Veterinary Medicines Directorate

Veterinary Medicines Directorate Annual Report & Accounts

2024/25

THE VETERINARY MEDICINES DIRECTORATE IS AN EXECUTIVE AGENCY OF THE DEPARTMENT FOR ENVIRONMENT, FOOD & RURAL AFFAIRS

HC 992

Veterinary Medicines Directorate

Annual report and accounts 2024-2025

For the period 1 April 2024 to 31 March 2025

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Performance Report

This section of the report aims to help you understand the Veterinary Medicines Directorate. It describes the objectives, achievements and the key risks that we face in achieving our objectives during the year.

Foreword by Chief Executive

As I reflect on the past year, I am proud of the remarkable delivery across all areas of the VMD's remit. The progress we have made is a clear reflection of our core values—collaboration, respect, pragmatism, robustness, innovation, and excellence—and of the unwavering commitment and professionalism of my VMD colleagues.

A mini-powerhouse within government, the VMD continues to operate as a lean, efficient, and high-performing organisation. We embrace continuous improvement and innovation, and despite an increasingly complex and, at times, ambiguous environment, we have responded with agility and focus. I'm pleased to highlight several key areas where we have delivered significant impact:

- Developed and implemented new Statutory Instruments covering the Veterinary Medicines Regulations and Residues Surveillance, including updated fees to ensure ongoing cost recovery.
- Proactively addressed emerging issues such as vaccine availability and exotic disease incursions.
- Responded effectively to two National Audit Office reports, focusing on AMR risk and disease resilience.
- Maintained a strong focus on regulatory compliance, taking action to tackle the illegal use of veterinary medicines.
- Secured a landmark United Nations political declaration committing to ambitious, action-oriented steps to combat antimicrobial resistance globally.
- Published the UK's second National Action Plan on AMR, along with the annual VARSS report, which confirmed that UK antibiotic sales remain at low levels.
- Applied our scientific and technical expertise to support capacity-building efforts by international regulatory authorities.
- Embedded outcomes from our organisational design review, introducing incremental improvements that continue to strengthen the VMD as a great place to work.

Notably, an independent assessment of our scientific robustness awarded us the highest possible rating—an external validation of the quality and rigour that underpin all that we do.

Throughout the year, we remained steadfast in our commitment to the VMD's vision and mission. Looking ahead, we remain focused on delivering the Government's objectives, upholding the highest standards of animal health and welfare, and ensuring our continued contribution on the global stage.

Thank you to all my VMD colleagues and the Non-Executive Directors for your hard work and passion.

Statement by the Chair of the Management Board

The past year has been another challenging one for VMD, and I am proud of the way in which the whole team has worked together to drive improvements in critical work to support the security of the human food chain. A change of government always creates opportunities to challenge and re-evaluate our way of doing things and to focus on the multiplicity of ways in which the VMD's work supports the growth agenda and the drive to net zero.

I was particularly pleased to see the achievements made in slowing the development and spread of anti-microbial resistance, whilst recognising the scale of the increasing challenge, which is set out in the new National Action Plan, published in May 2024. For a small organisation, VMD is home to a wealth of specialist expertise, which once again has been called on to advise across a range of issues, including the ongoing challenges of zoonotic diseases; supply chain resilience; cross-border trade with EU countries, and updating the legislative framework regarding residues. This busy schedule has once again stretched the team's resources, and it is to their credit that such good performance has been achieved in the planned work programme-I would like to record my personal thanks to the executive and staff for their hard work and professionalism.

Following my review of governance last year, and despite a hiatus in recruitment, the Board has become more involved in supporting the organisation strategically, though more is planned in the year ahead. I would like to thank my Board colleagues for their support and wise advice, which will be needed even more in the year ahead as we help VMD to navigate the objectives set out by the Government-we look forward to providing support and challenge to our executive colleagues to optimise their performance in the coming year.

Alison J White
Chair of Management Board

Who we are

The Veterinary Medicines Directorate (VMD) is an executive agency of the Department for Environment, Food and Rural Affairs (Defra) and the UK Competent Authority for veterinary medicines regulation. Our objective is to ensure maximum availability of safe and effective medicines for prevention and treatment of diseases and improved welfare in all animal species. We also ensure that medicines pose the minimum possible risk to human health and the environment.

Our Vision

To ensure the responsible, safe and effective use of veterinary medicines.

Our Mission

To protect public health, animal health, the environment and promote animal welfare by assuring the safety, quality, and efficacy of veterinary medicines.

Our Values

We work in accordance with our values with the aim to foster a cohesive culture, improve decision-making, and enhance stakeholder trust.

Our relationship with Defra

The Defra strategy sets out a shared vision and a set of strategic objectives for the Defra group. It provides a clear vision, direction and shared framework of improving and protecting our environment by making our air purer, our water cleaner, our land greener and our food more sustainable. Actions to achieve the strategic objectives are described in more detail in Defra's Outcome Delivery Plan. Defra and VMD share the objective to protect public health and meet high standards of animal welfare.
We operate within an overall policy and financial framework determined by the Secretary of State for Defra, through the Parliamentary Under Secretary of State for Animal Welfare and Biosecurity. More information on our governance is set out in our Framework Document.

What we do

We are the regulatory and policy lead body responsible for issues concerning the authorisation, manufacture, supply, and use of veterinary medicines in the UK. Our goal is to protect public and animal health and the environment, and to promote animal welfare by assuring the safety, quality and effectiveness of veterinary medicines.

We are responsible for:

- making, updating and enforcing the Veterinary Medicines Regulations
- assessing applications for and granting marketing authorisations to enable companies to sell their veterinary medicines
- regulating how veterinary medicines are manufactured and distributed
- monitoring and acting on reports of adverse events from veterinary medicines
- testing for residues of veterinary medicines or illegal substances in animals and animal products.

We collaborate closely with veterinary professionals, the livestock industry and other public and private sector stakeholders to implement the UK Government's 20-year vision for antimicrobial resistance. We led on the veterinary side of the first 5-year national action plan (Tackling antimicrobial resistance 2019 to 2024) and have been leading in developing and implementing the next 5-year action plan (Confronting antimicrobial resistance 2024 to 2029).

We also leverage international collaboration opportunities in the post-EU landscape to advance global regulations and joint applications and have an active programme of supporting low and middle-income countries improve their regulation of veterinary medicines.

More details on our aims and responsibilities and information about our operating structure and governance are available on GOV.UK.

Our organisational structure

We are structured into four groups and two offices, each led by a member of the Executive Management Board (EMB).

In February, the CEO created a Senior Leadership Team (SLT) to support the EMB. The SLT is responsible for effectively implementing transformational change, fostering an inclusive culture, supporting integrated and efficient working to deliver VMD business optimally.

More details on our governance structure can be found in the Governance Statement on page 30.

Performance overview

The world that VMD operates in is fast-changing, especially regarding the multiple animal disease threats which once were unknown in the UK, and now require urgent action to bring new products to market which help to safeguard not only animal health, but also human health and the food chain. Despite continuing challenges of resourcing, both in staff and technology, VMD's professional and committed team continued to deliver not only vital regulatory functions but also to provide expert intervention and facilitation to underpin and support the Government's Growth strategy in such areas as supply chain resilience and cross border trade.

We substantially delivered our core regulatory services against published standards.

Performance report summary March 2025

	2024/25		2023/24		2022/23	
Activity	**Number**	**Average performance**	**Number**	**Average performance**	**Number**	**Average performance**
National Applications	2,824	96%	2,885	99%	2,796	100%
Other Applications	6,753	56%	5,560	80%	5,113	99%
European (NI) applications	610	100%	451	100%	376	100%
Public Assessment Reports	273	99%	186	100%	170	100%
Number of unreturned documents	6,281	96%	4,472	97%	4,293	98%
Products Defects received	73	100%	92	100%	61	100%
Adverse Event Reports and PSURs	5,395	89%	10,671	97%	10,065	100%
Import, Export and Batch Release Schemes	3,794	99%	3,781	99%	3,886	100%
Residues -Sample testing	30,845	94%	33,868	99%	32,544	99%
Inspections	630	100%	745	100%	707	99%

We continued to successfully contribute to the animal health-specific aspects of the cross-government 20-year AMR vision and 5-year action plan. The first five-year National Action Plan for antimicrobial resistance, 'Tackling antimicrobial resistance 2019 to 2024,' led to significant and positive action toward reducing the negative impact of AMR in the UK and globally. In 2024, we commenced the next 5-year National Action Plan, 'Confronting antimicrobial resistance 2024-2029', which builds on the achievements and lessons of the first. It includes outcomes and commitments that will make progress towards the 20-year vision for AMR to be contained, controlled and mitigated.

During the year, we laid and published the Veterinary Medicines Regulations (VMR) that set out the controls on the authorisation, manufacture, supply, possession, and administration of veterinary medicines and medicated feed. These controls are required to ensure the protection of animal health, public health, and the environment. The VMR also sets out the statutory fees associated with various regulatory services the VMD provides. The statutory fees and fee structure became effective on 17 May 2024. The Performance Analysis section provides more details about our performance.

Funding

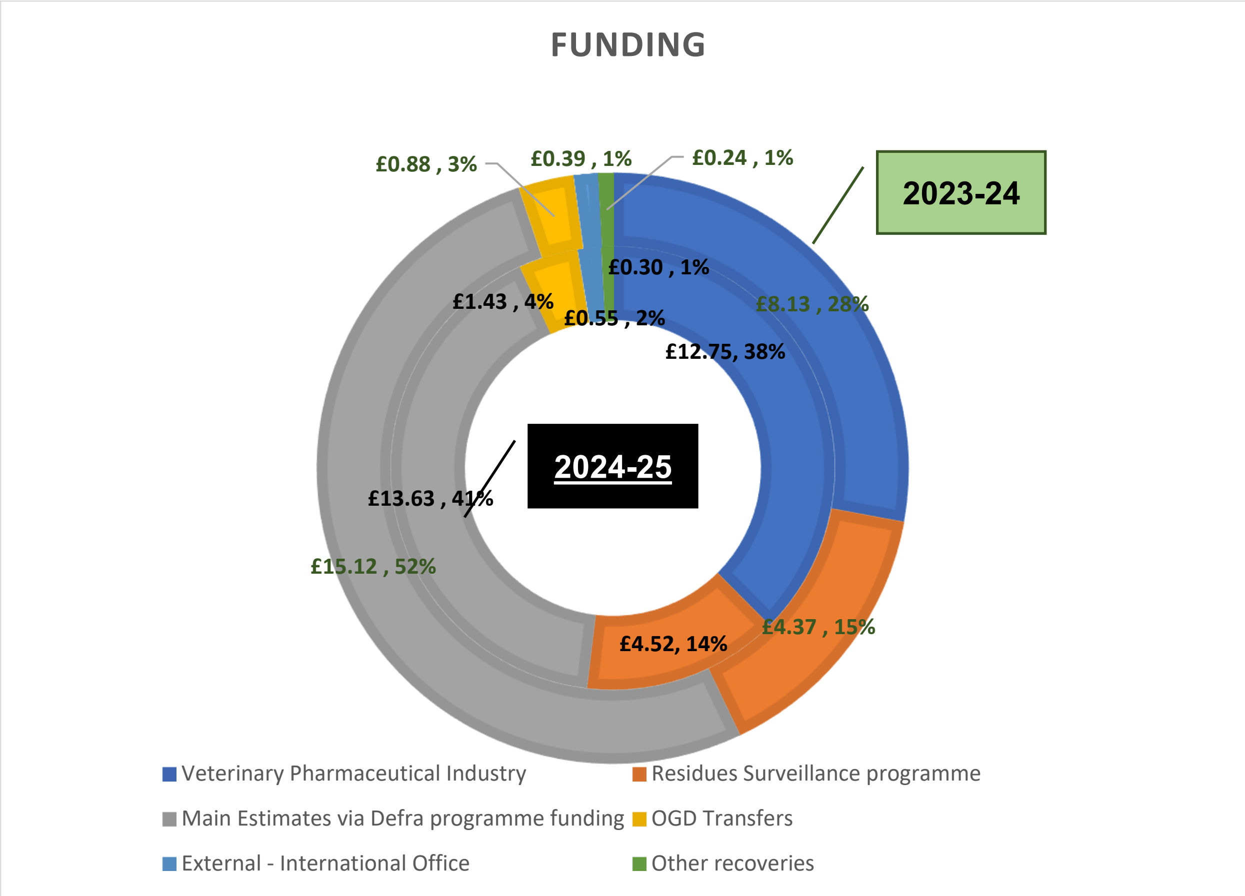
As part of the Main Estimate, we received a budget allocation of £13.6 million, of which £9.4 million is Resource Departmental Expenditure Limit (DEL) and £4.2 million is Capital Departmental Expenditure Limit (CDEL). The budget allocation represents the final year of the multi-year settlement from Spending Review 2021 (SR21) and incorporates £1.2m savings and efficiencies identified during the SR21 settlement. Our CDEL allocation includes £2.5 million for Digital Portfolio Prioritisation and £1.5 million for Science Research and Development (R&D).

Additionally, we received fees of £17.3 million through the provision of regulatory services to the Veterinary Pharmaceutical Industry and the Residues Surveillance programme. Our regulatory services include authorising veterinary medicines, inspecting the supply of veterinary medicines and veterinary surgeons, and analysing samples from food-producing animals.

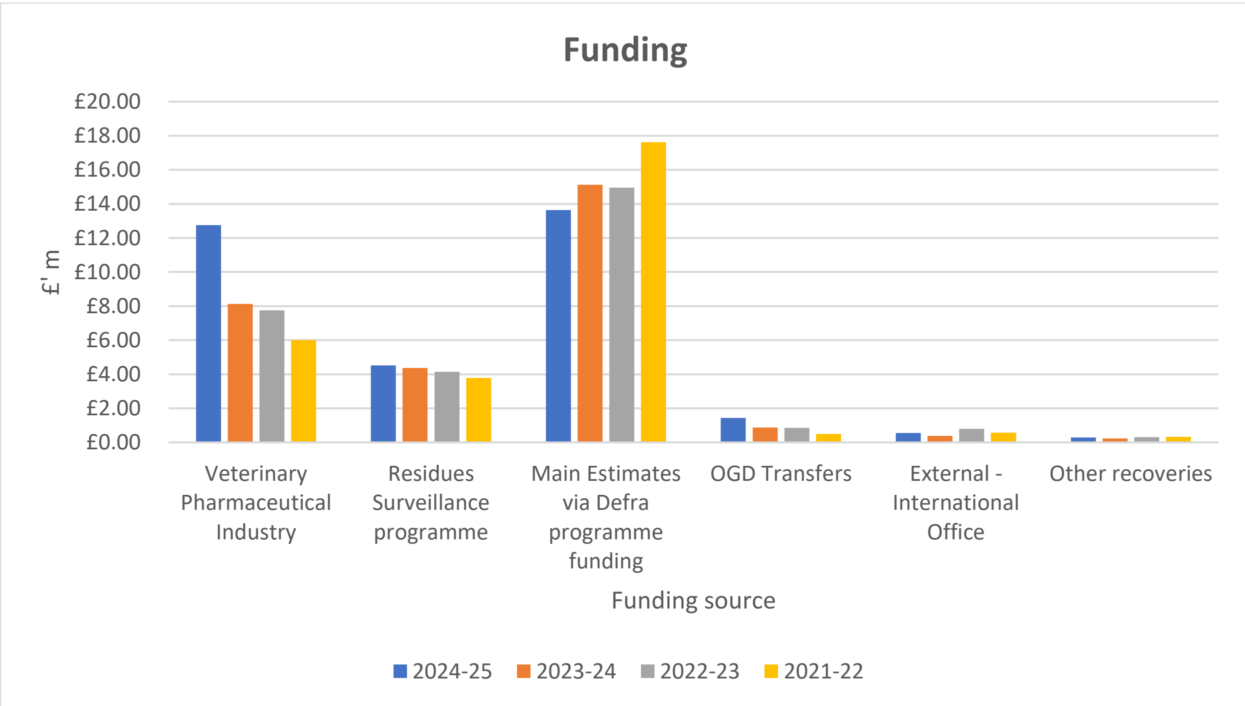
We also received income of £1.4 million from other government departments to support the delivery of Antimicrobial Resistance (AMR) Surveillance objectives and commitments under the AMR National Action Plan (NAP). Furthermore, we received £0.5 million for various projects related to our international activities to support low and middle-income countries in improving their regulation of veterinary medicines and £0.3 million for other costs recovered in respect of outward secondments and other services.

Details on the outturn for the year can be found in the Financial Outturn on page 23.

