



VLA Annual Business Plan 2006/2007

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

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1. INTRODUCTION

- 1.1 The Veterinary Laboratories Agency (VLA) is an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra) It was launched as an Agency 1st October 1995 following the merger of the Central Veterinary Laboratory (CVL), already an Agency since April 1990, with the Veterinary Investigation Service (VIS), formerly part of the State Veterinary Service.
- 1.2 The overall purpose of VLA is to provide a specialist veterinary resource to Government. We may also provide commercial services to the private sector.
- 1.3 We currently employ around 1,400 staff with an estimated income in 2005/06 of £100m. We operate through a network of regional laboratories in England, Wales and Scotland, supported by a central facility near Weybridge in Surrey. We have two additional surveillance centres operated via subcontracts with Liverpool University and the Royal Veterinary College, London.
- 1.4 This annual business plan must be read in conjunction with the VLA corporate plan 2006-11. The corporate plan sets out the strategy for the next five years and this annual plan describes the first year of that plan.
- 1.5 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 also include the key targets set by the Minister.
- 1.6 The plan also includes financial projections for the year.

2. MISSION STATEMENT

We safeguard public and animal health through world-class veterinary research and surveillance.

3. STRATEGY

3.1 A detailed five-year strategy for the Agency is set out in the corporate plan 2006 -11. This covers our:

- Status
- Services
- Customer base
- Finances, including efficiency measures
- People
- Buildings

3.2 The strategy is based around five key aims:

- We provide our customers with the highest quality scientific data and advice to support evidence-based policymaking while providing best value for money.
- We work collaboratively to deliver leading edge veterinary research, surveillance, consultancy and laboratory testing services through a series of integrated science programmes.
- We maintain an emergency response capability for animal health and public health threats.
- We develop colleagues to their full potential and recognise their individual and collective contribution.
- We work by a set of principles and values that underpin our behaviour:
 - Be open to constructive criticism and external challenge
 - Develop leadership to promote shared vision and values
 - Demonstrate rigour and responsibility in relation to our science
 - Share knowledge and communicate openly at all levels
 - Strive for excellence whilst confronting poor performance
 - Treat everyone fairly and recognise their views and contributions
 - Treat everyone with dignity and respect
 - Work together to turn problems into solutions

3.3 The strategy includes a detailed development programme, which is focused on achieving our science vision.

Our vision is to be acknowledged as:

- Innovators in a global network of veterinary excellence
- working collaboratively with other suppliers of veterinary and public health science
- applying new technology and other scientific advances throughout the agency
- using our network of laboratories to provide the best possible services

3.4 The development programme encompasses four projects:

- **Developing Science** – to improve the focus and breadth of our science; and further develop our molecular science, our data science and our veterinary sciences.
- **Delivery of Science** – to strengthen our programme and project management skills and systems; further develop an integrated quality system; effectively communicate our science; and further develop our global network.
- **Knowledge Management** – to implement a strategy including pilot studies in key areas.
- **Organisational Design** – to ensure the organisational structure and systems fully support the needs of the whole business.

3.5 This programme represents a sizeable element of work that started in 2002 and will run for at least five years. It encompasses the key areas that need to be taken forward if we are to achieve our mission and vision for our science. Much progress has been made on the development programme in the past three years and many of the achievements have now been incorporated into our daily working practice.

3.6 Delivery of our actual scientific services to the customers is via our seven main science programmes:

- Emerging Diseases and Welfare
- Food and Environmental Safety
- International Trade
- Statutory and Exotic Bacterial Diseases
- Statutory and Exotic Viral Diseases
- Transmissible Spongiform Encephalopathies
- Commercial

- 3.7 The programmes are supported by individual science strategies, including critical success factors, which are updated annually and published as separate documents. The top level objectives for each strategy are also included in the corporate plan.

