SCOTTISH AGRICULTURAL SCIENCE AGENCY

Annual Report and Accounts 1998-99

SCOTTISH AGRICULTURAL SCIENCE AGENCY

Annual Report and Accounts 1998-99

Presented to Parliament pursuant to the Exchequer and Audit Departments Act 1921

Ordered by the House of Commons to be printed on the 22 July 1999

Laid before the Scottish Parliament by the Scottish Ministers July 1999

Edinburgh: The Stationery Office

Price £8.15

HC622

SE/1999/6

Scottish Agricultural Science Agency

82 Craigs Road

East Craigs

Edinburgh EH12 8NJ

Telephone 0131 244 8826

Fax 0131 244 8940

E-Mail library@sasa.gov.uk

Website http://www.sasa.gov.uk

An Executive Agency of The Scottish Office Agriculture, Environment and Fisheries Department

ISBN 0 10 293499 1

Organisation Chart

DIRECTOR

Dr R K M Hay

NON-EXECUTIVE DIRECTOR

I Evans

PESTICIDES, PLANT VARIETIES & SEEDS

S R Cooper
(Deputy Director)

OSTS	Cereals	Herbage & Vegetables	Pesticide Usage & Wildlife Management	Chemistry
R Don	G P Hall *(w.e.f 5 January 1999)*	F N Green	Dr C J Griffiths	Dr K Hunter

POTATO AND PLANT HEALTH

W J Rennie

Potato	Plant Health	Diagnostics & Molecular Biology	Zoology
Dr S F Carnegie	Dr J M Chard	Dr K J O'Donnell	Dr J Pickup

ADMINISTRATION AND SUPPORT SERVICES

Administration	Farm	Horticulture	Information Technology
Mrs S M Quinn	R Campbell	D McIntyre	P J Winfield

Contents

Organisation Chart	iii
Status, Aim and Functions	1
Director's Report	2
Performance Targets and Results	4
Consulting our Customers	5
Review of Administration and Support Services	6
Annual Accounts 1998-99	8
Representational Duties of SASA Staff 1998-99	29
Contact Points	31

Status, Aim and Functions

Status

The Scottish Agricultural Science Agency (SASA) was established on 1 April 1992 as an Executive Agency of the Scottish Office Agriculture, Environment and Fisheries Department (SOAEFD).

Aim

The Agency exists to provide government with expert scientific information and technical advice on agricultural crops, horticultural crops and aspects of the environment. It also performs statutory and regulatory work in relation to national, European Union (EU) and other international legislation and agreements on plant health, bee health, variety registration and crop improvement, regulation of genetically modified organisms (GMOs), and the protection of crops, food and the environment.

Since SASA's principal customer is SOAEFD, the Agency operates mainly for Scottish interests, but it also seeks to meet the requirements of other Agriculture Departments as well as various UK and international bodies, local government, academic and research institutes, private companies, organisations and individuals.

The Agency aims to improve the effectiveness of its operations and to enhance its provision of services and products to present customers and other organisations, consistent with Government policy. This will be achieved by ensuring that SASA has the scientific competence needed to respond to changes in legislation, technology, cropping systems and the environment, and that the Agency offers quality and value for money in all aspects of its work.

Functions

The principal functions of the Agency are:

- to serve the needs of SOAEFD and other customers for scientific and technical expertise by the timely, efficient and effective provision of accurate and appropriate advice and information on the content and implementation of national, EU and other international legislation and agreements in relation to plant health, bee health, variety registration and crop improvement, GMOs, and crop, food and environmental protection.
- to support SOAEFD's legislative and policy responsibilities and assist in SOAEFD's enforcement role by the timely, efficient and effective provision of appropriate scientific and technical services including: quarantine, diagnoses, and measures to contain or eradicate pests and diseases in relation to plant health and bee health; plant variety evaluation, description and maintenance in relation to Plant Breeders' Rights and National Lists of Crop Varieties; seed testing, crop inspection and identification in support of the Scottish and UK Seed Certification and Classification Schemes; the regulation of GMOs; and pesticide residue monitoring, other analytical services and pesticide usage assessments in relation to the protection of crops, food and the environment.
- to represent Scottish and, where appropriate, UK interests at national and international meetings which call for a scientific and technical input.
- to maintain and develop the scientific and technical competence needed to respond quickly and effectively to the evolving needs of customers for scientific and technical expertise and services, by maintaining a continuous programme of challenging and well focused research and development.
- to improve the effectiveness of SASA by using the scientific resource to provide scientific and technical services to other customers in relevant areas of work.

Director's Report

I am pleased to lay before Parliament and the Scottish Parliament this report of the work and achievements of the staff of SASA during 1998-99. The following pages concentrate upon the financial aspects of the Agency, and its performance against key targets set by the Secretary of State for Scotland.

During the report year, the Agency discharged its full service level agreement with Scottish Office customers, and performed additional work for SOAEFD as the need arose. The most important example of such work was the unanticipated demand for high-level scientific advice in the sensitive area of genetically modified organisms, but there was also intensified activity in relation to plant health and pesticides. As part of the Agency's drive to enhance standards, the Official Seed Testing Station for Scotland achieved quality-assurance accreditation from both the International Seed Testing Authority and UKAS. 1998-99 was also a particularly busy year in relation to the Agency's participation in international scientific meetings, notably the 7th International Congress of Plant Pathology in Edinburgh in August. Further details of the scientific work of the Agency can be found in the SASA Guide and the SASA Scientific Review, both published in 1998, which are available from the Agency library.