Funding chart



Funding source



Our objectives and key performance indicators

Objectives and key performance indicators	Progress
1. Our people To ensure we maintain a well-trained, motivated and content workforce that nurtures our diversity. **KPI:** Increase our Civil Service People Survey engagement score percentage from prior year	**Met:** A sustained focus on our people and managing the continual pressures from a challenging year meant that we still managed a 1% increase in the Civil Service People Survey engagement score to 64%
2. Policy making and delivery To ensure that the legislation underpinning our work and the GB and NI regulatory frameworks remains effective and fit for purpose. **KPI:** To participate in negotiations with the Commission and meet key milestones as determined by the Commission	**Met:** The amendments to the Veterinary Medicines Regulations in GB came into force on the 17 May 2024 and were implemented effectively. In relation to Northern Ireland, we have continued to meet the 3 monthly reporting cycle for veterinary medicines at risk of discontinuation in Northern Ireland.
3. Regulatory Service To deliver core regulatory services with overall performance against published standards at or above the effective level. **KPI:** Achieve above effective target	**Partially Met**: There were 37 measures defined within our published standards, and we achieved above the effective target on 31 measures. 28 were rated excellent, 3 effective and 6 ineffective. The Performance Analysis section provides further detail.
4. Global influence and recognition To support the capacity strengthening efforts of other international regulatory authorities. **KPI:** Complete deliverables as agreed with our funders	**Substantially met:** We successfully completed the deliverables agreed with our funders. The key highlights of these activities are detailed in the Performance Analysis section.
5. Business compliance a) To maintain full cost recovery for regulatory services. b) To maintain business certification against ISO 9001 and ISO 27001.	a) **Substantially Met:** We achieved 98% cost recovery for regulatory services. b) **Met:** ISO certification for both ISO 9001 and 27001 was maintained.

Outcome Key

- Met: 100%
- Substantially met: between 95% and 99%
- Partially met: between 75% and 94%
- Not met: less than 75%

Principal risks

Our principal risk is effectively delivering corporate priorities in an increasingly complex regulatory, operational, and technological landscape, underpinned by constrained resources and changes in priorities occasioned by a change of government.

During the year, we faced a number of interconnected risks that challenged our ability to deliver corporate priorities. These included ensuring the effective delivery of Antimicrobial Resistance (AMR) National Action Plan, the Windsor Framework and the ambiguity in addressing the marketing authorisation process between GB and NI, adapting to evolving regulatory requirements, and responding to pressures on the availability of vaccines for companion and livestock animals. We also continued to manage environmental concerns and the need to replace legacy IT systems. While we have taken steps to reduce these risks, including increasing collaboration, investing in capability, and progressing key programmes, their combined impact remains a key focus for us moving forward.

The Governance Statement in section 2.3 of this report provides further detail on the key risks and our approach to managing them.

Performance analysis

Regulatory activities

The Authorisation Group

This was another challenging year where resources lagged behind workload. Nevertheless, the team has delivered, helping to ensure the availability of veterinary medicines for animal health and welfare and, more widely, within the livestock sector, contributing to the growth of rural economies.

For much of the year, our performance in issuing authorisation documentation and validation was not where we wanted it to be. This was partly due to the increased complexities of managing procedures simultaneously between GB and the EU. The aim was to maintain common product labelling and facilitating access to medicines across the whole of the UK. Operating separate, although similar, regulatory jurisdictions in Northern Ireland and Great Britain are challenging, and we confirmed with Industry that maintenance of joint labelling was a priority for it. We reviewed responsibility levels and staff resources to continue to facilitate parallel procedures and improve performance against the issuing target. It is pleasing to note that following the actions taken, as from early March the issuing backlogs were cleared and likewise for validation from mid-March.

We delivered against majority of our other published standards. Performance against 19 of the key performance indicators were 100% compliant with the KPI; performance against 11 were measured between 95%-99%, four were between 85% and 94% with performance in relation to the Adverse Events Report (71%), Validation (37.5%) and Issuing (33.2%) falling below our expected minimum level of 85% completed within the stated timelines. This was further complicated by companies needing to comply with labelling requirements specified within EU Regulation 2019/6, which is relevant to Northern Ireland and consequently we received significant volumes of variations in NI and GB to maintain joint labelling across NI and GB.

The complexities of applications received have been challenging. Under European Procedures, they would have been submitted to the European Medicines Agency for the pan-EU expert Committee for Veterinary Medicinal Products (CVMP) to assess. For Great Britain, it was our responsibility to assess these. The quality and robustness of these assessments were recognised by the Government's independent advisory body, the Veterinary Products Committee (VPC). The VPC rated our assessments as substantial, the highest rating.

A notable success was addressing exotic disease incursion and working with Defra colleagues to plan our emergency response. Whilst not holding the Policy lead, our teams stood ready to assist in providing advice on potential vaccines with efforts culminating in the rapid review of data provided by manufacturers under the Emergency Use provisions of the Veterinary Medicines Regulations. Summaries were provided to the Secretary of State (SoS) and Chief Veterinary Officer (CVO) on which a decision was taken to allow the use of three vaccines under Emergency Use, consequently enabling three vaccines to be available to vaccinate against the third serotype of the bluetongue virus (BTV-3). This was all against the backdrop of continuing business as usual and contributing to the avian influenza incursion response.

There was a significant change to the pharmacovigilance regime as we moved to implement signal detection and manage the increased numbers of reports being received. Initial guidance was published and we then worked with the industry to update this guidance in light of experience to ensure that this new way of working was appropriately reflected. The Pharmacovigilance Team also faced a sustained media campaign protesting against two different, but related products.

On the subject of vaccines we hosted the second vaccine roundtable meeting. This was well received by the many stakeholders who participated, and the drive from the VMD in this area is helping to promote the issues around vaccine availability and the importance of vaccines in the management and control of disease.

Good progress has been made with the cross-government Pharmaceuticals in the Environment Group. We facilitated regular meetings throughout the year with the group, developing a roadmap and identifying further areas where research and development would help provide evidence to support policy.

Research and Development

Our research and development programme focused on priority areas of antimicrobial resistance (AMR), anthelmintic resistance (AR), and pharmaceuticals in the environment.

On AMR, we supported an ongoing PhD project utilising bioinformatics to understand AMR in healthy cattle. Additionally, we commissioned a multi-year project to establish a pilot surveillance programme for AMR in healthy cats and dogs to bridge this existing surveillance gap. We also continued to invest in a comprehensive research programme at the Animal and Plant Health Agency (APHA), reinforcing our AMR surveillance initiatives.

On AR, we commissioned research to better understand anthelmintic efficacy and management strategies for equine stud farms. We continued to support research on the current practices and attitudes around the use of equine anthelmintics and worked with the Controlling ANTiparasitic resistance in Equines Responsibly (CANTER) research subgroup to help identify and fill evidence gaps. We also supported a proof-of-concept project to explore the diagnostic laboratory set up of a low-resource method for the quantification of sheep nematode species.

To develop our understanding of the environmental fate and impact of pet parasiticide products and to support the proposed review of the associated Veterinary International Conference on Harmonisation (VICH) guideline, we commissioned a project to facilitate the development of an exposure model for the assessment of 'down-the-drain' veterinary medicines that could be suitable for use in a regulatory context.

The Inspection and Enforcement Group

We conducted 780 inspections of manufacturers, wholesale dealers, and retailers of veterinary medicines and 129 inspections of manufacturers and distributors of medicated animal feeds. This is slightly lower than the number of inspections conducted in 2023/24 due to staff changes within the team during the reporting period. However, we recently recruited two new inspectors who are being trained, beginning with inspections of Suitably Qualified Persons (SQP) retailers and vet practices. This will help us increase the number of inspections we can conduct in the future.

We helped colleagues in our International Office by delivering three training courses. Two are for wholesale qualified persons (WQPs), and one for veterinary dispensary managers. They all received positive feedback and will help improve compliance across the veterinary medicines sector.

We collaborated with UK regulatory partners, including the Medicines and Healthcare Regulatory Agency (MHRA) and the Royal College of Veterinary Surgeons (RCVS). This year, we agreed with MHRA that we would manage all companies wholesaling veterinary medicines, including their inspections. We continue to liaise with MHRA colleagues to ensure this does not result in unnecessary regulatory burdens on companies wholesaling both human and veterinary medicines. We also conducted three overseas good manufacturing practice (GMP) inspections with EU inspectors.

We achieved excellent feedback from our inspections. We issued a feedback form to every business we inspected and received 59 completed forms, giving an overall inspection rating of 4.95 out of 5. The return rate for these forms decreased this year, so we will look at how we can make it easier for stakeholders to provide this valuable feedback in the future.

We continued to work with a wide range of enforcement partners within the UK and globally to tackle the illegal use of veterinary medicines. In October and November 2024, inspectors from the Enforcement Section, with help from Border Force, seized multiple products marketed by a company offering budget equine ulcer medication shipped from a site in the Seychelles. Information received by the Enforcement Section led officers to an equine Facebook group where products were being illegally advertised, sold via a website and subsequently imported into the UK. In cooperation with officers from Border Force, over 13,000 unauthorised horse medicines were seized.

We removed more than 600 listings from online marketplace platforms this year for breaching the VMR. The breaches included supplying illegal medicines and supplying authorised medicines that the person was not authorised to supply or in a way that is not allowed.

We have continued to embed and promote our anonymous reporting platform and hotline phone number which we introduced in 2023/24. The reporting platform continues to be successful, with c.1500 reports received during the year.

The Surveillance Group

Antimicrobial Resistance

The UK's second National Action Plan (NAP) for AMR (2024 – 2029) was published in May 2024, after an extensive consultation with stakeholders, industry, researchers and experts. It builds on achievements and lessons learned from the first NAP and is a One

Health plan with collaboration across human health, animal health, food and environmental sectors.

The VMD's commitments under the NAP focus on ensuring reliable surveillance systems to detect AMR in animals, target interventions, and monitor progress, driving sustainable changes in agriculture to reduce the need for antibiotics, and ensuring good antibiotic stewardship in animals. During the year, the National Audit Office completed their investigation into how the UK government is addressing the risk of AMR, and published their report in February 2025. The report highlighted the importance of AMR and the threat it poses to human and animal health and evaluated the government's response (focusing on the 2019-24 NAP). The report recognised the significant achievement of the animal health sector in meeting its target of reducing antibiotic use in food-producing animals by 25% between 2016-2020, just one year later in 2021.

We published our annual Veterinary Antibiotic Resistance and Sales Surveillance report (VARSS-UK) in November 2024, showing that our national antibiotic sales figure remained low. This VARSS report also marked 10 years of collecting AMR data in the harmonised monitoring programme. We are now benefitting from this data by being able to look at long-term trends, carry out additional analysis, and observe the changes year-to-year.

While we have been conducting active AMR surveillance across pigs and poultry for many years, we have not yet conducted this surveillance across other major livestock species in the UK. However, under the Pathogen Surveillance in Agriculture, Food and Environment (PATH-SAFE) programme, we conducted AMR surveys to get some baseline data across sheep, beef, and bulk milk (as a measure of AMR in dairy cattle), and we included these results in this year's VARSS report.

We are working to improve our clinical surveillance data by capturing AMR results from clinical samples sent to private labs in our surveillance outputs. This work has been funded under the National Biosurveillance Network, and we have secured a further year's funding to continue this programme.

This has also been an important year for AMR internationally, and an opportunity to galvanise international action through the United Nation's High Level Meeting on AMR, which took place on 26th September. We sought a political declaration that incorporates ambitious and action focused commitments on AMR globally. In particular, we advocated for the importance of committing to action and using data to measure progress. We were pleased that the final adopted political declaration includes a robust mandate to allow the Quadripartite (Food and Agriculture Organisation, the United Nations Environment Programme, the World Health Organisation and the World Organisation for animal Health) to establish an Independent Panel for Evidence on AMR to provide guidance on science, data and evidence to inform global and national interventions and support progress on AMR. We have been taking steps since the declaration to support the establishment of this panel.

Residues Surveillance

The 2024/25 residues programme was successfully delivered. It involved the collecting and analysing over 30,000 samples of Products of Animal Origin (POAO). These samples were tested for residues of prohibited substances, veterinary medicines, contaminants, and pesticides. The programme achieved numerous positive outcomes, with a sample compliance rate of approximately 99.6%. Field operations colleagues thoroughly investigated all instances of non-compliance.

In addition to providing technical advice to Defra colleagues on live trade policy areas throughout the year, we conducted several impactful assessments for Defra's UK Office for Sanitary and Phytosanitary (SPS) and Trade Assurance. These assessments ensured the safety of produce imported into the UK, scrutinising the controls of existing and prospective UK trading partners. In March 2025, in collaboration with SPS and Fera Science colleagues, we conducted an ‘in country audit’ on European Union controls on veterinary residues. This high-profile audit yielded significant and positive outcomes.

The Policy Development and Delivery Office

In January we merged our legislation office with our Windsor Framework coordination team to create the Policy Development and Delivery office. The new office will coordinate our policy and legislation work plans for the whole of the UK, ensuring consistency in approach.

The Veterinary Medicines (Amendment etc.) Regulations 2024 came into force on 17 May 2024. This amendment changed the VMR in Great Britain to ensure the continued availability of safe and effective veterinary medicines in the UK.

The update to the VMR represented the most significant change to our legislation on veterinary medicines since 2013. It supports our stakeholders by removing unnecessary burdens while ensuring we have the oversight we need to protect our animals, public health and environment. The changes apply to businesses throughout the veterinary medicines supply chain, including pharmaceutical companies, distributors and prescribers.

The new Regulations include measures that help us build on our success in reducing unnecessary use of antibiotics in animals, which will help reduce the risk of developing and spreading antimicrobial resistance.

In relation to Northern Ireland, the team continued to work at pace in seeking a resolution concerning the availability of veterinary medicinal products in Northern Ireland. As part of the Windsor Framework Agreement, we met the September, January, and April Commission milestones. Regular meetings were held with stakeholders, and weekly, monthly, and quarterly meetings were held with Defra, the Windsor Framework Task Force, and the Department of Agriculture, Environment, and Rural Affairs (DAERA). We supported and attended the re-formed Ministerially Chaired Veterinary Medicines Working Group.

The International Office

We utilised our scientific and technical expertise to support other international regulatory authorities' capacity strengthening efforts by delivering a programme of activities primarily funded by external providers, e.g. the Bill and Melinda Gates Foundation, and UKAid funding, e.g. Fleming Fund. We completed the deliverables agreed upon with our funders. Key highlights of these activities include:

- Embarking on a new three-year programme, in collaboration with Galvmed and World Organisation for Animal Health (WOAH), to support regulatory harmonisation in East Africa. We supported regulators in Zambia, Uganda, Tanzania and Kenya to undertake a review of their regulatory functions utilising our Self-Assessment tool for national veterinary medicine regulators.
- Supporting regulators in Southern Africa to participate in the regional Zazibona+ initiative to collaborate on joint assessment of new products.
- Supporting PhD and MSc students at University of Zambia to generate new evidence on drivers of AMR in animal health sector, co-supervised by our technical specialists.
- Supporting The Brooke in developing online training for agrovets on managing medicines, and liaising with RCVS knowledge to update the training course we co-developed on ‘managing medicines’ for UK stakeholders.
- Delivering three national training events for UK stakeholders covering aspects of dispensary management and good practice for veterinary medicines wholesalers. These events received excellent feedback, with over 97% rating the training as meeting their expectations either very or extremely well and generated over £70,000 in income.
- Delivering our online e-learning courses on bioequivalence, surveillance of medicines residues in products of animal origin, and pharmacovigilance, to participants from 12 different regulatory authorities around the globe with a total of 152 learners and 606 hours of learning. 100% of participants in the new pharmacovigilance course would recommend the course to colleagues, and 100% of participants in the Bioequivalence course agreed or strongly agreed that the live sessions were well organised and engaging.
- Supporting a national event in Ghana, in collaboration with UN Food and Agriculture Organisation (FAO), to raise awareness of the impact of residues of veterinary medicines in products of animal origin.
- Supporting UN FAO in conducting a regional consultation on the draft regional guideline for surveillance of residues in food of animal origin and incorporating feedback into a revised version.
- Undertaking research on behalf of The European Commission for the Control of Foot-and-Mouth Disease (EuFMD) into the feasibility of a potential international scheme to pre-qualify veterinary medicines to enhance access to quality medicines. Conducting assessment of applications made to the EuFMD led initiative on pre-qualification of foot and mouth disease vaccines.
- Participating with our counterparts at APHA and the Centre for Environment, Fisheries and Aquaculture Science (Cefas) in the annual symposium for FAO AMR reference centres from around the globe.

Sustainability reporting

Our approach to sustainability is aligned with the Greening Government Commitments (GGC). The GGC set out the actions UK government departments and their partner organisations would take to reduce their impacts on the environment. This target framework is set for the period between April 2021 to March 2025. It includes reducing greenhouse gas emissions, waste generated and water consumption.

The data and associated costs presented in this section are consistent with the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting Guidance 2024/25.

Most of the areas covered by the GGC 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.

All these GGC are reported in the Defra Annual Report and Accounts. VMD does not hold any natural capital or landholdings. Our office building forms part of the Defra estate, and its maintenance and construction projects are procured and assessed by Defra.