4. FINANCIAL FOCUS

- 4.1 There is still uncertainty on the amount of contract income from the Animal Health and Welfare Group (AHWG) for 2006/7 and discussions are still in progress. Current indications (March 2006) are that the additional contract income received in 2005/06 will not be repeated because Defra are looking for reductions in the Directorate General's spend for 2006/07. Our plans take this into account. However, with avian influenza and tuberculosis work being high priority issues for Defra, it is possible that further income may be forthcoming in-year.
- 4.2 With the groundwork in business development undertaken in 2005/06, we expect to see growth in our commercial income. In order to pursue the opportunities identified we have put in place additional resources to ensure that this is achieved.
- 4.3 Expenditure on running costs is expected to increase below the rate of inflation contributing to the achievement of the on-going Gershon efficiency savings. Capital charges show a significant increase over 2005/06 reflecting building work completed last year and currently underway.
- 4.4 During 2005/06 we established an efficiency plan, agreed with Defra's Project and Programme Management Unit, to achieve savings over the three year period to 2007/08. Performance against this plan is reviewed regularly. This year represents the second year of the plan and additional work that will be undertaken includes reviewing the use of our existing building stock and examining the provision of administrative and support services. Taking the latter forward can only be progressed when the outcome of the option appraisal study into VLA/IAH Pirbright are known.
- 4.5 The main construction work of Phase 1b of the Weybridge redevelopment project will start during the year. This involves major refurbishment of the old headquarters building to allow the business units to be brought together. The building will also accommodate the Directorate and office based science such as the Centre for Epidemiology and Risk Analysis (CERA). Ancillary work includes the construction of water storage tanks at Weybridge, as part of our business continuity plan.
- 4.6 Work will commence on a high specification temporary laboratory for avian influenza and Newcastle disease as an interim measure until the new Virology

facilities at IAH Pirbright are complete in 2011. This will provide additional laboratory capacity to cope with an increased throughput of samples and will serve as a contingency in case we have a large outbreak of avian influenza in the UK.

5. DELIVERING RESULTS

- 5.1 Our strategy is translated into measures and targets using the balanced scorecard. Our corporate scorecard cascades through the agency to divisional and functional scorecards and through to personal objectives. This ensures that we are all working towards achieving the strategy and ultimately meeting our mission and vision for science. The corporate scorecard for 2006-07 is attached at Annex B. Progress on the scorecard measures and targets is monitored each month.
- 5.2 The corporate scorecard includes specific targets to address our commitment to wider Government and Defra initiatives. Particular importance is placed on Sir Peter Gershon's review on efficiencies across the Civil Service. We will play our part in helping Defra meet their efficiency plan.
- 5.3 The scorecards also provide a mechanism for clear communication of the strategy to colleagues across the agency. The corporate scorecard includes the key agency targets set by Defra Ministers. These are set out below.

5.4 Service delivery

- Meet 85% ROAME milestones together with evidence of significant progress towards an outcome based measure of research projects.
- Achieve 85% of surveillance deliverables to time.
- Achieve a score of at least 80% satisfaction in the VLA customer satisfaction survey.

5.5 Financial

- Achieve full cost recovery.

5.6 Efficiency

- Deliver 2.5% efficiency savings.

5.7 Quality

- Maintaining current third party certifications and accreditations
- Achieve ISO14001 certification for the regional laboratories

5.8 Safety

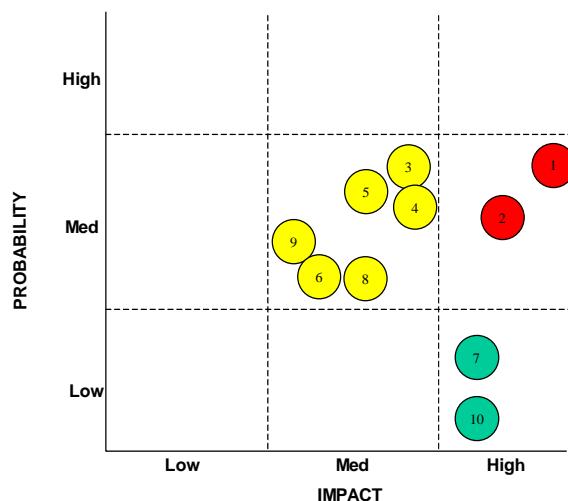
- Implement VLA safety plan 2006/07 to timescales indicated.

6. RISK MANAGEMENT

6.1 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.

6.2 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. The top ten risks are set out below.

VLA's TOP TEN RISKS



1. Lack of customer strategy for requirements of VLA.
2. Failure to respond to new livestock disease or other biohazard.
3. Change of Agency status.
4. Reputation risk from failure to maintain Tuberculin supply line.
5. Incorrect test results leading to damage, claims and reputation damage.
6. Quality of biological materials archiving at risk due to lack of policy and supporting infrastructure.
7. Lack of income/insufficient income.
8. Recruitment, retention and development of specialist staff in key business areas of epidemiology, statistical modelling and pathology.
9. Failure to achieve three year efficiency savings.
10. Failure to obtain funding for Pirbright redevelopment.

