



Centre for Environment
Fisheries & Aquaculture
Science



Cefas

Annual Report and Accounts 2019-20

HC 464

INSIDE FRONT COVER JP Image - day shape displayed on a vessel to indicate to other vessels that you are towing a trawl/net and therefore restricted in ability to manoeuvre, Other vessels should keep clear and pass with caution.

Centre for Environment, Fisheries & Aquaculture Science

Annual Report and Accounts 2019-20

Presented to the House of Commons pursuant to Section 7 of the
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Overview

Cefas is a Government science institute. Our expertise is focussed on marine and freshwater science in support of sustainable management and aquatic animal health. We help keep our seas, oceans and rivers healthy and productive and our seafood safe and sustainable by providing data and advice to the UK Government and our overseas partners. We are passionate about what we do because our work helps tackle the serious global problems of climate change, marine litter, over-fishing and pollution in support of the UK's commitments to a better future (for example the UN Sustainable Development Goals and Defra's 25-year Environment Plan).

Our applied science delivers real world impacts that:

- safeguard human and animal health
- enable food security
- support marine economies

We work in partnership with our colleagues in Defra, and across UK and International Governments. More widely we work with businesses, non-governmental organisations, research institutes, and education to collate and share knowledge. Together we can understand and value our seas to secure a future for us all and help create a greater place for living.

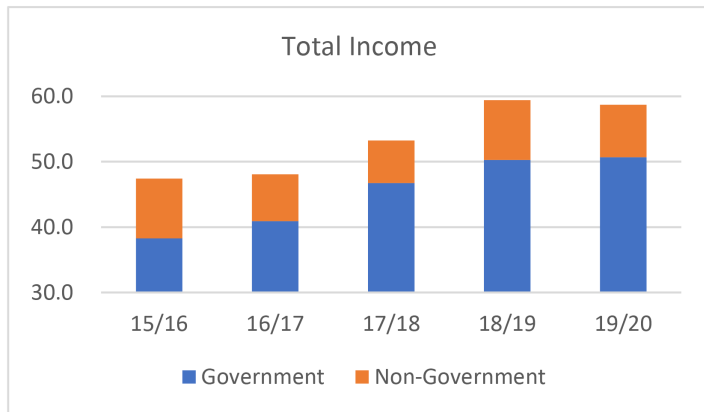
Innovative, world-class science is central to our mission. Our scientists use a breadth of surveying, mapping and sampling technologies to collect and analyse data that are reliable and valuable. We use our state-of-the-art Research Vessel Cefas Endeavour, autonomous marine vehicles, remotely piloted aircraft and utilise satellites to monitor and assess the health of our waters.

We operate from our primary laboratories in Lowestoft and Weymouth, from coastal sites around the UK and across the globe. We are delivering significant projects overseas in Commonwealth countries, United Kingdom Overseas Territories, South East Asia and the Middle East.

Highlights

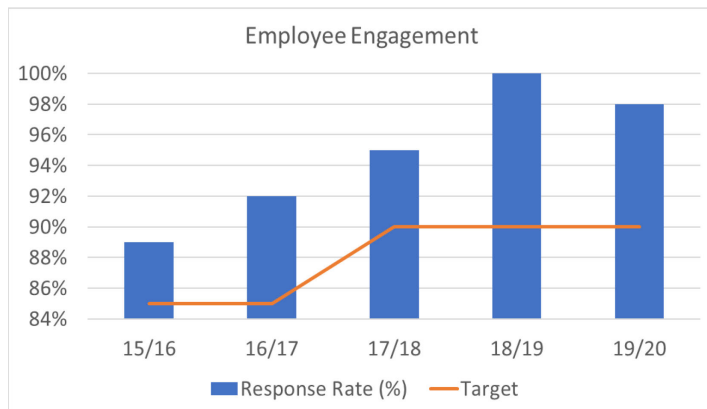


Performance at a glance



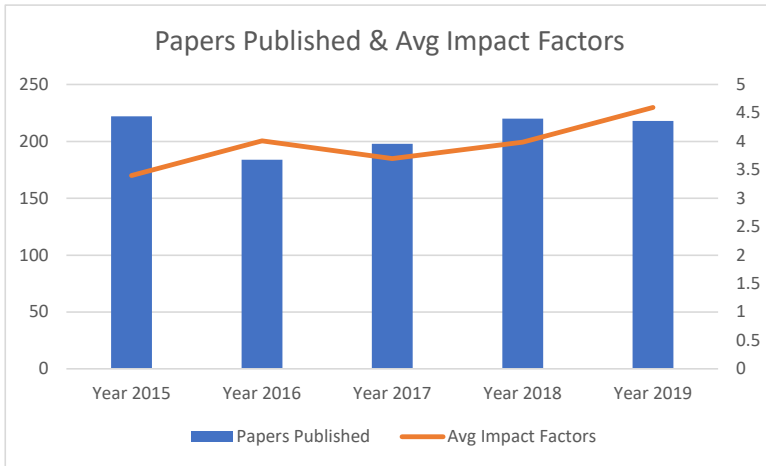
Business

Delivery of a balanced financial performance is key for Cefas to demonstrate value for money. Cefas delivers impacts through funding from both government and non-government partners. In 2019-20, income of £58.7m was delivered, £35.2m from Defra. Total UK government income was £50.7m. Over the last 5 years, income has grown from £47.4m to £58.7m.



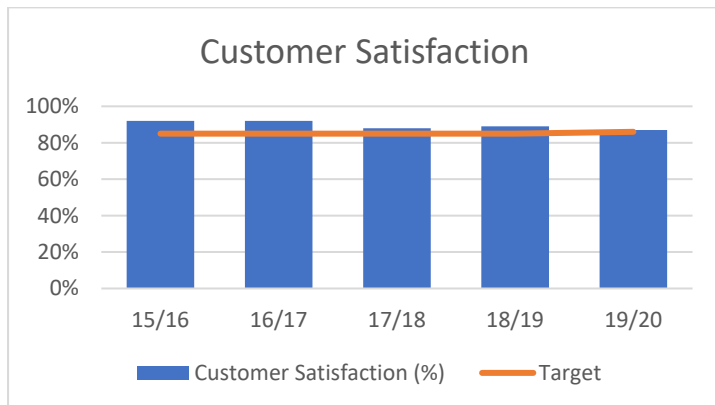
People

People are key to our success and Cefas values the annual input from its staff into the annual People Survey. Over the last 5 years, the response rate has been consistently above our target, with 98% of staff responding in 2019-20. Annual plans are made after results of the independent survey are received and significant focus is placed on delivery of action plans to address issues raised.



Science

The publication of papers allows Cefas and our people to demonstrate the science capability. On average, 209 papers have been published per year for the last 5 calendar years with an upward trend in impact factors. Our target for 2019 was 210 papers, with 218 being issued.



Customers

Delivery of high quality services and science to our customers, within the Defra Group, wider government and industry key is to Cefas ongoing success. An annual survey of customer satisfaction is carried out with a baseline target range of achieving 81-85% satisfaction. This has been consistently achieved over the last 5 years. The current year result whilst fully achieving the stretch target, was 2% lower than prior year results.

Performance Report

Chief Executive Statement

Introduction



I took over as Interim Chief Executive on 26 June 2020 on the retirement of Tom Karsten. Tom was Cefas Chief Executive for the full reporting period covered by this Annual Report and Accounts and wrote this statement on our activities over the year 2019/20.

Tim Green
Interim Chief Executive

Summary of 2019/20 – Tom Karsten

As we prepare to publish this account of our performance, we face an unprecedented challenge as an organisation. Coronavirus, COVID-19, has spread across the world with significant impact on the way we work and lead our daily lives. As we respond and adapt to a rapidly changing economic and societal landscape, it may well be that our achievements of last year differ significantly to those that follow. Nevertheless, we remain clear in our purpose - that we will continue to apply our scientific expertise to support the health and productivity of our oceans, seas and rivers, whilst helping to tackle the established global challenges of climate change, overfishing and pollution.

I am pleased to report that Cefas has delivered a strong performance: a clear testament to the commitment, adaptability and professionalism of our people who deserve particular admiration and thanks. Looking back at the last 12 months, alongside business as usual and COVID-19, the year has been dominated by Brexit, expanding international activity and major estate redevelopment.

Tom Karsten
Outgoing Chief Executive



Change and Innovation

To remain true to our mission of making a difference, we have continued to innovate and develop our capabilities and contribution to world-class science. In May, our Weymouth-based International Centre of Excellence (ICoE) for Aquatic Animal Health was designated as the World Organisation for Animal Health (OIE) Collaborating Centre for Emerging Aquatic Animal Disease. The Collaborating Centre builds on Cefas' expertise in disease detection and diagnosis, and our strong international partnerships. It will play a central global role in achieving effective aquatic animal disease control in developing countries where aquaculture is one of the fastest growing food sectors and is critically important to safeguarding food security and livelihoods.

We have also led Government ambitions to support innovation within the UK seafood sector. Launched this year, the £10 million Seafood Innovation Fund, managed by Cefas, will enable the UK's fishing, aquaculture and seafood industries to deliver cutting-edge technologies and innovations. The three-year programme has been put in place across England, Scotland, Wales and Northern Ireland, with the aim of helping to sustain the future of UK seafood through disruptive technologies.

More recently, the launch of the International Marine Climate Change Centre (iMC3) brings together expertise from across the international research, policy and industry landscape to meet our commitment to providing the very best scientific evidence and applied advice on marine climate change. iMC3 cements our reputation for science excellence. As such, it sits alongside our ICoE for Seafood Safety, launched in 2018, and the UN's Food and Agriculture's Organisation (FAO) designation of Reference Centres for both Bivalve Mollusc Sanitation and, with the Animal and Plant Health Agency (APHA) and Veterinary Medicine Directorate (VMT), for Antimicrobial Resistance.

In October, our Lowestoft-based staff moved into our new building. Thanks to its inspiring design and open plan lay-out, we have transformed how we work with each other and our external partners. Importantly, the new building will enable us to reduce our carbon footprint. At the same time, we are benefitting from the return on investment in our science capability, through refurbishment of existing laboratories and upgraded equipment.

Attracting and supporting high quality staff is critical to Cefas' success. New talent introduces new skills and perspectives and, in turn, these new joiners benefit from the wealth of experience Cefas' long-standing staff offer. Championing the training, development and well-being of our staff has remained a priority at all levels of the organisation, in addition to committing to personal development through innovative leadership training, provided to some 70 senior staff.

At the end of 2019, a five-year extendable contract was signed with a new supplier, AW Ship Management, to manage all crewing and maintenance for our Research Vessel, Cefas Endeavour. The contract will ensure continuity of monitoring and survey capability to undertake annual fish stocks assessments, seabed and water quality surveys and habitat mapping, all of which remain of fundamental importance to our work in support of healthy, productive, biologically diverse seas and oceans.

Throughout the year, we have worked hard to continue to develop new business approaches and opportunities. Building on our long-established presence and reputation in the Middle East, we are delighted to be working in partnership with HSBC in Oman to support their environmental commitments. Additionally, we have continued to strengthen our relationship with Kuwait's Environment Public Authority and enabling closer marine environmental collaboration with Kuwait at a Government to Government level. In the Caribbean, we are fully committed to obtaining accreditation to the World Bank's Green Climate Fund, which represents a real departure in the way we can contribute to combatting the impact of climate change in the region.

During 2019, we launched our new Science and Evidence Strategy. Our future science will be directed towards safeguarding human and aquatic animal health and enabling food security, thereby supporting marine economies. We will now focus our self-investment on four science themes: understanding ecosystem change and variability; environment and people; fisheries and aquaculture futures; and, animal and human health.

Delivery

Throughout the year, we have supported Defra and the Marine Management Organisation (MMO) with their fisheries, biosecurity and marine environment related work and our Research Vessel (RV) Cefas Endeavour has been deployed for 217 days in UK waters. The data collected year on year from Endeavour's surveys, in addition to our remote or autonomous monitoring methods, informs and deepens our understanding of the status and quality of UK seas, which, in turn, informs our advice to Defra.

Amongst other things, these long-term programmes of work are aimed at safeguarding public and animal health, whether through testing for shellfish contaminants or radioactivity in food or the environment, inspecting and regulating fish health in English and Welsh fish farms or monitoring the health of the environment around nuclear power stations. Underpinning this work is a commitment to developing new testing methods to improve efficiency and detection; for example, validation of a new shellfish toxin testing method developed by Cefas scientists.

Our Fish Health Inspectorate (FHI), based at Cefas' Weymouth Laboratory, has undertaken over 1350 inspections on aquaculture production businesses (fish and shellfish farms) across England and Wales this year. Their important work helps prevent the introduction and spread of serious diseases, reducing industry losses from disease, improving biosecurity and helping protect a valuable natural resource. The FHI has controlled serious disease outbreaks at 20 sites this year, including eradicating a disease that was exotic to the UK. In addition, working with Border Force and other government agencies they investigated and prosecuted an individual involved in a £52m illegal export trade in live European eel elvers to China. The FHI is also the main provider of advice to Defra on Brexit and the implementation period for issues relating to trade in live aquatic animals.

Also during this period our overseas work has been significant and often high profile. Work on the Commonwealth Litter, Commonwealth Marine Economies, Blue Belt and UK Gulf Marine Environment Programmes has continued apace and these are now well established, with the opportunity for continued commitment from Defra and FCO. We and our partners are now in a position to look to long-term legacy building in the recipient countries, whether through data and knowledge sharing, or strengthened local and national expertise, governance, regulation and enforcement.

Engaging a range of audiences to explain the value of our science and its impact on world challenges, such as climate change, food security and biodiversity, is an increasingly important part of our work. Royal visits have put our overseas activities firmly into the international media spotlight and have helped to bring our Official Development Assistance funded work to new and wider audiences.

More widely, our science advice, on behalf of the UK Government, continues to support decision-making across a breadth of international fora including, The Commission for the Conservation of Antarctic Marine Living Resources, The Convention for the Protection of the Marine Environment of the North-East Atlantic, The International Council for the Exploration of the Sea and The International Whaling Commission.

I have no doubt that 2020 will be a year that stands out in our collective Cefas memories, and through it all, not least COVID-19, I have been enormously impressed by the way the organisation has met a range of delivery challenges whilst adapting to a unique set of external demands. As I now retire and hand the batten on to Tim Green, after five years in post, I am convinced that our strength is our people and their commitment to 'making a difference'. It has been an enormous privilege to have shared a small part in the organisation's proud history and success.

Thank you and good luck.

Tom

Conclusion – Tim Green

I fully endorse Tom's Report of the year and, on behalf of all in Cefas, I would like to thank Tom for his leadership over the past five years. We have greatly benefitted from his vision, his military-rigour organisation and his engaging advocacy. We wish him well in the future.

As I now look to Cefas' future, beyond the immediate challenges of establishing new working arrangements as COVID-19 restrictions are being lifted, we see growing pressures on our marine and freshwater environments and recognition that the best scientific evidence and advice is essential to guiding management decisions. Providing this evidence and advice is our role and this drives the professional endeavour of all our people: to understand, to apply and to positively impact our environments. The new reporting year leads us into the UN Decade of Ocean Science, starting in 2021. This will be an important opportunity for the world to recognise and to act to enhance the vital role the oceans play in the health of our planet and I am confident that Cefas will provide an increasingly significant contribution in delivering on the UK's commitments towards these important aims.