Green Government Commitments targets and performance

We contribute towards the Defra Group GGC target. Our performance against the targets set at a departmental level are measured using 2017/18 as the baseline, to be met by end of March 2025 include:

Actions to reduce impact on the environment	Defra Target	VMD actual performance 2024/25
Reduce overall greenhouse gas emissions	50% overall emission reduction	33.0%
Reduce direct greenhouse gas emissions from estate and operations	15% direct emission reduction	11.0%
Car fleet to be Ultra Low Emissions Vehicle (ULEV)	25% by 31 December 2022	100% hybrid plug-ins
Car and Van fleet to be fully zero emissions	100% by 31 Dec 2027	N/A
Reduce emissions from domestic flights	At least 30% from baseline	91%

Reduce overall amount of waste generated	15% from baseline	63% reduction
Reduce the amount of waste going to landfill	Less than 5% of overall waste	0% of overall waste
Increase the proportion of waste recycled	At least 70% of overall waste	100% overall waste is energy recovery
Remove consumer single use plastic (CSUP)	Nil in the office	Nil in the office. Managed centrally by Defra
Measure and report food waste	By 2022	Managed by APHA
Reduce paper use	At least 50% from baseline	90%
Reduce water consumption	at least 8% from baseline	54.6%

Sustainability Data

Defra's Built Environment Sustainability Team (BEST) provides us with quarterly figures on each of the following categories.

Our baseline figures are based on our usage during 2017/18. The costs for our energy, water, and waste management and disposal are part of the overall Defra Corporate Recharge.

As of 31 March 2025, our full-time equivalent was 175.4 and our building's floor space was 4,320m^2 across 3 floors.

Climate change: working towards Net Zero by 2050 (tonnes CO_2)

We have reduced our overall CO_2 emissions by 33% to 121.7 tonnes compared to our baseline. The main direct impact is our electricity and gas consumption. Normally significant changes to consumption cannot be made without capital investment, for example to introduce more energy efficient heat sources.

Greenhouse gas emissions	Baseline	2024/25	2023/24	2022/23	2021/22	2020/21
Scope 1: Direct emissions	67.6	60.3	60.4	60.4	66.6	16.1
Scope 2: energy indirect emissions	95.5	55.0	52.1	48.1	47.5	54.2
Scope 3: official business travel emissions	8.9	6.4	5.9	5.5	4.9	4.9
Total emissions	**172**	**121.7**	**118.4**	**114**	**119**	**75.2**

Travel: Flights emissions (tonnes CO_2)

Flights	Baseline	2024/25	2023/24	2022/23	2021/22	2020/21
Carbon from UK flights	3.3	0.3	0.6	0.7	0.4	not recorded
Carbon from international flights	Not captured	238.0	149.64	68.4	0.88	not recorded

Domestic flight emissions

Class	2024/25		2023/24	
	Number of flights	Total distance in km	Number of flights	Total distance in km
Economy	3	3,116	10	5,145
Premium economy			-	-
Business			-	-
First			-	-

Short haul flights

Class	2024/25		2023/24	
	Number of flights	Total distance in km	Number of flights	Total distance in km
Economy	91	84,071	74	80,642
Premium economy	-	-	6	18,208
Business	-	-	-	-
First	-	-	-	-

Long haul flights

Class	2024/25		2023/24	
	Number of flights	Total distance in km	Number of flights	Total distance in km
Economy	-	-	-	-
Premium economy	-	-	-	-
Business	90	652,602	58	455,294
First	-	-	-	-

All our UK travel, except for necessary travel to Northern Ireland and Scotland, is by rail or road and many of our meetings are carried out online.

All our fleet cars are now hybrid plug-in powered and are ultra-low emission vehicles.

Our total expenditure on business travel including flights, public transport, taxis, car hire, parking, and travel insurance for 2024/25 is £304k (2023/24: £269k).

Waste management

Waste (tonnes)	Baseline	2024/25	2023/24	2022/23	2021/22	2020/21
Incinerated with energy recovery	10.1	3.7	5.6	7.1	3.4	2.6
Recycled or reused	-	-	-			
Composted	-	-	-			
Total waste recovered or reused	**10.1**	**3.7**	**5.6**	**7.1**	**3.4**	**2.6**
Incinerated without energy recovery	-	-	-	-	-	-
Landfilled	-	-	-	-	-	-
Total waste not recovered or reused	-	-	-	-	-	-
Total waste (tonnes)	**10.1**	**3.7**	**5.6**	**7.1**	**3.4**	**2.6**
Percentage recovered or reused		**100%**	**100%**			

We have reduced waste by 63% compared to our baseline. Our main waste is paper and other office related materials. Our building is located on a shared Defra site in Weybridge and all our waste is recycle

d through an energy recovery incineration system.

Energy consumption (1000 kWh)

Energy	Baseline	2024/25	2023/24	2022/23	2021/22	2020/21
Electricity	271.7	266.0	251.5	248.5	223.9	212
Gas	36.7	32.9	33.2	33.1	29.6	27.9

Our total expenditure on energy is £31.1k (2023/24: £33.5k)

Water (m^3)

Water Consumption	Baseline	2024/25	2023/24	2022/23	2021/22	2020/21
Scope 2: Water consumption	811	415	415	352	248	84

Our total expenditure on water is £1.1k (2023/24: £3.1k)

We have reduced our water consumption by 54.6% compared to our baseline.

Paper use (reams)

Paper use	Baseline	2024/25	2023/24	2022/23	2021/22	2020/21
A4 paper reams	695	69	110	200	75	Not recorded
Notebooks	-	90	71	140	36	No recorded

Car / Van fleet

Car/Van fleet	2024/25		2023/24	
	Total cars	Total Vans	Total cars	Total Vans
Lease cars/vans and long-term hire cars/vans	8	-	7	-
Number of ULEVs	8	-	7	-
Number of Electric vehicle (EV)	-	-	-	-

Procuring sustainable products and services

Our procurement decisions include sustainability considerations and, where possible, we select suppliers and award contracts in line with our sustainability commitments.

For services and supplies to the property, including facilities maintenance and refurbishment, they are procured and delivered by Defra Estates and the Facilities Management Contractor who carry out appropriate sustainability assessments.

The only single use plastics we purchase are to enable the safe and secure collection of animal tissue and fluid samples for our residues surveillance work. These are made from recycled materials, where possible, and include vials, pots, and bags. We review available alternatives to plastic as part of our annual procurement process.

Weybridge Campus

The Science Capability in Animal Health (SCAH) Programme now called National Biosecurity Centre is a major government initiative aimed at securing the future of the Weybridge Science Campus through a systematic redevelopment of the site. Since we are located on the Weybridge campus, any changes to security protocols will impact the VMD. However, the planned construction do not directly affect the VMD building.

Taskforce on Climate-related Financial Disclosure (TCFD)

As an Executive Agency within the Defra group, we are within the scope to apply the TCFD guidance and recommendations, which set out how organisations across sectors and geographies can assess and disclose their Governance, Strategy, Risk Management, Metrics, and Targets related to climate change. However, we fall below the required threshold within the application guidance for these disclosures, and Defra has not instructed us to follow the guidance. VMD has not applied TCFD. Our report on performance against the Greening Government Commitments is reported above.

Financial outturn

We successfully met our statutory obligations and corporate priorities within the budget allocated from the main estimates and fees received from the Veterinary Pharmaceutical Industry and the Residues Surveillance Programme, as set out in Schedule 7 of the GB Veterinary Medicines Regulations 2013 (as amended) and the charges for Residues Surveillance (Amendment) (England) Regulations 2024.

This year's gross expenditure is £31.3 million (2023/24: £29.1 million). The total operating expenditure is £28.7 million (2023/24: £27.4 million), funded by operating income of £19.5 million (2023/24 £14.0 million). This results in a comprehensive net expenditure of £9.1 million (2023/24: 13.4 million), funded by our delegated budget within the Main Estimate budgetary control totals and ring-fenced allocations.

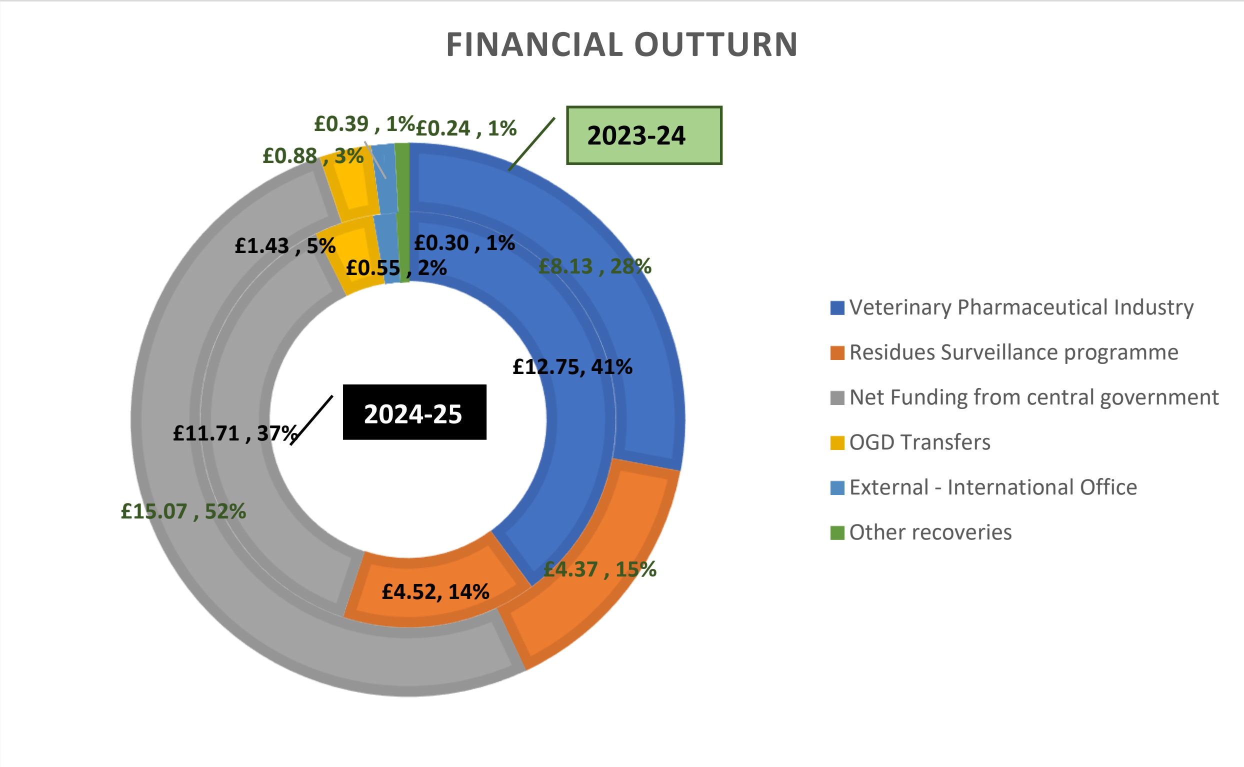
We utilised £15.6 million (2023/24: £15.2 million) for activities related to policy, enforcement, AMR programmes, international capacity building, business support, IT operations, and support and maintenance. This includes £4.1 million (2023/24: £3.0 million) on professional programme and technical services for contracted out work required for digital services, £4.3 million (2023/24: £4.0 million) on purchased services for Statutory Residues Surveillance and £1.1 million (2023/24: £0.8 million) on funding R&D to facilitate our mission to protect public health, animal health, the environment and promote animal welfare. Additionally, we allocated £2.2 million (2023/24: £3.7 million) for non-cash and notional recharges.

We spent £2.3 million (2023/24: £1.5 million) on developing digital services for customers and data management. These costs are capitalised and recorded within intangible assets.

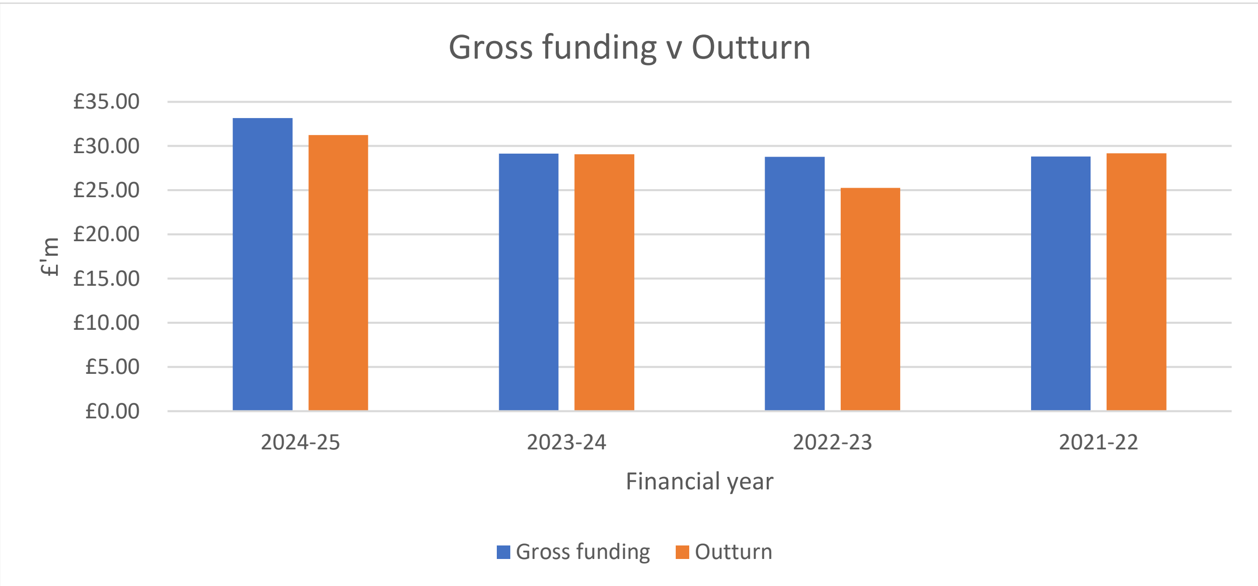
The average full-time cost equivalent of the workforce during the year is 191.5 (2023/24: 185.4), with a total cost of £13.1 million (2023/24: £12.2 million). The increase in cost is mostly due to increased employer and overtime cost. The Staff Report provides more details on staff costs.

The income received from the Veterinary Pharmaceutical Industry through fees and charges increased by £4.6 million (2023/24: £0.4 million) mainly due to updates to Schedule 7 of the GB Veterinary Medicines Regulations 2013 (as amended) relating to fees and the increased number of applications received from the industry as companies seek to introduce EU labelling and legislative requirements in Northern Ireland and consequently to GB to retain common labelling across the UK. The total cost allocated to delivering our regulatory services to the Veterinary Pharmaceutical Industry is £12.8 million (2023/24: £8.1 million), while the Residues Surveillance programme cost is £4.5 million (2023/24 £4.4 million). These charges cover the costs we incur in providing the services for authorising veterinary medicines, inspecting the supply of veterinary medicines and veterinary surgeons, and analysing samples from food-producing animals.

Financial outturn



Gross funding and outturn



Financial position

Non-current assets increased by £1.5 million in the year. The addition includes £2.3 million for the development of digital services categorised as intangible assets, £0.4 million for the non-cash transfer of assets (temporary building and generator) through the General Fund, and £0.2 million for the right-of-use for lease cars. Offsetting these were £0.8 million of amortisation and £0.3 million of downward revaluation on the building. Trade and other receivables have increased by £0.9 million (2023/24: £0.4 million) mostly due to an increase in prepayments and late applications, and trade and other payables by £1.8 million (2023/24: £0.6 million) mostly due to increased accruals relating to AMR and digital service activities.

Cash flow

Cash and cash equivalents decreased to £3.4 million as of 31 March 2025 from £4.4 million on 31 March 2024, a decrease of £1.0 million. Our net cash drawdown was £7.3 million (2023/24: £12.8 million). The net cash requirement under the gross control funding arrangement was £8.4 million (2023/24: £11.1 million). We follow the principles of the Better Payment Practice Code in compliance with the Public Sector Payment Policy and paid 100% (2023/24: 100%) of undisputed invoices within 5 working days. We hold one bank account with the Government Banking Service (GBS), and nothing is held outside GBS.

Going concern

The financial statements are prepared on a going concern basis. In common with other agencies in the Defra Group, the future financing of our liabilities will be met by future supply of Grant in Aid and the application of future income from fees and charges, both approved annually by Parliament. Approval for the amount required for 2025/26 has already been given and there is no reason to believe that future approvals will not be forthcoming. We are responsible for enforcing the Veterinary Medicines Regulations 2013(as amended) and we continue to lead on activity across government on AMR in animal health.

The Management Board considered this at its January meeting and took the view that there is a reasonable certainty that we would continue to provide services as the policy lead body and regulator of all aspects of veterinary medicines in the UK.