Agreement was reached with SOAEFD for SASA to assume the role of Certifying Authority for the Seed Potato Classification Scheme in Scotland from 1 April 1999, and we look forward to welcoming the relevant staff at East Craigs in autumn 1999. As a result, the complement of staff will rise by 9 from 1999-2000 onwards.

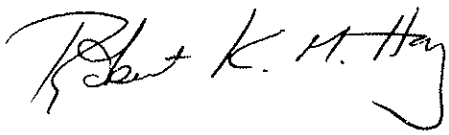
The report year was the first year of operation under a net running costs regime: as from 1 April 1998, the Agency was given a target to earn £50,000 from new work and new customers, on the understanding that these activities would not compromise the delivery of the services detailed in the service level agreement with SOAEFD. The target for additional earnings will now increase progressively, as the Agency gains competence in marketing its services, but it is unlikely to exceed 10% of the total running costs of SASA in the foreseeable future.

Other major developments during the report period included the strengthening of the SASA Directorate by the appointment of a non-executive director, Mr Ian Evans, of Scottish Courage Brands Ltd; the implementation of a uniform pay and grading system across The Scottish Office; progress towards the introduction of competence-based training of staff, in line with the principles of Investors in People; and the completion of a preliminary examination of the options for the development of the Agency headquarters. The proposal to move the activities of the Agency to a purpose-built building on a greenfield site is the principal strategy of the SASA Directorate to improve the efficiency of its operation.

The Agency is actively implementing a 2 year plan to ensure that its services and equipment continue to be effective in the next Millennium. The plan, encompassing desk-top services, bespoke and off-the-shelf software, embedded chips and external suppliers and customers, is on target to ensure "business as usual" in 2000. This work is proceeding in co-ordination with The Scottish Office as a whole. The total cost of the programme over 2 years, including £302,000 for "technology refreshment" and a further £538,000 for other work, is being met within existing funding.

It must, however, be acknowledged that the strategies outlined here, and developed in full in the Agency's corporate plan for 1999-2002, may be overtaken by the needs and priorities of the incoming Scottish Executive from 1 July 1999.

As in previous years, none of this could have been achieved without the skilled and enthusiastic work of a dedicated staff of scientists and their supporters. I continue to be grateful for the pride that they show in their work. I should also like to place on record our sadness at the loss of our long-term "customer" from AEFD, Ian Whitelaw, whose untimely death occurred in September 1998; he played a major part in formulating, developing and maintaining effective and businesslike relations between the Agency and its parent Department.



DR R K M HAY

Director

Performance Targets and Results

The performance of Agencies against a range of targets is a central feature of the Next Steps vision. These targets should chart achievements not only in relation to traditional "inputs" and "outputs" but also the effectiveness and quality of the work done in meeting the Agency's aim and functions. SASA is involved in a continued dialogue with its main customer, SOAEFD, on the appropriate portfolio of performance targets to cover this wide range of interests. The revised Cabinet Office guidance on Agency Annual Reports indicates that the performance achievement should be compared with the 2 previous years, if relevant. The following table presents the information.

Key Ministerial Targets		Outturns and Achievements	Target 1999-2000
Financial Performance			
Fulfilment of SLA with SOAEFD		1996-97 Target achieved 1997-98 Target achieved 1998-99 Target achieved	✓
Achievement of target income from new work/customers	**£50,000**	1998-99 Target achieved, £74,500 of income earned	£80,000
Throughput			
Completion of specific percentage of all scientific test and analyses within timescales set by customers	**92%** **93%** **94%**	1996-97 Target achieved: 97.1% 1997-98 Target achieved: 96.6% 1998-99 Target achieved: 97.4%	95%
Efficiency			
Improvement in unit cost of the scientific work of the Agency (cost per direct scientist hour)		1996-97 Target not met [1]:£37.94 1997-98 Target achieved: £37.03 1998-99 Target achieved: £36.27	✓
Quality			
Continuation of the programme of consultation with all customers on the quality of the work done by the Agency		1996-97 Target achieved 1997-98 Target achieved 1998-99 Target achieved	✓
Other			
Publication of a comprehensive review of the scientific work of the Agency 1992-97		1997-98 Target achieved Publication March 1998	-

Milestone targets for 1999-2000

- assimilation of the work and personnel associated with the Seed Potato Classification Scheme by the end of 1999;
- presentation of the "greenfield" options for the buildings and infrastructure of the Agency in a form suitable for decisions by Ministers.

[1] *The overwhelming requirement to achieve a 10% reduction in costs within the year forced a reduction in staff numbers; total costs, though reduced, were therefore spread over fewer scientists.*

Consulting Our Customers

One of SASA's performance targets is the continuation of the programme of consultation with our major customers on the quality of the work done by the Agency. Each year a different aspect of SASA's work is subject to consultation with our customers.

In 1998-99 we consulted our Departmental customers in The Scottish Office Agriculture, Environment and Fisheries Department, covering both the headquarters in Pentland House, Edinburgh, and Area Offices throughout Scotland.