Tim Green
Chief Executive
10 July 2020

Our Corporate Strategy

In order to deliver our Cefas wide organisational strategy to be the world-leading marine and freshwater scientific evidence and advice provider that our stakeholders need to adapt to a changing world, Cefas has identified three strands to our corporate strategy:

Science - Making a difference by meeting society's need for applied science and impartial evidence in the UK and internationally

People - Cefas is a great place to work; our reputation for opportunity, career development and innovation helps to attract, develop and retain world class talent

Business - Securing income to compensate for reductions in core Defra funding (GIA) to enable continued science excellence



Science Strategy



Professor Stuart Rogers

Chief Scientist

“Our science will be directed towards safeguarding human and aquatic animal health and enabling food security, thereby supporting marine economies. The evidence we generate will underpin major policy decisions on the protection and enhancement of natural assets, with implications for generations to come. These include, for example, measures to develop sustainable, safe food supplies, measures to protect and, where appropriate, recover biodiversity and measures to help society mitigate and adapt to climate change.”

People Strategy



Karin Rundle

HR & Organisational Development Director

“Over the next five years, our workforce will need to broaden the scope of science capability as we become involved in larger, more integrated multidisciplinary programmes of work linked to Government and international funders. Our People will need to be adaptable and flexible to the opportunities arising from our national and overseas work, forming partnerships within and out-with UK Government and across scientific disciplines. Our renewed facilities will enable a modern and innovative approach to our scientific delivery.”

Business Strategy



Steve Addison

Commercial Director

“Our work will secure a sustainable income which compensates for reductions in funding from Defra by drawing on alternative sources. Our work will support UK Government to achieve its domestic and international marine science agenda by enabling the organisation to maintain a breadth and balance of scientific capability that will allow us to respond quickly and flexibly to Defra’s and our other customers’ requirements. The ambition of this strategy is to develop new programmes that support priority science capabilities and complement the core delivery that supports Defra. Our focus will be helping our customers achieve marine and freshwater sustainability goals through the provision of impartial, world-class applied science and evidence and we will develop partnerships nationally and internationally to deliver world-class outputs. This approach will maintain our expertise through delivering other cross government programmes and increase the organisation’s resilience.”

Our Objectives and Key Performance Indicators (KPIs)

Corporate Strategy	2019/20 Performance Indicators	Why this indicator is important to us?	19/20	18/19	17/18
Science	Science Excellence (Note - Impact Factor, a measure of journal citation impact, was replaced by Normalised Citation Index, a more accurate metric for citation rates of Cefas papers in 18/19 and going forwards)	Demonstrates our science capability	218 papers issued with citation index of 2	206 papers issued with citation index of 2.33	198 papers issued with impact factor of 3.7
Science	Self Investment Seedcorn delivery, estates and innovation self-investment.	Invests in Cefas futures	£8.4m invested	£14.3m invested	£2.7m invested
People	Employee Engagement Response rate	People are key to our success	98%	100%	95%
People	Health & Safety Ratio of Safety Alerts to Reportable Lost Time and Medical Treatments	Delivery of Zero Harm initiative	21:1	30:1	38:1
People	ISO Accreditation Maintain accreditations for 14001, 18001, 9001, 17025.	Our professional capability	All maintained	All maintained	All maintained
Business	Financial Performance Delivery of financial targets	Achieving value for money	£0.7m surplus	£1.4m surplus	£0.8m surplus
Business	Future Secured Income Secure 78% of 2020/21 income by 31st March 2020	Securing financial future of Cefas	68%	91%	80%
Business	Customer Satisfaction Questionnaires Results weighted by return, due April 2020	Delivery of quality results to our customers	87%	88%	89%

We have worked to design a balanced scorecard of measures which allows us to manage our risks and uncertainty. This balanced scorecard approach aligns the indicators with Cefas' strategic objectives and is managed via the three corporate strategies. Each indicator includes an assessment against an external metric and supports our strategic objectives, which aim to strengthen delivery and long-term capability.

The Cefas business plan and associated performance indicators are reviewed each year to ensure they continue to be relevant to the agency and support broader government objectives. Progress against these is reviewed monthly by the Senior Leadership Team (SLT).

This Annual Report and Accounts is published in the House of Commons and audited at the end of each financial year.

Vision, Purpose and Activities



Cefas makes a real difference for society by delivering real world impacts that support the long-term prosperity and well-being of industries, communities and individuals that enjoy and depend on the rich natural assets found in our marine and freshwater environments. Cefas priorities are directly aligned with Defra's strategic objectives and support the government's ambitions for sustainable blue growth (the sustainable growth of marine and maritime sectors) in associated marine industry sectors that contribute over £38.5 billion to the UK economy and bring broader socio-economic benefits.

We play our full part in the successful delivery of UK government marine and aquatic priorities to:

- ensure sustainable food supplies in the UK and internationally through the provision of advice on sustainable marine and freshwater fisheries and by advising on sustainable development of aquaculture with an emphasis on disease prevention, treatment and management;
- ensure safe seafood supplies by assessing risks to human health from natural (biotoxins, bacteria, viruses) and chemical hazards; and
- support the UK government to ensure sustainable use of the marine environment through development and implementation of national and international marine management obligations in the UK, the Overseas Territories, the Commonwealth and beyond.

Science Review

During 2019, we consolidated the positive outcome of our quinquennial science and evidence review, and focussed attention on launching our new Science and Evidence Strategy, a key recommendation of the review panel. Our new Strategy was generated after considerable consultation with staff, reflecting their experience of science delivery for customers, as well as offering a view of the science horizon to 2025. Our future science will be directed towards safeguarding human and aquatic animal health and enabling food security, thereby supporting marine economies. We therefore now focus our self-investment on four themes; understanding ecosystem change and variability; environment and people; fisheries and aquaculture futures; and animal and human health. Theme leaders are now developing delivery plans for each theme and bringing together staff from across the organisation.

Enabling food security

A major focus of Cefas applied science is directed at meeting national targets for marine and freshwater food security and safety.

Cefas plays a key role in the scientific monitoring and assessment of exploited fish stocks in the seas around the UK. Each year the UK government uses Cefas advice to support and engage with international decisions associated with the EU's Common Fisheries Policy (CFP). Our science and advice are used to achieve environmental sustainability, while continuing to conserve fish stocks to safeguard the future livelihoods of our fishing fleets and coastal communities. This is particularly important with the growing recognition of the importance of natural capital and the wider economic value of marine biodiversity. Many fisheries take a variety of species in the same operation (termed "mixed fisheries") and this presents a particular challenge to fishery managers when advised catch levels diverge for the different species. Such issues are present every year to some extent but are particularly prevalent at the moment. Several strands of our research are focussed on providing advice and practical solutions to this issue. These strands include the understanding and modelling of linkages between fleets and stocks and the further development of fishery-ecosystem models. Working with industry partners we are also developing technical solutions to avoiding unwanted catches. We have also prioritised work supporting the preparations for Brexit. On leaving the EU, we will no longer be bound by the CFP or marine environmental and other directives. This raises the opportunity of developing future UK marine policy and regulation. Cefas has provided Defra with scientific evidence and advice on a range of topics to support negotiations with the EU and the design of new policy underpinning the UK's vision of clean, healthy, safe, productive and biologically diverse oceans and seas.

Safeguarding human health

Excellent progress has been made in the area of animal and human health this year towards our aim of better protection for humans and animals from natural and chemical hazards. In May, the World OIE formally designated Cefas as the first OIE Collaborating Centre for Emerging Aquatic Animal Diseases. Together with the creation of eight partnering associate laboratories across the world, this designation has paved the way for pioneering capability building work in Ghana on detection and biosecurity considerations related to exotic production disease in commercially important species throughout Africa. Similarly, the FAO Reference Centre for Antimicrobial Resistance, in partnership APHA and VMD, has initiated significant training programmes in Ghana, Bangladesh and the Middle East – working with scientists and regulators to actively mitigate and manage risks to the aquatic environment, to humans and to animals. November saw the first pan African FAO/Cefas Competent Authority workshop on bivalve sanitation, marking the formation of a network of countries working toward enhanced safe production of bivalve shellfish for domestic and international trade. Closer to home, the integration of the Fish Health Inspectorate, diagnostics and research teams paid dividends through the rapid identification and control of exotic, emerging viral threats to the UK's substantial trade in ornamental species.

In 2019, we saw two milestone publications supporting method development and standardisation, both illustrative of our key role in the generation of evidence-based science supporting quality analyses, advice and policy. First was publication of the revised OECD Fish Acute Toxicity test guidelines, the culmination of a 10-year initiative led by UK and Switzerland. This test for the chemical sector, marks

an important step towards removing fish mortality as an endpoint in toxicology studies, contributing significantly to our organisational commitment to apply the 3Rs (reduce, refine, replace) to animal science. Secondly, the Cefas-led multi-institute international validation study for two potentially fatal biotoxins associated with consumption of bivalve molluscs was published as an internationally recognised method. This advance will have major influence upon national Official Control programmes with consequent improvements in human health monitoring worldwide. These, and many other activities, now brigaded under Cefas' new International Centres of Excellence for Animal Health and Seafood Safety help to demonstrate the value and impact of our science at home and abroad.

Supporting marine economies

Our research to support marine economies is increasingly targeted at an international audience, building on substantial programmes in the Commonwealth and UK Overseas Territories. Working with the MMO and other partners, we have been actively supporting the delivery of a Blue Belt of Marine Protected Areas in the Overseas Territories. This work will support the UK vision to treble internationally-agreed targets for protected areas, meaning 30 per cent of the world's seas would be safeguarded as MPAs by 2030. The Overseas Territories are together responsible for managing over 4 million km² of the world's oceans and those waters are home to a rich diversity of marine species. This year, Cefas has advised on fishery management measures in the South Atlantic and Antarctic and worked with colleagues to assess the environmental status of waters around the Pitcairn Islands. Of particular interest is Henderson Island, one of the most remote islands in the world, but with a significant plastic pollution problem.

To build on our reputation for climate science and advice we launched The International Marine Climate Change Centre (iMC3), bringing together expertise from across Cefas and through collaboration with external partners to provide scientific evidence and applied advice on marine climate change. The expertise of staff has been applied in several projects across the Commonwealth and Overseas Territories, providing advice to inform policy and decision-making on climate change impacts, adaptation and mitigation.

This year, we continued to deliver marine litter Action Plans for selected Commonwealth states under the Commonwealth Litter Programme, completing programmes in Vanuatu, Solomon Islands, Belize, India and South Africa. Our work in these regions has enhanced local litter management strategies, focussing especially on land-based and sea-based sources, litter removal from the marine environment and science. Significant effort has also been devoted to education and outreach with the involvement of local school children in beach cleaning activities and workshops.

Animal research

Most of our work does not directly involve the use of live animals and we expect that other methods, such as molecular studies, will increasingly replace many of our traditional studies. This year we have decided to close our Animal Production Unit and no longer rear salmonid populations for use in vaccine testing studies. However, in some situations the use of animals is the only reliable source of information that can help us protect wild and farmed fish, public health and the environment, and is necessary to ensure that our advice is based on sound evidence. All work carried out for a scientific purpose involving the use of live fish is regulated by the Home Office under the Animals (Scientific Procedures) Act 1986 (ASPAs).

ASPAs requires that our laboratories are licensed and have in place approved, well documented, processes that helps to promote a 'culture of care'. This obligation is managed by our Animal Welfare and Ethical Review Bodies whose principle roles also include reviewing animal use, welfare and ethical justification. Cefas has an established Animal Welfare Policy, continues to play a leading role in cross-governmental work to reduce the use of animals in safety testing, are signatories of the Concordat on Openness on Animal Research in the UK, and publishes data annually on our activities (<https://www.cefas.co.uk/about-us/policies-and-plans/>).

Looking ahead

The challenging global sustainability objectives demanded by the forthcoming UN Decade of Ocean Science and the UK's leadership of the COP26 mean Cefas looks forward to increasing our impacts through marine and freshwater applied science.

Central to this activity will be increased investment in our staff, their technical capabilities and our supporting infrastructure. Following the launch of our Science and Evidence Strategy we now have a clear focus on core science Themes. Collaboration with UKRI, following agreement of our status as a Public Sector Research Establishment, other Research Councils, and our Strategic Alliances with universities at Norwich and Exeter, will enable us to further maintain and strengthen our science reputation and prestige. Our network of more than 80 PhD students with Cefas supervisors, celebrated annually at Cefas Student Day, ensures ongoing Cefas relationships with over 30 higher educational establishments at any one time. We encourage Cefas staff to publish their work in respected peer-reviewed journals and, in 2019 we published 218 articles, including a number in high impact journals. We have also adopted High Performance Computing facilities for all our modelling and genomics analysis and developed Virtual web-based software and associated cloud storage for increasingly complex programming and big data analyses.

Performance Analysis

In 2019-20, Cefas delivered a core programme of work for Defra policy customers to a total of £34.6 million (2018-19: £33.9 million). Our reported Net Operating Costs, after income from other customers, were £33.8 million (2018-19: £32.5 million). The net operating surplus generated was £0.7 million (2018-19: £1.4 million).

Key variances in this performance to that originally planned for the year include:

- Delivering 3.5% (£1.4 million) less activity in year as a result of in year reductions from Defra, lower international activity and an RV charter that did not materialise
- Cefas Technology Limited (CTL), Cefas' 100% owned subsidiary, granted a dividend of £0.9m from retained earnings. This is treated as capital income due to the size of the dividend to CTL
- The RV Endeavour was subject to a revaluation review in year, in preparation for the handover of crewing and maintenance provider. An upward revaluation gain of £1.1m is reported.

Defra Group activity, including all Defra bodies, increased to £38.6 million (2018-19: £37.2 million) primarily due to the first year inclusion of the Seafood Innovation Fund (£2 million), which Cefas is administering on behalf of UK government, offset by net reductions. Defra Group activity includes £3.4 million (2018-19: £2.6 million) of work for bodies across the Defra Group, most significantly for the Marine Management Organisation.

Non-Defra Group activity reduced to £20.1 million (2018-19: £23.6 million). This work remains an important part of our long-term strategy to make a difference for society through customer diversification to replace reductions in Defra income. This strategy predominately supports other UK government Departments and sustains our operational breadth and financial critical mass, ensuring we maintain leading applied science capabilities and assets.

Non-Defra Group activity came from:

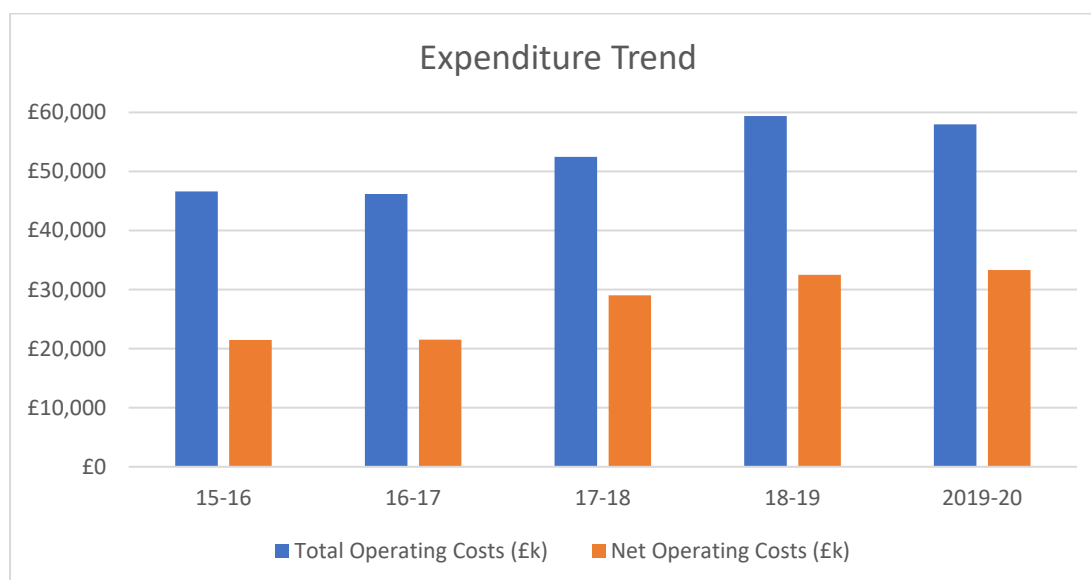
- Other UK Public Sector customers £9.4 million (2018-19: £11.4 million) and included activity for the Food Standards Agency in assuring the safety of shellfish for human consumption and environmental monitoring and the Foreign and Commonwealth Office in actively enhancing the marine economies of small island developing states from across the Commonwealth. The reduction in year is predominantly due to the Commonwealth Marine Economies Programme coming to an end and the Gulf Marine Economies Programme funding switching to Defra
- Research and development activity funded by the European Commission £1.8 million (2018-19: £1.7 million)
- Industry and other £8.0 million (2018-19: £9.1 million) including work for the energy sector and for overseas governments
- CTL dividend of £0.9 million (2018-19: £nil)

Whilst work for non-government customers is vital for sustaining Cefas' strength, our primary customer base continues to be firmly UK government-related. Our total work for all UK Government bodies and related EU research and development now comprises 86% of our total delivery activity (2018-19: 85%).