Social and community issues

We are committed to fostering an inclusive culture and thriving workforce where all our staff are valued and empowered to optimise their performance at work. This maximises our potential to innovate, collaborate, and deliver excellent outcomes for taxpayers, who are one of the key stakeholders.

We are a part of the Defra group Equality Diversity and Inclusion (EDI) Roadmap for 2024 – 2026. This Roadmap emphasises, our commitment to integrating inclusion into all aspects of our operations. It is essential for achieving greater consistent experience and practice for all our people, thereby realising the benefits of a diverse and thriving workforce. The approach is data-driven, evidence-led, and delivery-focused through the analysis of insights gained from tools such as the People Survey results and the EDI quarterly report. The EDI Roadmap and the underpinning annual EDI delivery plan are committed to delivering four key objectives:

- Attract, empower and retain diverse talent
- Invest in our people to unlock the potential of diverse teams
- Foster a respectful and inclusive culture, where everyone can thrive; and
- Improve our understanding and the way we work with the communities we serve.

We have a Senior Leadership representative on the anti-racism board and are actively engaging in the launch of the Race Action Plan. This plan is specifically designed to improve outcomes for ethnic minority colleagues across Defra Group by establishing and strengthening structures that promote an inclusive culture.

Counter fraud, antibribery and anti-corruption matters

We adhere to the Defra Group policy in relation to counter fraud and its zero-tolerance approach to any instances of fraud, bribery and corruption, or other related illegal activities, including money laundering, terrorist financing and insider trading.

All staff must follow our Counter Fraud Response and Procedure plan, which the Audit and Risk Assurance Committee reviews annually. All suspected fraud, bribery, and corruption cases are thoroughly investigated and dealt with appropriately although there were no such cases in the past year.

Everyone is responsible for reporting suspected fraud, and staff are encouraged to report anyone they reasonably suspect of having committed fraud or malpractice. The Executive Management Board is particularly committed to ensuring staff feel empowered, supported and protected should they need to raise any areas of concern.

Our Fraud Risk Management Strategy is aligned to the Defra Group Counter Fraud Strategy and anti-bribery and corruption policy. These policies apply to all permanent or temporary staff and are regularly reviewed for relevance and clarity.

No instance of potential fraud, bribery, or corruption was identified in 2024/25 (2023/24: Nil).

Human rights disclosure

We have an obligation to ensure that all our actions respect the human rights of all staff and those we provide services to. During 2024/25 (2023/24: Nil), no litigation has been against us alleging a breach of the Human Rights Act 1998.

The year ahead

In the year ahead, we will build on the progress and lessons of the past year, with a continued focus on improving the availability and regulation of veterinary medicines across the UK.

For the Authorisation Group, sustaining the improved timeliness in issuing authorisations and validations will remain a key priority. We will work to maintain improved performance and support common labelling to ensure our approach to parallel GB and EU procedures supports medicine availability and regulatory clarity in both Great Britain and Northern Ireland. Our research and development programme will further prioritise critical areas including Antimicrobial Resistance (AMR), Antibiotic Resistance (AR), and pharmaceutical in the environment. We will initiate new projects in the use of Artificial Intelligence and environmental impacts of climate change. We will support new studies, develop regulatory tools, and provide evidence to inform policy and protect public and animal health.

The Inspection and Enforcement Group will expand inspection capacity with newly trained staff and increase efforts to tackle the illegal supply of medicines. Our enforcement team will maintain efforts to disrupt the illegal medicines trade, while refining intelligence-sharing mechanisms and supporting anonymous reporting to protect the integrity of the veterinary supply chain. We will also enhance our stakeholder engagement and feedback processes.

Surveillance activities will grow with expanded AMR monitoring across more livestock species and better use of clinical data. We will continue to publish robust data through our annual reporting and contribute to international AMR initiatives. Residues monitoring will remain a key area, with high levels of compliance and increased collaboration on trade-related food safety assessments.

On policy development and delivery, we will maintain UK-wide consistency through effective coordination under the Windsor Framework. We will continue to work with stakeholders to resolve issues around Northern Ireland supply continuity and maintain strong intergovernmental relations.

Internationally, we will strengthen global partnerships by expanding antimicrobial resistance research with the University of Zambia and supporting the University of Pretoria in launching a pioneering postgraduate programme in veterinary regulatory affairs. We will deliver further e-learning courses and training events and respond to demand for pharmacovigilance capacity-building through a regional training session. Our tools and research will be shared through peer-reviewed publications, and we will support new residues surveillance initiatives in West and Southern Africa.

Across all areas, we remain committed to continuous improvement, scientific excellence, and stakeholder collaboration, ensuring the UK veterinary regulatory system remains robust, responsive, and ready for future challenges.

Abigail Seager
Chief Executive
27 June 2025

Accountability Report

This section of the report provides the key accountability requirements to Parliament.

Corporate governance report

The Corporate Governance Report explains the composition and organisation of our governance structures and how they support the achievement of our strategic objectives.

Director's report

The Executive Team

Our Executive Team consists of the Chief Executive, the Deputy Chief Executive and Chief Operating Officer. They have the responsibility for planning, directing and controlling the activities of the VMD.

Position	Position holder
Chief Executive	Abigail Seager
Deputy Chief Executive	Gavin Hall
Chief Operating Officer	Mike Griffiths

The notice period for the Executive Team is 3 months.

The composition of the Management Board (including non-executive directors), which provides leadership for directing or controlling the major activities during the year is described within the Governance Statement in this report.

The Management Board members had no company directorships or other significant interests which conflicted with their management responsibilities in the financial year 2024/25.

Protecting personal data

There were no personal data-related incidents in 2024/25 reported to the Information Commissioner's Office (ICO).

Statement of Accounting Officer’s responsibilities

Under the Government Resources and Accounts Act 2000 HM Treasury has directed the VMD to prepare for each financial year a Statement of Accounts in the form 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 the VMD and of its income and expenditure, changes in taxpayers’ equity 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 (FReM) 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 FReM have been followed, and disclose and explain any material departures in the Accounts
- prepare the accounts 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 judgements required for determining that it is fair, balanced and understandable.

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

Preparation and audit of the accounts

The Accounts have been prepared under a direction issued on 14 December 2023 by HM Treasury under Section 7(2) of the Government Resources and Accounts Act 2000 and are audited by the Comptroller and Auditor General.

Our income and expenditure were monitored under a gross control total by HM Treasury and was also incorporated into the Defra Resource Accounting total.

As the Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that VMD’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

This governance statement sets out the governance, risk management and internal control arrangements for VMD and how its processes have evolved to deliver reasonable assurance in managing the actual, emerging and potential risks, issues or opportunities facing VMD.

The Accounting Officer is responsible for maintaining effective governance and a system of internal control that supports the achievement of VMD’s policies, aims and objectives, while safeguarding public funds and departmental assets. This is in accordance with the responsibilities assigned in the HM Treasury publication: Managing Public Money.

Assurance and audit findings in this governance statement confirm that we have complied with the governance arrangements effectively.

Governance framework

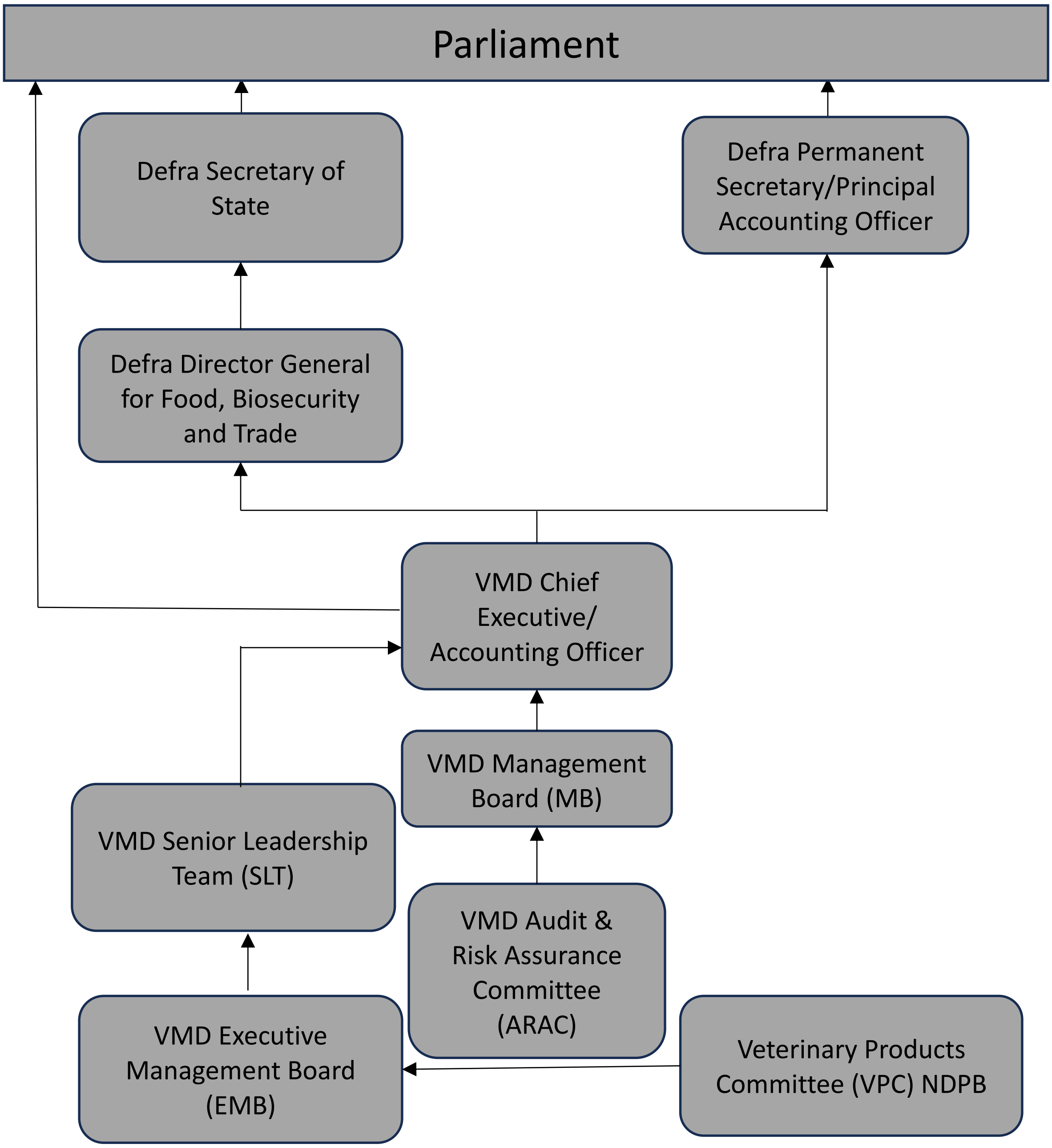
Defra’s Secretary of State is responsible for the VMD and is accountable for all matters concerning it in Parliament. This function can be delegated to the Parliamentary Under Secretary of State for Animal Welfare and Biosecurity.

Defra’s Permanent Secretary is the Principal Accounting Officer responsible for advising the Minister on an appropriate framework of objectives and targets for the VMD considering Defra’s wider strategic aims and priorities and on the appropriate budget considering Defra’s overall public expenditure priorities.

The Principal Accounting Officer designates the Chief Executive Officer (CEO) as the VMD's Accounting Officer. The CEO's responsibilities include safeguarding public funds, ensuring propriety, regularity, value for money, and feasibility in their management, and overseeing the day-to-day operations and management of the VMD. The CEO reports to the Director General for Food, Biosecurity, and Trade (DG FBT), who is the primary contact for the VMD and supports the Principal Accounting Officer's responsibilities towards the VMD.

These arrangements have been in place for 2024/25 and up to the date of signing of the accounts unless specified otherwise.

VMD Governance Structure



The VMD Management Board (MB) The role of the Management Board is to advise, guide and challenge VMD on strategy and performance, to deliver the priorities set by the Secretary of State for Defra. The MB provides advice to ensure effective arrangements are in place to provide assurance on risk management, governance and internal control and is collectively responsible for VMD's long-term success.

Minutes of MB meetings are published on GOV.UK.

Key business at MB in 2024/25 included:

- regular review of business performance and delivery against business priorities

- regular review of financial statements
- review of the learning and development strategy and workforce planning
- deep dive into hot topics that impact delivery of VMD's objectives such as Veterinary Practice Premises (VPP) inspections and AMR action plan.

The Audit and Risk Assurance Committee (ARAC) is a sub-committee of the MB. ARAC meets quarterly and provides advice on assurance and on the adequacy and effectiveness of VMD's governance and risk management arrangements. It also reviews VMD's approach to counter-fraud and whistleblowing and provides advice about compliance with current legislation, standards and best practices. The Committee considers reports from a number of senior staff, Defra's internal auditor (the Government Internal Audit Agency, GIAA) and the external auditor (the National Audit Office). Minutes of ARAC meetings are published on GOV.UK.

Key business at ARAC meetings in 2024/25 included:

- regular reviews of VMD's approach to risk management
- regular reviews of progress against the Government Internal Audit Agency (GIAA) annual audit plan and outcomes of audit work undertaken
- review of the Annual Report and Accounts for compliance with current legislation and appropriate standards.

Summary of Attendance

Role	Name	Title	VMD MB Attendance record	VMD ARAC Attendance record
Non-Executive Director	Alison White[1]	Chair of MB and Member of ARAC[1]	4 / 4	4 / 4
Non-Executive Director	Philippa Hardwick (to June 2024)	Member of ARAC and MB	1 / 1	1 / 1
Non-Executive Director	David Catlow	Member of ARAC and MB	3 / 4	1 / 4
Non-Executive Director	Mike Venables (from Nov 2024)[2]	Member of ARAC	N/A	1 / 2
Board Apprentice	Sian Wright (from 1 Jan 2024 to 31 Dec 2024)	Apprentice ARAC and MB	2 / 3	2 / 3
CEO	Abigail Seager	Member of ARAC and MB	4 / 4	4 / 4
Deputy CEO	Gavin Hall	Member of ARAC and MB	4 / 4	4 / 4
Chief Operating Officer	Mike Griffiths	Member of ARAC and MB	4 / 4	4 / 4
Head of Finance	Muiz Agbaje	Member of ARAC and MB	4 / 4	4 / 4

Executive Management Board (EMB) The EMB is formed of the CEO, the Deputy CEO (Director of Authorisations), and the Chief Operating Officer (Head of Business Support Division) who collectively form the Executive Team that sets the strategy and direction for VMD and has the overall authority to run VMD on a day-to-day basis. EMB also includes all Heads of Groups and Offices and others may be called upon to attend for specific agenda items.

Key business at EMB meetings in 2024/25 included:

- setting the strategy and direction for VMD according to Defra's strategic objectives

[1] Alison White acted as Chair of ARAC during the financial year (1 April 2024 to 31 March 2025)
[2] Mike Venables was appointed as a member of ARAC on 1 November 2024

- day-to-day running of VMD including business planning approval and ensuring that financial considerations are considered in reaching and executing its decisions
- managing strategic risk
- reviewing people management related issues for VMD including budgets, resourcing, and communication
- reviewing Defra Corporate Services delivery on a quarterly basis.

Name	Role	Membership Status
Abigail Seager	Chief Executive	Present
Gavin Hall	Deputy CEO /Director of Authorisations Group	Present
Mike Griffiths	Chief Operating Officer / Head of Business Support Group	Present
John Millward[3]	Head of Inspections and Enforcement Group (to June 2024)	Left
Dr Susanne Eckford	Head of International Office	Present
Dr Marian Bos[4]	Head of Legislation Office and VMR Project SRO	Left
Dr Kitty Healey	Head of Surveillance Group	Present
Lee Grist	Head of Inspections and Enforcement Group (from July 2024)[5]	Present
Lea Reynolds	Head of Policy Development and Delivery Office (from Nov 2024)[6]	Present

Senior Leadership Team (SLT) is an EMB extension that includes attendance from specific functional leads across the VMD. It enables strategic discussion of our policy, operational, corporate and programme work. The members are the Chief Executive (Chair), the Deputy CEO, the Chief Operating Officer, the Head of Portfolio Delivery Group, the Chief Digital Officer, the Head of IT Operations, the Head of Finance, the Head of the Principal Veterinary Advisor section (PVA), and Head of Pharmaceuticals section. Other Heads of Groups and Offices may be invited to attend as observers or called to discuss specific agenda items. The key business during the year included the discussion on VMD's mid to long-term strategy.

The Veterinary Products Committee is an independent scientific advisory committee that advises the Secretary of State via VMD on veterinary medicinal products and animal feed additives. The VPC held meetings in May, October and February. [Minutes of meetings](#) and further information are published on GOV.UK.

