



Centre for Environment
Fisheries & Aquaculture
Science



Cefas



Annual Report and Accounts 2020-21

HC 264

Centre for Environment, Fisheries & Aquaculture Science

Annual Report and Accounts 2020-21

Presented to the House of Commons pursuant to Section 7 of the
Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 23 June 2021



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ISBN 978-1-5286-2623-1

CCS0521577200

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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Performance Report

Chief Executive Statement

Summary of 2020-21 – Neil Hornby, Chief Executive



This year has been like no other in Cefas history. The Coronavirus pandemic has affected where and how we work but it has not stopped our people from delivering in extraordinary circumstances. Across Cefas, colleagues have demonstrated exceptional flexibility and resilience during the last year, continuing to provide world-class marine and freshwater scientific advice and evidence to UK government and our partners.

I joined Cefas in February 2021 and have been hugely impressed by the commitment of Cefas colleagues to ensuring delivery of our vital work, both at home and abroad. Looking back at the last year, particular achievements have included our role in providing scientific advice to support the UK-EU Trade and Cooperation Agreement and subsequent annual fisheries quota negotiations, establishing Fish Health Inspections at UK borders following EU exit, responding to the Mauritius oil spill disaster, the 25th Year of Cefas' publication, for the Food Standards Agency, of the annual Radioactivity in Food and the Environment report, completion of the designation of 4 million km² of protected Blue Belt areas in the Overseas Territories, innovative science to establish COVID-19 testing of public sewage outfalls and a range of Official Development Assistance (ODA) programme support to developing countries, e.g. Bangladesh aquaculture productivity and resilience, Sri Lanka marine litter reduction, and Grenada climate change mitigation through marine carbon capture.

To describe the work we have delivered and what we have achieved does not provide a full picture of the scale of the challenge this year. Across Cefas we have introduced new protocols and guidelines to ensure COVID-19 secure working practices were in place for our people working in our laboratories and offices, carrying out fieldwork or through our work on the Research Vessel, Cefas Endeavour. Maintaining a safe working environment for our people, while they carried out crucial scientific work, was the priority and enabled delivery to continue in an unprecedented set of circumstances. Many of our colleagues have been working from their homes this year, our strong IT infrastructure enabled this shift immediately when government guidelines asked people to work from home where possible. Across Cefas, our people adapted well to this change and found new ways to collaborate and deliver. There have been challenges in adapting to this 'new normal', throughout which it has been essential to ensure that our people's wellbeing is the priority. As we hopefully start to emerge from the pandemic, the way we will work will be different and our Future Ways of Working programme is examining how we can use the experiences gained from the last year to improve how we work in the future.

Looking ahead, 2021 is the 'marine super year' with many opportunities for Cefas to demonstrate our expertise and support ambitious new global commitments on ocean and climate protection. The UK G7 Presidency, the start of the UN Decade of Ocean Science (UNDOS), the Convention on Biological Diversity Conference (CBD/COP15) and the UNFCCC Climate Summit (COP 26) are huge events which Cefas will be involved with. The new Blue Planet Fund and its Ocean Country Partnership Programme (OCP) will also allow us to work with Defra to develop and expand our excellent work under the Commonwealth Litter Programme (CLiP) as well as develop our new One Health Aquaculture Programme. We also look forward to continuing our work with FCDO in the Gulf region and through the Overseas Territories Blue Belt Programme and Commonwealth Marine Economies Programme.

The last year has brought new challenges for everyone at Cefas, both personally and professionally but, despite this, we have continued to deliver the highest quality marine and freshwater science due to the ingenuity and adaptability of our people. The year ahead will be a busy, but enormously important, year given our domestic and international commitments and the changes to how we work. I am confident that Cefas will respond to the challenges ahead and continue making a real difference to the sustainable use of our marine and freshwater environments.

A handwritten signature in black ink, appearing to read 'N. Hornby'.