Total salary costs increased to £29.5 million over the prior year (2018-19: £28.4 million) and average full-time equivalent (FTE) staff numbers increased marginally to 613 (2018-19: 612 FTE). Actual pay rates rose by an average of 1.5% per public-sector pay constraints combined with higher required pension contributions.

External cost increases were generally in line with consumer price index inflation. There were no charitable donations made in the year (2018-19: £Nil).

Over the last 4 years, total operating costs have increased from £46.6 million (15-16) to £58.0 million (19-20) reflecting the increased customer demand, predominantly for Brexit evidence and advice to support Defra and an increase in work originating from other UK government departments such as our work on the Overseas Territories Blue Belt Programme. The increase in net operating costs reflects this same growth. The decrease noted for 19-20 reflects the £1.1 million revaluation gain of the RV Endeavour.



Assets

Land and buildings were formally revalued on a desktop basis as at 31 March 2020 resulting in a £0.2 million increased valuation, relating to our Lowestoft site. The new build at Lowestoft was successfully occupied in October 2019 although work continues on the demolition of vacated buildings, the linking of the retained and new buildings and the final site landscaping. The asset was therefore transferred into use in the year. There is a delay to the final stages of the full investment programme due to COVID-19 which, when complete, will total around £15 million of capital investment, as originally planned. The programme integrates a new office building, laboratory refurbishments and a number of complementary maintenance projects to renew our headquarter site and save us £1 million per annum in operating costs as well as avoiding growing capital expenditure on the old facility.

Capital investment in scientific equipment to meet contractual commitments was £0.9 million in the year, (2018-19: £0.1 million).

Cefas owns 100% of the share capital of Cefas Technology Limited (CTL). CTL provides a channel to wider markets for specific Cefas products and services. Examples include electronic data-storage tag production and fish disease testing. CTL accounts are not consolidated into Cefas' statements of accounts as they are outside the Departmental boundary. In 2019-20, CTL traded at a loss, reflecting new product investments, making an, unaudited operating loss of £36,000 before tax (2018-19: £166,000 (audited) operating loss before tax) on income of £357,000 (2018-19: £481,000). CTL granted a dividend of £900,000 to Cefas in year, which remained payable at year end. Net assets of £344,000 remain within CTL.

Cash management

Cefas consumed an operating cash outflow of £36.0 million (2018-19: £24.5 million). This increase over the prior year is primarily due to the combination of delivering the first year of the Seafood Innovation Fund combined with the increase in receivable and reduction in payables. Investments in property, plant and equipment have been significant in the year and account for a further outflow of £4.2 million (2018-19: £10.7 million). Having reviewed the cash requirements of the agency with Defra, we have drawn down £40.8 million (2018-19: £35.8 million). On the basis of continued support from Defra for our budget allocation and forecasted income pressures arising from COVID-19, we are in a sound cash position with sufficient liquid funds and customer contracts to meet all expected obligations within the coming financial year. Further detail in relation to our response to COVID-19 is set out in the Governance Statement.

Financial risk

The primary financial instrument risk that we are exposed to is the receipt of payments from customers in foreign currencies. This risk is assessed as low, particularly given that 93% of payments are received in pounds sterling and only 7% in foreign currencies. Credit risk is the risk of non-payment by customers. This risk is assessed as low as the amount of overdue debt is minimal. Particular attention has been paid to smaller customers who may be financially impacted by COVID-19 in completing this review.

Bribery and corruption

Cefas follows the principles of The Bribery Act 2010 which underpins our Anti-Fraud Policy. Cefas requires all staff to act honestly and with integrity, and to safeguard the public resources for which they are responsible including tangible property and intangibles such as intellectual property. Fraud is an ever-present threat to these resources, and Cefas remains alert to these risks.

Cefas is committed to maintaining an honest and open culture, balanced with the commitment to eliminate any fraud involving the organisation, and to rigorously investigate any such cases. The Board wishes to encourage anyone having reasonable suspicions of fraud to report them.

Social matters and human rights

As an Executive Agency of Defra, Cefas is part of the Department's Equality Diversity and Inclusion Strategy. This recognises that we need the skills and abilities of a truly diverse workforce that represents the communities we live in and serve, providing greater innovation and creativity, greater customer insight, whilst offering a workplace where colleagues can be themselves and can use their whole range of talents. We aim to ensure that individuals and groups are treated fairly and equally. This involves taking into account the different experiences and needs of all, particularly in relation to protected characteristics. Being a diverse organisation means that we can show that action is taken on social matters where necessary and within our remit as well as providing respect for human rights in our workforce and any dealings we have with customers and stakeholders.

Future plans

Our business plans are endorsed by Defra. These reflect budget reductions in core Defra activity which continue into 2020-21. Historically these have been offset by increases in new evidence and advice work to support the Department's preparation for Brexit and by wider income from industry. As we enter 2020-21 there are new risks and pressures arising from COVID-19 for which we have modelled a range of assumed scenarios to support Defra Group reporting to HM Treasury. The impacts of COVID-19 result in several key financial pressures for Cefas:

- Customers halt planned works
- Customers who reduce the volume of planned works
- Higher staff pay costs as natural turnover declines amid uncertainties
- Contractual liabilities from force-majeure claims

We enter 2020-21 with secured financial budgets from Defra and wider commitments to a significant proportion of the financial year's income and we are working closely with Defra to help support and mitigate our forecasted financial pressures arising from COVID-19. This support is on-going and will be kept under review until the financial effects of the pandemic can be more firmly established.

Cefas continues to make good progress in delivering the investment programme at the Lowestoft site. We also continue to make the case to enhance the working environment at the Weymouth site in the near future to enable similar, modern working patterns across both sites. Budgets have been secured for 2020-21 of £1.8m for capital works at both Lowestoft and Weymouth for key site plant and equipment relating to air handling and sea water provision.

Events after the reporting date

The Accounting Officer, Tim Green, authorised these financial statements for issue on the same date that the Comptroller and Auditor General signed his certificate. Tom Karsten was Accounting Officer for the full financial year and until 26 June 2020 and provided representations and assurances to cover this full period in office.

There were no events after the reporting date that should be reflected in the accounts, which are prepared on a going concern basis.

Sustainability Report

Cefas' sustainability data and associated financial costs, are consistent with the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting Guidance. The information contained within this section has not been subject to audit and does not form part of the auditor's opinion on the accounts.

In 2019/20, Cefas met the targets of the Government Greening Commitments for greenhouse gases and water consumption, but did not meet the target for waste reduction (in part due to the generation of waste from site redevelopment).

About our data

The data in the following tables present energy consumption, greenhouse gas (GHG) emissions, waste arising, water use figures and other target areas reported as part of the Greening Government Commitments (GGC). Cost data were sourced from accounting records for the respective periods, adjusted to reflect end of year accruals. Waste data has been provided by Defra. Energy and water data has been calculated from on-site meter readings recorded by our Facilities Management contractor.

Note: Embedded carbon and water related to purchased items, supplier transport, waste handling and water supply, are not captured by this report, however these are mitigated through sustainability criteria stipulated in contracts for the procurement of goods and services.

Performance commentary

This report summarises progress against internal targets and GGC targets current in 2019-20. The GGC are the main driver for sustainability improvement at Cefas and many of our targets are set by Defra based on the GGC Framework. Further information is available at www.gov.uk/government/collections/greening-government-commitments.

Against a 2009-10 baseline the current GGC require us to:

- Reduce GHG emissions from buildings and UK business-related transport by 43%
- Reduce the number of domestic business flights by at least 30%
- Reduce the amount of waste going to landfill to less than 10%
- Reduce the amount of waste generated
- Increase the proportion of waste recycled
- Reduce paper use by at least 50%
- Further reduce water consumption
- Continue to buy more sustainable and efficient products and services

As part of review for 2020/21, Cefas plan to monitor and set additional internal reduction targets which are beyond GGC commitments. This includes the monitoring of hazardous waste totals and the total number of international flights. Initial monitoring will allow Cefas to set targets for reduction whilst providing an insight into how waste and travel procedures could be improved.

Governance

Cefas' sustainable operations and procurement strategy are delivered through our Directors and key performance indicators are reported to the Cefas Senior Management Team on a monthly basis. Performance against GGC criteria is also reported to Defra's senior leaders on a quarterly basis.

The Director with Environmental Management Responsibility chairs the Cefas Sustainability Committee (CSC) which was set up in September 2019. The purpose of the CSC is to monitor and promote the development of reliable and effective environmental management standards across Cefas, whilst

promoting a culture of continuous environmental improvement. The CSC helps to meet the ISO14001 requirement for a management review as it provides direction to Senior Leadership Team (SLT) and Cefas Management Board (CMB) on actions to reduce the environmental impact of the organisation.

To broaden environmental discussion beyond the CSC, Cefas has also constituted a “Cefas for the Environment” working group that enables staff members to share views and ideas for improving sustainability. The work and ideas of the group are communicated to senior management via the CSC. Cefas also requires members of staff to complete an environmental awareness training course (5 yearly). This group has contributed to environmental awareness campaigns in the last year, including improving the effectiveness of waste segregation, and reduction in paper use.

Carbon – greenhouse gas emissions			
	Against baseline (2009-10)	2019-20 internal target	2019-20 GGC target
CO ₂ emissions performance ¹	46% reduction;	Target (20% reduction) exceeded	Target (44% reduction) exceeded ¹

Notes

1. GGC requirement, CO₂ from buildings and domestic travel

Cefas has achieved a 46% reduction in CO₂ emissions since 2009-10. This calculation does not include emissions from the RV Cefas Endeavour or international flights taken in support of Cefas activities; these emissions are not currently covered by the Greening Government Commitments. These emissions are challenging to address, and are currently under review to identify future mitigation strategies.

Emissions reductions have been assisted by significant changes to laboratories and the Estates 2020 re-development in Lowestoft.

Cefas' new building has been designed with the objective of obtaining a Building Research Establishment Environmental Assessment Method (BREEAM) 'Very Good' rating.

Note: Regarding the CRC Energy Efficiency Scheme, data for this is administered at Defra level.

ENERGY		² 2019-2020	¹ 2018-2019 (Restated)	2017-2018	2016-2017	2015-2016	2009-2010 (Baseline)
Non financial indicators (kWh, '000)	Total Energy Consumption	7,364	7,812	7,805	8,157	9,037	8,622
	Total Electricity	3,436	4,104	4,088	4,595	4,700	5,067
	Electricity: Brown	-	1	1	1	1	102
	Electricity: Green	3,367	4,063	4,087	4,594	4,699	4,965
	Electricity: CHP ⁴	-	-	-	-	-	-
	Electricity: PV ⁴	69	40	-	-	-	-
	Gas	3,928	3,708	3,717	3,562	4,337	3,555
Oil	-	-	-	-	-	-	
Financial indicators (£'000)	Total Energy Costs	654	651	618	751	741	791

GREEN HOUSE GAS EMISSIONS (GGC)		² 2019-2020	¹ 2018-2019 (Restated)	2017-2018	2016-2017	2015-2016	2009-2010 (Baseline)
Non financial indicators (tCO ₂ e)	Total GHG Emissions reportable under GGC ³	1,975	2,137	2,561	3,102	3,342	3,643
	Scope 1: Direct Emissions from Buildings	723	682	708	719	758	654
	Scope 2: Indirect Emissions from Buildings	1,030	1,249	1,588	2,133	2,344	2,700
	Total Buildings Emissions	1,753	1,931	2,296	2,852	3,102	3,354
	Scope 1: Direct Emissions from Business Travel	132	127	153	169	163	188
	Scope 3: Emissions from Business Travel	90	79	112	81	77	101
Travel Emissions reportable under GGC ³	222	206	265	250	240	289	
Financial indicators (£'000)	Expenditure on official business travel	1,285	1,431	1,150	959	784	1,232

Note

1. 2018-19 updated with actual Q4 data (Q4 estimated in 2018-19 report)
2. 2019-20 Q4 uses 2018-19 Q4 data (2019-20 Q4 data not yet available)
3. GGC travel emissions data do not include international travel

- A 30kW photovoltaic (PV) array was installed at Weymouth laboratory in Q4 2017-18, as part of the Defra Breathe initiative, under which a Combined Heat & Power (CHP) system has also been installed there in early 2019.

Waste

WASTE			
	Against baseline (2009-10)	2019-20 internal target	2019-20 GGC target
Waste Total	62% reduction	Target (47%) exceeded	Target to continue to reduce has been met
Waste to landfill	83% reduction in tonnes, 10% target not met	Target (12%) not met²	Behind 10% target¹ Currently 17%
Waste reused, recycled, composted	Less overall waste created.	Target (50%) not met²	Continue to increase target not met

Note

- Refer to text for information on how GGC target is to be met
- Unexpectedly high landfill waste in 2018-19

A 62% reduction in waste generated has been achieved since 2009-10. Waste to landfill has reduced over the last 12 months from 25% to 18% however this does not meet the GGC target of 10%. A change of waste contractor in Summer 2019 has helped to reduce the percentage of waste to landfill as the new contractor ensures that general waste is sent to an energy from waste plant rather than landfill. Waste reused, recycled or composted is at 44% and therefore remains below the Cefas internal target of 50%.

Cefas is working with the facilities management provider to encourage more sustainable waste management however as this is managed by a DEFRA wide contract, Cefas do not have direct control. We are aiming to improve waste disposal and recycling following review of waste management contractors, improved quality bins and clearer signage.

WASTE		² 2019-2020	¹ 2018-2019 (Restated)	2017-2018	2016-2017	2015-2016	2009-2010 (Baseline)
	Total Waste	135	150	183	171	141	309
	Hazardous Waste	17	14	25	29	17	14
	Total Waste (excluding hazardous waste)	118	136	158	142	124	295
	Reused, recycled, composted ³	44	59	81	59	40	131
	Incinerated with energy recovery	54	41	40	60	66	53
	Incinerated without energy recovery	1	2	2	1	4	-
	Landfill	19	34	35	22	14	111
	% to Landfill - (this of total non haz waste)	16	25	22	15	11	38
	% Reused, recycled, composted	37	43	51	42	32	44
Financial indicators (£'000)	Total Disposal Costs	These are part of a central Defra contract and not available at Cefas level					

Note

- 2018-19 updated with actual Q4 data (Q4 estimated in 2018-19 report)
- 2019-20 uses forecast data for Q3 and Q4 (2018-19 Q4 data not available at time of reporting)
- Composted includes food waste sent to anaerobic digestion

Water

WATER			
	Against baseline (2009-10)	2019-20 internal target	2019-20 Internal target
Water consumption¹	29% reduction	Within (70k m³ Target²)	Target to continue to reduce has been met 29%

Note

1. Water consumption directly linked to Cefas workload, e.g. large aquarium operations
2. Note; some work using large amounts of water temporarily suspended (refer to text)

The GGC require a continual reduction in water consumption. At Cefas, substantial quantities of water are needed to operate large aquarium facilities and conduct other laboratory processes, which would not be required in entirely office or workshop establishments. Water usage trends at Cefas, therefore must reflect the changing pattern of the scientific work Cefas is contracted to undertake.