[3] John Millward changed roles on 30 June 2024 and left the VMD on retirement on 08 Jan 2024
[4] Dr Marian Bos left the VMD on 21 July 2024
[5] Lee Grist was promoted to Head of Inspections and Enforcement on 01 July 2024
[6] Lea Reynolds was promoted to Head of Policy Development and Delivery on 04 Nov 2024

Key business at VPC meetings in 2024/25 included:

- monitoring of the veterinary pharmacovigilance activities reports
- review of equine anthelmintic SPCs
- evaluating VMD assessment reports
- reviewing availability of veterinary vaccines

The overall governance structure and associated assurance, as well as advice and challenge, are enriched by the VPC and discussions between the CEO and the Chief Veterinary Officer. We hold external certification to ISO 9001:2015 (Quality Management), which covers all our operational processes. We also hold external certification to ISO 27001:2022 (Information Security Management Systems).

Compliance with the Corporate Governance Code

HM Treasury's Corporate Governance Code (CGC) focuses on ministerial departments and sets out the protocol, accountabilities and role of Departmental Boards. We apply the principles of the code, which requires that Boards operate according to recognised precepts of good corporate governance in business:

- leadership
- effectiveness
- accountability
- sustainability

It also requires arrangements for an annual evaluation of the Board's effectiveness and for the evaluation results to be acted upon.

The Audit and Risk Assurance Committee (ARAC) reviewed its effectiveness in March 2025, through a structured questionnaire developed by the Chair, based on the most recent available NAO and GIAA guidance. The views of the Chief Executive, other members of the Management Board, and the auditors were sought as part of the review.

Despite delays in recruiting a permanent Chair, interim arrangements have maintained continuity. The Chair of the Management Board, who is financially qualified and an experienced ARAC Chair, temporarily covered the role. This impacted governance separation and meeting quoracy. Recruitment efforts have resumed following election-related delays.

The review highlighted improvements in the Committee's perceived value, stronger non-executive engagement, and some progress in risk management. However, further work is needed in assurance processes and engagement with the wider organisation particularly in areas of risk, Artificial Intelligence, and cyber. Respondents also emphasised the need for longer meetings to adequately address the growing complexity of the risk landscape. A strategic awayday is recommended to discuss future direction.

The EMB has formally assessed its compliance with the CGC and its effectiveness, as evidenced by the delivery of the 2024-25 targets and key deliverables and the results of the 2024 annual staff survey. The outcomes of the EMB are reported to staff through the weekly EMB Debrief and follow up email to all staff, and where appropriate Office Notices. To enhance participation and encourage diverse perspectives from outside of the Executive Team, individual Heads of Team are invited on a rotating basis to attend and contribute to the meeting each week.

Managing interests and business appointments

We follow the Defra Code of Conduct, which sets out our policy on declaring and handling outside interests, and managing conflicts of interest applicable to all staff, and applying the business appointment rules.

All our staff and Board members are required to declare annually interests which could emerge as a conflict of interest. There is a standing agenda item on declarations of interest at the start of every MB meeting. If any members declare a conflict, they will leave the meeting during the discussion of that item. During 2024/25, no MB member conflicts of interest were identified. NED declarations of interest are published on GOV.UK. All our staff are required to comply with the Civil Service Management Code. Any outside appointments during employment are approved and assessed by reference to the Code and managed through the EMB. No members of the EMB hold any company directorships or other significant interests that conflict with their management responsibilities.

The Business Appointment Rules apply to serving civil servants who intend to take up an outside role after leaving the Civil Service, and to former civil servants for two years after the last day of paid service. Policy and processes are in place for managing applications that may require approval before a job or appointment is confirmed outside the Civil Service. We follow a tailored approach to ensure proportionality, by referencing the seniority of the individuals concerned, their roles and the scope of their new employment. Information on Business Appointment Rules is also available to all staff on the Defra intranet.

Civil Service People Survey

Our Civil Service People Survey engagement index score completed in October 2024 (the survey's measure of those areas that most shape our experience at work) is 64% (63% completed October 2023). We are using the Survey results and further feedback from the Groups and Team meetings to direct and tailor our activities to respond and continually improve. Our approach is to use the Defra model of "Speak-Listen-Learn-Act" in a regular cycle.

Whistleblowing

We are committed to high standards of integrity, honesty, and professionalism in all we do, reinforced by the Civil Service Code. We encourage all employees to use Defra's Whistleblowing Policy if they need to raise concerns about a past, present or imminent wrongdoing within Defra/VMD or any wrongdoings that conflict with the Civil Service Code. There have been no reports of whistleblowing during 2024/25 (2023/24: nil).

Business critical models and quality assurance

No business models currently fall within the definition of 'business critical models' set out by HM Treasury; if this position were to change, we would comply with the relevant guidance.

Risk management

Our primary role is in the authorisation of veterinary medicines, which is always based on assessing the benefits of medicines against their risks. Consequently, the very nature of our work is to examine risks, to reduce these to an acceptable level, and then to consider the residual risks against the benefits. Our approach to identifying, managing and reporting on risk that could threaten the achievement of our objectives is based on the principles and concepts set out in HM Treasury's Orange Book: Management of Risk.

Our risk management process enables us to assess the potential impact of identified risks against our risk appetite. We recognise that exposure to risk can also identify opportunities. We assess opportunities that may arise from changes in our external and internal environment we operate in and focus resources on exploiting those opportunities we agree to pursue.

Accountability and responsibility for risk management

The Risk Manager works across the groups and offices within VMD to ensure quality and consistency in the risk management process. This includes undertaking quality assurance checks and identifying business areas where risk management needs strengthening.

Risk owners are required to review their risks monthly, supported by the Risk Manager. This includes supervision, execution, monitoring adherence and implementing corrective actions to address deficiencies.

The EMB sets the boundaries for risk management through the application of standards, policies, procedures and guidance and agree any deviation from defined requirements. EMB members contribute to the process by reviewing and managing the risks within their group or office and reviewing significant business risks, opportunities, and issues. A deep-dive risk review occurs monthly.

ARAC reviews, advice and provides challenge to management on corporate risk four times a year.

Significant risks that impact the delivery of objectives covering all policy and operational areas, functions and types of risk are escalated to Core Defra Group when mitigation requires a higher level of authority or action.

The degree of risk is measured by considering the likelihood and impact of those risks and issues. The key organisational risks identified and managed in the year are described below. The risk trends have been captured and monitored via ongoing management and quarterly risk management reviews.

Key Risks

Delivery of Regulatory and Policy Obligations. This includes the risk to deliver our regulatory and policy obligations due to the complex regulatory framework for veterinary medicines in GB and NI ahead of the end of the grace period (December 2025). We faced challenges in implementing the UK's new five-year Antimicrobial Resistance (AMR) National Action Plan, particularly around environmental commitments amid evolving cross-government prioritisation. Throughout the year, we engaged with industry, veterinary professionals, and farmers to understand the challenges and explore solutions. We remain closely involved in technical discussions and assessments, and the UK government continues dialogue with the EU to explore solutions that maintain the existing flow of veterinary medicines from GB to NI.

On AMR, we continue to advocate for stronger support and prioritisation of environmental AMR elements to ensure progress is made under the new NAP. The risk rating for this risk area is very high due to the urgency of securing a long-term regulatory solution and the need for stronger delivery across AMR commitments.

Failure of, or delay to, planned IT programme and the breach of physical and cyber security remains our highest scoring risk. This is the risk of successfully delivering the IT programme to modernise our systems combined with the risk of compromised data and operating systems due to breaches through legacy IT systems or non-compliance to avoid operational disruption. We continue to manage the ongoing development to digital services, and we are engaging with the Spending Review (SR24) process to ensure we receive the funding required to support long-term investment in digital services. The scale and complexity of the required mitigations mean improvements will take years, not months. The medium to long-term aim is to reduce this risk as planned security enhancements are implemented, but in the interim, the risk rating remains significant.

Vaccine availability is a reputation risk linked to the limited availability of vaccines for both companion and livestock animals, which poses a significant challenge to disease prevention efforts and the broader strategy to reduce antimicrobial resistance (AMR). The global supply pressures and changes in manufacturing locations to meet EU regulatory requirements, has strained supply chains. A lack of available vaccines may lead animal owners to rely more heavily on antimicrobials, directly undermining the strategic objective of shifting from treatment to prevention and weakening efforts to curb AMR. We actively engaged with key industry stakeholders, including the National Office of Animal Health (NOAH), to raise awareness of the issue and encourage collaborative action. Work is ongoing to explore holistic solutions to vaccine supply challenges through cross-sector coordination with manufacturers, regulators, industry representatives, and government departments. The risk remained high throughout the year due to ongoing supply challenges and increasing demand.

In addition to the key risks, we managed the risk associated with the implementation of the VMR, which came into force on 17 May 2024. At the same time, managing the risk of achieving our objectives while supporting the new government's mission to grow the economy. This is further exacerbated by the challenges of the Spending Review to secure future year funding.

We are also proactively considering risks that may affect us in the longer term, including the impacts of climate change on policy and the environment. Together, these factors create risks related to business failure, staff retention and recruitment challenges, as well as possible effects on staff morale and performance.

Russia – Exposure of investments

We have no investments in Russia or Belarus. We have no contracts with suppliers from Russia and Belarus and we have not identified any other exposure as a result of the ongoing Russian invasion of Ukraine.

Audits

Following an independent Surveillance audit in November 2024, our continuing certification for: ISO 9001:2015 (Quality Management) was confirmed as continued and our certification to ISO 27001:2022 (Information Security Management System) which we transitioned to from ISO27001:2013 was granted. The confirmation of continued certification represents independent assurance that our systems and processes continue to meet these internationally recognised standards.

For ISO 9001:2015 there were no major non-conformities, no minor non-conformities and seven suggested opportunities for improvements were identified. We are considering the opportunities for improvement.

No major or minor non-conformities were identified for ISO 27001:2022, but three suggested opportunities for improvement were identified. We are considering these opportunities for improvement.

Quality Management System

Our Quality Management System (QMS) ensures processes and procedures are documented and managed effectively. Trained VMD auditors, Defra Internal Auditors (GIAA), the National Audit Office (NAO) and SGS UK Ltd each provide us with assurance that processes are being followed and improvements are made on an ongoing basis. Our QMS is certified to ISO 9001:2015.

Business continuity plans

We operate a Business Continuity Management system to ensure the operation of key activities in the event of a serious incident, including our off-site IT back-up systems. We started migrating our on-premises servers to the Azure Cloud during the year. This work will be completed in the next financial year, and our on-premises servers, disaster recovery site connectivity, and hardware will be decommissioned. Each year, a test is carried out to check that all staff receive urgent business continuity information. The same method is used to notify staff of IT system issues, which act as a further check that staff can be updated as required.

Information management and data security

We continued to work during 2024/25 to ensure compliance with data protection legislation and the Information Commissioner's Office (ICO) guidance.

Data security remains one of our highest priorities, and VMD's maintenance of the Cabinet Office Security Standards and external certification to ISO 27001:2022 assure it.

Our governance structure ensures that information assets are handled appropriately and that we employ effective approaches to managing risk. All staff undertake the Defra Civil Service Learning Security and Data Protection training course on an annual basis as part of our Business Compliance induction process.

We are supported by Defra’s Data Protection Officer and are part of a wider Defra Data Protection Network to ensure our implementation of the UK General Data Protection Regulations (UK GDPR) reflect the latest thinking and practice.

No data security lapses were deemed significant or critical during 2024/25 (2023/24: Nil).

Internal audit arrangements

The GIAA has been responsible for providing VMD’s internal audit service. Internal auditors carry out their work in line with the Annual Internal Audit Plan which is informed by our risk profile and approved by the ARAC. Internal auditors complete their Internal Audit responsibilities using a methodology that is aligned to Public Sector Internal Audit Standards. Reports are issued making recommendations for improvements where appropriate. Progress on all agreed actions is reported back to ARAC (and any extensions are approved). These four reports were issued during 2024/25:

- Handling of external correspondence – overall rating “Moderate”
- Approvals and Authorisations – overall rating “Moderate”
- Workforce planning – overall rating “Moderate”
- Implementing the new VMR – overall rating “Substantial”

In its Annual Report, which offers their opinion on the adequacy and effectiveness of risk management, control and governance, the Head of Internal Audit Opinion is one of “Moderate Assurance”.

Whilst no significant internal control problems have been identified during the year, we continually strive to improve our procedures and processes and to manage risk.

Remuneration report

Remuneration policy

The remuneration of the CEO and Deputy CEO, as for all Senior Civil Service (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB). The Cabinet Office advises departments in March or April each year of the Government's response to the SSRB recommendations and produces guidance for departments and network bodies to follow. Further information about the SSRB can be found on the website.

Defra develops the SCS Reward Strategy within the Cabinet Office Framework, ensuring that the overall pay awards for the SCS are within the cost ceiling allowed.

Members of the SCS, are eligible to be considered for individual levels of bonus as non-pensionable, non-consolidated variable pay (NCVP), based on their performance. NCVP is paid in the financial year after that in which it was earned. NCVP values, informed by each individual's appraisal grade, are paid within Cabinet Office guidelines.

The COO and Head of Finance are civil servants under permanent contracts of employment with VMD and receive an annual salary paid in accordance with the standard Staff Pay Agreement negotiated through collective bargaining with recognised trade unions.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit based on fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

The CEO and members of the Executive Team are permanent civil servants. They are required to give three months' notice under the terms of their contracts. The employment of the CEO and members of the Executive Team may be terminated in accordance with normal civil service procedures. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Our Non-Executive Directors are appointed on fixed term contracts which may be subject to early termination by either party.

Further information about the Civil Service Commission can be found on the Civil Service Commission website.

Remuneration (including salary) and pension entitlements (audited)

The following sections provide details of the remuneration and pension interests of the executive management board members.

Officials	Salary and allowances		Performance pay and bonuses		Pension benefits[1]		Total	
	2024/25	2023/24	2024/25	2023/24	2024/25[2]	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
A Seager Chief Executive	105 – 110	100 – 105	-	-	66	46	175 - 180	145 - 150
G Hall Director of Authorisations Group	80 – 85	75 - 80	0 – 5	-	63	31	150 - 155	110 - 115
M Griffiths Chief Operating Officer	75 – 80	75 - 80	0 – 5	0 – 5	30	28	105 - 110	100 - 105
M Agbaje Head of Finance	75 – 80	25 – 30	0 – 5	0 – 5	30	10	105 - 110	35 - 40

(1) The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
(2) For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.
(3) The Head of Finance joined the Management Board on 5 Dec 2023. The full year equivalent for salary in 2023/24 is £75k to £80k

Salary

'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 report is based on accrued payments made by VMD and thus recorded in these accounts.

Benefits-in-kind

The monetary value of benefits-in-kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. None of the executive management board members received any benefits-in-kind in 2024/25 (2023/24: nil)

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. They relate to the individual's performance in the year in which they become payable. The bonuses reported in 2024/25 relate to the performance in 2023/24, the comparative bonuses for 2023/24 relate to the performance in 2022/23.

Fair pay disclosure (audited)

Reporting bodies are required to disclose the percentage change from the previous financial year for salary and performance pay in respect of the highest-paid Director and the average percentage change in respect of the organisation's employees as a whole, as shown in the following table:

	2024/25			2023/24		
	Salary	Bonus[1]	Total	Salary	Bonus	Total
Annualised band of highest paid Director remuneration £'000	105 - 110	-	105 – 110	100 - 105	-	100 - 105
The % change from previous financial year in respect of the highest paid Director	4.9%	-	4.9%	5.1%	-	5.1%
Average employee remuneration	£57,117	£380	£57,497	£51,299	£1,595	£52,894
The average % change from previous financial year in respect of the employees taken as a whole	11.3%	-76.2%	8.7%	25.0%	165.0%	27.0%

[1]The percentage change in bonus compared to prior year is due to the pay awards and the one-off cost of living payment for £1,500 made to all employees (grade 6 and below) in 2023/24.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director in their organisation and the top to the median, lower-quartile, and upper-quartile staff pay multiples of the organisation's workforce. Employees are ranked based on their total FTE remuneration from low to high. The employee remuneration placed at the 25th, 50th, and 75th percentile points of the ranking is disclosed.

The full-time equivalent annualised total banded remuneration of the highest paid Director and the interquartile ranges (25%, 50% and 75%) member of staff excluding the highest paid Director are as shown in the following table:

	2024/25			2023/24		
	25th percentile of other staff	Median of other staff	75th percentile of other staff	25th percentile of other staff	Median of other staff	75th percentile of other staff
Highest paid Director remuneration (mid-point of pay band)		£107,500			£102,500	
All employees (excluding highest paid Director) Total pay and benefits	£35,891	£45,070	£61,360	£34,650	£44,338	£60,005
All employees (excluding highest paid Director) salary component only	£33,577	£44,418	£59,850	£31,832	£42,526	£57,350
Total pay ratio	3.0	2.4	1.8	3.0	2.3	1.7

On a full-year equivalent basis, two temporary staff on a day rate received the highest remuneration during the year. The difference to the highest-paid Director ranges from £10k to £15k. We pay the base level of the staff grade for temporary staff, including agency cost and VAT (2023/24: one temporary staff member received remuneration more than the highest-paid Director).

