated without energy recovery	329.42	398.35	337.77	391.79	379.67
	Landfilled	7.72	0.43	4.29	16.13	14.93
Total waste recovered or reused		1,712.07	1,034.40	553.99	808.95	1,089.46
Total waste (tonnes)		2,049.16	1,433.80	896.05	1,216.87	1,484.07
Percentage (%) recovered or reused		83.55	72.14	61.83	66.48	73.41

Energy and water		2022/23	2021/22	2020/21	2019/20	2017/18 baseline
Energy consumption (kWh)	Oil	668,256	600,532	Not reported in these years	Not reported in these years	985,541
	Non-renewable electricity	0	0	Not reported in these years	Not reported in these years	22,668,330
	Renewable electricity	20,769,960	20,158,171	Not reported in these years	Not reported in these years	
	Gas	48,450,493	53,020,508	Not reported in these years	Not reported in these years	46,749,868
	Biomass	0	0	0	0	774
Water consumption (m3)		32,446	101,022	222,987	187,206	127,850
Financial indicators (£)	Oil	73,835	107,252	Not reported in these years	Not reported in these years	Not reported in these years
	Electricity	4,209,871	3,542,851	Not reported in these years	Not reported in these years	Not reported in these years
	Gas	2,621,206	1,698,626	Not reported in these years	Not reported in these years	Not reported in these years
	Water	136,745	187,993	Not reported in these years	Not reported in these years	Not reported in these years
Total energy and water expenditure		6,967,823	5,536,722	5,241,402	4,556,390	Not reported

Paper use	2022/23	2021/22	2020/21	2019/20	2017/18 baseline
Paper use (reams)	1,495	5,335	Not reported in these years	Not reported in these years	7,898
% reduction from baseline	81%	32%	Not reported in these years	Not reported in these years	N/A

Car fleet data	Total cars	Number of ULEVs	ULEV %	Pure EV	Pure EV %
Lease cars, long-term hire cars, and owned cars/small vans	289	80	27.70%	42	14.50%
ULEV (ultra low emission vehicle)					
EV (electric vehicle)					

Notes

1. Shared buildings within Defra group have been apportioned according to floor space occupancies.
2. Scope 3: Emissions from official business travel data does not include international travel in accordance with the GGC reporting requirements.
3. Electricity and gas prices have reached unprecedented levels. There have been no material changes to the volumes of gas/electricity used relative to prior year across Defra group.
4. Baseline 2017/18 electricity consumption was not classified as non-renewable or renewable.
5. Defra group does not have the data for APHA to report on waste expenditure. It is expected to be reported from 2023/24.
6. APHA had an average monthly full-time equivalent of 3,045 staff for 2022/23.
7. Official business travel includes air travel, rail travel, taxis, car mileage, short-term car rental and bus.

Financial review

APHA's total operating expenditure for the financial year ending 31 March 2023 was £385 million, £71 million higher than the £314 million in the previous year. The increase in expenditure was driven by the response to the largest ever avian influenza outbreak in Great Britain and, to a lesser degree, to responding to the inflow of pets from Ukraine.

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 £81 million (2021/22: £72 million), over 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 income from the devolved administrations for avian influenza outbreak costs. APHA is planning to increase fee and charge rates over the next 2 years to ensure that full cost recovery is achieved across all existing schemes.

The total operating expenditure of £385 million was funded by the operating income of £81 million (21%), leaving comprehensive net expenditure of £304 million to be funded by Defra.

The operational challenges during the year, such as the impact of avian influenza outbreaks, have been managed through the re-allocation of resources and additional funding from Defra and the devolved administrations. 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, developing external income streams, and identifying efficiency and value for money initiatives to help to offset future inflationary and funding 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 increased by £26 million compared to last year. The net book value (NBV) of our non-current asset base is £315 million (2021/22: £289 million). Further details are shown in Notes 5 and 6.

We are required to carry out an independent 5-yearly revaluation of our land and buildings, with a desktop exercise in the intervening years. The desktop exercise in March 2023 resulted in increases and decreases in building values, with the overall result a net £20.8 million 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 2023 shows taxpayers' equity of £329 million (31 March 2022: £278 million). 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 APHA. This process sets funding for all government departments. APHA's functions are ongoing and will continue.

We have already received approval for our Defra funding for next year (up to March 2024), and indicative funding for the following year as a result of the Spending Review in 2021. APHA 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

17 July 2023

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, Biosecurity and Trade 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 page 28.

Complaints

During 2022/23 APHA received:

- 90 second stage (escalated) complaints (2021/22: 111). The majority of these were about the avian influenza outbreak response, the quarantine of non-compliant imported pets, and bovine TB testing. While some of these were about service delivery, some are focused on government policy or regulations.
- APHA responded to 2 requests from customers for an internal review of their complaints (2021/22: 7) which were not upheld.
- 3 complaints were referred to the Parliamentary and Health Services Ombudsman (2021/22: 5) but these were not upheld.

During the early part of 2022/23, APHA also dealt with an influx of complaints and MP correspondence on the process for importing pets from Ukraine while work was in progress on establishing the new Ukraine Pet Travel Team and procedures.

Guidance on the APHA complaints process is available on [GOV.UK](https://www.gov.uk).

Access to Information

During 2022/23 APHA received:

- 286 Freedom of Information (FOI) requests (2021/22: 287)
- 23 Environmental Information Regulations (EIR) requests (2021/22: 20)
- 30 Subject Access Requests (2021/22: 40)

Trade was the most common category for requests recorded, particularly on the import and export of livestock and dog imports, along with requests for information on the avian influenza outbreak. There were 2 cases referred to the Information Commissioner's Office (ICO) and APHA's decisions were upheld.

Guidance on how to make an FOI/EIR request, and APHA's responses, are available on [GOV.UK](https://www.gov.uk).

Raising a concern

Regular articles on the intranet have reminded staff of the Raising a Concern and whistleblowing process. This has encouraged an environment where staff feel confident in voicing their concerns and 3 cases were escalated to the Raising a Concern Champions.

One case was about alleged wrongdoing and was still being formally investigated at the end of March 2023, as it was raised towards the end of the financial year. The other concerns raised were recommendations to improve processes and internal efficiencies in APHA and Defra. Both were followed up to ensure the improvements were made.

Bullying, harassment, and misconduct

APHA is committed to having a working environment which is free from discrimination, harassment, bullying or victimisation. We have a Bullying and Harassment Go To Network with trained volunteers to signpost staff to support and information.

Staff can also contact the HR Early Resolution Helpline or the Employee Assistance Programme to help resolve issues and concerns before starting the formal process.

The Civil Service People Survey 2022 benchmark scores, [published on GOV.UK](#), provide an overview of staff views and experience of bullying and harassment in APHA.

Counter fraud

APHA continues to operate in line with the Defra Counter Fraud and Anti-Bribery and Corruption Policy and is working to improve our counter fraud processes in line with the Government Functional Standard.

APHA shares intelligence and uses best practice to minimise the risk of fraud. This includes contributing to the Defra Counter Fraud Network, taking part in the National Fraud Initiative (NFI) and investigating relevant matches, with regular reviews by the APHA Audit and Risk Assurance Committee.