The past year has seen many changes in the Department's personnel, and also the introduction of a net running cost regime. These changes are reflected in the comments summarised below:

100%	Find SASA staff very helpful and pleasant;
100%	Satisfied or very satisfied with the services received from SASA;
100%	Satisfied or very satisfied that SASA's services provide good value for money;
100%	Find SASA delivers its services always on time or most of the time;
100%	Find SASA's advice sound and objective, but 20% find it not always appropriate to their needs;
100%	Are likely or very likely to recommend an approach to SASA to those seeking similar services, (80% have previously recommended SASA's services);
80%	Find that SASA's estimated timescales meet their requirements, but 20% would prefer a faster service;
70%	Find reports generally very comprehensive, with 30% finding information adequate;
60%	Find written reports clear and easy to follow, but 40% feel reports could be clearer;
40%	Find costs clear and unambiguous, 10% have difficulty in identifying costs and 20% find costings vague and unprecise; and
30%	Only are very aware of specific activities and services available at SASA, 50% have a general view and 20% only know of specific activities.

Review of Administration and Support Services

The past year has seen more progress in the continuing evolution of the Administration of the Agency. We have successfully completed our first year of running our finances under a net running cost basis. Both SASA and SOAEFD have had to climb a steep learning curve and, in the course of that process, two issues have focused our attention: the adequacy of our existing management information systems to deliver what we need; and the amount of resource required from our Finance section. Our existing JIMS (Job Information Management System) has served us well, but it is now apparent that we need a system that will deliver information on projected rather than simply historical costs. A task for next year will be to seek an enhanced system that will meet our present and future needs.

As from 1 April 1999, SOAEFD transferred to SASA the role of Certifying Authority for the Seed Potato Classification Scheme in Scotland, along with the present staff who operate the scheme. These staff are continuing to operate from Pentland House until the Autumn when the necessary building works to provide accommodation for them at our East Craigs site will be completed. However, much preparatory work for the transfer was undertaken in the year of report and it will take some time for SPCS operations to be fully assimilated into the Agency's framework.

The past year has seen a considerable amount of staff turnover. The Scottish Office Review of Pay & Grading, which had been ongoing for a two year period was implemented on 1 April 1998. The new structure is based on a 3 band, 10 pay range system into which all grades, scientific, technical, professional and administrative (but not agricultural staff), have been assimilated. As with any new structure, the process of assimilation was not without its difficulties. However, the benefit to the Agency's scientific staff is that they are once again within the structure of the wider Scottish Office and eligible for transfers to other work areas within The Scottish Office. A number of our staff have taken up the opportunities now available to them to transfer. December 1998 marked the departure from SASA of one of its longest serving members of staff - Jack Davidson, Head of Cereal Section, retired after some 36 years service.

Our higher than usual staff turnover has resulted in increased activity in the recruitment field. We have appropriate systems in place to ensure that all recruitment is carried out on the basis of fair and open competition and on merit in accordance with the recruitment code laid down by the Civil Service Commissioners. During 1998-99 we held 10 open competitions and successfully appointed 9 candidates (6 at Band A and 3 at Band B). Of these appointments 6 were female and 3 were male. None of the appointees came from an ethnic minority background or declared a disability. Four other posts were also filled, 2 on promotion and 2 on transfer from The Scottish Office.

At 31 March 1999, we employed 121 staff, but also had 10 vacancies which were in the process of being filled.

The chart below provides a breakdown of staff numbers by pay band and gender. Band C assimilated previous grades 6 and 7; Band B assimilated SSO/SEO, HSO/HEO, SO/EO; and Band A assimilated ASO/AO, AA, Support & Associate grades.

Staff by pay band and gender at 31 March 1999

	Males		Females		Total	
Pay band	No	%	No	%	No	%
Senior Civil Service	1	1.8	0	0	1	0.8
Band C	11	19.3	2	3.1	13	10.8
Band B	22	38.6	29	45.3	51	42.1
Band A	15	26.3	33	51.6	48	39.7
Agricultural	8	14.0	0	0	8	6.6
Total	**57**	**100**	**64**	**100**	**121**	**100**

In 1998, The Scottish Office and some of its Agencies, including SASA, achieved recognition as Investors in People. In continuing to develop our systems in line with Investors in People principles, SASA has revised its induction programme for new staff and is also working alongside the Scottish Qualifications Authority to devise a comprehensive competence-based training system for all staff of the Agency. It is our intention to have in place in the coming year a system for staff in A band and B1 range.

A change to the terms and conditions of our staff (other than our farm staff) resulted from the 1998 Pay Award: the leave allowance on entry is increased to 5 weeks and rises to 6 weeks after 15 years service.

All organisations need continually to review and update the technologies used in their workplaces. The Director's Report mentions that work is underway to replace our desk-top services during 1999, but in 1998-99 we also upgraded the technology in use in our Photographic studio, which has provided increased in-house capability for the production of higher quality exhibition/conference posters, etc.

We continue to utilise various Scottish Office IT systems for Finance, Purchasing, Personnel and Library and are seeking to connect the SASA and Scottish Office IT networks, which would allow our staff access to The Scottish Office Intranet facilities, and other services.

We established our SASA web site (http://www.sasa.gov.uk) in November 1998 with links to the CHABOS organisations, The Scottish Office, etc.