During 2019-20 water consumption has reduced considerably (by 29% against the original 2009-10 baseline). This is likely due to the temporary suspension of operations that use large volumes, to enable changes to facilities required by the Estates 2020 project. It is likely that there will be a consequent rise in water use in the next year, as suspended work becomes re-established.

WATER		¹ 2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2009-2010 (Baseline)
Non financial indicators (m ³)	Total Water Consumption ²	42,307	49,976	68,546	69,069	68,434	59,723
Financial indicators (£'000)	Water Supply Costs	195	182	192	419	385	183

Note

1. 2019-20 uses 2018-19 Q4 data (2019-20 Q4 data not available at time of reporting)
2. Mains water; abstracted water (e.g. seawater) is not reportable under GGC

Other target areas

OTHER TARGET AREAS			
	Against baseline year*	2019-20 internal target	2019-20 GGC target
Domestic flights	34% reduction since 2014-15*	27% reduction	Target of 30% overall reduction exceeded
Paper use	Increase¹ since 2009-10*	Target met	Behind target (50% reduction)^{1,2}

Note

1. Note; paper usage has reduced by 50% since 2014-15
2. Refer to text for information on how GGC target is to be met
3. There has been a 50% decrease in paper use since 2014-15. An apparent increase in paper use since 2009-10 may be owing to under-reporting originally, at a time when a larger number of local printers and local stocks of paper were present. The introduction of networked multifunctional devices (MFD) at centralised locations, with paper restocked from a common supply, together with the encouragement of paperless office working have assisted with paper-use reduction, e.g. using two screens, so that documents can be readily compared and reviewed without the need for printing. Printing reduction has been a key campaign across Cefas in 2019-20.

OTHER TARGET AREAS		² 2019-2020	¹ 2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	³ 2009-2010 (Baseline)
Non financial indicators	Number of domestic flights	156	216	199	218	162	236	N/A
	Paper use (Reams)	1,250	1,630	1,568	1,957	1,893	2,510	1,000

Note

1. 2018-19 updated with actual Q4 data (Q4 estimated in 2018-19 report)
2. 2019-20 uses 2018-19 Q4 data (2019-20 Q4 data not available at time of reporting)
3. Baseline paper usage in 2009-10 may have been under-reported (please refer to text)

Sustainable procurement

A large proportion of our contracts are awarded through Crown Commercial Service frameworks or Defra network contracts. These include the procurement of stationery, vehicles, payroll services, printing devices, travel booking, ICT services (disaster recovery and firewall), catering and facilities management. We continue to work with Defra to enhance supplier information to enable the monitoring and increase of our proportion of small and medium-sized enterprises spend.

Specific areas of work include: an evaluation of plastic and waste reduction opportunities in laboratories and offices as well as a review of Cefas vehicle fleet (to help achieve a target of 25% Ultra Low Emissions Vehicles by 2022).

Green ICT

Cefas continues to align with the government's Greening Government strategy. This includes acknowledging the extent to which Green ICT best practice has been adopted so far and, in the longer term, embedding Green ICT into our management practice and processes. Improvements in the last year include:

- Continuing to implement the UK Government's Cloud First programme by consolidating Cefas' use of Microsoft's Office 365 and Azure hosting, as well as the implementation of cloud-based telephony services to optimise local ICT infrastructure and enabling and supporting more flexible and mobile working practices
- Migrating to Office 365 from September 2014 has increased availability and usage of web-based messaging, audio and video conferencing and increased collaboration facilities, enabling staff to share and collaborate on documents with other staff, partners and customers; reducing face-to-face meetings and their travel related emissions
- Continuing assessment and optimisation of PC and server assets to reduce ICT assets and Cefas' carbon footprint, in particular rolling out lighter and more energy efficient laptops.

Where possible ICT hardware continues to be re-used within Cefas, or collected by a contractor who arranges re-use, recycling and eventual disposal.

A new Multi-Function Device contract was negotiated reducing the number of print devices to be able to further progress electronic ways of working within Cefas in year, when the move into the new building took place.

Building assurance

Cefas maintain certifications to ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health & Safety), laboratory accreditation to ISO 17025 and approvals for Good Laboratory Practice and Good Manufacturing Practice. These standards provide a strong platform to help us to ensure continual improvement of our processes and procedures.

Biodiversity Action Planning

As part of Estates 2020 landscaping work, wildflower areas will be created providing a habitat for bees and butterflies. Species composition will include Birdsfoot Trefoil, Common Knapweed and Oxeye Daisy. A strong lawn grass mixture will also be present as well as plans for the creation of insect hotels. A bat survey was completed at the Lowestoft site before building works commenced: no bats were found to be present.

Adaptation to climate change

Cefas sites are included in the Defra Group Estates' climate change adaptation plan. Climate change adaptation surveys were reviewed in 2018 to inform decisions on current and future developments. The next date for review of the plan is 2023. As part of the Defra Group Cefas promotes, shares and implements Defra 25year Environment plan, which is aligned to the United Nations Sustainable Development Goals, integrating wider environment and climate considerations into all policies and procedures. Cefas follows Defra current rural proofing guidance and taking into account the specific challenges and opportunities whilst completing fieldwork.

Sustainable construction

Construction works undertaken for the new-build office and major refurbishment of laboratory facilities at Lowestoft, have been planned and the contractor appointed with due attention to sustainability in the fabric and function of the buildings. Tendering for the construction was conducted under Suffolk County Council's 2015 Construction Framework Contract, which includes requirements on sustainability in accordance with current central Government guidance and standards. The new building has been planned was designed with the objective of obtaining a Building Research Establishment Environmental Assessment Method (BREEAM) 'Very Good' rating.

Future strategy

Cefas aims to keep sustainability at the heart of its business delivery and operations and Defra-group strategy puts environmental improvement as its first objective. This means that it strives to operate in the most sustainable and environmentally responsible manner: improving the way we use our work spaces; reducing energy and water use; reducing the amount of waste generated; making strategic energy and waste savings from IT services; and assessing the products and services that are purchased to support all operational activities.

Our commitment to the sustainability of our own operations is captured in the Defra group sustainability strategy.



Tim Green
Chief Executive
10 July 2020

Accountability Report

Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the entity's governance structures and how they support the achievement of the entity's objectives.

The Governance Statement sets out how we have managed and controlled our resources during the year. It provides assurance on how we have carried out our corporate governance, how we have managed significant organisational risks and how we have addressed control issues. The requirements of the Accountability Report are based on the matters required to be dealt with in a Directors' Report.

The Remuneration and Staff Report provides information on people in Cefas and sets out the entity's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors.

Conflicts of Interest

A system is in place to record and manage conflicts of interest of Board Members and a register is maintained. Details of any potential conflicts of interest are set out in Note 14.

Personal data related incidents

There have been no incidents of data loss involving personal information over the reporting period that required formal reporting to the Information Commissioners Office.

There were 6 non-reportable incidents recorded at Cefas over the reporting period, include 4 incidents of unauthorised disclosure and 2 incidents of insecure disposal of inadequately protected electronic equipment, devices or paper documents.

Directors' Report

Our Board

Executives	
Tom Karsten Outgoing Chief Executive Officer	Appointed 2015; Retired 26 June 2020 Career includes extensive maritime background with leadership roles in South Atlantic, Far East, Gulf and Mediterranean Qualifications include: BA (Hons) in History Britannia Royal Naval College Dartmouth
Tim Green Interim Chief Executive Officer	Appointed 2005; Appointed Interim Chief Executive 26 June 2020 Career includes a range of finance and leadership roles across professional services, leisure, construction and health; both in the UK and internationally. Qualifications include: Chartered Accountant (ICAEW) Corporate Treasurer (FCT) BSc (Hons) Natural Sciences
Steve Addison Commercial Director	Appointed 2014 Career includes 25 years experience within marine, shipping banking and business development Qualifications include: BA Law, Business Studies and Economics
Steve Millward Operations Director	Appointed 2013 Career includes over 20 years experience within the electric and gas retail sector prior to joining Cefas. Appointed divisional director in 2008 and Operations Director in 2013 Qualifications include: Chartered Institute of Marketing Diploma & Certificate in Marketing Management BTEC (HNC) Electrical & Electronic Engineering

<p>Stuart Rogers Chief Scientist</p>	<p>Appointed 2012</p> <p>An experienced marine scientist with a vast range of hands on experience including publishing a wide range of peer reviewed literature</p> <p>Qualifications include: PhD Fisheries Ecology MSc Fish Biology BSc (Hons) Botany and Zoology</p>
<p>Karin Rundle HR & Organisational Development Director</p>	<p>Appointed 2009</p> <p>Career includes a variety of senior HR/ Organisational Development roles in local government, NHS, Police and commercial organisations</p> <p>Qualifications include: CIPD fellow Postgrad Certificate Psychology of OD and Change</p>
<p>David Righton Strategy Director</p>	<p>Appointed 2017</p> <p>Career includes 20 years of research and commercial experience in temperate and tropical marine environments</p> <p>Qualifications include: PhD in Social ecology of Red Sea butterflyfishes BSc (Hons) Biology</p>

<p>Non- Executives</p>	
<p>Jane Smallman Cefas Management Board (CMB) Chair</p>	<p>Appointed 2014</p> <p>Career includes significant experience within a large civil engineering and environmental hydraulics organisation up to retirement in 2015</p> <p>Qualifications include: PhD mathematical modelling of water wave diffraction</p> <p>Attendance 4/4 CMB;3/4 ARAC.</p>
<p>Andrew Watkinson Cefas Science Advisory Committee(CSAC) Chair</p>	<p>Appointed 2015</p> <p>Career includes directorships at two leading research organisations and working as an environmental scientist and population biologist</p> <p>Qualifications include: PhD BA Biology</p> <p>Attendance 4/4 CMB; 4/4 PDC; 3/3 CSAC.</p>

<p>Ian Selby Audit and Risk Assurance Committee (ARAC) Chair</p>	<p>Appointed 2018</p> <p>Career includes managing offshore development rights for The Crown Estate up to 2018 and director role at the University of Plymouth</p> <p>Qualifications include: PhD MBA Chartered geologist</p> <p>Attendance 4/4 CMB; 3/4 PDC; 4/4 ARAC.</p>
<p>Neil Hornby Defra Representative</p>	<p>Appointed 2019</p> <p>Director of Marine and Fisheries in Defra since 2016, with responsibility for delivering the UK's vision of clean, healthy, safe, productive and biologically diverse seas</p> <p>Attendance 2/3 CMB.</p>
<p>Anne MacColl People Development Committee (PDC) Chair</p>	<p>Appointed 2018; resigned 6 May 2020.</p> <p>Career includes diverse range of experience, nationally and internationally in public, academic and commercial organisations.</p> <p>Qualifications include: MBA Business School MA in Languages</p> <p>Attendance 4/4 CMB; 4/4 PDC; 4/4 ARAC.</p>

Our Board's year

Our Board's focus across 2019-20 has been aligned to our strategic organisational priorities and our three corporate strategies.

Science	Excellent Science	<ul style="list-style-type: none"> Continued implementation of the science review findings Publications and associated impact factors
	Development of Science Themes	<ul style="list-style-type: none"> Understanding ecosystem change and variability Environment and people Animal and human health Fisheries and aquaculture futures
	Centres of Excellence	<p>Continued development and focus upon the 5 Cefas Centres of Excellence</p> <ul style="list-style-type: none"> Emerging diseases and aquaculture Seafood safety Anti-microbial resistance Climate change Fisheries science
People	People and Engagement	<ul style="list-style-type: none"> Development of the People Development Committee Focus on staff roadshows and engagement, with activities including Cefas Week Successful induction programme into the new Lowestoft building People survey and emerging development plans
	HSEQ	<ul style="list-style-type: none"> Roll out of the Zero Harm strategy Development of the Cefas Carbon Emissions Plan – towards a net zero Cefas Review of end of end fieldwork processes
	Organisational Strength	<ul style="list-style-type: none"> Completion of the new build at Lowestoft and transition into the building in October 2019 Focus on academic and delivery partnerships
Business	Financial Performance	<ul style="list-style-type: none"> Approval and subsequent monitoring of the 19/20 business plans Setting and monitoring of the annual key performance indicators via the newly implemented Cefas dashboard Forward looking business planning
	Business Development	<ul style="list-style-type: none"> Active horizon scanning and contributions of the ongoing Spending Review processes Development of Cefas income strategy and contributions to the Defra Income Working Group
	Operational Delivery	<ul style="list-style-type: none"> Focus on quality customer deliverables Annual Customer Satisfaction Questionnaire results and action plans Signing of the new RV management services contract coming into effect 1st April 2020

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed Cefas 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 Cefas and of its net resource outturn, application of resources, 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 judgments and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis

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 Cefas' assets, are set out in Managing Public Money issued by HM Treasury.

The Accounting Officer of Defra has designated the Chief Executive of Cefas as Accounting Officer of Cefas. The Accounting Officer confirms the following:

- As far as he is aware, there is no relevant audit information of which the entity's auditors are unaware
- He has taken all the steps that he ought to have taken to make himself aware of any relevant information and to establish that the entity's auditors are aware of that information
- The annual report and accounts as a whole is fair, balanced and understandable
- That he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

Governance Statement

This statement sets out the governance arrangements and performance of the Centre for Environment, Fisheries & Aquaculture Science (Cefas) in 19-20. Cefas is an executive agency of the Department for Environment, Food and Rural Affairs (Defra) and as such it is fully accountable to Parliament through ministers.

Governance arrangements are formalised in a Framework Document, which is available to download from <https://www.gov.uk/government/organisations/centre-for-environment-fisheries-and-aquaculture-science/about/our-governance>.

Ministers nominate a member of the Defra Executive Committee (ExCo) to act on their behalf in all ownership matters and to be line manager for the Chief Executive. During 2019-20 this role was fulfilled by Defra's Director General for Environment, Rural and Marine. Their responsibilities include providing oversight of Cefas and assurance to the Defra Executive Committee that appropriate governance arrangements are in place for the agency. Regular performance reports, risk assessments and other management information flows from Cefas to Defra, which are appropriately reported to ExCo. There are numerous other informal links with the Department, including between non-executive directors (NEDs) and in functional areas such as science, finance and human resources.

The Chief Executive, Tom Karsten, as Accounting Officer for the full financial year, had personal responsibility and accountability to Parliament for the organisation and quality of management within Cefas, including its use and stewardship of public assets. Tom Karsten retired on 26 June 2020 when Tim Green assumed the role of Accounting Officer. Tom Karsten provided representations and assurances to cover this full period in office. In delivering this role, the Chief Executive is supported and challenged by the Cefas Management Board (the Board). The Board provides strategic leadership for Cefas within a framework of prudent and effective controls, which enables risk to be assessed and managed. It is collectively responsible for the long-term success of the agency. The Board operates within the strategic context and authorities set by Defra. Its remit includes setting strategic aims, objectives and risk appetite; ensuring that necessary leadership and resources are in place to deliver its aims; challenging and supporting management performance; providing assurance on effective controls and risk management. A balance of executives, NEDs and a Defra senior official provides the appropriate skills, experience, independence and knowledge to enable the Board to discharge its duties and responsibilities. One NED is appointed as a "lead NED" and is Chair of the Board, this role was fulfilled by Jane Smallman throughout the year. The lead NED provides a sounding board for the Chief Executive and serves as an intermediary for other NEDs, when necessary.