During 2022/23 there has been one instance of fraud (value £23) submitted in the Consolidated Data Request (CDR) returns to the Public Sector Fraud Authority (PSFA). The investigation has been completed and controls are being put in place to prevent this occurring again.

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

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 confirm that arrangements are effective.

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.

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 is 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.

Defra provides various corporate services to APHA. As part of this corporate services delivery model, Defra heads of function ensure compliance assessments are in place for Government Functional Standards used to assess future development areas.

These assessments have shown that for the services provided to APHA, just under half of the functional standards are rated in the 'good' or 'better' rating category. Compliance with Functional Standards that are led by APHA (counter fraud and internal audit) have been rated in the 'good' category. Improving compliance levels will remain the focus in 2023/24.

APHA Board and Committees of the Board

The Board, chaired by Chris Nicholson APHA Lead Non-Executive Director, met 6 times during the year. Details of the membership of the Board are included in the Remuneration Report.

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

There was a governance review at the end of 2022/23 and the recommendations from this will be considered and implemented during 2023/24.

Committees of the APHA Management Board

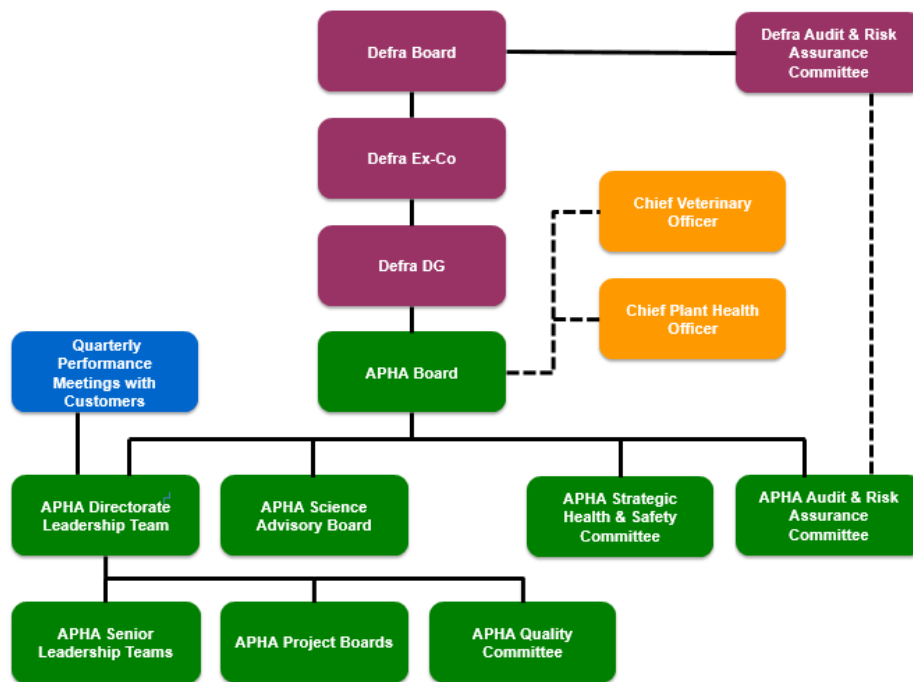
Audit and Risk Assurance Committee (ARAC) was chaired by Alison White, APHA Non-Executive Director until January 2023. Lizzie Peers joined APHA in February 2023 as APHA Non-Executive Director and new Chair of the ARAC. The committee met 4 times during 2022/23 and its remit covers risk management, control and governance, by reviewing the comprehensiveness, reliability and integrity of assurances.

Strategic Health and Safety Committee is chaired by the APHA Chief Executive. It met 3 times during 2022/23 and its remit covers the implementation of the APHA Health and Safety Strategy, and monitoring the performance of facilities management, particularly for the science estate.

Science Advisory Board (SAB) is chaired by Professor Laura Green, APHA Non-Executive Director. It met 4 times during 2022/23 and its remit covers the oversight and assurance of APHA's scientific work.

Directorate Leadership Team (DLT) is chaired by the APHA Chief Executive. It met fortnightly until May 2022 when it moved to monthly meetings and weekly 'bird table' meetings. 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](https://www.gov.uk).

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 corporate approach to risk management and works within the strategy and guidelines set for all parts of the Defra group.

As in previous years, ARAC kept the risk management approach by APHA under regular review throughout the year as the risk environment was constantly changing. This was due to the impact of changes to border controls and animal disease outbreaks, including the worst ever outbreak of avian influenza experienced in the UK. Work is ongoing to strengthen APHA's approach to strategic risk management and to ensure that it is aligned with the new corporate strategy.

The Committee spent a large proportion of time in the last year looking at the integration of risks associated with the SCAH Investment Programme at the Weybridge site. A deep dive took place looking at the SCAH Programme governance to make sure a 'One Weybridge' governance structure was set up which would encompass APHA delivery, the SCAH programme and critical works maintenance.

The Committee expressed concern about the risks associated with legacy technology throughout the year and was seeking improvements in definition and mitigation of individual systems and application risks, but there is still more to do in this area.

The risks associated with the continued implementation of the Livestock Information System, were given close attention by the Committee due to it being the largest system recording UK-wide animal movements, and they will continue to do so this year.

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. The areas covered were equality, diversity and inclusion (EDI), the new People Plan and a follow-on deep dive on legacy technology. In all these areas, the Committee was able to provide advice to the Board and Executive, particularly about the definition and mitigation of associated risks and measurement of performance.

Key risks identified and managed during 2022/23

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

SCAH Programme: The ability to maintain and increase scientific excellence, deliver the science strategy and deliver the improvements required for the UK's primary high containment animal health science capability and facilities.

Border Operating Model: The ability of APHA to deliver services for the Border Operating Model including resource changing policy requirements either from a staff or technological perspective.

Animal identification and tracings: The ability to trace animal movements (particularly sheep movements) across the UK.

Control weaknesses: The risk of operational failure within APHA from the control procedures weaknesses.

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

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

In all these areas of risk, effective mitigation plans are in place to manage the risks to an acceptable level and to escalate to Defra where it is considered appropriate to do so.

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, we seek assurance of the quality of our work through third party assessment from organisations 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 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.

Plant health imports and passporting, outbreak management, and bee health foulbrood inspections are accredited to BS EN ISO 17020:2012 inspection standard (Inspection No. 5640). Their UKAS Schedule of accreditation is available on the UKAS website.

Work is progressing to apply the ISO 17020 standard to animal health field delivery. This has included formalising training and training records, introducing internal audits, and using witnessed inspections to ensure staff competence. Once the systems are in place then our 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. We also comply with the Joint Code of Practice for Research projects.

Additionally, we hold a statement of compliance with Good Laboratory Practice in specific departments in support of the licensing of veterinary products. We also hold 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.

As part of a three-year plan, we are working to implement a quality management framework across the Agency, to extend the scope of existing accreditations in plant, bee and animal health, and achieve ISO 45001:2018 Occupational Health and Safety certification for safety, health and well-being.