Neil Hornby, Chief Executive

11 June 2021

Our Work, Our Purpose, Our Future

We are Cefas, the Centre for Environment, Fisheries, and Aquaculture Science. We are an executive agency of Defra (the Government's Department of Environment, Food and Rural Affairs) and we are world leading experts in marine and freshwater science. We help keep our seas, oceans and rivers healthy and productive and our seafood safe and sustainable, by providing data and advice to Government and our overseas partners. We describe our Purpose, our Future Vision and our Work Mission as follows:



Cefas is passionate about the work we do because we are committed to making a difference to the health of our planet and the people that depend on it. Our work helps tackle the serious global problems of climate change, biodiversity loss and food security, in support of the UK's commitments to a better future (as set in the commitments to: UN Sustainable Development Goals, Net Zero by 2050, and Defra's 25-year Environment Plan and Food Strategy).

Innovative, world-class applied science is central to our Future Vision. Our science aims to help:

- secure the food we get from water, by predicting the future of fisheries and aquaculture.
- protect people and animals from the hazards in seafood and water, by detecting toxins and disease.
- conserve and manage our marine and freshwater environments, by forecasting ecosystem changes, such as nature loss and ocean warming.
- support sustainable marine economies, by understanding and managing human interactions with the environment.

Our scientists use a breadth of surveying, mapping and sampling technologies to collect and analyse data that are trustworthy and valuable. We use our multi-disciplinary Research Vessel Cefas Endeavour, autonomous marine vehicles, remotely piloted aircraft and utilise satellites to monitor and assess the health of our waters.

Our research, evidence collection, data and advice are applied at home and overseas, to enable animal health regulation, fisheries negotiations, environmental planning and consenting decisions, conservation and environmental protection, and to respond to serious emergencies such as fish disease outbreaks, oil or chemical spills, and radioactivity leaks.

We work in partnership with our colleagues in Defra and across UK Government, and with international governments, industry, non-governmental organisations, research institutes, universities, civil society and schools to collate develop and share knowledge.

Cefas are engaged in strategic alliances with two UK universities, the University of East Anglia and Exeter University, both central to our national academic outreach. Our International Centres of Excellence drive our collaborations and reputation internationally in the fields of aquatic animal health, seafood safety and marine climate change.

Our Corporate Strategy

We focus on four key complementary strategic areas to support the delivery of Our Work, Our Purpose and Our Future.

Our Science

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

The Cefas Science and Evidence Strategy (2019-2025) describes how we will make a difference by delivering applied science and advice that UK and international Governments need to move towards a sustainable blue future, where aquatic environments provide a vital source of food, energy, employment and recreation. Our world-class scientists and technologists will innovate and collaborate to produce the evidence and advice to underpin major policy decisions on the protection and enhancement of these natural assets.

They 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.



Our 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.

Over the next five years, our workforce will need to adapt 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 and adaptation to working in a post COVID-19 world will enable a modern and innovative approach to our scientific delivery.



Our Work

Secure income to grow our business beyond core Defra funding (GIA) to enable continued science excellence.

Our work will support Defra and 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 allows us to respond quickly and flexibly to Defra's and our other partners requirements.

The ambition is to develop new programmes that support priority science capabilities and complement our core delivery. Our focus will be helping Defra, UK Government and our partners achieve marine and freshwater sustainability goals through the provision of impartial, world-class applied science and evidence. To facilitate this strategy will develop partnerships nationally and internationally to deliver world-class outputs. This approach will maintain our expertise, increase our international footprint and increase the organisation's resilience.



Our Partners

Working together with complimentary skills to deliver excellent outcomes to enhance and protect the aquatic environment.

We work with a diverse range of delivery partners both within Defra group, across wider UK government and in industry. As we extend our international network and reputation we will increase the breadth of our international partnerships to deliver more integrated, longer-term programmes.

Our ambition is to further grow our reputation for safe, timely and on budget delivery and in doing so, produce high-quality services and excellent science combining Cefas skills and capabilities with those of our partners.