The highest-paid Director is the CEO. The 4.9% increase in the percentage change from the prior year is due to a pay award for senior civil service as recommended by the Senior Salaries Review Body (SSRB). Remuneration for all staff, excluding the highest-paid Director, ranged from £22,000 to £122,000 (2022/23: £13,000 to £127,000).

The average percentage change in total pay and benefits from the previous financial year in respect of the employees (excluding the highest-paid Director) is calculated using the average salary of all staff, including temporary staff, in-post, as of 31 March 2025. The average percentage change increased by 8.7% to £57,497 (2023/24: an increase of 27.0% to £52,894) due to a decrease in reliance on temporary staff and average pay awards for civil servants as approved by the Cabinet Office and HM Treasury.

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 of pensions.

There have been no ex-gratia payments or amounts paid during the year regarding compensation to former senior managers or third parties for the services of a senior manager.

None of our Directors or senior officials have held any company directorships or other significant interests during the year.

No employer contributions were made to partnership pension accounts during 2024/25 or 2023/24 regarding VMD's Directors.

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the "McCloud judgment").

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme (PCSPS) for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme (PCSPS) for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits 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.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out 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 Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV (audited)

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Senior management pension in £'000 (audited)

Officials	Accrued pension at pension age as at 31/3/2025	Real increase in pension and related sum at pension age	CETV at 31/3/2025[1]	CETV at 31/3/2024	Real Increase in CETV
A Seager Chief Executive	35 – 40	2.5 – 5	680	604	45
M Griffiths Chief Operating Officer	20 – 25	0 – 2.5	367	316	20
G Hall Director of Authorisations	50 – 55 plus a lump sum of 55 – 60	2.5 – 5 plus a lump sum of 0 – 2.5	1,188	1,083	59
M Agbaje Head of Finance	15 – 20	0 – 2.5	191	156	16

[1]Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Non-Executive Management Board members (audited)

Membership details of the Management Board are detailed in the Governance Statement in this report. The non-executive members also form the ARAC. The following salaries and benefits-in-kind were paid to the external members:

Non-executive members	Salary (as defined above) £'000		Benefits-in-kind to the nearest £100		Total £'000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
D Catlow	0 - 5	0 – 5	-	-	0 – 5	0 – 5
T Riley	0 – 5	0 – 5	-	-	0 – 5	0 – 5
P Hardwick	0 – 5	0 – 5	-	-	0 – 5	0 – 5
A White	10 – 15	5 – 10	-	-	10 – 15	5 – 10
M Venables	0 – 5	-	-	-	0 – 5	-

Staff report

Staff numbers (audited)

At 31 March 2025, we had an average full time equivalent workforce of 175.4 (2023/24: 171.1) as follows:

Average full time equivalent	As at 31 March 2025	As at 31 March 2024
Permanent staff	167.3	160.4
Temporary staff	8.1	10.7
Total	**175.4**	**171.1**

Gender diversity

The average headcount on gender diversity for our permanently employed staff as of 31 March 2025 is:

Staff	Male	Female	2024/25 Total	Male	Female	2023/24 Total
Directors on the Management Board	1	1	2	1	1	2
Officials on the Management Board	2	-	2	1	-	1
Staff in a scientific role	8	30	38	28	32	60
Staff in an administrative role	59	85	144	33	75	108
Total staff headcount	**70**	**116**	**186**	**63**	**108**	**171**

Staff recruitment

The average number of full-time equivalent permanent and temporary staff during the year was:

Staff	Permanently employed staff	Temporary staff	2024/25 Total	2023/24 Total
Scientific	34.8	1.5	36.3	61.7
Administrative	141.5	13.7	155.2	123.7
Total staff	**176.3**	**15.2**	**191.5**	**185.4**

Staff turnover

We use Department Turnover (staff leaving the Civil Service or a particular department) as defined in the civil service turnover guidance in calculating its staff turnover.

The turnover is calculated as the number of leavers within the year divided by the average of staff in post over the period. The average staff in post is calculated as the average of headcount over the period. Leavers include retirements, death in service, end of appointments, as well as dismissals and resignations and leavers under compulsory and voluntary redundancies.

The staff turnover during the year is 10.2% (2023/24: 11.4%).

We comply with equal opportunities legislation and departmental policy in relation to disabled employees, and Defra's policies on equal opportunities and health and safety at work.

Employee involvement

We encourage staff involvement in our activities through a variety of channels including: a VMD intranet; topic meetings; day-to-day line management contacts; diverse membership of project teams, and regular meetings reviewing progress against the Corporate priorities and risk. We disseminate information through the leaders and utilise mediums such as Office Notices and the intranet. An annual staff meeting to review the work of the past year and expected key future issues is presented by the CEO. There are also quarterly all staff update meetings led by EMB where all staff can participate. We work with Defra on wellbeing activities and staff have access to both occupational health and employee assistance services. Trade Union membership and representation is in accordance with Defra's policies.

Health and safety

Due to mainly low risk activities and the size of the organisation we continue to use the policies and advice services from Defra's Safety, Health and Wellbeing team. No work-related incidents were reported by employees during 2024/25 (2023/24: Nil)

Early departure costs (audited)

Redundancy and other departure costs are 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 of departure or earlier where a demonstrable commitment exists.

For all staff, there were no early departures in 2024/25 (2023/24: nil).
For all staff, there were no compulsory exits in 2024/25 (2023/24: nil).

Staff costs (audited) in £'000

Staff costs consist of the following:	Permanently employed staff	Temporary staff	2024/25 Total	2023/24 Total
Wages and salaries	8,691	932	9,623	9,200
Social security costs	995	-	995	919
Other pension costs	2,440	-	2,440	2,097
Gross total staff costs	**12,126**	**932**	**13,058**	**12,216**
Less amounts charged to capital projects	-	-	-	-
Sub-total as reported in the Statement of Comprehensive Net expenditure	**12,126**	**932**	**13,058**	**12,216**
Less recoveries in respect of outward secondments	(196)	-	(196)	(235)
Net total staff costs	**11,930**	**932**	**12,862**	**11,981**

Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as "Alpha" – are unfunded multi-employer defined benefit schemes but VMD is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2020. The valuation report is published on Civil Service Pension Scheme. One of the changes resulting from the 2020 valuation report is the agreement that the previous salary-based structure is no longer appropriate. A flat rate employer contribution 28.97% came into force from 1 April 2024. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation on the Civil Service Pensions Scheme website.

For 2024-25, employers' contributions of £2,406,756 were payable to the CSOPS (2023/24: £2,090,275) at 28.97% (2023/24: 26.6% to 30.3%) of pensionable earnings. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024/25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £18,908 (2023/24: £27,046) were paid to one or more of the panels of three appointed stakeholder pension providers.

Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £638 (2023/24: £798), 0.5% of pensionable pay, were payable to the CSOPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,280 (2023/24: £1,986). Contributions prepaid at that date were nil.

No individuals retired early on ill-health grounds during the year and therefore no additional pension liabilities have been accrued for this purpose.

Sickness absence data

The total full-time equivalent days lost through staff sickness absence in the year was 391 compared to 540 in 2023/24. The average working days lost per employee during the year was 2.2 compared to 3.2 in 2023/24.

Off-payroll engagements

As part of HM Treasury's review of tax arrangements of public sector appointees, departments and their arms-length bodies are required to publish information in relation to the number of off payroll engagements costing over £245 per day that were in place as at 31 March 2025.

Number of existing engagements as of 31 March 2025	**12**
Of which:	
Number that has existed for less than one year at time of reporting	4
Number that has existed for between one and two years at time of reporting	2

Number that has existed for between two and three years at time of reporting	3
Number that has existed for between three and four years at time of reporting	0
Number that has existed for four or more years at time of reporting	3

For all off-payroll appointments engaged at any point during the year ended 31 March and earning at least £245 per day.

Number of appointments engaged during the period 1 Apr 2024 to 31 Mar 2025	**23**
Of which:	
Number not subject to off-payroll legislation	22
Number subject to off-payroll legislation and determined as in-scope of IR35	0
Number subject to off-payroll legislation and determined as out-of-scope of IR35	1

Number of engagements reassessed for compliance or assurance purposes during the year	**8**
Of which:	
Number of engagements that saw a change to IR35 status following the review	0
Number of engagements where the status was disputed under provisions in the off-payroll legislation	0

Off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2024 and 31 March 2025.

Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility	nil
Total number of individuals on-payroll and off-payroll that have been deemed “board members, and/or senior officials with significant financial responsibility”	Board members/senior officials x 4 (1 CEO, 1 Director, 2 senior official) Non-Executive Directors x 4

Employment legislation (IR35)

Employment Legislation (IR35), introduced in April 2017, requires public sector bodies to assess off-payroll workers' employment status for tax and makes them liable for ensuring the correct tax is applied. We use HM Revenue and Customs' Check of Employment Status for Tax tool (CEST), expertise from the Defra tax team, and accompanying guidance to make those assessments.

During the reassessment period following HMRC's enquiry into Defra's compliance with off-payroll legislation rules, we settled our liability in full in 2022/23. The total settlement amount, including interest charges, was £4.27m. Additionally, a three-month suspended penalty of £0.61m was agreed upon, which is only payable in the event of non-compliance with the penalty conditions. This settlement was agreed in May 2023.

The legislative changes to the OPW rules meant that HMRC subsequently took into account, or 'set-off,' the taxes the worker or their intermediary had already paid against VMD's settlement. It resulted in a refund of £373k reducing our settled liability. The three-month suspended period was reduced to one month and it ended in January 2025.

Consultancy and temporary staff expenditure

£'000	2024/25	2023/24
Consultancy expenditure	4,103	3,040
Temporary staff expenditure	932	968
Total	**5,035**	**4,008**

Consultants are engaged for specific programme work, when specialised skills are required or where we have been unable to fill a vacancy due to the inability to recruit at the salaries that we are able to offer. Expenditure on temporary staff has provided additional resources to meet short term needs to support priority projects and cover for the backlog in filling vacancies.

Parliamentary Accountability and Audit Report

Regularity of expenditure (audited)

We have considered all our activities during the year and confirm that they are in accordance with the legislation authorising them.

Fees and charges (audited)

Our fees and charges are set in statute. Our objective for charging is to ensure that we recover our costs for delivering the service. In assessing performance against this target a notional cost of capital charge is recorded in addition to the costs included in the Statement of Comprehensive Net Expenditure. The table below sets out the amount of income we have received and associated costs for the different areas of service which we provide to industry. The current fees and charges are not fully reflective of increased operational costs, which has limited our ability to achieve full cost recovery. These fees are currently under review and may result in an update to the fees in the VMR.

2024/25	Income £'000	Cost £'000	Net Income £'000	Cost Recovery[1] %
Veterinary pharmaceutical industry	12,746	12,849	(103)	99
Residues Surveillance	4,524	4,741	(217)	95
Total	**17,270**	**17,590**	**(320)**	**98**

2023/24	Income £'000	Cost £'000	Net Income £'000	Cost Recovery[1] %
Veterinary pharmaceutical industry	8,131	8,131	-	100
Residues Surveillance	4,373	4,373	-	100
Total	**12,504**	**12,504**	**-**	**100**

[1]Our fees set out in Schedule 7 of the GB Veterinary Medicines Regulations 2013 (as amended) includes a variable element based on the statement of turnover submitted to us by a marketing authorisation holder. In the current year, it was not necessary to charge the maximum fee because we recovered our costs for delivering our regulatory services with the non-variable and the variable element.

Losses and special payments (audited)

Managing Public Money requires a statement showing losses and special payments by value and type to be shown where they exceed £300,000 in total, and those individually that exceed £300,000.

Losses may relate to: cash and stores losses; book-keeping losses; losses arising from failure to make adequate charge for the use of public property or services; fruitless payments, and claims abandoned as well as frauds. Special payments may relate to extra contractual, extra statutory, and ex gratia payments and compensation.

There were no losses, gifts and special severance payments that exceed £300,000 in total or individually as of 31 March 2025 (31 March 2024: nil).

Contingent liabilities (audited)

We have one potential liability (2023/24: nil) related to a claim from a former employee. The timing and amount of this claim are uncertain.

Remote contingent liabilities (audited)

In addition to contingent liabilities reported within the meaning of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, VMD discloses, for parliamentary reporting and accountability purposes, liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability. As of 31 March 2025, there are nil to report (31 March 2024: Nil).

Government Functional Standards

Government Functional Standards sets the expectations for the management of functional work and the functional model across government departments and their arm’s length bodies. HM Treasury notified all Accounting Officers in the autumn of 2021 of the requirement to confirm compliance with the 14 Government Functional Standards. The standards have been introduced as part of central government’s efficiency reforms.

The VMD receives corporate services from the Core department in several areas. As part of the services delivery model, the Core department and its Heads of Profession conduct regular benchmarking and assessments against cross government Standards. These are used to determine future development areas and investment bids and requirements. Assessments have shown that for services received, half of services are rated as “Good” or above (“Better”, or “Best”). The Digital service provision is shared between the VMD and the Core department and its rating for the Digital Functional Standard is "Developing".

Where services are not received from Defra, the Heads of Function within VMD carried out a self-assessment to review compliance. The result shows that most of the functional standards were fully compliant, or partially compliant. They have been rated in the “Good” rating category. We continue to address partially compliant standards by focusing on the mandatory elements that will lead to full compliance.

Abigail Seager
Chief Executive
27 June 2025

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 Veterinary Medicines Directorate for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Veterinary Medicines Directorate's

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Veterinary Medicines Directorate's affairs as at 31 March 2025 and its net operating 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 (2024)*. 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 2024.* I am independent of the Veterinary Medicines Directorate 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 Veterinary Medicines Directorate’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 Veterinary Medicines Directorate'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 Veterinary Medicines Directorate 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 issued 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 issued 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 Veterinary Medicines Directorate 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 Veterinary Medicines Directorate 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 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 Veterinary Medicines Directorate 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;

- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and

- assessing the Veterinary Medicines Directorate'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 Veterinary Medicines Directorate 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 Veterinary Medicines Directorate's accounting policies and key performance indicators.

- inquired of management, the Veterinary Medicines Directorate's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Veterinary Medicines Directorate'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 Veterinary Medicines Directorate's controls relating to the Veterinary Medicines Directorate's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.

- inquired of management, the Veterinary Medicines Directorate'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 and the relevant internal specialists, including Property and IT auditors, 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 Veterinary Medicines Directorate 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 Veterinary Medicines Directorate's framework of authority and other legal and regulatory frameworks in which the Veterinary Medicines Directorate 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 Veterinary Medicines Directorate. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law and 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
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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.

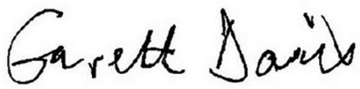
Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence 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 **Date 02 July 2025**

Comptroller and Auditor General

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

Financial statements

Statement of Comprehensive Net Expenditure
for the year ending 31 March 2025

Comprehensive Net Expenditure £'000	Note	2024/25	2023/24
Revenue from contracts with customers	2	17,796	12,861
Other operating income	2	1,753	1,146
Total operating income		**19,549**	**14,007**
Staff costs	3	(13,058)	(12,216)
Purchase of services	4	(7,814)	(6,561)
Non-cash costs	4	(2,192)	(3,736)
Other operating expenditure	4	(5,598)	(4,926)
Total operating expenditure		**(28,662)**	**(27,439)**
Net operating expenditure		**(9,113)**	**(13,432)**
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs: Net gain on revaluation of property, plant and equipment		205	524
Comprehensive net expenditure for the year ending 31 March 2025		**(8,908)**	**(12,908)**

All income and expenditure are derived from continuing operations.

The notes on pages 65-82 form part of these accounts.

Statement of Financial Position

as at 31 March 2025

Financial Position £'000	Note	2024/25	2023/24
Non-current assets			
Property, plant and equipment	5	7,305	7,216
Intangible assets	6	7,682	6,371
Right of Use (ROU) assets	5	148	-
Total non-current assets		**15,135**	**13,587**
Current assets			
Trade and other receivables, contract assets	7	3,779	2,888
Cash and cash equivalents	8	3,359	4,445
Total current assets		**7,138**	**7,333**
Total assets		**22,273**	**20,920**
Current liabilities			
Trade and other payables, contract liabilities	9	(5,809)	(3,951)
Total current liabilities		**(5,809)**	**(3,951)**
Total assets less current liabilities		**16,464**	**16,969**
Non-current liabilities	9	(155)	(170)
Total assets less total liabilities		**16,309**	**16,799**
Taxpayers' equity and other reserves			
General fund		8,168	8,863
Revaluation reserve		8,141	7,936
Total equity		**16,309**	**16,799**

The notes on pages 65-82 form part of these accounts.