Safety, health and wellbeing

During 2022/23, there were 576 reported incidents (2021/22: 575) which included 81 accidents and 495 near misses. Four of these were reportable (2021/22: 2) under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). Two related to an absence from work for over 7 days following an incident at work and 2 were incidents involving fumigation in laboratories. No dangerous occurrences were reported under the Specified Animal Pathogens Order 2008 (2021/22: Nil).

APHA was subject to the annual intervention plan with the Health and Safety Executive (HSE). While no prohibition or improvement notices were issued, HSE issued 3 written enforcement letters. Some of the issues raised included better control of actions, emergency drills, communication, and collaborative working with Defra Technical Services. These actions have been addressed with HSE accepting our formal response. HSE will audit these actions to ensure they have been effectively implemented

Following HSE inspections at Weybridge, the APHA Specified Animal Pathogens Order (SAPO) licence has been renewed for another 5 years.

The Safety, Health & Wellbeing (SHaW) Team completed 880 assurance activities across the APHA estate which include audits and inspections of science facilities, offices, and field work. Over 1,700 improvement actions were identified and implemented.

SHaW also supported APHA's response to the avian influenza outbreak by working with teams across the Agency and other partners including the UK Health Security Agency. The team collated lessons learnt from the AI outbreak season 2021/22 which has led to improvements in reducing health and safety risks and improving welfare support for APHA colleagues working on the outbreak response.

Supporting well-being was a major focus during 2022/23 in APHA, with a significant volume of work completed to address mental health, work-related stress, depression and anxiety in staff. Awareness training has been offered on managing stress, and resilience and coping mechanisms.

The use of the Employee Assistance Provider (EAP) has increased along with referrals to occupational health. A deep dive into mental health has identified some of the root causes and contributory factors which include workload, work demands, the impact of change, and relationships. The APHA Health & Wellbeing Committee (which reports to the APHA Strategic Health & Safety Committee) has overseen the delivery of our health and well-being plan, and more mental health first aiders have been trained and well-being champions recruited.

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 was national reporting of a major cyber incident at the digital services company, Capita, during March 2023. Capita provide software services and hold data for APHA. However, it was confirmed that there was no breach of APHA data as a result of the incident.

There is a Senior Information Risk Owner in place who ensures the overall management of such information. No personal data breaches by APHA were reported to the Information Commissioner's Office (ICO) during 2022/23.

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 a 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.

In line with Aqua book guidance on producing quality analysis for government, and in light of the age of the model, APHA is currently reviewing Exodis-FMD to determine whether the model remains fit for purpose in the medium to long term.

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 on the evidence from the audits during the year and other related assurance pieces. This opinion is based on a scale of unsatisfactory, limited, moderate and substantial. For further information on the quality assurance of government models is available on [GOV.UK](https://www.gov.uk).

A total of 7 audits that related to APHA were carried out in this reporting period:

- 1 audit received 'substantial' assurance (new and re-emerging threats)
- 5 audits received 'moderate' assurance (bovine TB operational review; resilience-business continuity; wellbeing; line management capacity and capability; health and safety staff culture)
- 1 audit resulted in a 'limited' assurance (counter fraud awareness and culture)
- no audits resulted in an '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. I have concluded that the Agency has appropriate risk management and control systems in place.

Remuneration Report

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.

Name	Position and dates in post
Chris Nicholson	Non-Executive Director and Chair of the Board
David Holdsworth	Chief Executive (from 24 April 2022)
Ian Hewett	Service Delivery Director (24 April 2022 to 24 June 2022) Interim Chief Executive (11 June 2021 to 23 April 2022)
Andrew Soldan	Veterinary Director
Kath Webster	Scientific Services Director (retired on 18 November 2022)
Jenny Stewart	Director of Science and Transformation
Anne Marie Wallace	Interim Service Delivery Director – Plant & Bee Health Operations (retired 31 January 2023)
Nicola Hirst	Interim Service Delivery Director – Animal Health (31 March 2022 to 2 January 2023) Service Delivery Director (from 3 January 2023)
Michelle Reynolds	Interim Service Delivery Director - APHA Cross Cutting Portfolio Management (31 March 2022 to 2 January 2023) Strategy, Planning and Innovation Director (from 3 January 2023)
Michelle Wilson	Interim Service Delivery Director - Plant & Bee Health Operations (22 October 2022 to 2 January 2023)
Ian Brown	Interim Scientific Services Director (31 October 2022 to 2 January 2023) Scientific Services Director (from 3 January 2023)
Yvonne Spencer	Director of Science Transformation
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

Alison White	Non-Executive Director and Chair of Audit Risk & Assurance Committee (until 31 January 2023)
Elizabeth Peers	Non-Executive Director and Chair of the Audit & Risk Committee (from 13 February 2023)
Nigel Reader	Non-Executive Director and Member of Audit Risk & Assurance Committee (until 19 April 2022)
Laura Green	Non-Executive Director and Chair of Science Advisory Board
Deep Sagar	Non-Executive Director and Member of Audit Risk & Assurance Committee (from 18 July 2022)
Mike Venables	Non-Executive Director

A representative from APHA's employee engagement group called Voice (Voice of Improvement, Culture and Engagement) also attends the Management Board. While they are not a member of the Board, they play a key role in representing the view of APHA's employees at Management Board level. The representative plays a full and active role in Board meetings. They can raise concerns and ensure employees are informed of actions by Management Board members.

Directorate Leadership Team

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

Name	Position and dates in post
David Holdsworth	Chief Executive (from 24 April 2022)
Ian Hewett	Service Delivery Director (24 April 2022 to 24 June 2022) Interim Chief Executive (from 11 June 2021 to 23 April 2022)
Andrew Soldan	Veterinary Director
Kath Webster	Scientific Services Director (retired on 18 November 2022)
Jenny Stewart	Director of Science and Transformation
Anne Marie Wallace	Interim Director of Service Delivery – Plant & Bee Health (retired 31 January 2023)
Michelle Wilson	Interim Service Delivery Director - Plant & Bee Health (22 October 2022 to 2 January 2023)
Nicola Hirst	Interim Service Delivery Director – Animal Health (31 March 2022 to 2 January 2023) Service Delivery Director (from 3 January 2023)

Michelle Reynolds	Interim Service Delivery Director - APHA Cross Cutting Portfolio Management (31 March to 2 January 2023) Strategy, Planning, and Innovation Director (from 3 January 2023)
Ian Brown	Interim Scientific Services Director (31 October 2022 to 2 January 2023) Scientific Services Director (from 3 January 2023)
Yvonne Spencer	Director of Science Transformation
Kevin Ingram	Defra Finance Director with responsibility for APHA
Nadia Khan	Defra HR Deputy Director with responsibility for APHA (until 1 December 2022)
Vicki Brookes	Defra HR Deputy Director with responsibility for APHA (from 1 February 2023)

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 considers:

- 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 into account the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about its work is available on [GOV.UK](https://www.gov.uk).

Service contracts

Civil Service appointments are made in accordance with the Civil Service Commissioner's Recruitment Code. This 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 2023 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 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 non-executive director.