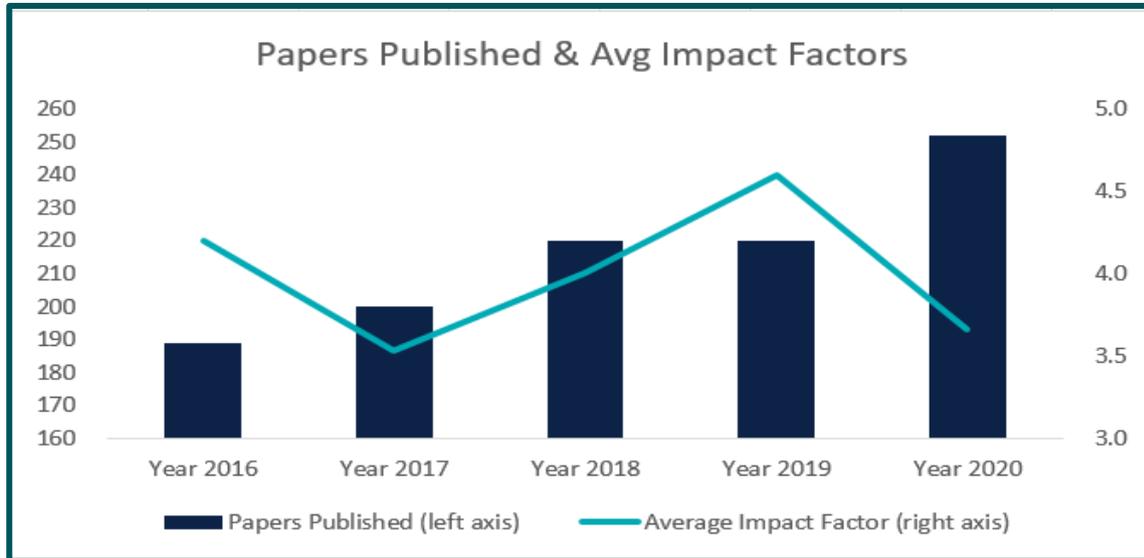


Performance overview

Long-term indicators assessing our strategic performance are reported below:



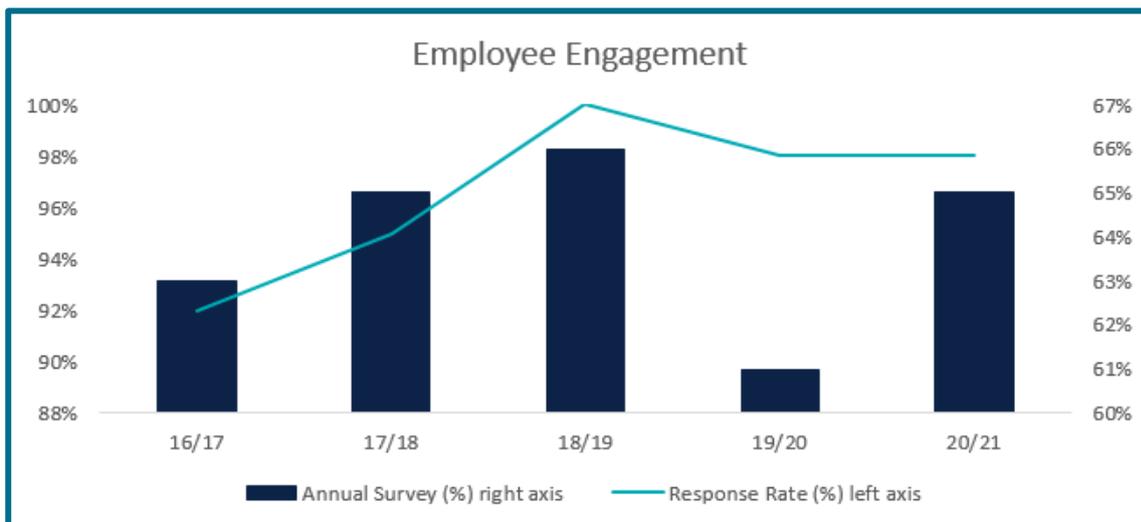
Our Science



Evidence of the excellence of our science is assessed through the volume and quality (average impact factor) of our peer reviewed scientific paper outputs. The volume of papers published has grown over the last five years although 2020 (254 papers v a target of 210) was enhanced through an increased focus on paper production due to COVID-19 restrictions. Our strong average impact factor has been broadly maintained though this period of volume growth.

