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# VLA Annual Business Plan 2010/2011

An Executive Agency of the  
Department for  
Environment, Food and  
Rural Affairs

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## 1. INTRODUCTION

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This annual business plan for 2010 to 2011 should be read in conjunction with the VLA strategic and corporate plan 2009/10-13/14, which sets out a five-year strategy for the Agency. This annual plan describes the second year of that plan. Section 5 includes issues that have become more prominent since the development of the full five-year strategy.

An integral part of the annual plan is the corporate scorecard at Annex B. The scorecard translates the strategy into meaningful measures and targets. This plan and the scorecard include VLA's key targets as set by Defra Ministers.

The plan also includes financial projections for the year at Annex A.

## 2. WHO WE ARE

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VLA is an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra) and is well recognised as a centre of scientific excellence. For over 100 years, we have been delivering research, surveillance and laboratory services for animal and public health.

We operate from multiple sites across the UK, which includes a headquarters near Weybridge in Surrey including five farms; laboratories in Scotland and Wales and a regional network of laboratories across England. We also have two surveillance centres operated via sub contracts with the Liverpool and the London veterinary colleges.

The primary aim of the VLA is to help deliver the UK's requirements for animal and public health and sustainable agriculture and food industries by delivering excellent and value for money knowledge, evidence and services. In doing this we support Defra's overall purpose and departmental structural reform plan priorities, in particular priority 1 – Support and Develop British Farming and Encourage Sustainable Food Production contributing to:

- enhancing competitiveness and resilience of the whole food chain
- ensuring secure environmentally sustainable and healthy food
- improving standards of animal welfare.

In meeting these objectives we collaborate extensively with our fellow Defra agencies. We currently do this in terms of sharing estate (Veterinary Medicines Directorate and Animal Health), sharing a purchasing, supply and reagent production service (Animal Health) and collaborating on scientific services (Centre for Environment, Fisheries and Aquaculture Science & the Food and Environment Research Agency). We will continue to work with them to identify further

opportunities, particularly to maximise use of specialist scientific skills, equipment and facilities. We also work closely with other national bodies e.g. the Health Protection Agency on zoonoses, and overseas Agencies.

### **3. OUR MISSION & VISION**

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Our Mission is:

To safeguard public and animal health, protect the economy and enhance food security through world-class veterinary research and surveillance.

Looking ahead through the life of this plan:

Our vision is to be recognised as the leading national source and a key international source of quality evidence-based scientific and technical advice, services, support and leadership on surveillance, epidemiology and laboratory sciences for animal health and zoonoses. We want to make a difference and to be recognised by all as an organisation that provides benefit at the local, regional, national and international level.

### **4. OUR SERVICES**

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In broad terms we deliver veterinary research, surveillance, consultancy, laboratory and epidemiology services as well as an emergency response capability mainly to the UK, the EU and the private sector. We do this by working with other Government delivery partners as well as via collaborations with veterinary and scientific organisations in the UK and overseas.

Our services comprise a wide range of interrelated core functions and capabilities grouped under the headings:

- Disease prevention and control.
- Epidemiology and surveillance.
- Emergency preparedness and response.
- Environmental and public health protection.
- Reference and specialised testing.

- Supporting regulation and policy development and quality improvement.
- Supporting international trade.
- Animal health related research.
- Expert advice and consultancy.
- Enabling partnership and communication.
- Training and education.

Our services are currently delivered to customers via a series of integrated science programmes:

- Emerging Diseases and Welfare (EDW)
- Food and Environmental Safety (FES)
- Statutory and Exotic Bacterial (SEB) and Viral (SEV) Diseases
- Transmissible Spongiform Encephalopathies (TSE)
- International Trade
- Commercial
- Strategic Research

We also operate an internal development programme and fellowship initiative that underpins and enhances our scientific capability.

More information about the VLA and the services it provides can be found at [www.vla.gov.uk](http://www.vla.gov.uk).

## **5. OUR STRATEGIC FRAMEWORK**

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A detailed five-year strategy for the Agency is set out in the strategic and corporate plan 2009/10 -13/14. This strategy shows a clear alignment between:

- The issues identified in the environment in which we operate.
- Our mission and vision.
- A series of key drivers.
- A set of measureable objectives.
- The outputs from these objectives and the benefits that they will deliver to our stakeholders.