Our capital expenditure resources and purchasing staff were heavily committed in support of the Agency's millennium compliance programme and the necessary infrastructure. In 1998-99 our capital works programme concentrated on upgrading areas of Chemistry and Media Preparation to meet health and safety requirements. We also continued to upgrade laboratory and mess facilities at Gogarbank Farm, and our IT network has been extended to the Farm.

Annual Accounts 1998-99

Foreword to the Accounts

The accounts have been prepared in accordance with a Direction given by the Treasury in pursuance of Section 5(1) of the Exchequer and Audit Departments Act 1921. The Direction is reproduced at Appendix 1 to the accounts.

Background Information

The Scottish Agricultural Science Agency (SASA) was established as an Executive Agency within the Scottish Office Agriculture, Environment and Fisheries Department (SOAEFD) in April 1992, as part of the Government's Next Steps Initiative. It was designated a Simpler Agency in October 1992.

From 1 April 1998 the Agency is subject to the funding arrangements of the net running costs regime. However, its status as an on-vote Agency, funded by SOAEFD Appropriation Account Class XIII Vote 1, remains unchanged.

Principal Activities

The Agency exists to provide government with expert scientific information and advice on agricultural crops, horticultural crops and aspects of the environment. It also performs statutory and regulatory work in relation to national, European Union and other international legislation and agreements on plant health, bee health, variety registration and crop improvement, regulation of genetically modified organisms, and the protection of crops, food and the environment.

Review of Financial Performance

The Agency's key financial targets are to fulfil the Service Level Agreement (SLA) with SOAEFD within the budget allocated for the year and to recover full economic costs for charged services.

1998-99 was the first year of charging SOAEFD for the services provided under the SLA. The Agency was able to deliver the SLA within £11,000 of the target expenditure of £5.44 million despite the additional demands for advisory services on GMOs and plant health issues.

In addition a further £1.18 million of income was received against sales invoices for externally charged fees.

The charges for the SLA are set to recover full economic cost of providing the agreed services including the recovery of certain externally charged fees. Charges for the latter are set nationally from consolidated UK memorandum trading accounts or by recovering an agreed percentage of the estimated full cost as a matter of current Government policy.

SASA aims to adhere where possible to the CBI Code of Prompt Payment Practice. The performance continues to improve with the average percentage of supplier invoices paid within 30 days of receipt for 1998-99 at 97.5% compared with 94% in 1997-98.

Future Developments

On 1 April 1999 the Agency assumed the management responsibility for the Seed Potato Classification Scheme. The major impact will be an estimated increase in income of £1.57 million, and the associated expenditure, together with a transfer of 9 permanent staff members. This will widen further the services provided directly by the Agency on behalf of SOAEFD.

Millennium Compliance

The millennium compliance strategy has been successfully implemented during the year to ensure, as far as possible, that SASA's business is not affected by year 2000 issues. Systems critical to the delivery of the SLA have been tested and certified compliant. Additionally, business continuity plans continue to be developed to meet unforeseen failure. The overall programme of work, which includes a full upgrading of all desk-top IT services, is expected to be completed by the end of 1999. The estimated cost of compliance is £538,000 (not including the technology refreshment) and will be met from existing funding.

Research and Development

SASA undertakes a limited amount of R&D in developing new scientific techniques to support its statutory and regulatory objectives. All research costs are charged to the Income and Expenditure Account when incurred.

Fixed Assets

During the year the Agency acquired scientific equipment, computer hardware, software and capital works amounting to £561,000 of authorised capital expenditure.

Directorate

The senior management team at the end of the financial year was as follows:

Dr R K M Hay - Director

Mr S R Cooper - Deputy Director and Head of Pesticides, Plant Varieties and Seeds Division

Mr W J Rennie - Head of Potato and Plant Health Division

Mrs S M Quinn - Head of Administration

Mr I Evans - Non-Executive Director

Dr Hay was re-appointed on 1 April 1997 for a term of 4 years in accordance with the recruitment code of the Civil Service Commissioners. With the exception of the non executive director, the other members of the management team are appointed as members of the UK Civil Service. Remuneration falls in line with Scottish Office pay structure and is subject to an annual Pay Award negotiated with the relevant unions. See note 3 to the Accounts.

Employment Policy

The Agency operates as an employer in line with The Civil Service policies and endorses the commitment on diversity and equality of opportunity for all employees. SASA follows The Scottish Office policy on the employment of staff with disabilities, and seeks to provide full and fair consideration of applications for employment or promotion provided the vacancies are suitable for their particular aptitudes or abilities.

Communication

SASA recognises the importance of good industrial relations and effective communication with all its staff. Regular meetings are held with representatives of the trade unions in line with normal Civil Service Whitley arrangements. In addition, there is a continuous dialogue between the Directorate and staff including consultation via formal meetings, training events and informal briefings. The Agency also communicates to staff through the issue of an Agency newsletter.

Statement of Agency's and Accounting Officer's Responsibilities

Under section 5 of the Exchequer and Audit Departments Act 1921 the Treasury have directed the Scottish Agricultural Science Agency to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction at Appendix 1 to these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

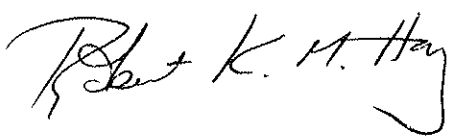
In preparing the accounts the Agency is required to:

- observe the Accounts Direction issued by the 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 have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer for the Scottish Office Agriculture, Environment and Fisheries Department has appointed the Director of the Scottish Agricultural Science Agency as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in "Government Accounting".