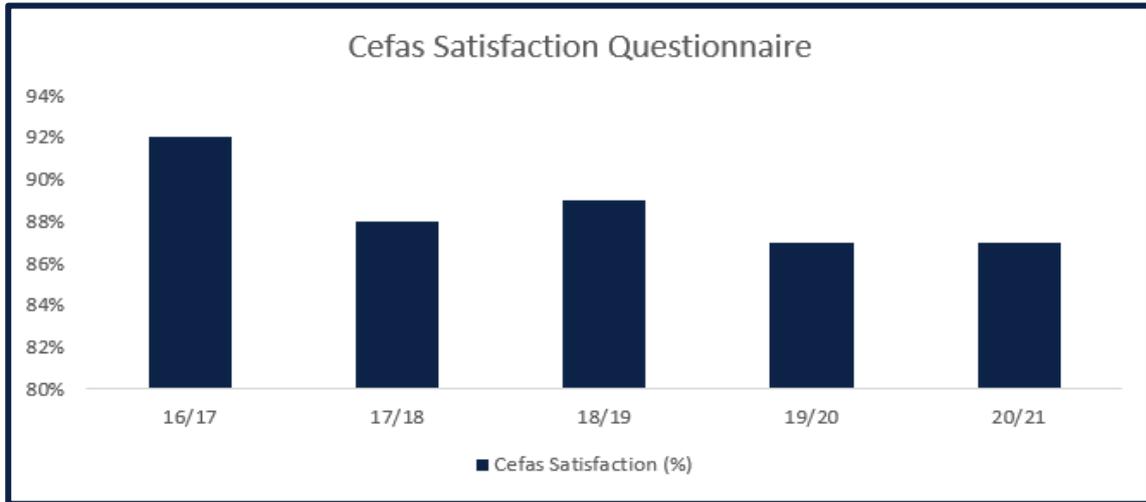


Our People



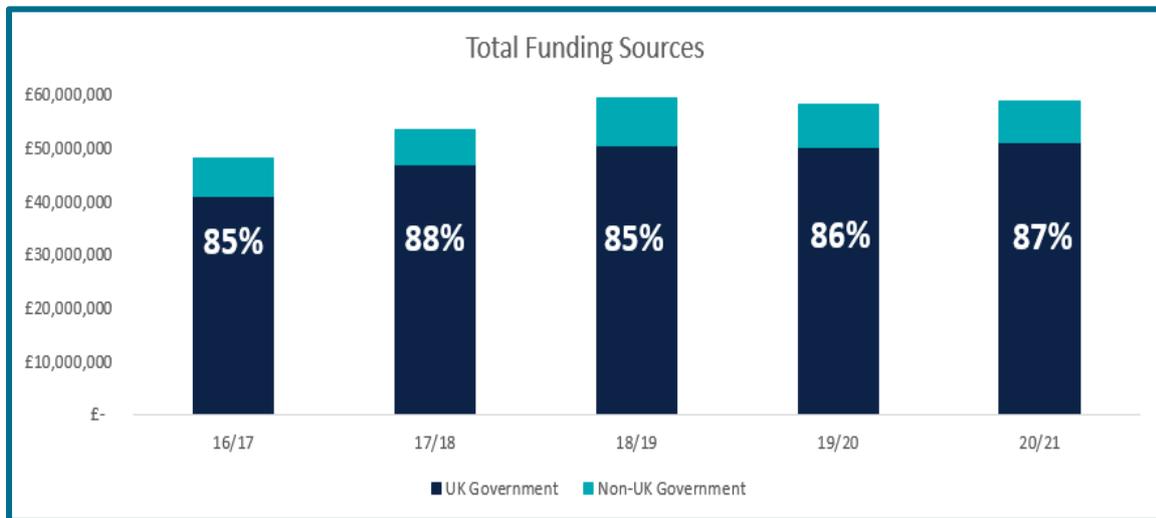
Evidence of the engagement of our people is assessed through the annual Civil Service People Survey. Engagement has improved over the last five years with a decline in 2019/20, 61%, being reversed this year, 65% (v target 66%). Significant focus is placed on learning and responding to the results and issues raised from the Survey through our People Action Plan. We believe our results are truly representative with nearly all Cefas colleagues routinely responding.