The Board has three committees routinely reporting to it with individual terms of reference that are approved by the Board. Each of these committees have a wholly external membership and are chaired by NEDs. Appropriate Cefas Executive and external representatives attend the committees as required:

Cefas Management Board (CMB)

Executive Members	Non-Executive Members	Defra Senior Official
Tom Karsten Tim Green Steve Addison Steve Millward Stuart Rogers Karin Rundle David Righton	Jane Smallman Andrew Watkinson Ian Selby Ann McColl	Neil Hornby

	Audit and Risk Assurance Committee	Science Advisory Committee	People Development Committee
Frequency	4 times per year	At least 2 times per year	At least 2 times per year
Executive Representation	Tom Karsten Tim Green Steve Millward	Stuart Rogers	Karin Rundle
Members (Non-Executive Directors)	Ian Selby (Chair) Jane Smallman Anne MacColl	Andrew Watkinson (Chair) Independent science advisors: Jon Pitchford Tara Marshall Francesco Falciani Robert Gatliff Stuart Rogers Linda Lawton Sarah Culloty	Anne MacColl (Chair) Andrew Watkinson Ian Selby
Key areas of responsibility	<ul style="list-style-type: none"> • monitors corporate governance and control systems • advises on internal and external audit matters, • reviews risk and governance in the organisation, including health and safety 	Provides independent scrutiny and advice to the Board on the quality and relevance of the agency's science strategy and operations	Provides independent scrutiny and advice to the Board on the quality and relevance of the agency's people strategy to ensure it is meeting business needs
Key subjects of focus in year	<ul style="list-style-type: none"> • project Management • Estates 2020 readiness • general IT controls • Health and Safety • procurement, contract management & supply chain governance • key financial controls 	Completion of a science review to advise on: <ul style="list-style-type: none"> • research quality • partnership working • support for new technologies • science required to support food security and the blue economy 	<ul style="list-style-type: none"> • employee engagement • improvements to reward • implementation of the science review recommendations

Conflicts of interest declared by Board members are managed by the Chair of the Board to ensure any necessary separation of the topic and the individual. During the year, no material conflicts have been reported. The Board and the ARAC have been fully quorate during the year.

The Board's assessment of the Corporate Governance in Central Government Departments: Code of good practice 2017, published by HM Treasury, confirms that Cefas complies with relevant principles and protocols in so far as it applies to an Executive Agency, with no known exceptions.

Effectiveness of Cefas Management Board performance

The Board conducts an annual review of its terms of reference and an evaluation of its own performance and effectiveness. The performance evaluation approach for the year 2019-20 took place in January 2020. Key actions agreed following the review included identifying and managing the longer term priority areas for the organisation; inclusion of the science theme leaders at the CMB meetings and deeper dives into key HSEQ and science items at each meeting.

The Board routinely reviews performance data using a balanced scorecard approach that aligns operational indicators with Cefas strategic objectives. The Board considered this data to be of an appropriate quality and is content that all relevant matters are appropriately reported for Board assessment. This judgement is further assured through management statements on compliance performance, NEDs' personal engagement with operating Directorates, rotational presentations from operational teams to the Board across the year and formal reports from Board sub-committees.

Cefas has performed well throughout the year, despite a challenging financial climate with in year cuts from Defra and uncertainty regarding the next Comprehensive Spending Review, and continues to forecast good performance against our performance indicators, whilst delivering on existing plans (notable successes being reflected in Section 1, Performance Report).

As well as challenge and assurance of Cefas' operational performance, the other significant items the Board addressed in the year included: delivery to Defra with a particular focus on Brexit activity; oversight of a strategic 5-year transformation programme with related actions, significant new UK and international government opportunity development and the Lowestoft site redevelopment project.

No new significant performance issues were identified in the year. The control weakness reported in the previous financial year in the management of the facilities management contract, whilst making delivery improvements, continues as a 'significant issue' (see below).

Risk management overview

Cefas has an embedded risk management process which cuts across strategic and directorate management. Cefas risk management is governed via our policies, procedures and guidance. The Defra Risk Management Framework is applied to Cefas via implementation of the five step risk management model – identification, classification, assessment, responding and escalation, with further details set out below.

Cefas applies the four lines of defence assurance model, utilising operational delivery followed by management oversight and expert input. Further assurance is achieved via the internal audit programme reported through the ARAC and additional external assurances.

Lines of Defence Assurance Model

- 1st Line of Defence = Operational delivery
- 2nd Line of Defence = Management oversight and expert Input
- 3rd Line of Defence = Internal assurance processes
- 4th Line of Defence = External assurance

The Board is responsible for determining the nature and extent of the risks it is willing to take, Cefas' risk appetite, in achieving its strategic objectives, taking account of the wider Defra context. The Board is responsible for ensuring sound corporate governance, risk management and internal control systems.

Further external assurance is gained through the application of a range of accredited management systems, covering laboratory and ship operations, these include; ISO 9001 (Quality), OHSAS 18001 (Occupational Health and Safety), ISO 14001 (Environmental) and ISO 17025 (Laboratory Testing and Calibration Competence). Cefas operates several scientific models, used to advise critical government decision-making regarding fish stocks and environmental status. All these models are subject to appropriate quality assurance procedures as described in the UK government AQUA principles and no significant issues were identified in the year.

Cefas has defined the following risk appetite:






Cefas wishes to be seen as the Government's marine and freshwater applied science experts. Cefas depends on its reputation for scientific excellence to support all customer delivery. Cefas' risk appetite is to only tolerate a low level of managed risk that would arise due to the delivery of poor scientific evidence or advice.

Cefas operates with a 'Zero Harm' ambition and approach with regards to Health, Safety and Wellbeing whilst at work. Cefas' risk appetite is that injuring anyone whilst at work, or because of work, is not acceptable. The Zero Harm principles impact all decisions across the organisation from desk-based work in our facilities to overseas fieldwork projects to ensure all reasonable action is taken to avoid harm.

Cefas operates in an environment where core government funding is reducing, therefore we are working across other Government Departments, international government to government projects and wider market contracts to ensure we maintain access to world class opportunities. This increases business complexity, whilst still retaining a core focus on our principle markets - 86% of all our activity is for UK Government bodies and related EU research and development programmes (2019-20: 85%). Our risk appetite is to tolerate low to moderate operational risks over these projects as a trade-off to maintain the critical science provision.

Risk management approach

Cefas uses a 5-step risk management model in line with the Defra Risk Management Framework:

	Identify	<ul style="list-style-type: none"> Risks are identified across the organisation at a Cefas level and across the five directorates Risks identified at Defra level are shared via the Defra planning blocks 	
	Classify	<ul style="list-style-type: none"> Each risk is classified using six categories defined across the Defra network 	<ul style="list-style-type: none"> External Financial Technological/infrastructure Operational Strategic People
	Assess	<ul style="list-style-type: none"> Each risk is assessed to determine the impact, likelihood and proximity of crystallisation 	
	Respond	<ul style="list-style-type: none"> Responses are determined based on the impact and likelihood of the risk crystallising to determine the appropriate action to limit the risk to the organisational risk appetite 	<ul style="list-style-type: none"> Treat Transfer Tolerate Terminate Take opportunity
	Escalate	<ul style="list-style-type: none"> Risks are either managed within Cefas or escalated to Defra depending on the nature of the remaining risk after responses. 	<ul style="list-style-type: none"> Manage within Cefas Notify Defra via Defra planning blocks ExCo action required

The Role of the ARAC

The ARAC provides the primary assurance mechanism. This operates in accordance with the Audit Committee Handbook, published by HM Treasury. For 2019-20, the ARAC has been supported an outsourced Head of Internal Audit and team. An agreed annual risk-based plan operating to government internal audit standards, has been delivered and the annual opinion from the Head of Internal Audit provided moderate assurance over the controls reviewed in the year reflecting that Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

Risks Managed in the Year

Risks are identified at an organisational level and across each of the directorates.

Cefas has identified and managed these as the top-level organisational risks in year. The risk trends have been captured and monitored via ongoing management and the quarterly risk management reviews:

Risk Area	Principle Mitigation
<p><i>Emergence of COVID-19</i></p> <p>COVID-19 has had a significant impact across the UK, globally and within Cefas, during the reporting year and beyond. Immediate impacts within the final quarter of the year included the cessation of international travel, the move to home working and the halting of all non-essential laboratory, fieldwork and vessel activities.</p> <p>Impacts continue into the new year and include the additional consequences of certain previously agreed UK Government funding programmes being suspended or reduced in scale.</p>	<p>Cefas responded by fully complying with all Government guidance; requiring all staff to work at home who could, the closure of all sites to all but approved essential working and the suspension of all fieldwork and vessel activities. Our IT provision was designed to enable all our staff to work at home and this service is performing well and enables full digital connection both between staff and partners.</p> <p>Work programmes have been re-focussed on delivering desk based products and activities during this time to maintain as much of our normal outputs as possible. Where funding has been reduced we are working with Defra to manage and limit the financial impact and utilise Cefas capacity both across the Department and other Government Departments. Specific activities to support the national response to COVID-19 have included work for SAGE and DWP.</p>
<p><i>Funding pressures</i></p> <p>Funding pressures during the reporting year were experienced both through reductions from Defra and from wider market customers.</p> <p>Impacts continue into the new year, primarily driven by the redirection of planned customer activities due to COVID-19.</p>	<p>Cefas responded through adjusting business plans early in the year to reduce staffing levels in line with income and to avoid non-essential discretionary costs. A further, special dividend was paid from Cefas Technology Ltd to Cefas which assisted the in-year financial position. Monthly SLT monitoring and reviews of progress against financial reforecasts were carried out and used to respond to the financial challenges and manage the year end position.</p>
<p><i>Readiness to deal with emergency response</i></p> <p>Cefas ability to respond is challenged as funding continues to be reduced in this area.</p>	<p>Major incident plans are in place and supporting governance continues to oversee risks in these areas. No instances of compromised response occurred within the reporting year.</p>
<p><i>Level of demand for Cefas science</i></p>	

<p>The management of demands for Cefas science, evidence and advice, from the broad range of Cefas customers, impacts Cefas ability to fully service all requirements, not least our primary responsibility to core Defra.</p>	<p>Significant international programmes have stretched our management capabilities to meet a growing complexity of customer demands. In response, we have strengthened our project management capability and our management structure to enhance cross Cefas people management and delivery. This enabled us to successfully meet both our wider customers' needs and balance them with those of Defra.</p>
<p><i>Management of key suppliers</i></p> <p>Subcontractors and the supply chain are key to the ongoing success of the Cefas. Our key suppliers are Interserve and AW Ship Management, following the transition of P&O MS for the Research Vessel contract.</p>	<p>Following the publicised insolvency of a key public sector supplier in 2018-2019 a risk mitigation plan was arranged with leadership from the Cabinet Office. The subsequent managed administration of Interserve was successful and had limited impact on Cefas. We have further enhanced our key-supplier due diligence process in year to include seeking further assurances where credit checks suggest adverse history or other indications of financial risk.</p>

Whistleblowing

A whistleblowing policy is in place and operated throughout the organisation. The annual review of the performance of this policy during the year took place in March 2020. This agreed that it was effective in providing a clear route to raise concerns regarding Cefas' operations. One official incident was reported and reviewed in the year, in addition several concerns were resolved at management level, in line with the policy. There were no significant lapses of corporate or personal protected data and no ministerial directions received in the year. Regular training and internal communications continue to provide an effective way of maintaining awareness amongst staff of obligations and reporting arrangements for dealing with potential fraud, bribery, information security and whistleblowing matters.

Significant issues and ongoing risks

Good progress continued against our long-term strategic plans in 2019-20. Significant additional work has been undertaken during the year to develop and provide new evidence and advice required to support Defra in preparing for Brexit, particularly with respect to fisheries management. This has secured additional funding for agreed work programmes which have been delivered in 2019-20. Significant progress has been made on the redevelopment of our Lowestoft facilities; the move into the office took place as planned in October with the final link to the North Extension, demolition and landscaping due to take place in 2020-21. Close management has been required throughout the year on the design, cost and contractor management. Towards the end of the financial year, COVID-19 has emerged as a significant risk and management of this is ongoing.

An historic significant control issue has been the oversight of our facilities management contract to assures ourselves of satisfactory receipt of services. Cefas has conducted a number of assurance service reviews during the year and now has reasonable assurance over the contract. There are a number of follow on actions to both on-board the redeveloped Lowestoft site into the contract and to continue to manage the performance of the contractor however this is no longer deemed and significant control issue.

Other Parliamentary Disclosures

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 starts a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified. Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is disclosed. In accordance with accounting standards, no contingent assets can be recognised.

As part of our developing relationships to work for the Kuwait Environmental Protection Authority, on their proposed eMISK contract, a Parliamentary Minute was laid before the House of Commons in May 2019 to request approval to enter into liabilities outside the normal course of business. It is anticipated that the contract will be signed within the first half of the 2020-21 financial year.

Conclusion

The governance arrangements set out in this statement continue to support Cefas' aims as evidenced through high levels of customer satisfaction, highly regarded scientific capability, sustainable finances and highly engaged staff. Accordingly, the Board look to the future with confidence.

Remuneration Report

The Cabinet Office, subject to HM Treasury remits, together with the Chief Executive sets the remuneration of the Cefas Management Board's (CMB's) executive directors. Up to 10% of their remuneration is performance-related and is reviewed by Defra against the achievement of ministerial and personal targets. The remuneration of the senior civil service (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB). The Cabinet Office advises the Department in March or April each year of the government's response to the SSRB recommendations and produces guidance for departments to follow.

Tom Karsten, Outgoing Chief Executive; Tim Green, Interim Chief Executive (Deputy Chief Executive and Finance Director during the financial year); and Steve Addison, Commercial Director are senior civil servants under permanent contracts of employment with Defra. Karin Rundle, Stuart Rogers, Steve Millward and David Righton are civil servants under permanent contracts of employment with Cefas. The agency bears the cost of each set of executive directors' employment.

There is a maximum notice period of six months from Defra and a minimum of three months from the employee. The length of service, salary and age of the employee determine any termination payments payable.

All non-executive directors are contracted by Cefas and have notice periods of three months, from either Cefas or the individual. Defra assumes all the costs of their attendance at the board.

No awards for early termination were made to existing or former directors in the year.

No benefits in kind were paid to directors in the year.

The following tables - Remuneration of Cefas Directors, Remuneration Median and Ratios, Remuneration of Cefas Non-Executive Directors, Pension Entitlement of Cefas Directors, Composition of staff and Staff costs have been is subject to audit.

Remuneration of Cefas Directors

CMB executive directors	Salary		Performance pay		Pension benefits		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive								
Tom Karsten	125-130	125-130	-	-	-	41	125-130	165-170
Deputy Chief Executive and Finance Director								
Tim Green	75-80	75-80	5-10	5-10	32	31	115-120	115-120
Chief Scientific Advisor								
Stuart Rogers	75-80	70-75	0-5	0-5	17	14	95-100	85-90
Commercial Director								
Steve Addison	75-80	70-75	-	-	30	29	105-110	100-105
Director of Human Resources and Organisational Development								
Karin Rundle	65-70	60-65	5-10	5-10	30	30	100- 105	95-100
Operations Director								
Steve Millward	75-80	70-75	0-5	0-5	33	27	110-115	100-105
Director of Strategy, Transformation and Partnerships								
David Righton	60-65	50-55	0-5	0-5	29	24	90- 95	75-80

Remuneration Median and Ratios

	2019-20	2018-19
	£'000	£'000
Band of highest paid employee total remuneration excluding pension benefits (£'000)	125-130	125-130
Median Total Remuneration (£)	32,916	31,752
Ratio	3.9	4.02

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid executive directors, as disclosed in the Remuneration of Cefas Directors report, for the financial year 2019-20 was £125,000 – £130,000 (2018-19: £125,000-£130,000). This was 3.9 (2018-19: 4.02) times the median remuneration of the workforce, which was £32,916. In 2019-20, nil (2018-19, nil) employees received remuneration in excess of the highest-paid director. 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.