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 (audited)

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 (audited)

Bonuses paid in 2022/23, as part of the performance management review, were assessed and awarded by the Interim Chief Executive.

Remuneration of non-executive directors (audited)

Name	Date of appointment	Period of appointment	Remuneration 2022/23	Remuneration 2021/22
			£000	£000
Chris Nicholson	01/05/2018	3 years	15-20	15-20
Elizabeth Peers	13/02/2023	3 years	0-5	N/A
Mike Venables	01/04/2019	3 years	10-15	5-10
Deep Sagar	18/07/2022	3 years	5-10	N/A
Laura Green	01/12/2021	3 years	10-15	0-5

The contracts for Chris Nicholson and Mike Venables were extended for another 3 years.

Non-executive directors who served during 2022/23 but were not in post as at 31 March 2023

Name	Date of appointment	Period of appointment	Remuneration 2022/23	Remuneration 2021/22
			£000	£000
Alison White	01/02/2017	3 years	15-20	15-20
Nigel Reader	01/04/2020	2 years	0-5	5-10

Full year equivalent salary for non-executive directors who served part of the year

Name	2022/23	2021/22
	£000	£000
Elizabeth Peers	15-20	N/A
Deep Sagar	10-15	N/A
Alison White	20-25	15-20
Nigel Reader	5-10	5-10

Elizabeth Peers was appointed as the new Chair of ARAC committee, effective from 13 February 2023. Alison White's appointment came to an end on 31 January 2023.

Deep Sagar was appointed to the Board as non-executive director and ARAC member for 3 years from 18 July 2022.

Remuneration and pension entitlements (audited)

The emoluments and pension entitlements of the APHA Board members in 2022/23

	2022/23					2021/22				
	Salary	Bonus Payments	Benefits in kind	Pensions Benefits	Total	Salary	Bonus Payments	Benefits in kind	Pensions Benefits	Total
	£,000	£,000	Nearest £100	£,000	£,000	£,000	£,000	Nearest £100	£,000	£,000
David Holdsworth	105-110	0-5	-	68	175-180	-	-	-	-	0
Andrew Soldan	80-85	-	-	-10	70-75	80-85	0-5	-	1	80-85
Kevin Ingram	80-85	-	-	30	110-115	80-85	-	-	29	110-115
Jenny Stewart	105-110	-	-	22	125-130	60-65	0-5	-	35	95-100
Yvonne Spencer	70-75	-	-	-27	45-50	55-60	0-5	-	6	60-65
Nicola Hirst	70-75	0-5	-	45	115-120	5-10	0-5	-	18	25-30
Ian Brown	30-35	0-5	-	-40	0	-	-	-	-	0
Michelle Reynolds	70-75	0-5	-	9	80-85	55-60	0-5	-	27	80-85

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

Taking account of inflation, the CETV funded by the employer for Yvonne Spencer, Andrew Soldan, and Ian Brown has decreased in real terms.

Board members who served during 2022/23 but were not in post as at 31 March 2023

	2022/23					2021/22				
	Salary	Bonus Payment	Benefits in kind	Pensions Benefits	Total	Salary	Bonus Payment	Benefits in kind	Pensions Benefits	Total
	£000	£000	Nearest £100	£000	£000	£000	£000	Nearest £100	£000	£000
Ian Hewett	25 - 30	0 - 5	1,400	43	70 - 75	85 - 90	0 - 5	5,900	141	230 - 235
Kath Webster	50 - 55	5 - 10	-	-9	45 -50	85 - 90	0 - 5	-	7	90 - 95
Anne Marie Wallace	60 - 65	0 -5	-	2	60 - 65	60 - 65	0 - 5	-	68	130 - 135
Michelle Wilson	15 - 20	0 - 5	-	13	25 - 30	-	-	-	-	0

Emoluments include gross salary, bonuses and other allowances to the extent that they are subject to UK taxation. Remuneration and pension figures shown are for the whole of 2022/23 for APHA.

Taking account of inflation, the CETV funded by the employer for Kath Webster has decreased in real terms.

Full year equivalent salary for Board members who served part of the year.

Director	2022/23	2022/21
	£000	£000
David Holdsworth	110-115	N/A
Ian Brown	75-80	N/A
Nicola Hirst	70-75	85-90
Michelle Reynolds	70-75	65-70
Michelle Wilson	60-65	N/A
Ian Hewett	75-80	85-90
Kath Webster	80-85	85-90
Anne Marie Wallace	60-65	85-90

Pension benefits (audited)

Directors on the APHA Board as at 31 March 2023

	Accrued pension at pension age as at 31 March 2023	Accrued lump sum at pension age as at 31 March 2023	Real increase in pension and related lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	£000	£000
David Holdsworth	30 - 35	45 - 50	2.5 - 5 plus a lump sum of 2.5-5	425	351	34	-
Andrew Soldan	25 - 30	70-75	0 - 2.5 plus a lump sum of 0	609	567	-22	-
Kevin Ingram	5 - 10	-	0 - 2.5	83	51	20	-
Jenny Stewart	45 - 50	-	0 - 2.5	647	576	4	-
Ian Brown	45 - 50	130 - 135	0 plus a lump sum of 0	984	1004	-40	-
Nicola Hirst	30 - 35	10 - 15	2.5 - 5 plus a lump sum of 0-2.5	440	371	26	-
Michelle Reynolds	35 - 40	0	0 - 2.5	535	482	-3	-
Yvonne Spencer	35 - 40	75 - 80	-	772	723	-38	-

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

CETV shown is the actuarially assessed capitalised value of pension scheme benefits accrued by scheme members at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

Taking account of inflation, the CETV funded by the employer for Andrew Soldan, Ian Brown, Michelle Reynolds and Yvonne Spencer has decreased in real terms.

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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023. This guidance will be used in the calculation of 2023/24 CETV figures.

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.

The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase. Therefore, in real terms, the pension value can reduce, hence the real increase in CETV will show negative values.

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.

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.

	2022/23	2021/22
Annualised band of highest paid director salary (£000)	105-110	105-110
Annualised band of highest paid director remuneration (£000)	110-115	100-105
Highest paid director remuneration (midpoint of pay band) (£)	112,500	102,500
The percentage change from previous financial year in respect of highest paid director	9.76%	-28.07%

The percentage change in the highest paid director in 2022/23 is due to the appointment of the new Chief Executive. The 2021/22 percentage change was the result of the Interim Chief Executive being 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 banded remuneration of permanent employees in APHA ranged from £15,000-£20,000 to £110,000-£115,000 (2021/22: £15,000-£20,000 to £110,000-£105,000). In 2022/23, no permanent staff received full-time equivalent remuneration in excess of the highest paid director (2021/22: Nil).

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.

The ratios between the mid-point of the banded remuneration (excluding pension benefit) of the highest paid director and the lower quartile, median, and upper quartile for staff remuneration are as follows:

	Lower quartile	Median	Upper quartile
2022/23	4.9 : 1	4.1 : 1	3.2 : 1
2021/22	4.6 : 1	3.8 : 1	2.9 : 1

The slightly higher ratios in 2022/23 is due to the newly appointed Chief Executive with a higher pay band than the former Interim Chief Executive.