OVERALL RATING:
● - High
● - Medium
● - Low

ANNEX A – FINANCIAL PROJECTIONS

REVISED 14th March 2006

	ACTUAL 2004/05 £,000	ESTIMATE 2005/06 £,000	PLAN 2006/07 £,000
<u>INCOME</u>			
AHWG: Contract	31,700	35,000	32,700
Surveys	7,071	7,000	7,000
Non-Programme	26,129	33,100	35,600
VRD	19,500	19,600	19,500
OTHER	393	400	400
SVS	170	200	200
TOTAL DEFRA	<u>84,963</u>	<u>95,300</u>	<u>95,400</u>
FSA	4,248	4,300	3,800
OTHER GOV'T	688	600	500
COMMERCIAL	3,783	3,800	4,300
EU etc	900	1,000	1,000
<u>TOTAL INCOME</u>	<u>94,582</u>	<u>105,000</u>	<u>105,000</u>
<u>EXPENDITURE</u>			
PAY	-37,237	-38,300	-39,500
NON PAY	-35,763	-38,500	-38,800
NOTIONAL			
Build mtce	-3,725	-3,725	-3,725
Defra O/H	-744	-765	-765
Early Retire Etc	169	-110	-125
RUNNING COST TOTAL	<u>-77,300</u>	<u>-81,400</u>	<u>-82,915</u>
ASSET DEMOLITION PROVISION		-3,500	
CAPITAL CHARGE			
Interest Payable	-7,613	-9,200	-9,800
Depreciation	-9,634	-11,400	-12,285
TOTAL CAPITAL CHARGES	<u>-17,247</u>	<u>-20,600</u>	<u>-22,085</u>
<u>TOTAL EXPENDITURE</u>	<u>-94,547</u>	<u>-105,500</u>	<u>-105,000</u>
SURPLUS/(-DEFICIT)	<u>35</u>	<u>-500</u>	<u>0</u>
*Valuation write down/back	-4,534	2,500	
Self employed (avge)	1,246	1,208	

Note - figure is inclusive of PVS income

* excluded from financial target calculation

CAPITAL EXPENDITURE

	CHECH A/C ACTUAL 2004/05 £,000	ESTIMATE 2005/06 £,000	Plan 2006/07 £,000
LAND & BUILDINGS			
Main Programme	2,800		
Redevelopment	18,000	21,200	20,500
TOTAL	20,800	21,200	20,500
EQUIPMENT ETC.			
Scientific Equipment	1,400	1,400	1,500
IT	375	200	300
Other	100	100	200
New Technologies	300	300	300
TOTAL	2,175	2,000	2,300
<u>TOTAL CAPITAL</u>	22,975	23,200	22,800

ANNEX B - VLA CORPORATE SCORECARD 2006/07

Objective	Measure	Q	Responsibility	Target Date	Status	Comments
Customer						
C1. Sustain a long-term partnership with Government based on open dialogue & work with them to help them define and articulate their needs	C1.1 Maintain & develop a dialogue with Defra policy customers through regular meetings		CJT/RDH	31/03/07		
	C1.2 Maintain & develop a dialogue with Food Standards Agency customers through regular meetings		CJT	31/03/07		
	C1.3 Develop & maintain a dialogue with the SVS		RDH	31/03/07		
	C1.4 Develop a dialogue with SANCO & DG Research at SMG level		JAM/RDH/CJT	31/03/07		
	C1.5 Maintain a dialogue with Home Office Customers through CBRN steering group		SE	31/03/07		
	C1.6 Test critical elements of VLA's business continuity plan & ensure it meets requirements		CM	31/03/07		
	C1.7 Maintain emergency preparedness through DERC		RDH	31/03/07		
	C1.8 Work with Defra/BBSRC on the VLA/IAH options appraisal study		SE	30/09/06		
C2. Actively seek more commercial work and use the profit to sustain key areas.	C2.1 Agree commercial strategy		RDH	30/06/06		
	C2.2 Agree commercial profit investment plan		RDH	31/03/07		
C3. Demonstrate customer satisfaction	C3.1 Meet 85% ROAME milestones together with evidence of significant progress towards an outcome based measure of research projects	Q	CJT	31/03/07		
	C3.2 85% of research project final reports submitted on time	Q	CJT	31/03/07		
	C3.3 85% projects completed by the original schedule subject to agreed variations	Q	CJT	31/03/07		
	C3.4 Achieve 85% surveillance deliverables to time	Q	RDH	31/03/07		
	C3.5 Monitor complaints quarterly, identify trends and take corrective action	Q	CM	31/03/07		
	C3.6 Achieve a score of at least 80% satisfaction in the annual customer satisfaction survey	Q	CM	31/03/07		
	C3.7 Answer Access to Information requests within 20 days	Q	ALL	31/03/07		
	C3.8 Answer 90% published telephone numbers within 20 seconds	Q	ALL	31/03/07		
C4. Sustain a culture of continuous improvement in all areas of the agency	C4.1 Maintain current third party certifications	Q	CM	31/03/07		
	C4.2 Achieve ISO14001 certification for the regional laboratories	Q	CM	31/03/07		
	C4.3 Carry out quarterly management updates on quality	Q	SE	31/03/07		
	C4.4 Carry out annual quality management review		SE	31/10/07		
Financial						
F1. Achieve full cost recovery on programmes of work	F1.1 Full cost recovery	Q	CM	31/03/07		
	F1.2 Achieve £62.7m income from the non commercial programmes	Q	RDH/CJT/JAM	31/03/07		
	F1.3 Generate £900k profit from commercial work	Q	RDH	31/03/07		
	F1.4 Achieve 2.5% efficiency savings	Q	CM	31/03/07		