The banded remuneration of the lowest paid employees for the financial year 2019-20 was £15,000-£20,000 (2018-19: £15,000-£20,000). Cefas gender pay comparative is reported alongside the Defra group at:

<https://www.gov.uk/government/publications/defra-gender-pay-gap-report-and-data-2019>

No CMB executive directors were in receipt of any benefits in kind (2018–19: Nil); nor did they hold any company directorships or other significant interests that may have conflicted with their management responsibilities. All salary or fee-related payments to CMB executive and non-executive directors are made through the PAYE system.

The individuals in the Remuneration of Cefas Directors Table (page 47) were executive directors during the year. Salaries include gross salaries, performance pay, overtime, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. In line with other senior civil servants, contractual performance payments were capped in 2019-20 and 2018-19.

Remuneration of Cefas Non-Executive Directors

CMB non-executive directors	Fee band		Performance pay		Pension benefits		Total	
	2019-20 £'000	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000	2018-19 £'000
Jane Smallman (from 1 October 2014)	5-10	5-10	-	-	4	4	5-10	15-20
Andrew Watkinson (from 1 July 2015)	5-10	5-10	-	-	-	-	5-10	10 - 15
Anne MacColl (from 1 April 2016 - 31 August 2017 and from 7 May 2018 - 6 May 2020)	5-10	5-10	-	-	4	4	5-10	5-10
Ian Selby (from 7 May 2018)	5-10	5-10	-	-	4	3	5-10	5-10

Pension Entitlement of Cefas Directors

CMB executive directors	Real increase in pension and related lump sum at age 60	Total accrued pension and related lump sum at age 60	CETV at 31 March 2020 (cash equivalent transfer value)	CETV at 31 March 2019 (cash equivalent transfer value)	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive Tom Karsten	-	-	-	142	(142)
Deputy Chief Executive and Finance Director Tim Green	0-2.5	20-25	350	312	18
Chief Scientist Stuart Rogers	0-2.5 plus lump sum 2.5 - 5	30-35 and lump sum 95-100	780	743	17
Commercial Director Steve Addison	0-2.5	10-15	162	128	22
Director of Human Resources and Organisational Development Karin Rundle	0-2.5	20-25	314	270	17
Operations Director Steve Millward	0-2.5	20-25	384	345	20
Director of Strategy, Transformation and Partnerships David Righton	0-2.5	20-25	350	316	16

Notes

1. CETV: cash equivalent transfer value

Staff Report

Composition of staff – The average number of persons (FTEs) employed by Cefas during the year was:

	2019-20			2018-19		
	Male	Female	Total Numbers	Male	Female	Total Numbers
Directors - SCS 2	1	-	1	1	-	1
Directors - SCS 1	2	-	2	2	-	2
Directors - Other	3	1	4	3	1	4
Other Permanently employed staff	325	281	606	331	274	605
Total	331	282	613	337	275	612

All of the Cefas's permanently employed staff are public servants. This includes two staff on outward secondments to other government departments and three staff on inwards secondments.

Staff costs

	Permanently Employed Staff £'000	Temporarily Employed Staff £'000	Total 2019-20 £'000	Total 2018-19 £'000
Wages and Salaries	21,662	-	21,662	22,160
Social Security Costs	2,341	-	2,341	2,179
Superannuation	5,471	-	5,471	4,089
Total staff expenditure	29,474	-	29,474	28,428

The average number of working days lost due to sickness was 3.3 days (2018-19: 3.5 days). Included in the permanently employed staff costs for 2019-20 is an accrual for untaken leave and Leave in lieu of £1,100,000 (2018-19: £1,400,000). No consultancy and no temporary staff costs were incurred during the year (2018-19 Nil).

Off-payroll arrangements

Off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months	
No. of existing engagements as of 31 March 2020	1
Of which...	
No. that have existed for less than one year at time of reporting.	1

New off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	1
Of which...	
No. assessed as caught by IR35	-
No. assessed as not caught by IR35	1
No. of engagements reassessed for consistency / assurance purposes during the year.	1

Cefas is a "Disability Confident leader" enabling us to display the disability confident Level 3 symbol in recruitment and employment. This is a commitment recognising Cefas as a champion for Disability Confident enabling us to benefit from being able to draw from the widest possible pool of talent and secure, retain and develop disabled staff who are skilled, loyal and hard-working. Cefas offer a guaranteed interview to any candidate who has disclosed a disability, as defined under the Equality Act 2010 and meets the minimum (essential eligibility) criteria for the post. Comprehensive guidance on making reasonable adjustments at work and supporting disabled employees is provided to managers, including supporting and training an employee who becomes disabled during their employment. All line managers are required to complete unconscious bias training which was introduced in September 2013. All other employment policies are adopted where employment law or Civil Service Employment Policy dictate.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. 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 with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have 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 pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the appointed provider - Legal & General. 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. 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 quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

Pension liabilities and entitlements

Pension liabilities arising from early retirement or other enhancements are accrued in total in the year in which the liability arises. These charges are paid either to the PCSPS, which is responsible for meeting future pension obligations on behalf of Cefas, or to employees' stakeholder-based.

Reporting of Civil Service and Other Compensation Schemes Exit Packages

There were no redundancies or other departure costs paid in 2019-20 and 2018-19.

Our People

The information contained within this section has not been subject to audit and does not form part of the auditor's opinion on the accounts.

We achieved a 98% staff response rate to the annual Civil Service People Survey. The average response rate for the entire civil service is 66.4%. The survey is designed to measure staff engagement, and our overall engagement index is 61% (2018-19 66%).

Employee involvement in our business is actively encouraged through a staff focus group, informal drop-in sessions with the Chief Executive, directorate meetings and a variety of business and science-related workshops and roadshows. There are formal trade union meetings carried out in association with a Facilities Time agreement in accordance with Cabinet Office guidance.

The 'Cefas Connects' volunteering scheme supports community-based initiatives, with staff raising funds for charities, and undertaking beach clean-ups and outreach activities with local schools. We use the 'Cefas Suggests' initiative to encourage the generation of staff ideas to improve our ways of working and deliver a "keep it simple" approach to the way we do things.

The Equality Act 2010 requires Cefas to consider the needs of all individuals in their day-to-day work, how we develop our policies, deliver our services and manage our people. The Act places additional statutory duties on public-sector organisations through the Public-Sector Equality Duty, which requires us to publish equality information on our workforce.

In 2019/20, we refreshed our wellbeing strategy, which involved creating new role of 'Wellbeing advisor'. A number of staff volunteered to take on this role and have been trained as Mental Health First Aiders and/or Harassment and Bullying advisors. A number of events have taken place during the year offering wellbeing advice to staff, these have been very well received. We have also promoted the Employee Assistance Programme. This is an independent, confidential service offering staff positive and proactive support for, and advice about, a variety of health, lifestyle and financial issues.

Cefas adopts Defra policies as defined by Civil Service Employment Policy. We use the Government Resourcing Service to attract people which is based on the Success Profile methodology. Information on Success Profiles is available at:

<https://www.gov.uk/government/publications/success-profiles>

Leading in Health and Safety - Our Systems and Compliance

Certification was maintained to the health, safety, environmental and quality standards (ISO 9001, 17025, 14001 and OHSAS 18001) during the last financial year with the associated certification body also approving the Cefas transition to the new ISO 9001:2015 standard.

Leading on Culture Change in Health and Safety

Senior management conduct regular health and safety walkabouts during the year with a rotating focus on targeted themes. A series of reviews of key health and safety management systems in relation to changes in business and risk profile were successfully undertaken to identify and enable improvements of processes.

Incidents and accidents

Incident figure trends have continued to improve, showing an overall reduction over the previous 3 years and proactive reporting remaining strong with a ratio of 75:1 against the 2 Lost Time/Medical Treatment cases for the year.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

This is a new requirement for 2017-18 (effective 1 April 2017) that requires relevant public-sector organisations to report on trade union facility time in their organisations. Facility time is paid time spent by union representatives to carry out trade union activities

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
13	13

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1-50%	10
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£000
Provide the total cost of facility time	34
Provide the total pay bill	29474
Provide the percentage of the total pay bill spent on (total cost of facility time ÷ total pay bill) x 100	0.1%

Paid trade union activities

<i>Time spent on paid trade union activities as a percentage of total paid facility time hours</i>	100%
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Parliamentary Accountability and Audit Report

The information in this section has been subject to audit.

Regularity of Expenditure - Cefas has considered all of its activities during the year and confirm they are in accordance with the legislation authorising them.

Cefas incurred no losses, special payments or gifts totalling more than £300,000 in the year.

Contingencies and Liabilities - none to disclose under IAS 37.

Long term expenditure trends - refer to the performance analysis section of our Performance Report for details of our performance to date.



Tim Green
Chief Executive
10 July 2020

This signature covers the Accountability Report

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 Centre for Environment, Fisheries and Aquaculture Science (Cefas) for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity/Movement in Reserves; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- The financial statements give a true and fair view of the state of the Centre for Environment, Fisheries and Aquaculture Science's affairs as at 31 March 2020 and of the net operating costs for the year then ended; and
- The financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of matter – material uncertainty regarding land and buildings valuation

Without qualifying my opinion, I draw attention to the disclosures in note 1.3 to the financial statements in relation to the valuation of the land and buildings owned by Cefas.

As set out in the Note, COVID-19 is affecting market activity in many sectors and, in line with guidance from the Royal Institute of Chartered Surveyors (RICS), the independent valuer's valuation of Cefas's land and buildings as at 31 March 2020 included a "material uncertainty" clause. This means a higher degree of caution, and therefore less certainty, should be attached to the valuation than would normally be the case. The Note includes details of the potential impact to the valuation of movements in the key assumptions underpinning this valuation.

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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 2016. I am independent of the Centre for Environment, Fisheries and Aquaculture Science in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled my 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- The Centre for Environment, Fisheries and Aquaculture Science's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Centre for Environment, Fisheries and Aquaculture Science have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Centre for Environment, Fisheries and Aquaculture Science's ability to continue to adopt the going concern basis for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre for Environment, Fisheries and Aquaculture Science's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude on the appropriateness of the Centre for Environment, Fisheries and Aquaculture Science's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre for Environment, Fisheries and Aquaculture Science's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Centre for Environment, Fisheries and Aquaculture Science to cease to continue as a going concern.

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 that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditors' report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, 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, 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 parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- In the light of the knowledge and understanding of the Centre for Environment, Fisheries and Aquaculture Science and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- The information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

Matters on which I report by exception

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 or returns adequate for my audit have not been received from branches not visited by my staff, or
- The financial statements and parts of the Accountability Report to be audited are not in agreement with the accounting records and returns, or

- I have not received all of the information and explanations I require for my audit; or
- The Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London
SW1W 9SP

13 July 2020

Financial Statements

Statement of Comprehensive Net Expenditure For the year ending 31st March 2020

		2019-20	Re-presented 2018-19
	Note	£000	£000
Revenue from contracts with customers		(20,554)	(23,808)
Other operating income		(3,571)	(3,086)
Total income	3	(24,125)	(26,894)
Staff Costs		29,474	28,428
Other Costs		24,105	24,531
Non Cash items		4,391	6,426
Total operating costs	2	57,970	59,385
Net operating costs		33,845	32,491
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs			
Net (gain)/loss on			
Revaluation of Property, plant and equipment	4	(225)	(919)
Total comprehensive net expenditure for the year		33,620	31,572

All income and expenditure relates to continuing operations.

The Notes on pages 64-81 form part of these accounts.

Statement of Financial Position As at 31st March 2020

	Note	31st March 2020 £000	31st March 2019 £000
Non-current assets			
Property, plant and equipment	4	32,314	28,695
Investments	6	150	150
Total non-current assets		32,464	28,845
Current assets			
Trade, other receivables and contract assets	7	11,497	8,390
Cash and cash equivalents	8	6,659	6,820
Total current assets		18,156	15,210
Total assets		50,620	44,055
Current liabilities			
Trade, other payables and contract liabilities	9	(7,236)	(11,155)
Provisions	10	(87)	(1,299)
Total current liabilities		(7,323)	(12,454)
Non-current assets plus/less net current assets/liabilities		43,297	31,601
Non-current liabilities			
Provisions	10	(302)	(384)
Total non-current liabilities		(302)	(384)
Total assets less total liabilities		42,995	31,217
Taxpayers' equity and other reserves			
General fund		39,562	27,964
Revaluation reserve		3,433	3,253
Total equity		42,995	31,217



Tim Green
Chief Executive
10 July 2020

The Notes on pages 64-81 form part of these accounts.

Statement of Cash Flows

For the year ended 31st March 2020

	2019-20	2018-19
	£000	£000
Cash flows from operating activities		
Net operating expenditure	(33,845)	(32,491)
Adjustments for non-cash transactions	4,391	7,685
(Increase)/Decrease in trade and other receivables	(2,207)	993
Increase/(Decrease) in trade payables	(3,919)	117
less movements in payables relating to items not passing through the Operating cost statement	(125)	37
Use of provisions	(250)	(838)
Net cash outflow from operating activities	(35,955)	(24,497)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,231)	(10,694)
Proceeds of disposal of property, plant and equipment	125	94
Dividend receivable	(900)	-
Net cash outflow from investing activities	(5,006)	(10,600)
Cash flows from financing activities		
Agency funding	40,800	35,851
Net financing	40,800	35,851
Net increase/(decrease) in cash in the period	(161)	754
Cash and cash equivalents at the beginning of the year	6,820	6,066
Cash and cash equivalents at the end of the year	6,659	6,820

The Notes on pages 64-81 form part of these accounts.

Statement of Changes in Taxpayers' Equity/Movement in Reserves

For the year ending 31st March 2020

		General Fund	Revaluation Reserve	Total Reserves
	Note	£000	£000	£000
Balance at 31 March 2018		18,584	2,334	20,918
Funding received		35,851	-	35,851
Net Operating Costs for the year	CSCNE	(32,491)	-	(32,491)
Non-cash adjustments				
Non-cash charges - auditors' remuneration	2	45	-	45
Non-cash charges - other	2	4,238	-	4,238
Movements in reserves				
Recognised in Other Comprehensive Expenditure:				
Other revaluation of Property, plant and equipment	4	-	919	919
Defra Estates Recharges		1,737	-	1,737
Balance at 31 March 2019		27,964	3,253	31,217
Funding received		40,800	-	40,800
Net Operating Costs for the year	CSCNE	(33,845)	-	(33,845)
Non-cash adjustments				
Non-cash charges - auditors' remuneration	2	50	-	50
Non-cash charges - other	2	4,548	-	4,548
Movement in reserves				
Recognised in Other Comprehensive Expenditure:				
Other revaluation of Property, plant and equipment	4	-	225	225
Release of reserves to Comprehensive				
Transfers between reserves		45	(45)	-
Balance at 31 March 2020		39,562	3,433	42,995

The Notes on pages 64-81 form part of these accounts.

Notes to the Accounts

1.1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2019–20 Government Financial Reporting Manual (FReM) issued by HM Treasury under the Government Resources and Accounts Act 2000 (GRAA 2000). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) 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 Cefas for the purpose of giving a true and fair view has been selected. The particular policies adopted by Cefas are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting Convention

These financial statements have been prepared on the accruals basis under the historical cost convention, modified where material 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. These financial statements are based on the going concern basis, applying IAS 1 as interpreted under the FReM, of which the key principle is the continuation of services into the future despite the challenges which have arisen in relation to funding as a result of COVID-19.

1.3 Significant Judgements and Estimation Uncertainty

In the preparation of financial statements Cefas is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported amount of income and expenditure.

All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecasts of future events.