The lower quartile, median, and upper quartile for staff salaries and total pay and benefits are as following:

	Lower quartile		Median		Upper quartile	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Salary (£)	22,150	22,427	26,853	26,105	34,564	35,895
Total pay and benefits (£)	22,900	22,427	27,353	27,255	35,027	35,895

The average percentage change in total pay and benefits from previous financial year in respect of employees as a whole has decreased by 0.8% in 2022/23 to £32,500 (2021/22: increased by 0.58% to £32,761). Significant number of agency staff were brought in at lower than average salaries to support the unprecedented avian influenza outbreak, hence reduced the average pay as a whole.

Staff Report

Staff costs (audited)

	2022/23	2021/22
	£000	£000
Wages and salaries	97,126	83,366
Social security costs	10,675	8,835
Pension costs	24,179	21,368
Agency staff costs	12,968	5,932
Less recoveries in respect of outward secondments	(287)	(443)
Total staff costs	144,661	119,058

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 relate to staff seconded to other Defra group organisations, the devolved administrations or other government bodies.

APHA has a consultancy spend of £1,069k for the year ended 31 March 2023 (2021/22: £251k). This is included in Operating Costs – Programme Service Delivery Costs shown in Note 3.

Under IAS 19 Employee Benefits, an accrual has been established for staff leave due, but not taken at 31 March 2023; this employee benefit is payable in 2023/24. This accrual is included within the wages and salaries line. The level of accrual has remained higher than usual in 2022/23 due to the slightly increased hourly pay after the pay review in 2022 in addition to the high leave days owed when staff are dealing with high number of cases of avian influenza outbreak.

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.

No permanent or agency staff costs have been capitalised (2021/22: £Nil). If costs had incurred they would be included in the additions to IT Software and Assets in the Course of Construction shown shown in Note 6 – Intangible Assets.

Pension contributions (Audited)

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 are in the resource accounts of the [Cabinet Office, Civil Superannuation](#).

In 2022/23, employer's contributions of £23,934k were payable to the PCSPS (2021/22: £21,108k) at one of 4 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 4 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 £237k (2021/22: £252k) 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 (2021/22: £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 2023 were £7k (2021/22: £8k).

Three members of staff (2021/22: one) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £28k (2021/22: £21k).

Analysis of the average number of persons employed

Average number of full-time equivalent staff	2022/23	2021/22
	FTE	FTE
Admin and managerial staff (all disciplines) including agency staff	1,672	1,374
Science staff	489	446
Inspectorate staff	364	340
Veterinary staff	303	337
Technical staff	217	218
	3,045	2,715

Average number of full-time equivalent staff	2022/23	2021/22
(Audited)	FTE	FTE
Permanently employed staff	2,585	2,328
Agency staff	204	139
Fixed term contracts and inward secondment	161	199
Temporary employed staff	95	49
	3,045	2,715

Number of senior civil servants or equivalent by pay band at 31 March 2023
(audited)

Senior staff by pay band	31 March 2023	31 March 2022
Pay band 3	0	0
Pay band 2	2	2
Pay band 1	5	6

The remuneration and emoluments of the Management Board are set out in the Remuneration Report on pages 36 to 45.

Reporting of Civil Service and other compensation schemes, exit packages (audited)

During the year no employees have left APHA under early release schemes, (2021/22: Nil).

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 2022/23 (2021/22: Nil).

Staff turnover

The staff turnover percentage for APHA is 10.79%. The reasons for leaving are shown below.

Reason for leaving	Number of staff
Retirement	63
Death in service	3
Resignation	209
End of casual, period, conditional or provisional appointment or end of contract by mutual consent	28
Dismissal	4
Transfer to non-civil service public sector	15
Other cause of leaving (includes discharged probation and other)	1

Equal Opportunities and Corporate Social Responsibility

As part of the Defra People Strategy, APHA aims to:

- 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, we have 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.

The Civil Service conducts a people survey each year. The survey looks at civil servants' views and experience of working in government departments. APHA participates in the annual Civil Service People Survey.

In 2022, we received 1,412 responses and the staff engagement score was 55% (2021: 58%). In response, each APHA Director continues to lead on a theme in our People Plan to consider areas of improvement and work towards making APHA a great place to work. The themes include: Leadership and Line Management, Culture & Engagement, Recognition & Reward, Recruitment & Retention, Equality, Diversity & Inclusion, Development & Growth. This is complemented by local action plans in response to team results.

Further information on APHA results is available in table 3 of the benchmark scores document on [GOV.UK](https://www.gov.uk).

Gender split 31 March 2023	Female	Male
Directors	4	3
Senior managers	114	116
Other staff	1,731	1,129

Gender split 31 March 2022	Female	Male
Directors	6	2
Senior managers	117	119
Other staff	1,599	1,048

The tables above exclude temporary APHA staff and agency staff.

APHA participates 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, we have a mandatory e-learning course on unconscious bias for all employees who recruit, interview and manage the performance of others. The aim of the training is to raise awareness and support all our employees in becoming diversity confident.

We actively considers temporary and permanent reasonable adjustments to enable every employee 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.

Wellbeing support and advisory services are available through our contracted Employee Assistance Programme, or our internal Wellbeing Advisor. Training offering guidance on personal resilience and managing stress is available, and more mental health first aiders have been trained across APHA, supported by Well-being Champions.

Sickness absence data	2022/23	2021/22
Number of sick days	13,361	13,178
Number of staff	2,850	2,583
Average days lost per employee	4.69	5.10

The table above excludes temporary APHA staff and temporary 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 the number of trade union (TU) officials in APHA and facility time used by this group during 2022/23.

- Twelve (11.2 FTE) employees were TU representatives (2021/22: 15 (14.2 FTE)). Of these, 12 employees (2021/22: 15) spent up to 50% of their working hours on facility time.
- The total cost of the facility time was £43,713 (2021/22: £54,247) which is 0.03 percent (2021/22: 0.05 %) of the total pay bill. The total pay bill cost was £129,287k (2021/22: £112,888k).

Review of tax arrangements 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 2023, earning £245 per day or greater

Number of existing engagements as of 31 March 2023	100
Of which:	
Number that have existed for less than one year at the time of reporting	91
Number that have existed for between one and two years at the time of reporting	9
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 2023 earning £245 per day or greater

Number of off-payroll workers engaged during the year ended 31 March 2023	99
Of which:	
Not subject to off-payroll legislation	99
Subject to off-payroll legislation and determined as in-scope of IR35	0
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	0
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	0
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 2022 and 31 March 2023

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.	15

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.

The plants, variety and seeds (PVS) fees have been uplifted from January 2023 and the following Statutory Instruments have been introduced in 2022/23:

- 2022/836 - The Plant Health etc (Miscellaneous Fees) (Amendment) (England) Regulations 2022 - coming into force on 22 July 2022.
- 2022/1121 - The Animal Health (Poultry Compartments, Approved Disinfectants and Animal Gatherings) (Fees) (England) (Amendment) Order 2022 - coming into force on 1 December 2022.