Abigail Seager
Chief Executive and VMD Accounting Officer
27 June 2025

Statement of Cash Flows
for the year ended 31 March 2025

Cash Flows £'000	Note	2024/25	2023/24
Cash flows from operating activities			
Net operating expenditure		(9,113)	(13,432)
Adjustments for non-cash transactions arising in the year	4	2,192	3,736
(Increase) / Decrease in trade and other receivables	7	(891)	(399)
Increase / (Decrease) in trade and other payables	9	1,843	551
Right-of-Use assets	5	(154)	-
Movement in trade payables relating to items not passing through the Statement of Comprehensive Net Expenditure	9	(369)	(19)
Net cash outflow from operating activities		**(6,492)**	**(9,563)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-	(100)
Purchase of intangible assets	6	(1,929)	(1,488)
Net cash outflow from investing activities		**(1,929)**	**(1,588)**
Cash flows from financing activities			
Supply current year		7,335	12,820
Payment of Lease liabilities		-	6
Net financing		**7,335**	**12,826**
Net (Decrease) / Increase in cash and cash equivalents		**(1,086)**	**1,675**
Cash at the beginning of the year	8	**4,445**	**2,770**
Cash at the end of the year	8	**3,359**	**4,445**

The notes on pages 65-82 form part of these accounts.

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2025

Changes in Taxpayers' Equity £'000	Note	General Fund	Revaluation Reserve	Total Reserves
Balance at 1 April 2023		**8,758**	**7,412**	**16,170**
Changes in taxpayers' equity for 2023/24				
Net Parliamentary Funding		12,820	-	12,820
Comprehensive net expenditure for the year		(13,432)	-	(13,432)
Lease liability adjustment		6	-	6
other general fund movements – transfer of assets		29	-	29
Non-Cash adjustments:				
Defra corporate recharges	4	564	-	564
Defra Investigation Services	4	48	-	48
Auditors' remuneration	4	70	-	70
Movements in Reserves:				
Net gain on revaluation of property, plant and equipment	5	-	524	524
Total recognised income/(expense) for 2023/24		**105**	**524**	**629**
Balance at 31 March 2024		**8,863**	**7,936**	**16,799**
Changes in taxpayers' equity for 2024/25				
Net Parliamentary Funding		7,335	-	7,335
Comprehensive net expenditure for the year		(9,113)	-	(9,113)
General fund movement - Transfer of Asset		420	-	420
Non-cash adjustments				
Defra corporate recharges	4	578	-	578
Auditors' remuneration	4	85	-	85
Movements in Reserves:				
Net gain on revaluation of property, plant and equipment	5	-	205	205
Total recognised income/(expense) for 2024/25		**(695)**	**205**	**(490)**
Balance as at 31 March 2025		**8,168**	**8,141**	**16,309**

The notes on pages 65-82 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2024/25 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS), as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the VMD, for the purpose of giving a true and fair view has been selected. The particular policies adopted by VMD are described below. They have been applied consistently in dealing with items which are considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Going concern

The financial statements cover all our activities and are prepared on a going concern basis. These statements comply with the principles laid out in the 2024/25 FReM issued by HM Treasury on the IAS 1 interpretation of going concern for the public sector sponsored entities. The Management Board has considered the financial position as of 31 March 2025, the business activity forecast for the 2024/25 period and beyond, the reliance on funding from the Department for Environment Food & Rural Affairs (Defra) and the continuation of our regulatory services. It is content that VMD's services will continue to be provided. The VMD is an Executive Agency of Defra, and the Department has agreed the 2025-26 budget. The going concern disclosures on page 25 of the Annual Report detail the basis on which the Accounting Officer considers it appropriate to prepare these Accounts on a going concern basis.

1.3 Key judgements and estimation uncertainty

In preparing the financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenditures. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecasts of future events.

In the process of applying the accounting policies, we made the following judgements, which have a significant effect on the amounts recognised in the financial statements:

Contract liabilities: We are responsible for managing the progress and income earned from scientific assessments. Individual assessments may span more than one financial year. The preparation of the financial statements requires VMD to determine, based on an evaluation of the terms and conditions of the arrangements, that it fully and accurately reflects the completeness of any contract liabilities in this regard by reference to the stage of completion of any ongoing assessments, in line with IFRS 15 (the revenue measurement model is reported in Note 2).

Contract assets: When a performance obligation is satisfied with IFRS 15, we recognise that the work is complete. The contract assets balance relates to performance obligations satisfied over a period, on our statutory regulatory services delivered to customers, where costs have been incurred but not yet invoiced. The stage of completion is estimated based on legislative requirements and the terms and conditions of the arrangements in place.

Intangible assets: Management has made judgements on acquiring intangibles from outside VMD and developing new intangibles through in-house innovation and their capitalisation as an intangible asset. The key judgement is whether the intangible would benefit the VMD and the period over which the asset is expected to contribute directly or indirectly to future cash flows (useful/remaining lives). The assets acquired or developed internally undergo a review to ensure they meet the conditions outlined in IAS 38 Intangible Assets, such as considering technical feasibility and the intention to complete and use internally generated assets under construction. They are reviewed on an annual basis against the criteria set out in IAS 38.

Land and Buildings: Due to our property being located on and interlinked with the Weybridge Estate laboratory complex, the land and building asset valuation is based on this being a 'specialised building' using the Depreciated Replacement Cost valuation method according to the Royal Institute of Chartered Surveyors (RICS) guidance. There is no active market for VMD property or interlinking Weybridge Estate (see note 1.4 below).

Non-current assets/depreciation: Our non-current assets are at fair value as stated in note 1.4 below. The charge for depreciation for each non-current asset is based on an estimate of its useful life.

1.4 Property, plant and equipment and intangible assets

Freehold Land and Buildings

Land and Buildings are subject to professional valuation at no more than five yearly intervals. These valuations are conducted by qualified independent valuers, (appointed by Defra) in accordance with the principles outlined in the RICS Red Book. The building is classed as a Specialised Operational Asset with valuation based on Depreciated Replacement Cost. Depreciated Replacement Cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation". Between professional valuations, annual desk top revaluations are conducted by Defra's appointed valuer, considering prevailing local and national indices and local knowledge.

Non-property assets purchased as a group, each costing £1,000 and totalling more than £10,000 with an expected useful economic life of more than one year are capitalised and shown on the Statement of Financial Position at fair value, using the appropriate indices provided by the Office for National Statistics. Otherwise, they are charged directly to the Statement of Comprehensive Net Expenditure.

Losses on revaluation are charged to the Revaluation Reserve to the extent that gains have been recorded previously and otherwise to the Statement of Comprehensive Net Expenditure (SoCNE).

Intangible assets
Intangible assets are defined as identifiable non-monetary assets without physical substance. These comprise software licences and internally developed software, including assets under construction.

We hold various software licences, which were capitalised at purchase cost when this exceeded capitalisation thresholds. Such assets are only revalued where a reliable estimate of their market value can be obtained.

Internally developed computer software may include capitalisation of internal IT employee costs on projects. We do not hold any intangible assets with an indefinite useful life. The capitalisation threshold is generally £10,000. When fully operational, internally developed computer software is stated at the depreciated purchase cost.

Depreciation and amortisation
Depreciation and amortisation are provided at rates estimated to write-off the valuation of property, plant and equipment, software development and licences on a straight-line basis over the estimated useful life of the asset. Componentisation has been adopted for our freehold building asset, with each component capitalised and depreciated separately. Estimated useful lives, component values and residual values are revised annually.

As part of our annual review, we revised the estimated useful lives of our asset categories. The estimated useful lives from 1 April 2023 are shown below:

Assets are depreciated over the following timescales:

Freehold land	Not depreciated
Freehold buildings[1]	0 - 60 years
Furniture, fittings and office equipment	0 - 25 years
IT Hardware	0 - 15 years
IT Software development and licences[2]	0 -15 years

[1]The residual life of our building is 32 years as of 31 March 2025
[2]Internally generated assets are amortised between 0 – 10 years

Due to parent-child asset relationships, some assets have a useful life outside/below the policy range. Parent-child assets are assets that are grouped together. When a parent-child asset is added to the fixed asset register, the parent asset is capitalised with the purchase cost and depreciated in line with our policy. When a child asset is identified as a component of the parent, it inherits the remaining life of the parent asset when added to the fixed asset register.

Impairment
Impairments are recognised when the recoverable amount of non-current assets falls below their carrying amount. An impairment review is carried out annually.

Impairment losses that arise from the consumption of economic benefit or reduction of service potential is recognised as an expense in the SoCNE. However, if the loss relates to a revalued asset, any balance on the revaluation reserve (to the extent that a balance exists) is transferred to the general fund.

Impairment losses that arise from a change in market value is first offset against a revaluation reserve for the asset and any amount in addition to this is recognised as an expense in the SoCNE.

Assets under construction
Assets under construction are shown at the accumulated cost with the depreciation commencing when the asset is completed and brought into service.

1.5 Research and development
Expenditure on R&D is treated as an operating cost in the year in which it is incurred and taken to the SoCNE.

1.6 Operating income
As a Gross Accounting Agency, activity for Defra is not invoiced or reported as income, but an authority to spend is delegated to the VMD along with deliverable objectives. The Net Parliamentary Funding is recorded as a movement in Taxpayers' Equity.

1.7 Revenue from contracts with customers
Revenue from contracts with customers is recognised in accordance with IFRS 15 as adapted and interpreted for the public sector in the FReM from 2018-19. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of services to customers in a way that reflects the consideration to which the entity expects to be entitled to in exchange for services.

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time (for example, the entity's future performance). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Revenue from contracts with customers comprises fees and charges for services provided to industry or contractually entitled income for services provided to market customers. This revenue is measured based on the consideration specified in a contract with a customer. We recognise revenue from contracts with customers in accordance with the five-stage model set out in IFRS 15.

Judgements are required to assess the timing of revenue recognition based on the satisfaction of performance obligations. A performance obligation is a promise to deliver a good or service (or a series of substantially the same good or service). Note 2 details our main performance obligations, how and when they are satisfied, and the determination of transaction prices.

1.8 Pensions
Pension benefits are provided through the civil service pension arrangements, full details of which can be found in the Remuneration Report.

The provisions of defined benefit schemes cover present and past employees, Principal Civil Pension Schemes (PCSPS) (Classic, Classic Plus, Premium and Nuvos), and the Civil Servants and Others Pension scheme (CSOPS) referred to as alpha, which are described in the Remuneration Report. The PCSPS and CSOPS are unfunded multi-employer defined benefit schemes. We cannot identify our share of the underlying assets and liabilities for these schemes and are not liable for the obligations of other entities within the scheme. You can find details in the Cabinet Office: Civil Superannuation resource accounts here.

We account for the scheme per IAS 19 and recognise the expected cost of these pension schemes systematically and rationally over the period during which it benefits from employees' services by payment to the pension schemes calculated on an accruing basis. Liability for future benefits is a charge on the pension schemes on an accruing basis. The PCSPS and alpha pension schemes undergo a reassessment of the contribution rates by the Government Actuary at four-yearly intervals. In respect of defined contribution schemes, we recognise the contributions payable for the year.

Starting 1 April 2022, all employees still part of the PCSPS legacy pension schemes have been transferred to the alpha career average scheme. Their contributions to the legacy schemes have ceased, and future benefits will be accrued under the rules applicable to the alpha scheme.

1.9 Defra notional recharges

Defra provides several services centrally, and the cost is shown as notional recharges. These recharges are charged against the SoCNE by virtue of an interdepartmental non-cash adjustment via the General Fund, with Core Defra recording the associated credit. Defra service recharges comprise legal, human resources, estates and corporate shared services.

1.10 Value Added Tax (VAT)

Most of our activities are outside the scope of VAT and, in general, output tax does not apply. Input VAT can be recovered on certain contracted-out services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.11 Apprenticeship levy

The Apprenticeship Levy was introduced in April 2017, requiring employers with a pay bill of over £3 million each year to pay the levy. The expense element of the apprenticeship levy is recorded against social security costs, within the staff costs note. If bodies utilise the levy for training expense, a notional charge is recognised. The corresponding credit element is recorded against grant income. Amounts are recognised on an accruals basis.

1.12 Financial instruments

We hold few financial instruments. Financial assets comprise of receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at fair value and subsequently held at amortised cost after an appropriate provision for expected credit loss. Financial liabilities comprise trade and other payables, and other financial liabilities. They are initially recognised at the fair value of consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks.

1.14 General fund

The net operating result for each year is transferred from the SoCNE to the General Fund. The General Fund represents the value of our net assets less liabilities as at 1 April 1991, which is the date from which the first Accounts Direction became effective, plus subsequent external funding movements, plus the accumulated net operating result transferred from the SoCNE.

1.15 Revaluation reserve

The Revaluation Reserve represents the unrealised cumulative balance of indexation and revaluation adjustments to non-current assets.

1.16 Leases

IFRS 16 "Leases" applied to the VMD from 1 April 2022. The accounting standard introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for leases with a term of more than twelve months unless the underlying asset is of low value.

Under this policy, we recognise a right-of-use (ROU) asset representing the right to use the underlying leased asset and a lease liability representing an obligation to make lease payments on the Statement of Financial Position. Depreciation of the right-of-use asset and interest on the lease liability is accounted for in the SoCNE.

The right-of-use asset is initially measured at cost and is depreciated on a straight-line basis over the residual lease term. The lease liability is initially measured at the present value of remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, a rate determined by HM Treasury and based on government's incremental borrowing rate. A lease term is the non-cancellable period for which a lessee has the right to use an underlying asset. It includes the period covered by an option to extend the lease if the lessee is reasonably certain to exercise the option and the period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option.

Where a contract contains both lease and service components, only the lease component is capitalised. Where it is not possible to separate the lease from service components, we have the option to combine lease and service components and account for them as a single lease.

1.17 New accounting standards and applicable accounting standards and interpretation issued but not yet adopted

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period.

IFRS 17 Insurance Contracts

IFRS 17 Insurance contracts replaces IFRS 4 for accounting periods starting on or after 1 January 2023. It was issued in May 2017 and is applicable to government bodies in the financial year commencing 1 April 2025.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective is to ensure that entities provide relevant information that faithfully represents these contracts, enabling users of financial statements to assess their impact on the entity's financial position, performance and cash flows.

While IFRS 4 was not applicable within VMD, our initial assessment of IFRS 17 indicates it is not expected to have a material impact on the VMD’s financial statements, as we do not have (or plan to enter into) any insurance contracts in the foreseeable future. However, we will continue assessing the potential impact of IFRS 17 on existing contracts or components that may give rise to insurance contracts.

IFRS18 Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. It was issued in April 2024 and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027, subject to UK endorsement.

IFRS 18 sets out significant new requirements for financial statement presentation. It aims to improve comparability and transparency of organisations' performance reporting.

VMD does not plan to adopt IFRS 18 early, and we are still assessing the impact of this standard upon its adoption.

Non-Investment valuations

From 1 April 2025, changes to accounting standards for Property, Plant and Equipment, as approved by the Financial Reporting Advisory Board (FRAB) will come into effect. These updates clarify how public bodies classify and value assets held for operational use.

VMD’s Intangible assets are held at historic cost less amortisation and impairment therefore, we do not anticipate any change to its valuation.

VMD's land and buildings assets are specialised in nature as there is no market available for valuers to draw a satisfactory body of transactional evidence to establish a valuation to Current Value in Existing Use (EUV). Consequently, current valuation practices based on Depreciated Replacement Cost methodology will continue to determine the EUV valuation.

While these changes are not expected to have a material impact on our financial statements, we will work with Defra and professional valuers to fully assess any future implications.

2. Operating income

	2024/25	2023/24
Revenue from contracts with customers	**£'000**	**£'000**
Veterinary pharmaceutical industry		
Authorisations	6,891	3,364
Graded Annual and Fixed Fees	4,832	3,906
Inspections	1,023	861
Residues Surveillance	4,524	4,373
International	526	357
Other income		
OGD: Devolved Administrations(1)	119	83
OGD: National Biosurveillance Network Programme(1)	640	-
OGD: AMR Reference Centre(1)	673	797
Recoveries in respect of outward secondments	196	235
Other recovery of costs(2)	125	31
Total operating income	**19,549**	**14,007**

1These are made up of Other Government Department (OGD) contributions from the devolved administrations for the delivery of AMR Surveillance work in Wales and Scotland; National Biosurveillance Network programme for the delivery of AMR surveillance goals and AMR NAP commitments; and income from the Fleming Fund to support the development of the AMR reference centre.
2Other recovery of costs relates to income for Synergy project, advisory services, dossier copying and training delivered by VMD.

Transaction price to remaining performance obligations

The transaction price is the amount of consideration we expect to be entitled to in exchange for transferring promised goods or services in the future, excluding amounts collected on behalf of third parties. We consider the terms of the contract and its business practices in determining the transaction price and the impact of any variable consideration within a contract, including any significant financing component and any non-cash consideration. The transaction price is allocated to each performance obligation identified and represents the amount of revenue recognised as those performance obligations are satisfied.