Audit

The accounts are audited by the Comptroller and Auditor General.



DR R K M HAY

Director

02 July 1999

Statement on the System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Scottish Agricultural Science Agency.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

comprehensive budgeting systems with an annual budget review which is reviewed and agreed by the Directorate Group;

regular reviews by the Directorate Group of the monthly and annual financial reports which indicate financial performance against the forecasts;

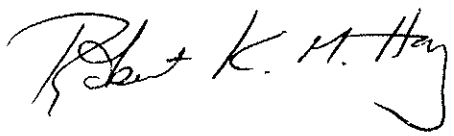
setting targets to measure financial and other performance;

clearly defined capital investment control guidelines;

as appropriate, formal project management disciplines.

SASA has an internal audit service, which operates to standards defined in the Government Internal Audit Manual. The work of the Internal Auditors is informed by an analysis of the risk to which the body is exposed, and annual audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Agency's Audit Committee and approved by me. At least annually, the Internal Auditors provide me with a report on internal audit activity in the Agency.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the audit, the executive managers within the Agency who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.



DR R K M HAY

Director

02 July 1999

Income and Expenditure Account

for the year ended 31 March 1999

	Notes	1999 £000	1998 As restated £000
Income			
Income from activities	2	6,621	6,474
Expenditure			
Staff costs	3	2,853	2,776
Depreciation	8	681	710
Permanent diminution		-	803
Other operating charges	4	1,675	1,556
		5,209	5,845
Net Income before Exceptional Costs and Interest on Capital		1,412	629
Interest on capital	7	570	615
Excess of Income over Expenditure transferred to General Reserve		**842**	**14**

Statement of Recognised Gains and Losses

for the year ended 31 March 1999

		1999 £000	1998 As restated £000
Net surplus/(deficit) on revaluation of assets in addition to that recognised as a permanent diminution in value in the income and expenditure account		144	(738)
Recognised gains/(losses) relating to the year		**144**	**(738)**
Prior period adjustment	19	-	
Gains and losses recognised since last annual report		144	

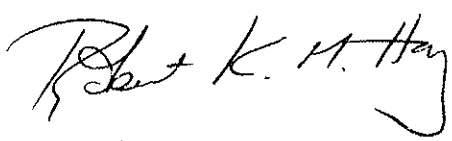
The notes on pages 15 to 25 form part of these accounts.

Balance Sheet

at 31 March 1999

	Notes	1999 £000	1999 £000	1998 As restated £000	1998 As restated £000
Fixed Assets					
Tangible assets	8		9,289		9,265
Current Assets					
Stocks		–		2	
Debtors	9	282		279	
Cash at bank and in hand		–		2	
		282		283	
Creditors: amounts falling due within one year	10	80		62	
Net Current Assets			202		221
Total Assets less Current Liabilities			**9,491**		**9,486**
Financed by:					
Capital and Reserves					
General reserve	11		8,269		8,366
Revaluation reserve	12		1,222		1,120
			9,491		**9,486**

The notes on pages 15 to 25 form part of these accounts.



DR R K M HAY

Director

02 July 1999

Cash Flow Statement

for the year ended 31 March 1999

	Notes	1999 £000	1999 £000	1998 As restated £000	1998 As restated £000
Operating Activities					
Net Cash Inflow from Operating Activities	*16*		2,188		1,918
Capital Expenditure and Financial Investment					
Acquisition of tangible fixed assets		(551)		(738)	
Receipts from disposals of tangible fixed assets		2		7	
Net Cash (Outflow) from Investing Activities			**(549)**		**(731)**
Net Cash Inflow before financing			**1,639**		**1,187**
Cash surplus transferred to SOAEFD	*17*		(1,641)		(1,187)
Decrease in cash in the year	**16**		**(2)**		**–**

The notes on pages 15 to 25 form part of these accounts.

Notes to the Accounts

for the year ended 31 March 1999

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with the revised Accounts Direction issued by the HM Treasury on 11 June 1999.

Restatement of Comparative Figures

In accordance with that Direction minor changes in accounting policy have been adopted in relation to the revaluation reserve and the use of provisions. Also income has been restated for 1997-98 to show the impact of the change to net running costs. Further explanation is given in note 19 to the Accounts.

Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets and stocks, where material, at their value to the Agency by reference to their current costs.

Fixed Assets

The Agency generally capitalises assets costing £1,000 or more which have a useful economic life of more than one year. However this threshold is varied for works projects (over £10,000), IT (over £100) and fixtures and fittings (over £100).

Departmental Estate is treated as an asset of the Agency, although legal ownership rests with the Secretary of State for Scotland. This reflects the Agency's position as the principal beneficial user of this property.

The valuation of land and buildings is on the basis of open market value for existing use. Professional valuations of land and buildings are to be carried out every 5 years.