Our strategy is written in recognition that there are many changes and consequent decisions that are far reaching and over which VLA has limited control. As a result our overriding strategy is based on the development of a flexible and agile organisation that can respond quickly to changed circumstances. Within this context the strategy is constructed around a series of key drivers with underpinning objectives:

### **Profile, Influence and Customer Responsiveness**

- Raise VLA's profile with key stakeholders, improve image and increase influence proactively with Defra, the EU and other Government Departments.
- Understand customers, their needs and values and the changing market.

### **Excellent Scientific Knowledge and Services**

- Produce and implement the VLA R&D plan 2009-14 to ensure VLA is the leading national source and a key international source of scientific evidence, advice and services for animal health and zoonoses.
- Embrace new technology.
- Strengthen our PhD programme.
- Continue to improve health and safety.

### **Sustainability, Efficiency and Flexibility**

- As an output from raising our profile and understanding the needs and values of our customers we will protect, develop and increase revenue from all possible resources and maximally exploit intellectual assets with the intent of becoming less dependent on Defra funding.
- Maintain a sustainable and sufficiently sensitive surveillance capability for 2009-2014.
- Make efficiency savings over the period 2009-2014 by streamlining common cross-cutting processes.
- Optimise utilisation of the VLA estate.
- Develop a strategic HR agenda.

During 2009/10 we made significant progress in implementing many of these objectives and this will be recorded in the VLA Annual Review 2009/10, which will be published in 2010/11. Delivery of the remaining objectives is covered in section 7 and in the corporate scorecard at Annex B.

## **5.1 Prominent Issues for 2010 - 11**

The VLA corporate and strategic plan 2009/10-13/14 was produced following a full strategic analysis conducted during 2009. Since then a number of issues have arisen or become increasingly prominent:

### **Merger of VLA and Animal Health**

The decision to merge VLA with Animal Health was announced in June 2010 with the aim of bringing together services, expertise and scientific capability on animal health and welfare into one agency. The ability to respond to disease outbreaks and provide resilience in delivering important services in a difficult economic situation was a key consideration.

A new Chief Executive will be appointed during the summer of 2010, formally taking over running the single agency in the autumn. They will consider the structure of the new organisation and whether there is scope to rationalise functions, sites and leadership teams, and how they want to manage the change to the new agency.

### **'One Health'**

The 'One Health' concept arose from the realisation that human and animal health are inextricably linked and that a holistic approach is needed to understand, to protect, and to promote the health of all species. Whether it is emerging infectious diseases, antibiotic resistance, globalisation, natural disasters, or climate change, human and veterinary medical communities must work together to combat the serious health threats of the 21st century.

We have long recognised the relationship between human and animal health, which is reflected in our Mission and Vision and we have a long track record in working with the medical community specifically through collaboration with the Health Protection Agency. Most recent examples include the H1N1 pandemic and VTEC outbreaks in open farms. With increasing globalisation and pressures on funding we need to continue to improve communication and collaboration between veterinarians, physicians, environmental scientists and public health professionals to find multidisciplinary solutions to our shared challenges.

### **Towards a Single Regulatory Framework**

A single regulatory framework (SRF) for the governance of work on human and animal pathogens is due to be implemented in October 2010. The new regulations will cover all deliberate work with wild-type pathogens (human and animal) and all genetically modified organisms. Development of the SRF was a key recommendation of the Callaghan review, which was undertaken as a consequence of the foot and mouth disease outbreak due to accidental release of the virus from the Institute of Animal Health site at Pirbright in 2007.

Our strategy fully recognises the importance of developing a strong safety culture and implementation of the SRF will be an important part of this.

### **Focus on the Frontline at Maximum Efficiency**

The VLA is dedicated to improving its public services and associated public good and economic benefits, while seeking to do so in the most cost-efficient way.