Our Partners



Evidence of the impact experienced from our science excellence and quality is assessed through an annual Satisfaction Questionnaire completed by our funding partners. While Satisfaction has declined over the last five years, we know we have greatly increased the diversity of partners and we are still achieving high levels of Satisfaction compared to industry comparators (87% this year v target 87%).

Our Work



Evidence of the nature and scale of our work is assessed through ensuring sufficient and appropriate funding supports our critical mass to enable scientific excellence, while maintaining our UK Government objectivity. Our total funding has grown around 20% over the last five years, with a commensurate increase in outputs. At the same time UK Government funding continues to represent over 85% of our total.

Our Objectives and Key Performance Indicators (KPIs)

We manage Cefas to our long-term strategy and set annual Performance Indicators to support this. We use a balanced scorecard of indicators which allows us to manage our opportunities and uncertainties. This balanced scorecard approach aligns our indicators to our strategic objectives, with the aim of strengthening our delivery and long-term capability. The Cefas annual 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).

Corporate Strategy	Annual Performance Indicators	Why this indicator is important to us?	2020-21	2019-20	2018-19
Cefas	Ensure alignment with all Covid secure working Government Guidance	Enables safe and effective working (target: comply)	✓	N/A	N/A
Our Science	The volume and quality, normalised citation index (NCI), of our peer reviewed scientific paper outputs	Demonstrates our science influence, impact and capability (target: 220 papers, 2.0 NCI ¹)	254 papers 1.44 NCI	218 papers 1.99 NCI	206 papers 2.38 NCI
	Self investment in research, development, innovation and facilities	Invests in Cefas futures (target: £3.8m)	£5.5 m ²	£8.4m	£14.3m
Our People	Employee Engagement Response rate	People are key to our success (target: 90%)	98%	98%	100%
	Ratio of Safety Alerts raised to Reportable Lost Time and Medical Treatment incidents	Demonstrates our ambition for Zero Harm in the workplace (target: 20:1)	31:1	21:1	30:1
Our Partners	Cefas Satisfaction Questionnaire Results	Assuring our impact (target: 87%)	87%	87%	88%
	ISO Accreditations maintained for 14001, 18001, 9001, 17025.	Assuring our quality (target: all four)	✓	✓	✓
Our Work	Delivering to our financial budgets to at least break-even	Value for money (target: Nil -£0.25m surplus)	£1.0 m ³ surplus	£0.7m surplus	£1.4m surplus
	Securing >60% of identified plans for the following year by end March	Securing our financial future (target: >60%)	57%	68% ⁴	91% ⁴

¹ Measured by calendar year

² Decline as investment in the Lowestoft site concludes

³ After agreed HMT COVID-19 support of £4.0m

⁴ Previous target - to secure 78% of income

Our Science Impact

It is more than a year since the UK locked down in response to the COVID-19 pandemic. Like all organisations, we have had to rapidly and radically adapt our ways of working, which has presented both opportunities and challenges with regards to our science delivery. This year we were able to exceed our research paper publication target, with a record 254 peer-reviewed papers published in a range of journals, 17% of which were in journals with an impact factor (IF) of 5 and above. However, our fieldwork has been severely impacted with almost no overseas travel and domestic activities significantly reduced, such as research vessel surveys and fishery sampling. Despite these restrictions much of our work has continued; our laboratories and sites were made COVID-19-secure and a majority of our people have been working from home, with some being deployed to other roles across Government in support of the national COVID-19 effort.

Fisheries

A significant focus of our fisheries science has supported the UK's transition to an independent coastal state. Cefas' future engagement with fisheries and aquaculture will be influenced by the Trade and Cooperation Agreement (TCA), signed by the UK and EU on 24th December 2020. A principle of this agreement is that conservation and management decisions for fisheries must be based on the best available scientific advice, principally that provided by the International Council for the Exploration of the Sea (ICES). This places ongoing reliance upon Cefas where we continue to be active contributors to many ICES working groups. Shortly before the TCA was signed, the UK and ICES signed a Memorandum of Understanding (MoU) for the provision of scientific advice and information on conservation, protection and sustainable use of the marine environment, sustainable fisheries & aquaculture, and marine data. This strengthens the UK's commitment to ICES and the importance of our science and advice to HM Government.