Land and buildings are revalued in the years between professional valuations using indices published in the Valuation Office's Property Market Report. Other tangible fixed assets, excluding computers, are revalued annually using appropriate CSO Indices.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

Freehold buildings	30-60 years
Fixtures & fittings	over 5 years
Plant & machinery	over 10 years
Vehicles	over 5 to 10 years
Computer hardware/software	over 3 to 5 years
Equipment	over 10 years

Asset lives are reviewed periodically to ensure that they continue to represent a reasonable estimate of useful economic life.

Donated tangible fixed assets are capitalised at their valuation on receipt, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the income and expenditure account.

Stocks

Stock is stated at the lower of net current replacement cost or net realisable value. Provision is made where necessary for obsolescent, slow moving and defective stocks.

Consumables are written off in the year of purchase.

Research and Development

Research and development expenditure is written off as incurred.

Income

The Agency is not primarily a trading organisation. It provides services, primarily to SOAEFD, under a Service Level Agreement for which a charge is made. Receipts from the Service Level Agreement, together with receipts from fees for seed certification, seed and variety testing, statutory pesticides work and other activities are presented as income net of value added tax. In addition, a notional receipt of £22,610 has been included in respect of agricultural land set aside.

Value Added Tax

Irrecoverable VAT is charged to the Income and Expenditure Account in the year in which it is incurred, apart from that which is capitalised as part of asset values.

Early Departure Costs

The cost of early departures has been funded under arrangements announced in the Civil Service White Paper "Continuity and Change" published in July 1994, with the minor part of the cost borne by the Agency and the majority borne by the Civil Superannuation Vote.

Government policy is that the full cost of an Agency's activities should be included in its own accounts even where, as in this case, some of the costs are borne elsewhere in Government. Normal accounting practice is to provide for the full cost of early departure of employees in the year in which the early departure decision is made. However such treatment would not reflect the fact that the greater proportion of the Agency's early departures is funded by the Civil Superannuation Vote. Consequently the Treasury has issued a Direction that, whereas the Agency's share of the cost should be charged to its Income and Expenditure Account in full in the year that the cost is incurred, the annual payments from the Civil Superannuation Vote should only be reflected (as notional costs) in each year's accounts when actually paid.

2. SEGMENTAL ANALYSIS OF INCOME AND EXPENDITURE

An analysis of income and expenditure by division is given below:

	Income 1998-99 £000	Expenditure 1998-99 £000	Net Divisional Outturn 1998-99 £000	Income 1997-98 £000	As restated Expenditure 1997-98 £000	Net Divisional Outturn 1997-98 £000
Support Services	446	2,671	(2,225)	181	2,775	(2,594)
Pesticides, Plant Varieties and Seeds	3,695	1,763	1,932	3,760	2,053	1,707
Potato and Plant Health	2,480	1,345	1,135	2,533	1,632	901
	6,621	**5,779**	**842**	**6,474**	**6,460**	**14**

The 1997-98 expenditure includes £803,000 for the permanent diminution of the value of property used by the Agency. The net cost of the support services is recovered in charges for services made by the other divisions.

3. STAFF COSTS

	1998-99 £000	1997-98 £000
Wages and salaries	2,367	2,309
Social security costs	172	167
Other pension costs	314	300
	2,853	**2,776**

The salaries of higher-paid employees, including the Director, fell within the following ranges:

	1998-99 Number	1997-98 Number
£40,000 to £44,999	1	1
£45,000 to £49,999	1	1
£50,000 to £54,999	1	1
	3	**3**

The average monthly number of staff, excluding casuals, during the year was as follows:

	1998-99 Number	1997-98 Number
Scientists	81	82
Support staff	40	40
	121	**122**

The emoluments, excluding pension contributions, of the Director were £52,953 (£50,528 in 1997-98). The Director is an ordinary member of the Principal Civil Service Pension Scheme.

The employees of SASA are Civil Servants and members of the Principal Civil Service Pension Scheme to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. For 1998-99, contributions of £314,398 were paid to the Paymaster General at rates determined from time to time by the Government Actuary and advised by HM Treasury.

The rates for 1998-99 were from 12% to 16.5% dependent on the annual salary paid.

4. OTHER OPERATING CHARGES

	1998-99 £000	As restated 1997-98 £000
Personnel related costs	36	33
Premises related expenditure	552	618
Transport related expenses	94	93
Supplies and services	882	657
Notional charges (see Note 5)	112	159
(Profit) on disposal of fixed assets	(1)	(4)
	1,675	**1,556**

5. NOTIONAL CHARGES INCLUDED WITHIN EXPENDITURE

	1998-99	1997-98 As restated
	£000	£000
Early departure costs (note 6)	48	67
Audit fee	12	12
Services provided by The Scottish Office	52	80
	112	**159**

6. EARLY DEPARTURE COSTS

No early departure decisions were taken in 1998-99 and at the start of the year costs were brought forward of £112,317 in respect of decisions made in 1995-96 and 1996-97. The charge to this year's income and expenditure account is £48,615 of which £19,513 is payable in respect of leavers in 1995-96 and £29,102 in respect of leavers in 1996-97. The remaining £63,702 will be included in expenditure for the years in which payments are actually made.

	1998-99	Future Years	Total	1997-98
	£000	£000	£000	£000
Costs accounted for in year:	48	64	112	179
Of which contributed by the Civil Superannuation Vote:	44	55	99	162

7. INTEREST ON CAPITAL EMPLOYED

Interest of £570,000 (1997-98: £615,000) has been charged in the Income and Expenditure Account on the basis of 6% of the average cost of capital employed by the Agency in accordance with Treasury guidelines. Capital employed is defined as Total Assets less Current Liabilities, but excludes donated assets where the charge is nil.