The following areas represent significant judgments and estimates that Cefas has made in applying the accounting policies:

- The useful economic lives of assets that form the basis of periods over which property, plant and equipment is depreciated (reported in notes 1.4 and 4);
- Within receivables and payables there are contract assets and liabilities. These balances represent the differences between the amount invoiced to the customer and the latest milestone achieved; and
- The valuation and impairment of property, plant and equipment (reported in note 5);

It should be noted that Land and Buildings valuation exercise was carried out in March 2020 (further detail set out with note 1.4) with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Red Book Global Valuation Global Standards 2020, the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in market caused by the impact of COVID-19 thus far. The professional valuer has drawn management's attention that due to the ongoing COVID-19 pandemic, the valuers suspect increasing build costs resulting from prevailing market restrictions will likely lead to increasing values of specialised assets valued under Depreciated Replacement Costs (DRC) over the coming period. This could affect the values attached to Cefas' valuation of the its specialised land and buildings as DRC is used as the valuation basis for all of its land and buildings. Management acknowledges the uncertainty but considers that there is little or no empirical evidence available that there is an impact of COVID-19 on the build and labour costs. While this lack of evidence reduces the level of certainty that can be attached to such a valuation, management considers that the valuation provided is an appropriate basis on which to determine the fair value at the date of reporting.

Sensitivity Analysis

The valuation is sensitive to changes in underlying assumptions. A key sensitivity would be a change in build and labour costs. A +/- 1% change could lead to an approximate +/- £220k change in the value of land and buildings.

1.4 Property, Plant and Equipment

Recognition and Valuation

Land and Buildings

Due to the specialised nature of the laboratory premises used by Cefas, freehold land and buildings are stated at their depreciated replacement cost and are professionally revalued at least every five years, in accordance with guidance issued by the Royal Institute of Chartered Surveyors. The last revaluation for the Weymouth site took place on 31st March 2015 which was updated on 31st March 2020 on a desktop basis. A full valuation of the Lowestoft site took place on 31st March 2020 following significant works. Valuations performed by Eleanor Cook, MRICS and signed off by Gary Howes, BSc MRICS, partner at Montagu Evans.

Specialised properties are updated annually by adopting the Building Cost Information Service All-in Tender Price Index supplied by the Royal Institute of Chartered Surveyors. Note 1.3 and note 5 set out the material uncertainty which the valuer has flagged in their assessment at year end.

Non-specialised properties are revised annually by means of a desk-top review, undertaken by the Valuation Office, where every valuation is reviewed having regard to local and national indices and local knowledge.

Vessel

An external valuation and market review was undertaken by Mariant (Offshore Services) Ltd on behalf of Houlder. The valuation was performed by Paul Baker (Mariant), Fellow of the Institute of Chartered Shipbrokers, and signed off by Chris Bell (Houlder), Royal Institute of Naval Architects, and Julian Mason (Houlder), Royal Institute of Naval Architects. The valuation was based upon carrying out a fleet review of vessel with their principle characteristics similar in nature to the RV Endeavour, owned and operated in Northern Europe. An initial valuation was received in December 2019 providing a valuation range of £5-8m, which was reviewed as planned at the balance sheet date. As at 31st March 2020, a 5% decrease in vessel value was presented by Mariant due to a general drop off in global demand, market uncertainty and currency fluctuations experienced due to COVID-19.

Mariant assessed the RV Endeavour to be in good condition and well maintained for her age. The comparable vessels on which the valuation was based were selected due to their principle characteristics being within a range of +/-20% of the RV Endeavour's characteristics, which meant the RV Endeavour sat towards the middle of the range of vessels on all such characteristics. Given these factors, management assessed that it was appropriate to use the mid-point of the valuation range for financial reporting purposes. The value initially recorded of £6.5m remained mid-range following the valuer's quarter 4 review, so no adjustment was made to the estimate value reported.

Non-property assets

Non-property assets (Information Technology and Plant and Machinery) have been stated at current value in existing use using appropriate indices provided by the Office of National Statistics.

Asset Type	Measurement Basis – Current Value in Existing Use
Buildings	Depreciated replacement cost
Vessel	Existing use value
Information Technology	Existing use value
Plant and Machinery (inc Scientific Equipment)	Existing use value

The minimum level of capitalisation in Cefas is £10,000. Subsequent expenditure is capitalised if the criteria for initial capitalisation are met if it is probable that economic benefits will flow to Cefas, and that the cost of the expenditure can be reliably measured.

Depreciation

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other items of property, plant and equipment on a straight-line basis over the estimated useful life of the asset, and is charged in the month of disposal but not in the month of purchase. Depreciation is not charged on freehold land and assets under construction.

Assets are depreciated over the following timescales:

Asset Type	Useful Economic Life
Buildings	25-60 years
Vessel	30 years
Information Technology	3-6 years
Plant and Machinery (inc Scientific Equipment)	3-30 years

Where Cefas purchases a capital item specifically to fulfil a customer contract, and the asset is not expected to have operational life beyond servicing that contract, the useful economic life is determined by the length of the contract.

Impairment

Impairments are recognised when the recoverable amount of non-current assets falls below their carrying amount. A review is carried out on an annual basis for any indicators of impairment.

Any permanent diminution in the value of an asset, due to clear consumption of economic benefit or service potential, is recognised in full as an impairment loss in the SoCNE. An amount up to the value of the impairment is transferred from the Revaluation Reserve (to the extent that a balance exists) to the General Fund for the individual asset concerned.

Downward revaluations, resulting from changes in market value, only result in impairment where the asset is revalued below its historical cost carrying amount. In these cases the accounting treatment is as for any other impairment, with amounts being firstly set against any accumulated balance in the revaluation reserve, and any amount in addition to this being recognised.

Assets Under Construction

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

1.5 Investments

Investments are reported at market value or at cost where market value cannot be readily ascertained. In accordance with the FReM, the non-current asset investment in Cefas Technologies Limited (CTL)

has not been consolidated as it is not listed within the Department boundary issued by the Office of National Statistics. As it is a private limited company with no active market for its shares or observable inputs on which to base a reliable fair value, CTL was recognised at cost. Applying the principles of IFRS 9, Financial Instruments, reclassification is required only where there has been a change to the business model for the financial asset. There has been no change in the business model for CTL in year which have impacted the valuation approach. The valuation is reviewed on a regular basis and provision made for any impairment in value. Additional disclosure of the net assets and results of the investment are reported in note 6.

1.6 Research and development (R&D)

Expenditure on R&D is treated as an operating cost in the year in which it is incurred and taken to the statement of comprehensive net income. Assets acquired for use in R&D are depreciated over their useful economic life.

1.7 Operating Income

Operating income relates directly to the operating activities of the agency. Cefas operates using funding received from Defra and external income relating to services provided by Cefas to wider government and commercial entities.

Gross Agency Accounting

As of the 1st April 2016, the way we are funded by Core Defra changed with the aim of improving accountability and transparency of the funding. Instead of the funding being recorded as Income within the Income Statement and inflating the income figure, it is now treated via our Equity under Parliamentary funding.

The Statement of Changes in Taxpayers Equity states the funding element and brings us into line with other Government Departments regarding the treatment of funding.

As a Gross Accounting Agency, activity for Defra is not invoiced or reported as income, but an authority to spend is delegated to the Agency along with delivery objectives. These are objectives detailed within Service Level Agreements and performance is tracked by Defra Policy Customers.

Operating income is shown net of value-added tax (VAT) and comprises contractually entitled income for services provided to other government bodies and wider-market customers and is recognised over the term of the individual contract, in line with work delivered.

External Income

Historically, under 'IAS18 Revenue', Cefas had an accrued and deferred income policy to ensure the revenue recognition was in line with delivery.

On the Statement of Financial Position, the balance of deferred income on contracts, where income has been received prior to contracts being fully complete, is held within payables and the balance of accrued income is also calculated where contracts have been completed in advance of income being received, is held within receivables. This process was also applied to European Union (EU) income.

IFRS 15 Revenue from Contracts with Customers is applied by HM Treasury in the Government Financial Reporting Manual (FRM) from 2018-19. IFRS 15 introduces a new five stage model for the recognition of revenue from contracts with customers replacing the previous IAS 18 Revenue.

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.

All of Cefas' work is managed as projects. Each project, or group of projects for the same customer, has a signed customer contract. Three main types of contract are identified:

- Fixed Price

- Time and Material
- Call off Agreements

When a contract contains a termination clause which allows Cefas to be paid for all of the work delivered and costs incurred should the contract be terminated, revenue will be recognised based on the amount of staff time/non pay costs which have been incurred on each project within the year.

Where a contract does not contain a termination clause, revenue is recognised for the performance obligations which have been achieved in year in the Statement of Comprehensive Net Expenditure. For both 'Fixed Price' and 'Time and Materials' contracts this would include planning, fieldwork and reporting and revenue will be recognised at the contracted value for each phase, which is primarily based upon costs to deliver each phase. Call off agreements exist with customers with a pre-defined set of terms and conditions but no specific deliverables. Individual service level agreements will be set up when the customer requests works to be completed, which is carried out on a 'Time and Materials' basis.

No warranties or refunds are provided. A different pattern of invoicing may also take place to the performance obligations resulting in either a contract asset or contract liability, which is based upon an invoice plan, determined at the beginning of the project. Expenditure is aligned to the relevant year based upon timing of income recognition.

Within the Statement of Financial Position a contract asset and contract liability have been recognised:

Contract asset – the difference between the amount invoiced to the customer and the latest milestone achieved. An accompanying receivable will be recognised if they customer has yet to pay the invoice. This balance will also include recognition of a receivable for costs which have been incurred to support milestones that have not yet been fully achieved. Any impairment relating to this balance will be measured, presented and disclosed in relation to IFRS 9.

Contract liability – the difference between the invoiced income and the latest achieved contracted milestone. An accompanying receivable will be recognised if they customer has yet to pay the invoice.

This approach has been followed for European Union (EU) income.

Transition from IAS 18 to IFRS 15

HM Treasury have mandated that the public sector retrospectively apply IFRS 15 with the cumulative effect being recognised as an adjustment to the opening general fund within taxpayers equity. In using this transition approach, Cefas has adjusted the prior year opening position for all contracts which were not completed at 1st April 2018. Contract assets and liabilities (as defined above) have been recognised in replacement for accrued and deferred income. This does not impact the 2019-20 numbers.

1.8 Revenue Grants

Government grant income is recognised when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received.

The grant is recognised as income over the period necessary to match it with the related costs, for which the grant is intended to compensate. On the Statement of Financial Position, the balance of deferred income on grants, where income has been received prior to contracts being fully complete, is held within payables and the balance of accrued income, is also calculated from contracts where work has been completed in advance of income being received, is held within receivables. This process was also applied to European Union (EU) income.

1.9 Additional Funding

Capital Grants

Cefas received a one-off capital grant from the New Anglia Local Enterprise Partnership in the year towards the site re-development at Lowestoft in 2018-19. Under IAS 20, the funding element is required to be recognised as income in the Statement of Comprehensive Expenditure in the year of receipt as

'Other Income'. Should such a situation arise where the terms of the grant are anticipated to be breached, a liability will be recognised on the Statement of Financial Position for the full amount of the grant.

CTL Dividend

CTL granted a dividend in year to its shareholder Cefas in the year. Under IAS 18, the revenue is recognised when the shareholders right to receive the payment is established. This income is recognised in the Statement of Comprehensive Expenditure in the year of being granted by CTL within 'Other Income'.

1.10 Financial Instruments

Financial Assets

These 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

These 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.

1.11 Employee Benefits

Pensions

Past and present employees are covered by the PCSPS. The defined-benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. Cefas recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

In respect of the defined contribution schemes, Cefas recognises the contributions payable for the year.

Other employee benefits

Cefas recognises a liability and expense for all other employee benefits, including unused annual leave, accrued at the reporting date, provided these amounts are material in the context of the overall staff costs.

Early retirement costs

Cefas is required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. Cefas provides in full for this cost when the early-retirement programme has been announced and is binding on the agency. Cefas may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payments.

Termination benefits are recognised as a liability when Cefas has a binding commitment to terminate the employment of an employee or group of employees before the normal retirement date, or as a result of an offer to encourage voluntary redundancy (reported in note 10).

1.12 Provisions

Cefas provides for obligations arising from past events where there is a present obligation at the date of the Statement of financial position, if it is probable that Cefas will be required to settle the obligation and a reliable estimate can be made, in line with the requirements of IAS 37 (reported in note 10).

1.13 Leases

A finance lease is one which transfers substantially all the risks and rewards of ownership to the lessee. An operating lease is a lease other than a finance lease.

The determination of whether an arrangement is, or contains, a lease is based on the substance of that arrangement. This assessment is based on whether the arrangement is dependent on the use of a specific asset and conveys the right to use the asset.

Operating leases and the rentals thereon are charged to the Statement of comprehensive net expenditure on a straight line basis over the term of the lease. Cefas operating leases include vehicles and property.

1.14 Taxation

Corporation Tax

No corporation tax is payable on the surplus generated by Cefas as it is an Executive Agency of Defra and not subject to UK corporation tax.

Value-added tax (VAT)

Where Cefas' activities are outside the scope of VAT and output tax does not apply, input tax on purchases is not recoverable. An element of recovery of input tax does take place under the contracted-out services provisions applicable to government departments and through a 'business/non-business' apportionment agreed with HMRC.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged, or input tax is recoverable, the amounts are stated net of VAT

1.15 Contingent Liabilities

In addition to contingent liabilities and contingent assets disclosed in accordance with IAS 37 (provisions, contingent liabilities and contingent assets), Cefas discloses, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities and contingent assets where the likelihood of a transfer of economic benefit is remote but which has been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time-value of money is material, contingent liabilities and contingent assets, which are required to be disclosed under IAS 37, are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities and contingent assets that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.16 Notional Charges

Notional costs are amounts charged against the SOCNE by virtue of an interdepartmental adjustment via the General Fund. Costs incurred from shared services are made by cash transfer in accordance with other supplier invoices. See SOCTE for further details on the notional charges.

1.17 Insurance

Cefas, in common with other government bodies, does not insure the majority of its assets with the exception of the Cefas Endeavour. Losses and compensations are charged to the SOCNE.

1.18 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the average exchange rate set for the year ruling or a rate agreed for a specific project. Balances held in foreign currencies are translated at the rate of exchange ruling at the date of the Statement of Financial Position (reported in note 2).

1.19 Reserves

General Fund

The General Fund is the account which summarises the revenue costs of providing services within the year and funding received to support delivery of services in year.

Revaluation Reserve

The Revaluation Reserve is the accounts which records the surpluses created when assets are revalued. When an asset is disposed of, any balance on the revaluation reserve relating to the asset is transferred to the general fund.

1.20 Impending application of newly issued accounting standards not yet effective

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for future reporting periods. Those with relevance to Cefas are outlined below. Cefas has not adopted any new IFRS standards early.

IFRS 16 – Leases. This standard is effective from 1 January 2019 but and was due to be adopted by the FReM for periods starting after 1 January 2020. It will supersede all existing IFRS standards on leases. It is likely to result in a uniform accounting treatment for all leases, with the distinction between operating and finance leases removed. The implementation has been delayed by HM Treasury as a result of COVID-19 until 1 April 2021.

Cefas will apply the standards upon formal adoption in the FReM. For IFRS 16 it is not anticipated that material adjustments to the financial statements, with £400,000-500,000 expected to be added to the value of fixed assets following the introduction of these standards.

IFRS 17 – Insurance Contracts. This standard is effective from 1 January 2021 and is due to be adopted by the FReM for financial year 2022-23 and will supersede IFRS 4 Insurance Contracts. It requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. This standard is not expected to have any impact upon Cefas.