Contract balances

£'000	2024/25	2023/24
Contract Asset	1,428	1,197
Contract Liabilities	1,053	1,255

Contract liabilities

The following table includes revenue expected to be recognised in the future related to performance obligations that are (partially) unsatisfied at the reporting date:

Business Area £'000	2025/26	2026/27	Total	2023/24
Authorisations	587	48	635	1,124
Inspections	91	-	91	131
International Office	286	-	286	-
AMR Reference Centre	41	-	41	-
Total	**1,005**	**48**	**1,053**	**1,255**

As at 31 March 2025, the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied (or partially unsatisfied) is £1.053 million (31 March 2024: £1.255 million) as shown in Note 9. We will recognise this revenue as contracts are progressed to completion, which is expected to occur over the next 12 months. In 2024/25, £1.247 million of the contract liability balance as of Mar 2024 (£1.255 million) was recognised as revenue.

Contract assets

The following table includes revenue recognised in year related to performance obligations that are partially satisfied based on the stage of completion at the reporting date.

Business Area £'000	2024/25	2023/24
Residues surveillance	969	1,140
Authorisations	338	-
Inspections	36	29
International Office	85	28
Total	**1,428**	**1,197**

The contract asset £1.428 million (31 March 2024: £1.197 million) represents the amount of consideration recognised as of 31 March 2025 when a performance obligation is satisfied. However, the payment is still conditional on future performance (as shown in Note 7). In 2024/25, £1.197 million of revenue was recognised as revenue from performance obligations (partly) satisfied as of March 2024 (£1.197m).

Our major type of income streams from contracts with customers are detailed in the table below:

Contract Type	Categories of performance obligation	Basis of income recognition	Amount £'000
Application for a Marketing Authorisation	Assessment of application to market a veterinary medicines product. A contractual obligation is completed when the applicant has responded to request for further data, or the assessment has concluded and the application has moved into sign-off or referred to the VPC.	An invoice is issued on validation of an application. For each application, income is earned based on the progress of the assessment in line with reduction of fees in Schedule 7 Para 62. 10% is recognised on validation 50% recognised at initial assessment 75% recognised at partial assessment 100% recognised at sign-off	6,891
Graded annual and fixed fees for Marketing Authorisation and Inspection	Provision of services as the competent authority, including post authorisation surveillance/pharmacovigilance	Charge based on cost recovery for the financial year. Invoiced in last quarter of each financial year	4,832
Inspections	Inspection of manufacturers, wholesaler dealers, retailers of veterinary medicines and feed businesses	Income is recognised on completion of an inspection. Invoiced upon completion of the inspection report	530
Inspections annual fees	Licencing and maintenance of the register of manufacturers, wholesaler dealers, retailers of veterinary medicines and feed businesses	Income recognised over a year. Accrued for any non-invoiced element or deferred proportionate to the number of months before the next renewal date	493

Residues Surveillance fees	Provision of the Statutory Residues Surveillance Programme	Invoice is earned based on throughput and the Residues Surveillance charges, ensuring cost recovery for the programme in the financial year. Invoiced quarterly or bi-annually or accrued for any non-invoiced elements	4,524
International Projects	Set out in individual contracts for services and/or provision of training	At agreed milestones, or if, as is generally the case, contract stipulates that money spent up to a specific date can be recovered from the customer prior to completion of the project	526

3. Staff costs

Staff costs consist of the following:			2024/25	2023/24
	Permanently employed staff	Temporary staff	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	8,691	932	9,623	9,200
Social security costs	995	-	995	919
Other pension costs	2,440	-	2,440	2,097
Gross total staff costs	**12,126**	**932**	**13,058**	**12,216**
Less amounts charged to capital projects	-	-	-	-
Sub-total as reported in the Statement of Comprehensive Net Expenditure	**12,126**	**932**	**13,058**	**12,216**
Less recoveries in respect of outward secondments	(196)	-	(196)	(235)
	11,930	**932**	**12,862**	**11,981**

The permanently employed staff costs include an accrual for untaken annual leave of £321k (2023/24: £237k). The Remuneration Report provides more information on staff costs.

4. Other non-staff operating expenditure

		2024/25		2023/24
Purchase of services	**Note**	**£'000**		**£'000**
Statutory Residues Surveillance		4,332		4,015
Research and Development Programme		1,119		758
Antimicrobial Resistance Programme and Surveillance		918		635
Antimicrobial Resistance Reference Centre		1,421		1,126
Other direct sub-contracted services		24		27
Sub-total purchase of services		**7,814**		**6,561**
Non-cash items				
Depreciation of property, plant and equipment	*5*	536		474

Amortisation of intangible assets	*6*	840		686
Impairment of intangible assets	*6*	-		1,558
Depreciation of Right-of-Use assets	*5*	6		6
Accretion of interest	*5*	1		-
Software as a Service[2]	*6*	146		330
Defra service recharges:				
Estates maintenance		374		364
Human resources		159		127
Defra Investigation Services		-		48
Legal services		45		73
Auditors' remuneration		85		70
Sub-total non-cash items		**2,192**		**3,736**
Other operational expenditure				
Professional programme and technical services		4,103		3,040
IT systems maintenance		1,028		956
Travel and subsistence		223		319
Training		123		117
Staff related costs		114		111
Communications		80		52
Office related goods and services		116		174
Operating leases		25		27
Internal Audit		65		47
Stationery and publications		28		30
Independent expert committees		19		15
Customer relations and publicity		8		3
Movement on expected credit loss		9		5
IR35[1] – Contractor Tax and NI		(373)		-
Defra Investigation Services		7		-
Other costs		23		30
Sub-total other operating expenditure		**5,598**		**4,926**
Total non-staff operating expenditure		**15,604**		**15,223**

[1]The credit relates to the refund received from HMRC for Off-Payroll Working rules to offset the taxes paid in 2022/23 financial year.

[2]The cost of Software as a Service that does not meet the capitalisation criteria.

No remuneration was paid to the external auditors (National Audit Office) in respect of non-audit work.

5. Property, plant and equipment

	Land	Buildings	Plant and Equipment	Information Technology	Furniture & Fittings	ROU Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:							
At 1 April 2024	352	6,549	-	564	468	21	7,954
Additions	-	-	-	-	-	154	154
Transfers	-	296	124	-	-	-	420
Disposals	-	(2)	-	(63)	(7)	-	(72)
Revaluation	-	(318)	-	2	21	-	(295)
At 31 March 2025	**352**	**6,525**	**124**	**503**	**482**	**175**	**8,161**
Depreciation:							
At 1 April 2024	-	-	-	(467)	(250)	(21)	(738)
Charged in year	-	(516)	(2)	(8)	(10)	(6)	(542)
Disposals	-	2	-	63	7	-	72
Revaluation	-	516	-	(1)	(15)	-	500
At 31 March 2025	**-**	**2**	**(2)**	**(413)**	**(268)**	**(27)**	**(708)**
Carrying Value							
At 31 March 2025	**352**	**6,527**	**122**	**90**	**214**	**148**	**7,453**
Cost or Valuation:							
At 1 April 2023	352	6,486	-	719	338	21	7,916
Additions	-	-	-	-	100	-	100
Transfers	-	-	-	-	29	-	29
Disposals	-	-	-	(162)	(10)	-	(172)
Revaluation	-	63	-	7	11	-	81
At 31 March 2024	**352**	**6,549**	**-**	**564**	**468**	**21**	**7,954**
Depreciation:							
At 1 April 2023	-	-	-	(615)	(243)	(15)	(873)
Charged in year	-	(457)	-	(8)	(9)	(6)	(480)
Disposals	-	-	-	162	10	-	172
Revaluation	-	457	-	(6)	(8)	-	443
At 31 March 2024	**-**	**-**	**-**	**(467)**	**(250)**	**(21)**	**(738)**
Carrying Value							
At 31 March 2024	**352**	**6,549**	**-**	**97**	**218**	**-**	**7,216**
At 31 March 2023	352	6,486	-	104	95	6	7,043

Land and buildings are subject to professional valuation at no more than five yearly intervals. These valuations are conducted by qualified independent valuers (Montagu Evans), in accordance with the guidance issued by the RICS. This year is designated as a quinquennial valuation year. The professional valuer assessed the VMD building based on existing data, market evidence and updated valuation indices to provide a valuation as of 31 March 2025. Management has reviewed this assessment to support the valuer’s findings.

The transfer in the year relates to two temporary buildings for storing seized chemicals, pharmaceuticals and vaccines and an evidence administration office. It was transferred from Defra and included within our asset register in April 2024 when we gained control of the assets. The value at transfer date is £296k with a useful life of 30 years. The temporary buildings were revalued, with the main building at £6.525 million as of 31 March 2025; VMD's Land and Buildings are valued at £6.877 million, a net decrease of £0.024 million from the valuation of 31 March 2024 (£6.901m).

Land is valued based on the Existing Use Value (EUV) for non-specialised operational assets. Buildings are valued using the Depreciated Replacement Cost (DRC) valuation method, with the cost assessed to provide the building with a modern equivalent asset basis. Valuation is based on information provided by the Defra group to the valuers with regard to the RICS Build Cost Information Service (BCIS) cost indices, which are relevant to the date of valuation for the site. The revaluation relied on the BCIS location weightings. The RICS BCIS costs are applied according to the use categorisation. This review also considers the remaining economic life of the buildings. All our assets are owned, and none are held under finance leases.

Plant and equipment relate to the transfer of a generator from Defra to provide back-up power for business continuity. It was added to our asset register in August 2024 when we gained control of the asset. The value at transfer date is £124k with a useful life of 25 years. The NBV as of 31 March 2025 is £122k.

The right-of-use asset is six motor vehicles leased for four years from January 2025.The present value is £154k. As of 31 March 2025, the net book value is £148k (March 2024: £nil).

6. Intangible assets

	Internally Generated Software	IGS - Assets Under Construction	IT Software and licences	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 April 2024	8,153	658	602	9,413
Additions	-	2,298	-	2,298
Derecognition	-	-	(309)	(309)
Disposals	-	-	(197)	(197)
At 31 March 2025	**8,153**	**2,956**	**96**	**11,205**
Amortisation:				
At 1 April 2024	(2,588)	-	(454)	(3,042)
Derecognition	-	-	162	162
Charged in year	(840)	-	-	(840)
Disposals	-	-	197	197
At 31 March 2025	**(3,428)**	**-**	**(95)**	**(3,523)**
Carrying Value				
At 31 March 2025	**4,725**	**2,956**	**1**	**7,682**
Cost or valuation:				
At 1 April 2023	6,295	2,567	1,022	9,884
Derecognition	-	-	(391)	(391)
Additions	849	658	-	1,507
Reclassification	2,009	(2,009)	-	-
Impairments	(1,000)	(558)	-	(1,558)
Disposals	-	-	(29)	(29)
At 31 March 2024	**8,153**	**658**	**602**	**9,413**
Amortisation:				
At 1 April 2023	(1,913)	-	(533)	(2,446)
Derecognition	-	-	61	61
Charged in year	(675)	-	(11)	(686)
Disposals	-	-	29	29
At 31 March 2024	**(2,588)**	**-**	**(454)**	**(3,042)**
Carrying Value				
At 31 March 2024	**5,565**	**658**	**148**	**6,371**
At 31 March 2023	4,382	2,567	489	7,438

The net book value for internally generated software includes IT solutions developed to replace EU systems that have ceased to be available upon leaving the EU. These include Licensing £0.717 million; Registration and Login £0.351 million; Adverse Event Reporting £0.195 million; Service Hub £0.373 million; Secure Messaging £0.226 million; Cloud Infrastructure £0.337 million; and Special Imports System £2.526 million. The remaining amortisation period for all these assets are 5.5 years except for the Adverse Event Reporting system and Special Imports system.

The Adverse Event Reporting system was introduced in April 2019, with additions in March and April 2020 and an impairment of £1.0m in March 2024. As of 31 March 2025, the remaining amortisation period is one year.

The Special Imports System was introduced in January 2024. It allows veterinary surgeons to apply for the import of veterinary medicines into the UK when the product is available on the UK market. The remaining amortisation period is 8.8 years.

For intangible assets under construction, in the year, we added £0.949 million to the Special Imports System (SIS) Navigator Build Phase 2 (2023/24: £0.50 million). The SIS Navigator Build phase 2 will continue implementing the replacement for the legacy Imports service. We added £1.349 million to the Navigator Platform (2023/24: £0.16 million). The Navigator Platform will create a foundation of reusable components and infrastructure to efficiently create services to replace the legacy modular systems. We expect that these assets will be put into use in 2025/26.

IT Software and Licences include an adjustment (£146k) for Software as a Service (purchased software for the finance system, expenses and SQL database) removed from the balance for IT software and Licences as they did not meet the capitalisation criteria. The cost is shown under Note 4, non-cash items.

7. Trade receivables and other current assets

Amounts falling due within one year	31-Mar-25		31-Mar-24
	£'000		£'000
Amounts falling due within one year:			
Trade receivables	1,337		887
Other receivables	2		5
VAT recoverable	473		470
Prepayments	462		329
Accrued income	77		-
Contract Assets	1,428		1,197
Total trade receivables and other current assets	**3,779**		**2,888**

Trade receivables are shown net of a provision of £31,000 (2023/24: £31,000) for bad debts. The provision is calculated according to the debt's age, status, and recent sector-specific debt-recovery information.

8. Cash and cash equivalents

	2024/25		2023/24
	£'000		£'000
Balance at 1 April 2024	4,445		2,770
Net change in cash and cash equivalents	(1,086)		1,675
At 31 March 2025	**3,359**		**4,445**

Cash and cash equivalent balances were held in accounts administered by Government Banking Services.

9. Trade payables and other current liabilities

	31-Mar-25		31-Mar-24
	£'000		£'000
Amounts falling due within one year:			
Trade payables	774		42
Other taxation and social security	534		470
Accruals	3,489		2,354
Lease liability	7		-
Contract liabilities	1,005		1,085
Total trade payables and other current liabilities	**5,809**		**3,951**
Amounts falling due after more than one year			
Lease Liability	107		-
Contract liabilities	48		170
Total trade payables and other liabilities	**5,964**		**4,121**

10. Capital commitments

There were no contracted capital commitments at 31 March 2025 (31 March 2024: nil).

11. Leases

Disclosures around Right-of-Use asset

Right of use assets	£'000
Balance at 1 April 2023	**21**
Depreciation in year	**(6)**
Accumulated depreciation	**(15)**
At 31 March 2024	**-**
Additions in year	**154**
Depreciation in year	**(6)**
Accumulated depreciation	**-**
At 31 March 2025	**148**

Disclosures around lease liabilities

Obligations under leases for the following periods comprise:

Lease liabilities	£'000
Balance at 1 April 2023	6
Lease payments in-year	(6)
Interest expense on lease liabilities	-
At 31 March 2024	**-**
Lease liability on leases	113
Interest expense on lease liabilities	1
At 31 March 2025	**114**

Present value of obligations	31-Mar-25
	£'000
Not later than on year	7
Later than one year and not later than five years	107
Later than five years	-
Present value of obligations	114

12. Other financial commitments

We benefit from certain services provided centrally by Defra, including facilities management provided by Integrated Service Solutions (ISS) since April 2024. These services are agreed upon and managed through service-level agreements between VMD and Defra, but the core Department makes the contractual commitments and discloses these arrangements in its accounts. The total charge made by Defra in the current year for Estate Maintenance and Facilities Management services is £374k (2023/24: £364k), as disclosed in note 4.

13. Related party transactions

As an Executive Agency of Defra, Defra is regarded as a related party. During the year, we had significant transactions with Defra and several of its agencies, including the Animal and Plant Health Agency and Centre for Environment, Fisheries & Aquaculture Science.

We transacted with various other central government bodies. Most of these transactions have been with the Cabinet Office, Food Standards Agency, Food Standards Scotland, Medicines and Healthcare products Regulatory Agency, and The Scottish Government.

None of the Board members or key managerial staff have undertaken any material transactions with VMD during the year other than salaries and reimbursement for travel and subsistence in the normal course of business. Details of key management compensation can be found in the Remuneration Report on page 41.

14. Financial instruments

As the cash requirements of the VMD are met from income from industry and funding through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. Most financial instruments relate to contracts to buy non-financial items in line with our expected purchase and usage requirements. Therefore, we are exposed to little credit, liquidity or market risk.

15. Events after the reporting period

Our financial statements are laid before the House of Commons by the Secretary of State for Defra. In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The 19th of May EU reset announcement has no immediate impact on VMD as not including Veterinary Medicines, though Sanitary and Phytosanitary aspects of Residues Surveillance will be monitored as negotiations unfold.

There are no events after the reporting period that will have a material effect on VMD’s Annual Report and Accounts.

Veterinary Medicines Directorate
Woodham Lane
New Haw
Addlestone
Surrey
KT15 3LS

E03385611
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