8. TANGIBLE FIXED ASSETS - £000

	Land & buildings	Furniture & fittings	Plant & machinery	Vehicles	Computer hardware/ software	Equipment	**Total**
Cost or valuation							
At 1 April 1998	7,259	298	908	528	1,630	2,269	**12,892**
Additions	398	12	–	–	107	44	**561**
Disposals	–	–	–	–	(5)	(49)	**(54)**
Revaluation adjustment	142	–	1	–	–	10	**153**
At 31 March 1999	7,799	310	909	528	1,732	2,274	**13,552**
Depreciation							
At 1 April 1998	–	254	447	356	1,131	1,439	**3,627**
Provided in year	171	18	67	45	219	161	**681**
On disposals	–	–	–	–	(5)	(49)	**(54)**
Revaluation adjustment	3	–	1	–	–	5	**9**
At 31 March 1999	174	272	515	401	1,345	1,556	**4,263**
Net Book Value							
At 31 March 1998	7,259	44	461	172	499	830	**9,265**
At 31 March 1999	**7,625**	**38**	**394**	**127**	**387**	**718**	**9,289**

The land and buildings at the East Craigs site together with the farm at Gogarbank were valued independently, as at 31 March 1998, by Bell Ingram Rural, Chartered Surveyors on the basis of Existing Use Value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The Independent Valuers have provided an additional valuation, at that same date, on the basis of Open Market Value.

9. DEBTORS

	1999	1998
	£000	£000
Trade debtors	115	109
Other debtors	3	6
Prepayments and accrued income	164	164
	282	**279**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998 As restated
	£000	£000
Trade creditors	80	62

11. GENERAL RESERVE

	1999	1998 As restated
	£000	£000
At 1 April 1998 as previously reported	7,962	8,772
Prior period adjustments (Note 19)	404	335
As restated	8,366	9,107
Cash surplus transferred to SOAEFD (Note 17)	(1,641)	(1,187)
Rental adjustment	–	(373)
Non-cash transactions:		
- Running costs	660	753
Transfer of realised element of revaluation reserve	42	52
Excess of income over expenditure	842	14
At 31 March 1999	**8,269**	**8,366**

12. REVALUATION RESERVE

	1999	1998 As restated
	£000	£000
At 1 April 1998 as previously reported	1,498	2,236
Prior period adjustments (Note 19)	(378)	(326)
As restated	1,120	1,910
Surplus/(deficit) arising on revaluation and indexation during the year	153	(714)
Backlog depreciation	(9)	(24)
Transfer to general reserve in respect of the realised element of revaluation reserve	(42)	(52)
At 31 March 1999	**1,222**	**1,120**

13. CAPITAL COMMITMENTS

	1999	1998
	£000	£000
Contracted	143	9
Authorised but not contracted	734	205

14. OTHER FINANCIAL COMMITMENTS

At 31 March 1999 the Agency was committed to making payment of £7,000 (£7,000 at 31 March 1998) in respect of land and building operating leases which expire within one year.

The Agency has entered into non-cancellable contracts (which are not operating leases) for building services totalling £28,000 as at 31 March 1999.

15. CONTINGENT LIABILITY

There were no material contingent liabilities at 31 March 1999.

16. RECONCILIATION OF EXCESS OF INCOME OVER EXPENDITURE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999	1998 As restated
	£000	£000
Excess of income over expenditure	842	14
Rental adjustment	–	(373)
Depreciation charges	681	710
Permanent diminution	–	803
Adjustments for notional and other non-cash costs		
Early departure costs	*48*	*67*
Interest on capital employed	*570*	*615*
Audit fee	*12*	*12*
Services provided by The Scottish Office	*52*	*80*
Notional set aside receipt	*(22)*	*(20)*
	660	*754*
(Profit) on sale of tangible fixed assets	(1)	(4)
Decrease in stocks	2	–
(Increase) Decrease in debtors	(4)	36
Increase (Decrease) in creditors	8	(22)
Net cash inflow from operating activities	**2,188**	**1,918**

Analysis of Changes in Net Funds in the Year

SASA has no current asset investments, no borrowings or finance lease obligations. Accordingly its net funds (as defined by Financial Reporting Standard 1) is equal to its cash balances. The movement in cash balances in the year is as follows.

	1999	1998
	£000	£000
Opening cash balance	2	2
Change in year	(2)	–
Closing cash balance	**0**	**2**

17. RECONCILIATION WITH DRAFT APPROPRIATION ACCOUNT CLASS XIII, VOTE 1

	1999 £000	1998 £000
Subhead E1 - running costs	(438)	4,493
Subhead E3 - capital expenditure	588	823
Subhead H1 - licence fees	1	1
Subhead EZ - appropriations in aid	(1,142)	(1,260)
Subhead E2 - capital charges receipt	(650)	-
Cash (surplus)/deficit transferred to SOAEFD	**(1,641)**	**4,057**
Prior period adjustment		(5,244)
Restated cash (surplus) transferred to SOAEFD		**(1,187)**

The appropriation account has been restated to show the position of the Agency under net running costs for 1998, for comparison purposes (note 19).