Internal						
11. Continue to deliver the science programme strategies	11.1	Achieve critical success factors in science strategy 2006/07		RDH/CJT/JAM	31/03/07	
	11.2	Publish updated programme based science strategies for 2007/08		JAM	31/12/06	
	11.3	Deliver programme and departmental publication plans and other agreed project deliverables to target		RDH/CJT	31/03/07	
	11.4	Produce & implement an integrated veterinary public health & animal health & welfare strategy		JAM/RDH	31/03/07	
12. Maintain and develop our national and international collaborative network in order to increase the pool of professional knowledge, skills and facilities available to our customers	12.1	Prepare a report on collaborative work for the VLA Science Audit		JAM	Medium term	
	12.2	Maintain a dialogue with IAH and actively seek to establish complementary and collaborative projects		CJT/SE	31/03/07	
	12.3	Implement deliverables identified by HPA/VLA Steering Group		CJT	31/03/07	
	12.4	Agree collaborative framework with Nottingham Vet School		RDH	31/03/07	
	12.5	Strengthen & increase veterinary leadership within our Reference Laboratories		RDH	31/03/07	CJT will assist
	12.6	Identify areas for mutual support within InterLab forum and Club 5 networks		SE	31/03/07	
13. Ensure compliance of facilities with statutory safety and other legislative requirements & VLA Codes of Practice & policy	13.1	Implement VLA safety plan		CM	31/03/07	
	13.2	Comply with Home Office legislation		CJT	31/03/07	
	13.3	Meet reporting deadline for faster closure of annual report & accounts		CM	01/06/06	
	13.4	Ensure effective measures are in place to mitigate the top ten corporate risks & undertake quarterly review		CM	31/03/07	
	13.5	Pay 90% suppliers invoices within 30 days	Q	CM	31/03/07	
14. Provide an infrastructure to support the delivery of the science programmes	14.1	Progress plan to relocate Virology to IAH Pirbright		SE	31/03/07	
	14.2	Set priorities for allocation of capital equipment		CM	30/06/07	
	14.3	Key IT service availability greater than 95%.	Q	CM	31/03/07	
	14.4	Produce an organisation design based on programme delivery (WP4.3)		CM	Medium term	
	14.5	Admin review (Weybridge) (WP4.6)		CM	Medium term	
	14.6	Agree future strategy for building facilities at the Weybridge site		CM	30/09/06	
	14.7	Implement sustainable development action plan		CM	31/03/07	
	14.8	Produce a workforce planning strategy		CM	30/10/06	
	14.9	Respond to veterinary career path review		RDH	31/10/06	
	14.10	Review incinerator strategy		RDH/CM	30/06/06	
	14.11	Implement knowledge management strategy		CM	31/03/07	

Learning						
L1. Continue to develop staff through the principles of the Investors in People standard	L1.1	Implement action plan in response to Investors in People reassessment		CM	30/09/06	
	L1.2	Publish annual VLA training plan		CM	28/02/07	
	L1.3	Introduce a new competency & appraisal system		CM	31/06/06	
	L1.4	Preparing an on-line version of the appraisal system		CM	31/03/07	
	L1.5	Review effectiveness of appraisal system			Medium term	
	L1.6	Review effectiveness of VLA fellowship scheme		JAM	Medium term	
L2. Ensure all staff have access to information through open communication & that they are aware of & support the Agency's mission, key aims & objectives	L2.1	Carry out monthly team briefings		ALL	31/03/07	
	L2.2	Carry out a rolling programme of open visits		ALL	31/03/07	
	L2.3	Implement the Have Your Say action plan		CM	31/03/07	