These issues had already been identified in our strategic analysis in 2009 and consequently have been incorporated in our strategic and corporate plan as key drivers or objectives. That said, as a government objective, VLA will now have to comply with centrally-driven timescales and efficiency targets, which may impact on our own planned implementation. Key areas that will directly impact on VLA and which we will need to address or respond to in the short and medium term are to:

- Deliver services for lower costs
- Open up data and information to the public
- Improve sick absence
- Decrease the burden of government reporting, assessment and inspection
- Reduce centrally imposed burdens on front line delivery
- Deliver value for money objectives
- Reduce the number of 'arms length bodies'

### **VLA Scientific**

VLA Scientific was launched in April 2010 as our new overarching brand for all VLA's commercial activities. This will provide an opportunity to promote our commercial work, better exploit overseas markets, and reduce pressure on the public purse.

### **Veterinary Surveillance Strategy Stocktake**

Defra have undertaken a mid-term review of its 10-year surveillance strategy. This, and efficiency needs, will have an impact on the future delivery of VLA's scanning surveillance.

## 6. FINANCIAL FOCUS

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Our financial situation for 2010/11 is extremely challenging. We faced significant reductions in income of £3.8m from our Defra customers at the start of the year but the pressure on our finances has increased further by the need to contribute to Defra's in-year savings of £162m. This effectively reduces our Defra income by a further £2.3m. The nature of our costs are predominately fixed, being staff and facilities and thus potential short-term savings are not easy to deliver.

We have identified a number of measures to address the situation, which include; continuation of strict vacancy control on staff numbers and associated pay costs, minimising agency and consultancy costs, discussing with the TUS ways of financing the pay award and challenging third-party spend. In addition we have produced an action list of efficiencies that we will be taking forward during the year.

As well as implementing rigorous cost controls we will continue to implement our strategy of increasing our non-Defra sources of income. We have set challenging growth figures in income generation and brought our commercial programme activities together under the branding of VLA Scientific.

Taking all measures and initiatives into account we have projected that we will not be able to fully manage the income reduction in year and hence we are facing a deficit of around £975k. This does, however still fall within the tolerances of full-cost recovery and our financial target. The impact of the income reduction is significant and will be very challenging to manage and the measures we have identified are not without risk.

Annex A shows our financial projections based on the anticipated deficit, which are based on our latest estimates. Due to a change in accounting policy some of the detailed figures in Annex A may change and those shown are provisional. This is due to some maintenance work now being capitalised and the cost of capital charge being removed in 2010/11. These changes will affect certain cost and income lines but should be broadly neutral overall and not affect the overall deficit position.

Capital expenditure figures for land and buildings are also estimated due to the changes referred to above. Other capital works will be associated with site restoration following our redevelopment programme. As part of reviewing our Weybridge site strategy we have identified a capacity/facility issue in relation to high-security animal accommodation. We will undertake a review of current and projected need, reflecting the review of Defra laboratory-based Agencies, financial restrictions, and national collective requirements for such facilities.

Looking beyond 2010/11, the financial outlook is very uncertain as pressures on public sector spending will increase with the outcome of the next Comprehensive Spending Review due to be announced in the autumn. We will also be required to contribute to a number of wider government efficiency saving programmes during

2012/13 and 2013/14. These include the Organisational Efficiency Programme looking at back-office costs and the Public Value Programme. Finally, there will be financial implications of the recently announced merger of VLA with Animal Health. On this basis no projections beyond 2010/11 have been included in this plan.

## **7. DELIVERING RESULTS**

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Our strategy is translated into measures and targets using the balanced scorecard. Each measure is owned by a senior member of staff responsible for delivery.

The corporate scorecard cascades through the agency to divisional and functional scorecards and then to personal objectives. This ensures that we are collectively working towards achieving the strategy and ultimately meeting our Mission and Vision. The scorecards also provide a mechanism for clear communication of the strategy to colleagues across the Agency. The corporate scorecard for 2010-11 is attached at Annex B.