The devolved administrations have brought in legislation at the same time to introduce the new fees for the schemes that impact them.

Plant health fees have historically been uplifted annually to retain Full Cost Recovery. However, since EU Exit, there has been a delay in uplifting existing fees, and this has led to the plant health schemes no longer fully recovery all costs. There are discussions with Defra to update legislation with the new fees in due course.

Fees for plant varieties and seeds have been uplifted in the financial year and are at Full Cost Recovery. We are therefore progressing with our programme of uplifting existing fees relating to animal health services. We are also looking at options to extend animal health charging into other statutory areas, subject to consultation.

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

Legislation	Total income received	Total expenditure
	£000	£000
The Plant Health etc. (Fees) (England) Regulations 2019	9,094	10,103
Animal Health Regulations 2013 (2018 Amendments)	1,687	2,993
National Listing (NL)/Plant Breeders Rights (PBR)	1,622	1,650
The Seed Marketing Regulations 2011 (England & Wales)	1,551	1,578
The Disease of Animals (Approved Disinfectants) 2011 (2022 Amendments)	266	319
The Animal By-Products and Pet Passport Regulations 2018	217	344
The Ivory Prohibitions (Exemptions) Regulations 2022	170	398
The Animal Gatherings Order 2018 (2022 Amendments)	65	92
The Poultry Compartments Order 2010	24	24
Wildlife and Countryside Act 1982	8	18
Welfare of Animals at The Time of Killing Regulation 2015	8	11
Total	14,712	17,530

Remote contingent liabilities (audited)

APHA does not have any remote Contingent Liabilities as at 31 March 2023; this was the same as at 31 March 2022.

Losses and special payments (audited)

For 2022/23, we can report that there were no losses or special payments which exceeded £300k (2021/22: Nil).

David Holdsworth

APHA Chief Executive and Accounting Officer

17 July 2023

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 2023 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 2023;
- 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 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 2023 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 and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

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

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

Conclusions relating to going concern

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

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

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this 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 requires 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 and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

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

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 Reports.

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

- Adequate accounting records have not been kept 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
- I have not received all of the information and explanations I require for my audit; 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Animal and Plant Health Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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 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, I:

- considered 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.
- inquired 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 on:
 - identifying, evaluating and complying with laws and regulations
 - detecting and responding to the risks of 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.
- inquired of management, Animal and Plant Health Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Animal and Plant Health Agency's framework of authority and other legal and regulatory frameworks in which the Animal and Plant Health Agency operates. I focused 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, pensions and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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 expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 17 July 2023

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 2023

		2022/23	2021/22
	Note	£000	£000
Revenue from contracts with customers	4	(81,033)	(71,939)
Other operating income	4	(123)	(152)
Total operating income		(81,156)	(72,091)
Staff costs	3	144,661	119,058
Total staff costs		144,661	119,058
Other operating costs			
Official veterinarian costs	3	48,630	33,589
Operating costs	3	105,273	67,983
Non-cash costs	3	86,478	93,315
Total non-staff costs		240,381	194,887
Total operating expenditure		385,042	313,945
Total net expenditure		303,886	241,854
Other comprehensive expenditure			
Net loss / (gain) on revaluation of property, plant and equipment	5	(21,675)	(18,292)
Net loss / (gain) on revaluation of intangibles	6	(929)	790
Total comprehensive net expenditure for the year ended 31 March 2023		281,282	224,352

All expenditure is derived from continuing operations.

The notes on pages 67 to 91 form part of these financial statements.

Statement of financial position as at 31 March 2023

		31 March 2023	31 March 2022
	Note	£000	£000
Non current assets			
Property, plant and equipment	5.1	268,512	248,458
Right of Use assets	5.1	949	
Intangible assets	6	45,251	40,899
Total non current assets		314,712	289,357
Current assets			
Inventories	8	5,081	5,364
Trade receivables and other current assets	9	28,110	20,939
Cash and cash equivalents	10	25,485	1,114
Total current assets		58,676	27,417
Total assets		373,388	316,774
Current liabilities			
Trade payables and other liabilities	11	(42,801)	(38,971)
Lease liabilities	5.2	(322)	-
Total current liabilities		(43,123)	(38,971)
Total assets less current liabilities		330,265	277,803
Non-current liabilities			
Lease liabilities	5.2	(809)	-
Total non-current liabilities		(809)	-
Assets less liabilities		329,456	277,803
Taxpayers' equity			
General fund		198,195	163,235
Revaluation reserve		131,261	114,568
Total taxpayers' equity		329,456	277,803

The notes on pages 67 to 91 form part of these financial statements.

David Holdsworth

APHA Chief Executive and Accounting Officer

17 July 2023

Statement of cash flows for the year ended 31 March 2023

	2022/23	2021/22
	£000	£000
Cash flows from operating activities		
Net operating income / (expenditure)	(303,886)	(241,854)
Adjustments for non-cash transactions	86,478	93,164
(Increase) / decrease in trade and other receivables	(7,171)	8,498
(Increase) / decrease in inventories	282	(254)
Increase / (decrease) in trade payables	3,830	14,674
Net cash outflow from operating activities	(220,467)	(125,772)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,289)	(1,704)
Purchase of intangible assets	(657)	-
Proceeds from the disposal of non-current assets	52	60
Net cash outflow from investing activities	(3,894)	(1,644)
Cash flows from financing activities		
Net cash requirement received from Defra	248,860	127,000
Capital element of payment in respect of finance leases	(128)	-
Net cash outflow from financing activities	248,732	127,000
Change in cash and cash equivalents		
Cash and cash equivalents at 1 April	1,114	1,530
(Decrease) / Increase in cash	24,371	(416)
Cash and cash equivalents at 31 March	25,485	1,114

The notes on pages 67 to 91 form part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2023

		General fund	Revaluation reserve	Total Reserves
	Note	£000	£000	£000
Balance at 1 April 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
Transfers between reserves		5,911	(5,911)	-
Non-cash charges - notional charges	3	70,618	-	70,618
Non-cash adjustments		13,457	-	13,457
Net expenditure for the year		(303,886)	-	(303,886)
Net gain/(loss) on revaluation of property, plant and equipment	5	-	21,675	21,675
Net gain/(loss) on revaluation of intangible assets	6	-	929	929
Parliamentary funding received from Defra		248,860	-	248,860
Balance at 31 March 2023		198,195	131,261	329,456

The notes on pages 67 to 91 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 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies in the EfreM 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.

In common with other government executive agencies, the future funding for APHA liabilities will come from Defra and other external income. Defra confirms funding on an annual basis and there is no reason to believe that future approvals will not be made.

APHA expects to be able to continue to provide services within the constraints of the funding envelope provided and have therefore prepared these financial statements on a going concern basis.