Note 2 Expenditure

	2019-20	Re-presented 2018-19
	£000	£000
Staff Costs		
Wages and Salaries	21,662	22,160
Social Security Costs	2,341	2,179
Other Pension Costs	5,471	4,089
Total	29,474	28,428
Other Costs		
Rentals under operating leases	160	146
Travel, subsistence and hospitality	2,478	2,855
Consumables	3,648	3,741
Vessels	5,511	6,592
IT service costs	2,115	1,823
Technical services	2,826	3,229
Estate management	3,105	2,771
Hired and contracted services	2,346	1,416
Training	396	340
Publicity, marketing & promotion	23	34
Stationery & printing	93	147
Office services	788	891
Exchange rate (gains)/losses - Realised	50	73
Exchange rate (gains)/losses - Unrealised	(58)	(66)
Internal audit fees	58	104
Fees & commissions	56	38
Credit Losses	(7)	(79)
Other	517	476
Total	24,105	24,531
Non-cash items		
Depreciation	1,976	1,887
Profit on the disposal of Property, Plant and Equipment (Revaluation)/Impairment on non financial assets	(35) (1,104)	(94) 50
NAO Auditors' remuneration	50	45
Non-pension provisions provided for in year/(written back)	(1,044)	(178)
Defra notional charge	4,042	4,238
Defra estates recharge	506	478
Total	4,391	6,426
Total Expenditure	57,970	59,385

No payments have been made directly to the external auditors for non-audit work. During the year the Government Internal Audit Agency commissioned BDO to carry out an audit of the payroll provider CGI. Cefas contributed £1,550 (2018-19 £1,608) to this review.

EU expenditure is £1,789,000 (2018-19 £1,662,000)

Defra notional charges are for facilities management £3,919,000 (2018-19 £3,974,000) and Defra management overheads £123,000 (2018-19 £264,000)

For more detailed disclosures regarding staff costs, see the Staff Report.

The 2018-19 numbers have been re-presented to show Defra estates recharges £478,000 as a non-cash item. These had previously been included in Estates management.

Note 3 Income Analysis

In accordance with IFRS 8, Cefas is required to report financial and descriptive information about its operating segments. These are components about which separate financial information is available. Financial information is required to be reported on the same basis as is used internally by the Chief Operating Decision Makers (CODMs). For Cefas, the CODMs are the Board and Executive Directors' team and they evaluate performance regularly using operating segments.

Cefas summarises its activities into 5 main segments as set out below:

	2019-20	2018-19
	£000	£000
Operating Income		
Completed Defra	609	667
Defra Group Bodies	3,426	2,629
Public Sector	9,402	11,405
European Union (EU)	1,789	1,662
Industry and other	7,999	9,131
CTL Dividend	900	-
Capital grants	-	1,400
Total	24,125	26,894
Contribution towards indirect overheads		
Completed Defra	(32,065)	(30,266)
Defra Group Bodies	490	468
Public Sector	1,408	965
European Union	601	595
Industry and other	1,991	1,756
CTL Dividend	900	-
Capital grants	-	1,400
	(26,675)	(25,082)
Indirect Overheads	(7,171)	(7,409)
Net Operating cost	(33,846)	(32,491)
Defra funding	34,560	33,908
Net Operating surplus	714	1,417

There are no significant transactions between the segments and where costs relate to more than one segment they are apportioned appropriately with reference to the underlying substance of the transaction.

There are two significant customers that each amount to greater than 10% of annual income. Further disclosures in respect of these contracts are not considered appropriate for confidentiality reasons.

Income from Defra in relation to our core activities is recognised as funding in the statement of change in taxpayers equity/movement in reserves.

Note 4 Property, Plant and Equipment

	Land	Buildings excluding Dwellings	IT	Plant & Machinery	Vessel	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2019	884	29,203	170	5,777	23,233	12,211	71,478
Additions	-	-	-	-	-	4,356	4,356
Transfers	-	15,593	-	849	-	(16,442)	-
Disposals	-	(15,096)	(105)	(957)	-	-	(16,158)
Impairment	-	-	-	(34)	-	-	(34)
Revaluation	-	162	4	45	1,122	-	1,333
At 31 March 2020	884	29,862	69	5,680	24,355	125	60,975
Depreciation							
At 1 April 2019	-	22,091	151	3,271	17,270	-	42,783
Charges in year	-	841	13	685	437	-	1,976
Disposals	-	(15,096)	(105)	(867)	-	-	(16,068)
Impairment	-	-	-	(16)	-	-	(16)
Revaluation	-	-	3	(17)	-	-	(14)
At 31 March 2020	-	7,836	62	3,056	17,707	-	28,661
Net book value 31 March 2020	884	22,026	7	2,624	6,648	125	32,314
Net book value 31 March 2019	884	7,112	19	2,506	5,963	12,211	28,695
Assets financing							
Owned	884	22,026	7	2,624	6,648	125	32,314
Net book value 31 March 2020	884	22,026	7	2,624	6,648	125	32,314

Notes: See note 5 for details of impairments and revaluation

Note 4 Property, Plant and Equipment cont'd

	Land	Buildings excluding Dwellings	IT	Plant & Machinery	Vessel	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2018	863	28,514	169	5,701	23,233	1,652	60,132
Additions	-	-	-	-	-	10,657	10,657
Transfers	-	-	-	98	-	(98)	-
Disposals	-	-	-	(277)	-	-	(277)
Impairment	-	-	-	(86)	-	-	(86)
Revaluation	21	689	1	341	-	-	1,052
At 31 March 2019	884	29,203	170	5,777	23,233	12,211	71,478
Depreciation							
At 1 April 2018	-	21,396	136	2,703	16,841	-	41,076
Charges in year	-	695	14	749	429	-	1,887
Disposals	-	-	-	(277)	-	-	(277)
Impairment	-	-	-	(36)	-	-	(36)
Revaluation	-	-	1	132	-	-	133
At 31 March 2019	-	22,091	151	3,271	17,270	-	42,783
Net book value 31 March 2019	884	7,112	19	2,506	5,963	12,211	28,695
Net book value 31 March 2018	863	7,118	33	2,998	6,392	1,652	19,056
Assets financing							
Owned	884	7,112	19	2,506	5,963	12,211	28,695
Net book value 31 March 2019	884	7,112	19	2,506	5,963	12,211	28,695

Note 5 Impairments and Revaluation

The Research Vessel was valued at the 31 March 2020 resulting in a valuation gain of £1,122,000. This gain represents the reversal of a revaluation loss previously recognised as an expense and has been recognised in the as a revaluation reversal, see note 2.

Note 2 Expenditure (revaluation)/impairment on non-financial assets £1,104,000 is the valuation gain of £1,122,000 on the Research Vessel offset by a £18,000 (2018-19: £50,000) impairment in Plant and Machinery.

Over the last two years the Lowestoft site has been redeveloped. In October 2019 the new office building was brought into use, with a useful economic life of 60 years and the refurbished laboratory block with a life of 25 years, and the demolition of the old building started. At the 31 March 2020 the land and buildings in Lowestoft and Weymouth were valued resulting in a valuation gain of £162,000 being a valuation gain of £244,000 at the Lowestoft site and a valuation loss of £82,000 at the Weymouth site (2018-19: valuation gain £689,000 being a valuation gain £772,000 at the Weymouth site and a valuation loss £83,000 at the Lowestoft site).

The increase in the revaluation reserve £225,000 (2018-19: £919,000) is made up of the valuation gain of £162,000 (2018-19: £689,000) on buildings, £Nil (2018-19: £21,000) on land and of £63,000 (2018-19: £209,000) indexation on IT and Plant and machinery.

In reviewing the valuations set out above, reference should be made to accounting policies 1.3 and 1.4 which set out the approach taken to management estimation and the material uncertainty regarding the year end buildings valuation as presented by valuer Montagu Evans.

In summary, due to COVID-19, as per RICS guidance the valuation includes a Material Valuation Uncertainty Clause. It advises DEFRA bodies that "less certainty and a higher degree of caution should be attached to valuation than would normally be the case". However, for the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. As such the valuation can still be relied upon to provide the fair value of the land and buildings, based on the best information available at the present time.

Note 6 Non-Current Assets Investments

In 2001, Cefas purchased the entire share capital of Cefas Technology Limited (CTL) for £150,000.

In accordance with the Government Financial Reporting Manual, the non-current asset investment has not been consolidated as it is outside the departmental boundary.

Cefas' share of the net assets and results of the above investment are as follows (2019-20: unaudited). 2018-19 numbers have been updated to the audited numbers:

	2019-20	2018-19
	£000	£000
Non-current assets	188	200
Other current assets	285	285
Cash and cash equivalents	834	926
Liabilities	(963)	(123)
Net assets at 31 March 2020	344	1,288
Turnover	357	481
Profit/(Loss) before tax for the year	(44)	(213)

Within the Profit/Loss before tax for the year is an operating loss of £36,000 (2018-19: £166,000), an unrealised loss on investments of £8,000 (2018-19: £47,000). Dividend payable to Cefas of £900,000 (2018-19: £Nil).

Note 7 Trade Receivables and Other Current Assets

	31st March 2020	31st March 2019
	£000	£000
Amounts falling due within one year		
Trade receivables	3,839	3,523
Other receivables	905	-
VAT	731	144
Prepayments and accrued income	2,655	1,199
Contract Assets	3,391	3,555
Less Expected Credit Loss for receivables and contract assets	(24)	(31)
Trade and other receivables	11,497	8,390

Accrued income and contract assets relating to EU funding £1,347,000 (2018-19 £635,000).

Intra-government receivable balances as at 31 March 2020 with the following bodies were: other central government bodies £3,617,000 (2018-19: £3,243,000), local authorities £2,000 (2018-18: £Nil) public corporations and trading funds, £12,000 (2018-19: £Nil), bodies external to government £7,866,000 (2018-19: £5,147,000).

Contract assets £3,391,000 (2018-19: £3,555,000) relate to projects where costs have been incurred but not yet invoiced to the customer at year end. Revenue recognised in the period which was a contract asset at the beginning of the year was £3,502,000

Note 8 Cash and Cash equivalents

	2019-20	2018-19
	£000	£000
Balance at 1 April	6,820	6,066
Net change in cash and cash equivalent balances	(161)	754
Balance at 31 March	6,659	6,820
The following balances at 31 March are held at:		
Government Banking Services	6,659	6,820
Balance at 31 March	6,659	6,820

Note 9 Trade Payables and Other payables

	31st March 2020	31st March 2019
	£000	£000
Amounts falling due within one year		
Other taxation & social security	522	550
Trade payables	238	1,312
Other payables:		
Other	543	446
Accruals and deferred income	4,637	6,543
Contract liabilities	1,296	2,304
Trade and other payables	7,236	11,155

Other payables include employee pension contributions at 31 March 2020 totalling £543,000 (2018-19: £447,000)

Intra-government payable balances as at 31 March 2020 with the following bodies were: other central government bodies £1,329,000 (2018-19: £1,504,000), public corporations and trading funds £53,000 (2018-19: £29,000), bodies external to government £5,854,000 (2018-19: £9,622,000).

Contract liabilities £1,296,000 (2018-19: £2,304,000) relate to projects where income has been received but further work is to be delivered in the next reporting period. The reduction in contract liabilities reflects a move away from upfront income on some projects. Revenue recognised in the period which was a contract liability at the beginning of the year was £2,199,000.

Note 10 Provisions

	Facilities	Contract Provisions / losses	Legal claims	Total
	£000	£000	£000	£000
Balance at 1 April 2019	1,371	131	181	1,683
Provided in the year	19	26	-	45
Provisions not required written back	(982)	(23)	(84)	(1,089)
Provisions Utilised in the year	(147)	(103)	-	(250)
Balance at 31 March 2020	261	31	97	389

Analysis of expected timings of discounted flows

Not later than one year	56	31	-	87
Later than one year and not later than five years	205	-	97	302
Balance at 31 March 2020	261	31	97	389

Facilities

Provision values relate to property commitments for leased sites that require Cefas to make good respective sites to the original condition. These provisions are based on professional estimates and management judgements.

Contract provisions/losses

This relates to provisions for losses that are reasonably likely to be incurred in respect of ongoing contracts. The provision is based on an assessment of the cost of the effort required to make good the delivery in excess of any benefit due under the terms of the contract to Cefas.

Legal claims and other items

This balance constitutes two key areas – liabilities for tax liability and known Health and Safety cases. The amount provided reflects an estimate of the potential settlements that Cefas may incur. No reimbursement is expected in relation to any of the amounts provided for.

Note 11 Capital Commitments

	31st March 2020	31st March 2019
	£000	£000
Contracted capital commitments at 31 March for which no provision has been made:		
Property, plant and equipment	509	2,000
	509	2,000

The balance relates to the commitments for the Lowestoft site redevelopment which began in 2017-18.

Note 12 Commitments under Leases**Operating Leases**

Total future minimum lease payments under operating leases:

	31st March 2020	31st March 2019
	£000	£000
Land		
Land operating leases - not later than one year	2	3
Land operating leases - over five years	7	7
Total of land operating leases	9	10
Buildings		
Buildings operating leases - not later than one year	88	97
Buildings operating leases - one to five years	43	107
Total of buildings operating leases	131	204
Other		
Other operating leases - not later than one year	129	97
Other operating leases - one to five years	288	45
Total of other operating leases	417	142

Note 13 Other Financial Commitments

Commitments relating to facilities management in buildings owned or leased by Defra.

	31st March 2020	31st March 2019
	£000	£000
Not later than one year	2,511	2,503
Later than one year and not later than five years	7,531	10,011
Later than five years	-	14
	10,042	12,528

Note 14 Related Party Transactions

Cefas is an executive agency of Defra and is sponsored by it. Defra is regarded as a related party. Cefas has dealings with Defra and its sponsored bodies. Three of Cefas' board members are employed by Defra. All transactions have been undertaken on an arm's length basis.

During the year, Cefas has had significant transactions with Defra, a number of its agencies and NDPBs, including the Marine Management Organisation, Natural England, the Joint Nature Conservation Committee, the Environment Agency and the Food and Environment Research Agency.

Income from Defra of £35,168,000 was received as, Funding of £34,559,000 (Core Defra), and £609,000 (invoiced Defra) (2018–19: £33,908,000 (Core Defra) and £667,000 (Invoiced Defra)). At 31 March 2020, £Nil was due from Defra (2018–19: £Nil) and £Nil was owed to Defra (2018–19: £Nil).

Cefas has transacted with various other central government bodies, and most of these transactions have been with the Food Standards Agency. Cefas has also transacted with local authorities.

Board members, key managerial staff or other related parties that have undertaken any material transactions with Cefas, Cefas Technology Limited or other related parties during the year other than reimbursement for travel and subsistence in the normal course of business are detailed below: -

Cefas Technology Limited is a non-current asset investment (see Note 6). The shares are held by Tom Karsten as nominee of the trustees for Cefas. Income of £190,000 was derived from CTL (2018-19: £289,000) and costs of £156,000 were payable to CTL (2018-19: £232,000). At 31st March 2019, £10,000 was due from CTL (contract asset) (2018-19: £56,000) and £59,000 was owed to CTL (2018-19: £3,000). A dividend of £900,000 was declared by CTL (2018-19: £Nil) which was still payable at year end. Tim Green, Steve Millward and Steve Addison are Executive Directors of CTL and Cefas.

Note 15 Events after the Reporting Date

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 by Tim Green as Accounting Officer. The Accounting Officer authorised these financial statements for issue on the date the Comptroller and Auditor General issued his Audit Certificate. Tom Karsten was Accounting Officer for the full financial year and until 26 June 2020 and provided representations and assurances to cover this full period in office.

Abbreviations

CFP	Common Fisheries Policy
CMB	Cefas Management Board
CSC	Cefas Sustainability Committee
CTL	Cefas Technology Limited
DEFRA	Department for Environment Food & Rural Affairs
EU	European Union
ExCO	Executive Committee
FAO	Food and Agriculture Organisation
FCO	Foreign and Commonwealth Office
GGC	Greening Government Commitments
GIA	Grant in Aid
HSBC	Hong Kong and Shanghai Banking Corporation
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
ISI	International Scientific Indexing
ISO	International Organization for Standardization
MMO	Marine Management Organisation
NED	Non-Executive Director
OIE	World Organisation for Animal Health
UN	United Nations



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Further information about Cefas, our activities and services, and news of recent developments can be found on our website: www.cefasc.co.uk

Cefas is an executive agency of Defra

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