The corporate scorecard includes specific targets to address our commitment to wider Government and Defra initiatives as well as the key agency targets set by Defra Ministers:

### **7.1 Progress on 2009/10 measures and targets**

Good progress was made on achieving the measures and targets set in last years annual plan and corporate scorecard. All VLA's Ministerial targets were achieved subject to end of year external audit. Other key achievements include:

- A programme of efficiency savings across the agency to help achieve full cost recovery.
- A successful international annual conference 'Animal Diseases 2009' which helped profile VLA as a worldwide leading veterinary laboratory.
- Development of a healthy PhD programme, which has contributed to the development of a strong relationship with academia.
- In depth analysis of VLA stakeholders so that we can better engage with them in order to deliver a more focussed service and deliver clear, consistent messages.
- Collaboration with colleagues in the Health Protection Agency to control zoonoses such as the H1N1 pandemic and the *E.coli* VTEC outbreaks on open farms.

A full review of progress toward the business and science targets set in 2009/10 will be published in the VLA Annual Review 2009/10, which will be available from [www.vla.gov.uk](http://www.vla.gov.uk).

## **8. RISK MANAGEMENT**

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VLA's Risk Management Framework ensures that the Agency identifies and manages the risks that might prevent it meeting its overall objectives and scorecard measures. The internal audit plan is built around the VLA risk register to provide assurance to the Accounting Officer and to the Audit and Risk Committee. The Committee is chaired by an external adviser.

Each Division within VLA has its own risk register, which is regularly reviewed each quarter. The responsibility for overseeing this process is vested in the Business Director as Risk Co-ordinator. The corporate risk register is reviewed monthly and each quarter a summary is forwarded to Defra for inclusion in their Risk Framework.

Ensuring that VLA's business operations can continue in the event of an emergency is an area where we must focus our attention. We have in place a Business Continuity Plan and there are Disaster Recovery Plans in critical areas.

## ANNEX A – FINANCIAL PROJECTIONS

	BUDGET 2009/10 £,000	ACTUAL 2009/10 £,000	PLAN 2010/11 £,000
<b><u>INCOME</u></b>			
FFG : Contracts	35,200	35,100	27,600
Non -Programme	42,400	42,745	33,000
Research	19,100	17,800	17,750
OTHER	500	29	-
<b>TOTAL DEFRA</b>	<b>97,200</b>	<b>95,674</b>	<b>78,350</b>
PVS	1,800	2,000	2,200
OTHER GOVERNMENT	2,300	1,300	1,500
CONTRACT RESEARCH	3,800	3,800	4,200
COMMERCIAL	6,000	6,700	7,900
<b><u>TOTAL INCOME</u></b>	<b>111,100</b>	<b>109,474</b>	<b>94,150</b>
<b><u>EXPENDITURE</u></b>			
PAY	-40,900	-41,574	-40,200
DIRECT MATERIALS & SERVICES	-12,100	-12,800	-10,700
NON PAY	-32,200	-32,000	-30,725
NOTIONAL/OTHER CHARGES	-25,900	-21,000 #	-13,500
<b><u>TOTAL EXPENDITURE</u></b>	<b>-111,100</b>	<b>-107,374</b>	<b>-95,125</b>
<b>SURPLUS/(-DEFICIT)</b>	<b>0</b>	<b>2,100 #</b>	<b>-975</b>
Staff employed FTE (avge)	1,182	1215	1,170
<b><u>CAPITAL EXPENDITURE</u></b>			
Land and Buildings	4,000	13,800	7500
Scientific Equipment	1,700	2,000	1400
IT	200	163	200
Other	400	1,000	700
<b><u>TOTAL CAPITAL</u></b>	<b>6,300</b>	<b>16,963</b>	<b>9,800</b>

### Notes

- # Depreciation charges reduced following property revaluation and together with lower establishment charges resulted in the surplus situation.