18. RELATED PARTY TRANSACTIONS

During the year, SASA has had a number of material transactions with SOAEFD. In addition, SASA has had various material transactions with other central Government bodies. Most of these transactions have been with the Pesticides Safety Directorate and the Ministry of Agriculture, Fisheries and Food.

During the year, the Director, managerial staff and other related parties have not undertaken any material transactions with SASA.

19. PRIOR PERIOD ADJUSTMENTS

19.1 Income

In order to allow meaningful comparison of SASA's performance in 1998-99 with the previous year, the income for 1997-98 has been restated to include £5.244 million attributable to the SLA. This income would have been received under net running costs. The cash position has been similarly adjusted to reflect the change in funding arrangements.

19.2 Revaluation Reserve

The Resource Accounting Manual requires that as the revaluation reserve is realised, it should be transferred to the general reserve. Previously the Agency was required by its Accounts Direction to disclose the realised and non-realised elements of the reserve. A transfer of £378,000 (1998 £326,000) has been made to the general reserve which is attributable to the realisation of the revaluation reserve in previous years.

19.3 Provisions

Since 1997 the Agency has been required by its Accounts Direction to make a charge in the income and expenditure account for the notional cost of insurance with a corresponding credit to an insurance provision. This is no longer permitted under the Resource Accounting Manual.

Therefore, the general reserve has been increased by £26,000 (1997 £9,000) to reflect the change in policy. The effect in the income and expenditure account in the current and preceeding years has been to increase the excess of income over expenditure by £18,000 and £17,000 respectively.

19.4 Summary of Prior Period Adjustments.

	General reserve		Revaluation reserve	
	1999	**1998**	**1999**	**1998**
	£000	£000	£000	£000
Income	–	–	–	–
Realisation of revaluation reserve	378	326	(378)	(326)
Provisions	26	9	–	–
	404	**335**	**(378)**	**(326)**

Potato and Plant Health

Potato Section

Dr Stuart Carnegie Tel: 0131 244 8858
Fax: 0131 244 8940
E-mail: carnegie@sasa.gov.uk

Plant Health Section

Dr Jane Chard Tel: 0131 244 8863
Fax: 0131 244 8940
E-mail: chard@sasa.gov.uk

Diagnostics and Molecular Biology Section

Dr Kevin O'Donnell Tel: 0131 244 8924
Fax: 0131 244 8940
E-mail: odonnell@sasa.gov.uk

Zoology Section

Dr Jon Pickup Tel: 0131 244 8859
Fax: 0131 244 8940
E-mail: pickup@sasa.gov.uk

Administration

Finance Manager

Anne Monk Tel: 0131 244 8811
Fax: 0131 244 8940
E-mail: monk@sasa.gov.uk

Personnel Officer

Carol Heatlie Tel: 0131 244 8805
Fax: 0131 244 8940
E-mail: heatlie@sasa.gov.uk

Property/Purchasing Manager

Alex Russell Tel: 0131 244 8832
Fax: 0131 244 8940
E-mail: russell@sasa.gov.uk

Library

Lynda Clark Tel: 0131 244 8826
Fax: 0131 244 8940
E-mail: clark@sasa.gov.uk

Photography

Sylvia Breslin Tel: 0131 244 8827
Fax: 0131 244 8940
E-mail: breslin@sasa.gov.uk

Support Services

Information Technology Services

Peter Winfield Tel: 0131 244 8914
Fax: 0131 244 8940
E-mail: winfield@sasa.gov.uk

Gardens/Glasshouses

David MacIntyre Tel: 0131 244 8810
Fax: 0131 244 8940
E-mail: macintyr@sasa.gov.uk

Farm

Robert Campbell Tel: 0131 339 8319
Fax: 0131 339 2197

Printed in the UK for The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office
Dd 293597 7/99 (3358)

Published by The Stationery Office Limited and available from:

The Stationery Office Bookshops
71 Lothian Road, Edinburgh, EH3 9AZ
0870 606 55 66 Fax 0870 606 55 88
123 Kingsway, London WC2B 6PQ
0171 242 6393 Fax 0171 242 6394
68-69 Bull Street, Birmingham, B4 6AD
0121-236 9696 Fax 0121-236 9699
33 Wine Street, Bristol, BS1 2BQ
0117 926 4306 Fax 0117 929 4515
9-21 Princess Street, Manchester, M60 8AS
0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast, BT1 4GD
01232 238451 Fax 01232 235401
The Stationery Office Oriel Bookshop
18-19 High Street, Cardiff CF1 2BZ
01222 395548 Fax 01222 384347

The Stationery Office publications are also available from:

The Publications Centre
(mail, fax and telephone orders only)
PO Box 276, London, SW8 5DT
General enquiries 0870 600 55 22
Order through the Parliamentary Hotline Lo-call 0345 02 34 74
Fax orders 0171 873 8200

The Parliamentary Bookshop
12 Bridge Street, Parliament Square, London SW1A 2JX
Telephone orders 0171 219 3890
General enquiries 0171 219 3890
Fax orders 0171 219 3866

Accredited Agents
(see Yellow Pages)
And through good booksellers

£8.15

ISBN 0-10-293499-1

9 780102 934991