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 1.8.2. 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 2023 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 2 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 on 31 March 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 2 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 depreciation 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 and APHA as a Lessee

APHA has implemented IFRS 16 with effect from 1 April 2022, using the adaptations and interpretations set out by HM Treasury in the 2022-2023 Financial Reporting Manual (FReM). As mandated by the FReM a cumulative catch-up basis has been used and prior year comparatives have not been restated.

For lessees, this transition has removed the separation between operating and finance leases, instead recognising leases in scope of IFRS 16 on the Statement of Financial Position as right of use assets and corresponding lease liabilities. Liabilities have been calculated using the present value of outstanding payments due at 1 April 2022 and the opening cost of the right of use assets is calculated to equal lease liabilities, adjusted for any lease prepayments or accruals that existed immediately prior to 1 April 2022.

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 HM Treasury guidance on the application of IFRS 16 Leases states this should not form part of the initial measurement of the right of use asset.

APHA has leases for vehicles, with them being treated as ROU assets except those which are short-term (less than 12 months), which will continue to be treated as expenses on a straight-line basis in the Statement of Comprehensive Net Expenditure for the duration of the lease term.

The weighted average borrowing rate for the leased vehicles is 4.64% as of 31 March 2023. This is calculated using the rate of interest explicated in the Group Fleet contract each quarter.

As the life of vehicles leases is short, cost is used as an appropriate proxy for subsequent measurement of the ROU asset.

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.

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 2023/24; and a standard 2% of anticipated export sales values for 2023/24 (the latter to recognise the additional challenges of collecting foreign debt where there is no legal redress). The impact of credit loss provision is not considered material.

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 2023, 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 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 2022/23

Region/sector	Total expenditure	Total income	Net expenditure
	£000	£000	£000
Service Delivery Directorate	222,414	(56,177)	166,237
Science Directorate	66,330	(24,856)	41,474
Veterinary Directorate	6,948	-	6,948
Corporate centre, notional charges, depreciation and amortisation	95,693	-	95,693
	391,385	(81,033)	310,352
Apprenticeship levy training / (grant income)	123	(123)	-
Revaluation deficits / (surpluses) not covered by previous revaluation surpluses and increases in provisions	(6,463)	-	(6,463)
Totals	385,045	(81,156)	303,889

The table summarises the management accounts prepared by APHA during the course of 2022/23 and is split in terms of operations.

- a. 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. APHA had no interest revenue or expense.
- c. 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 2021/22

Region/sector	Total expenditure	Total income	Net expenditure
	£000	£000	£000
Service Delivery 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

3. Operating Costs

	2022/23	2021/22
	£000	£000
Staff costs		
Wages and salaries	97,126	83,366
Social security costs	10,675	8,835
Pension costs	24,179	21,368
Agency staff costs	12,968	5,932
Less recoveries in respect of outward secondments	(287)	(443)
Total staff costs	144,661	119,058
Official veterinarian costs		
Official veterinarian costs	48,630	33,589
Total official veterinarian costs	48,630	33,589
Operating costs		
Outsource laboratory and technical services	54,417	27,339
Veterinary and laboratory costs	19,848	19,187
Programme service delivery costs	8,495	7,402
Estates and accommodation costs	6,223	4,291
Travel and subsistence	6,388	3,310
IT costs	6,722	2,316
Training and apprenticeship levy training	1,344	1,857
Service level agreements	1,836	1,597
Rentals under operating leases		684
Total other operating costs	105,273	67,983
Non-cash costs		
Defra notional charges	70,618	66,839
Depreciation and amortisation	21,200	17,824
Revaluation deficits / (surpluses) and impairments	(5,298)	8,453
(Profit) / loss on disposal of fixed assets	(42)	199
Total non-cash costs	86,478	93,315
Total non-staff costs	240,381	194,887

For more detailed disclosures regarding staff costs, see the staff report on page 46.

The increase in Operating Costs in 2022/23 reflect the impact of avian influenza outbreak.

Official Veterinarian Costs

Official Veterinarians (OVs) are qualified veterinarians in private practice who undertake work on behalf of APHA.

Avian Influenza Outbreak Costs

Avian influenza outbreaks were confirmed at 224 premises (2021/22: 103 sites) in England, Wales and Scotland, with costs included in the operating expenses. The costs have increased in 2022/23 as there was a higher number of infected premises and they were larger in size on average.

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:

Defra overhead notional recharges	2022/23	2021/22
	£000	£000
Estates costs	39,210	32,591
Information technology services, staff and project costs	22,172	25,137
Shared services including payroll and financial costs	2,777	2,121
Finance service costs	2,166	2,030
Human resources services and staff costs	1,388	1,405
Commercial costs	1,028	1,020
Communications costs	905	828
Corporate strategy	411	1,136
Legal services costs	324	324
External audit fee	145	145
Defra investigation services costs	92	102
Total	70,618	66,839

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 external audit fee is the Comptroller and Auditor General fee of £145k for the audit of the 2022/23 financial statements (2021/22: £145k). No remuneration was paid to the auditors for non-audit work.

4. Income

4.1.1 Revenue from contracts with customers 2022/23

Analysis by customer	Service Delivery and EU Exit	Scientific Services	Total
	£000	£000	£000
Defra and Defra agencies	940	7,566	8,506
Devolved Administrations	40,253	3,113	43,366
Other government departments	392	2,193	2,585
Other non-commercial	199	459	658
Fees and charges	14,367	346	14,713
UK commercial and external	26	7,749	7,775
EU	-	1,001	1,001
Overseas commercial	-	2,429	2,429
Total	56,177	24,856	81,033

4.1.2 Revenue from contracts with customers 2021/22

Analysis by customer	Service Delivery	Scientific Services	Total
	£000	£000	£000
Defra and 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 and external	10	7,248	7,258
EU	2	987	989
Overseas commercial	-	2,753	2,753
Total	49,855	22,084	71,939

Income from the Devolved Administrations: Welsh Government £25,717k (2021/22: £22,583k) and Scottish Government £17,649k (2021/22: £13,811k).

Other operating income

Analysis by customer	2022/23	2021/22
	£000	£000
Grant income – apprenticeship levy	123	152
Total	123	152

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

Devolved Administrations

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

Other Non-Commercial

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

Fees and Charges

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

Project Income

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

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

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

5. Property, Plant and Equipment

2022/23	Land	Buildings	Scientific equipment	Office equipment and furniture	Plant	Right of use	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
1 April 2022	27,624	244,047	10,581	198	3,626		286,076
Opening Bal Adj *						549	549
Additions			2,521		768	710	3,999
Reclassifications			(46)		47		1
Transfers		3,700	59				3,759
Disposals		(356)	(644)		(12)		(1,012)
Impairment		5,298					5,298
Revaluation	681	20,129	1,117	2	161		22,090
31 March 2023	28,305	272,818	13,588	200	4,590	1,259	320,760
Depreciation							
1 April 2022	-	(28,566)	(5,871)	(167)	(3,014)		(37,618)
Charged		(13,048)	(796)	(3)	(112)	(310)	(14,269)
Transfers							-
Disposals		348	642		12		1,002
Impairment							-
Revaluation			(377)	(1)	(37)		(415)
31 March 2023	-	(41,266)	(6,402)	(171)	(3,151)	(310)	(51,300)
Net Book Value							
31 March 2022	27,624	215,481	4,710	31	612	-	248,458
31 March 2023	28,305	231,552	7,186	29	1,439	949	269,460
Owned	28,305	231,552	7,186	29	1,439	-	268,511
Leased (ROU) *	-	-	-	-	-	949	949

* Right-of-use assets represent the leased cars recognised in accordance with IFRS16.