Figure 1. Serena Wright, Cefas Blue Belt Scientist and Martin Cranfield, St Helena Government Scientist working with St Helena fishers to tag yellowfin tuna

Despite restrictions to international travel, our scientists have continued to support sustainable fisheries management overseas. Since 2016, Cefas has worked in partnership with the Marine Management Organisation (MMO) and UK Overseas Territories (UKOTs) to support the UK Government's [Blue Belt Programme](#) which is committed to addressing overfishing, biodiversity loss and marine pollution. In November 2020, with the designation of Tristan da Cunha as a Marine Protected Zone, Cefas and all our partners were immensely proud, after four years of collaborative work, to announce the protection of 4.3 million square kilometres of precious marine environment, more than 17 times the size of the UK across the five UKOTs and their dependencies.

BLUE BELT PROGRAMME

Climate Change



Figure 2. Mangroves, Lisa Benson

Ahead of the UK hosting COP26, colleagues from across Cefas' International Marine Climate Change Centre (iMC³) have been very busy providing evidence and advice to Defra Policy colleagues to better understand the impacts of climate change and suggest adaptation measures to protect the environment, people and livelihoods. In 2020-21, the iMC³ collaborated with partners in the Caribbean, Middle East, Pacific Islands and UKOTs to create Climate Report Cards that summarise impacts and possible intervention actions for each region. Closer to home, the team have been involved in European and UK projects exploring the impact of climate change on fisheries and aquaculture and how these sectors can build their resilience in the face of future challenges.

The Middle East is likely to be particularly adversely impacted by climate change given existing high temperatures and human pressures on the marine environment. Cefas scientists are working with peers in ROPME, the Regional Organisation for the Protection of the Marine Environment and governments across the Gulf to implement the Regional Action Plan on Marine Climate Change for the ROPME Sea Area. They are producing a regional climate impacts evidence report, a climate change risk assessment, and are identifying adaptation options for key sectors. These collaborations are providing ROPME Member states with the evidence they require to develop targeted adaptation and resilience building actions to protect marine environments and the blue capital they support. Through the Regional Action Plan, Cefas collaborated with ROPME to prepare the first regional inventory of blue carbon habitats (e.g. seagrasses, mangroves, saltmarsh etc) to assess the potential contribution of these ecosystems to climate change mitigation.

ROPME

Marine Pollution

Our scientists work to mitigate and manage the impact of human activities on the marine environment. Tackling the impact of marine litter, aquatic pollution and other impacts of human activities through our modelling, monitoring, assessment and advice have been core activities throughout the year in the UK and overseas. The Commonwealth Litter Programme (CLiP) has adapted to support a range of Commonwealth countries this year through remote delivery methods. Sri Lanka and Cefas worked closely together to make real progress in enhancing their marine litter management, including producing: a government litter awareness-raising multi-media campaign, education packs and animations for schools, scientific training videos to enable setting up programme-funded microplastics laboratories, sample analysis of microplastics samples and research and policy workshops.



Figure 3. MV Wakashio oil spill, Mauritius

In July last year, the grounding of the MW Wakashio and resulting oil spill risked devastating the precious marine biodiversity on Mauritius. At the request of the Mauritian Government for technical assistance, three of our scientists, with collective expertise in oil spill response monitoring, water quality, coral reef, seagrass assessment and marine chemical contamination, were granted special dispensation to travel in response to the emergency. Throughout August, they worked alongside Mauritian agencies to determine the footprint of the impacted areas and the types of habitats affected. With their support, an integrated post spill monitoring framework was implemented to help to scientifically understand the ongoing impact of the oil spill and the necessary mitigating actions.