## ANNEX B - VLA CORPORATE SCORECARD 2010/11

Business Driver		Measure	Q	SRO	Target Date	Status	Comments
	<b>Customer</b>						
Profile, Influence and Responsiveness	C1.1	Implement the stakeholder analysis & relationship management plan		PB	31/03/11		
	C1.2	Make available quantitative publication measures to support science profile		AS/CJT	31/03/11		
	C1.3	Raise profile through VLA annual conference		PB	23/09/10		
	C1.4	Score 90% in customer satisfaction survey*	Q	AS/CJT	30/11/11		
	C1.5	Launch VLA Scientific		AS	30/04/10		
	C1.6	Implement VLA Scientific marketing plan		AS	31/03/11		
Excellent scientific knowledge and services	C2.1	Finalise year 1 of VLA R&D plan		CJT	30/01/11		
	C2.2	Score an excellent rating in next quinquennial Science Audit		CJT	MT		
	C2.3	Develop & implement a surveillance improvement plan		AS	31/03/11		
	C2.4	Annual review of post graduate training programme		CJT	31/03/11		
	C2.5	Deliver contracted research milestones*	Q	CJT	31/03/11		
	C2.6	Deliver research final reports on time*	Q	CJT	31/03/11		
	C2.7	Deliver contracted surveillance deliverables to time*	Q	AS	31/03/11		
	C2.8	Conduct one table top notifiable disease simulation exercise to test lab response capability, identify gaps & implement action plan*	Q	AS	31/03/11		
	C2.9	Conduct one VLA expert contactability exercise		AS/CJT	31/03/11		
	C2.10	Maintain emergency preparedness		AS	31/03/11		
	C2.11	Produce & implement new VLA/HPA MOU for delivery of integrated zoonotic & other veterinary public health activities		CJT	31/03/11		
	C2.12	Finalise VLA/IAH shared animal accommodation concordat		CJT	31/03/11		
	C2.13	Implement phase 2 of safety improvement plan		PB	31/03/11		
	C2.14	Further improve VLA's safety record using 07/08 as baseline*		PB	31/03/11		
	C2.15	Comply with health & safety & dangerous pathogens legislation & proposed new single regulatory framework		PB	31/03/11		
	C2.16	Maintain appropriate third party accreditations*	Q	CM	31/03/11		

Sustainability, Efficiency and Flexibility	<b>Financial</b>						
	F1.1	Achieve full cost recovery*	Q	CM	31/03/11		
	F1.2	15% increase in income from other Government customers	Q	AS/CJT	31/03/11		
	F1.3	25% increase in commercial income	Q	AS	31/03/11		
	F1.4	Deliver £750k commercial profits	Q	AS	31/03/11		
	F1.5	Start implementation of Defra surveillance review options		AS	31/03/11		
	F1.6	Implement review of business processes to inform & support OEP response		CM	31/03/11		
	F1.7	Develop business case for next phase of investment for Weybridge site		CM	30/09/10		
	F1.8	Pay 90% suppliers invoices within 30 days	Q	CM	31/03/11		
	F1.9	Set priorities for allocation of capital equipment		CJT/CM	30/06/10		
	<b>Internal</b>						
	I1.1	Conduct simulation exercise to test BCP & produce action plan to address any issues		CM	31/03/11		
	I1.2	Carry out quarterly management review updates and an annual management review	Q	PB	31/03/11		
	I1.3	Comply with Animal Scientific Procedures legislation		CJT	31/03/11		
	I1.4	Implement new approach to short/long term risk management process	Q	CM	31/03/11		
	I1.5	Produce a VLA IT strategy [impacted by merger]	Q	CM	31/03/11		
	I1.6	Implement the Sustainable Development Action Plan		CM	31/03/11		
	I1.7	Comply with Access to Information legislation	Q	CM	31/03/11		
	I1.8	Conduct an annual review of VLA committee structure [impacted by merger]		PB	31/03/11		
	I1.9	Take forward actions identified from Information Risk Review & develop an Information Assurance Strategy		CM	31/03/11		
	I1.10	Prepare a plan for water usage reduction for the 2010/11 to 2016/17 7% target*	Q	PB	31/03/11		
	I1.11	Delineate biosecurity governance		CM/PB	31/03/11		
	<b>Learning</b>						
	L1.1	Produce a VLA HR strategy [impacted by merger]		CM	31/03/11		
	L1.2	Implement the Have Your Say 2009 Action Plan		CM	31/03/11		
	L1.3	Conduct the Have Your Say 2010 staff survey & demonstrate an improved staff engagement index from 2009 baseline		CM	31/10/11		

\* Ministerial targets  
Q Quarterly review