5.1 Land and Buildings

Montagu Evans undertook a desktop valuation of land and buildings during the year ended 31 March 2023. This resulted in Land and Buildings being valued at £259,857k (£28,305k for land plus £231,552k for buildings) at 31 March 2023, a net increase from 2021/22 of £16,752k. The net increase included £20,810k credited to the Revaluation Reserve (£681k plus £20,129k) and £5,298k credited to the SoCNE, £3,700k of capital expenditure was transferred from Defra, with a net loss on

disposal of £8k following the completion of 3 building demolitions at Weybridge. Depreciation was charged at £13,000k.

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 £2,300k to their value.

The £5,298k impairment relates to a £6,463k of upward valuations for a number of buildings that had historic impairments in prior years, and a £1,166k downward valuation as a result of impairments.

The £1,166k impairments is over 4 buildings that had additional capital expenditure in year that did not extend the useful economic life.

The £3,700k 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.

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, at which point APHA will enjoy the risks and rewards of their operation.

5.2 Right-of-use Assets

From 1 April 2022 APHA recognises the value of right of use assets in accordance with IFRS16. The liabilities of rental repayment and interest payable are recognised in SoFP.

As of 31 March 2023 the net book value of all the leased cars is £949k (2021/22: £Nil). Total Liabilities included in the SoFP is £1,131k (current liability £322k and non current liability £809k).

In consultation with DEFRA it has been decided that the value of the leased cars covered by IFRS16 are immaterial, therefore no further detailed disclosure is required.

2021/22	Land	Buildings	Scientific equipment	Office equipment and furniture	Plant & motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 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
At 31 March 2022	27,624	244,047	10,581	198	3,626	286,076
Depreciation						
At 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)
At 31 March 2022	-	(28,566)	(5,871)	(167)	(3,014)	(37,618)
Net Book Value						
At 31 March 2021	26,625	212,528	3,053	34	595	242,835
At 31 March 2022	27,624	215,481	4,710	31	612	248,458

6. Intangible Assets

2022/23	Software licences	IT software	Assets in the course of construction	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2022	1,285	129,466	-	130,751
Additions			657	657
Transfers		9,698		9,698
Revaluation	24	2,853		2,877
At 31 March 2023	1,309	142,017	657	143,983
Amortisation				
At 1 April 2022	(355)	(89,498)	-	(89,853)
Charged	(233)	(6,698)		(6,931)
Revaluation	(8)	(1,940)		(1,948)
At 31 March 2023	(596)	(98,136)	-	(98,732)
Net Book Value				
31 March 2022	930	39,968	-	40,898
31 March 2023	713	43,881	657	45,251

There are 5 material individual intangible assets:

1. The Business Reform Programme (BRP), which delivered the IT system known as Sam for 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 £4,894k, and is part of a group of interdependent assets whose useful economic lives are 3 years as at 31 March 2023.
2. Defra transferred £8,571k in year for completed work associated with the re-platform of the Sam application, in preparation for the next phase of the programme due to start in 2023/24 which will demonstrate enhanced user functionality.
3. The CITES online portal completed in 2022/23 with a transfer of cost £1,126k and will be depreciated straight line over 15 years. The system allows users to register items exempt from the prohibition on dealing in ivory for a fee and generates either a registration or exemption certificate dependant on the exemption.
4. 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 £10,009k with a useful economic life of 7 years as at 31 March 2023.

5. 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 £20,233k with a useful economic life of 8 years as at 31 March 2023.

Defra transferred IT assets under construction in 2022/23 of £657k (2021/22: Nil), which represents 5 applications under development, the largest of which (£401k), relates to avian influenza licensing.

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
Transfers	1,162	-	-	1,162
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)
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

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 2023	31 March 2022
	£000	£000
Finished goods	6,826	6,810
Raw materials and consumables	2,130	2,133
Impairment provision	(3,875)	(3,579)
Total	5,081	5,364

9. Trade Receivables and Other Current Assets

	31 March 2023	31 March 2022
	£000	£000
Trade receivables	11,026	6,652
Deposits and advances	584	344
Other receivables	1,665	279
Prepayments and accrued income	14,835	13,664
Total	28,110	20,939

10. Cash and Cash Equivalents

	31 March 2023	31 March 2022
Government Banking Services	£000	£000
Opening balance	1,114	1,530
Net cash inflow / (outflow)	24,371	(416)
Closing balance	25,485	1,114

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 2023	31 March 2022
Amounts falling due within on year	£000	£000
VAT payables, other taxation and social security	(1,128)	(2,168)
Trade payables	(9,933)	(3,704)
Other payables	(2,806)	(3,313)
Accrued expenditure	(26,410)	(27,213)
Contract liabilities	(2,524)	(2,573)
Total trade payables and other current liabilities	(42,801)	(38,971)
Lease liabilities	(322)	-
Total current liabilities	(43,123)	(38,971)
Amounts falling after more than one year		
Lease liabilities	(809)	
Trade payables and other liabilities	(43,932)	(38,971)

Lease liabilities are car lease repayments payable as of 31 March 2023 in relation to the right of use assets under IFRS 16. None of the liabilities is over 5 years as vehicle leases are generally for 4 years.

Included within liabilities, an opening balance adjustment of £492k as at 1 April 2022 has been made to reflect lease liabilities arising from first time application of IFRS16.

Included within other payables is £259k (2021/22: £942k) mainly due to the Consolidated Fund for EU receipts in relation to the avian influenza outbreaks in the previous year. This was repaid to HM Treasury in April 2023.

12. Capital Commitments

At 31 March 2023, APHA had £682k of equipment for the Weybridge and regional sites as capital commitments not otherwise included in these accounts. For 2021/22, APHA had £432k of equipment for the Weybridge site as capital commitments.

13. Other Financial Commitments

There are no financial commitments in excess of one year which require disclosure. Contracts held by defra, which benefit APHA, are included in the annual notional recharge of costs, but do not represent long term APHA commitments. (31 March 22: Nil - restated, following further consideration of contract liability).

14. Contingent Liabilities

There were no contingent liabilities as at 31 March 2023 (31 March 2022: £Nil). APHA has been issued with 2 Enforcement Letters from the Health and Safety Executive, on which the Agency is taking action. This may result in costs, but at this stage any potential costs are not quantifiable.

15. 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 2023, 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 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 the APHA Management Board members, other key managerial staff or other related parties undertook any material transactions with APHA during the period.

Ian Brown and Yvonne Spencer are married and both serve as Management Board members and sit on Directorate Leadership Team.

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. All interests declared are monitored by management and processes put in place to migrate any risks.

16. 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.

There are no events after the reporting date.