EMERGENCY RESPONSE

Aquatic Animal Health

Our Fish Health Inspectorate continued to support the UK aquaculture, wild and ornamental fish sectors, changing practices to maintain these services during the pandemic. Additionally, significant efforts were applied to implement the necessary changes in laws, regulations and practices due to the implementation of the Trade and Cooperation Agreement with the EU from 1st January 2021. This required significant changes for our operational teams particularly supporting cross border activities. Our World Organisation for Animal Health (OIE) Collaborating Centre for Emerging Aquatic Animal Diseases and FAO Reference Centre for Antimicrobial Resistance, as well as the FAO Reference Centre for Bivalve Mollusc Sanitation, continued their activities, including through the ODA One Health Bangladesh project described below. Our strategic alliance with the University of Exeter, which includes our joint Sustainable Aquaculture Futures centre (SAF), has also been a critical part of this project's success.



Figure 4. Shrimp production in Bangladesh

Our *Embedding One Health to support aquatic food production during COVID-19* project, funded by the UK Government's Official Development Assistance (ODA) programme, built capabilities, tools and techniques to promote a One Health approach to the aquatic food production system in Bangladesh. The work delivered training in methods to detect COVID-19 in water, wastewater and aquatic food to local partners. We also analysed the impacts of COVID-19 on aquaculture and supply chains in the aquatic food sector against success metrics spanning environment, people, and organism health (collectively known as 'One Health'). The project was part of a wider Defra One Health COVID-19 Response Project, spanning the Veterinary Medicines Directorate (VMD), Animal and Plant Health Agency (APHA) and Cefas, drawing on each of Defra's scientific Agencies to provide technical assistance to support Low and Middle Income Countries deal with impacts of COVID-19.

ONE HEALTH AQUACULTURE

Human Health

Our laboratories monitoring shellfish for toxins and radiological impacts adapted quickly to the pandemic, to ensure continued delivery whilst adhering to COVID-19-secure work processes to support our Food Standards Agency essential food safety programmes. Our United Nations Food and Agriculture Organisation (FAO) Reference Centre for Bivalve Mollusc Sanitation continued to support safe seafood production globally, including through remotely delivering a South East Asia knowledge exchange workshop on bivalve production including participants from across the region. Cefas' expertise in water and food-borne human pathogenic viruses, developed through our UK and international food safety research, was called upon by the UK government to help establish and develop a passive surveillance monitoring programme as part of the national efforts to combat COVID 19 (see below).



Figure 5. Bivalve mollusc testing for human consumption

Using our extensive genomics and microbiology expertise, and drawing on our 20 years of experience operating as national and international reference centres, we have supported an innovative government-led passive surveillance testing programme for detecting Sars Cov2, and its variants, in human sewage, wastewater. This programme is being rapidly established to build a picture of where the virus causing COVID-19 is circulating, to act as an early warning system for potential spikes and hotspots of infection around the country. Cefas responded swiftly to become an integral part of this cross-government and academia consortia, contributing to detection method refinement, quality assurance and result interpretation. Our involvement in the initiative is set to continue as it supports the national response to the evolving pandemic and to enhance our future national capabilities in epidemiological and environmental surveillance.

WASTEWATER SURVEILLANCE TESTING

Animal Research

Most of our work does not directly involve the use of live animals and we expect that other methods, such as molecular biology techniques, will increasingly replace many of our traditional 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 (ASPA). ASPA requires that our laboratories, programmes of work and personnel are licensed and that we have in place approved, well documented, processes that help to promote a 'culture of care'. This obligation is managed by our Animal Welfare and Ethical Review Bodies whose principal 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/animals-in-science/>

Science Review

The 2020 Science Review was the second follow-on review of progress against improvement recommendations raised in the Quinquennial Science Review held in 2018 (QQR18) and the first review of progress against recommendations raised in a similar review in 2019.

The 2020 review was conducted in early October 2020 by Cefas Science Advisory Committee (CSAC) members. They drew together previous evidence with online discussions with the 'Cefas owners' of each of the extant recommendations.

Overall, CSAC were pleased with the level of engagement and positive action on the recommendations, recognising that substantial progress had been made. A comprehensive response to each of the recommendations was provided by CSAC at their October meeting.

Looking Ahead

2021-22: the ocean "Super Year", heralds the start of the UN Decade of Ocean Science and offers Cefas, and our partners, an opportunity to further strengthen our collective impact in support of healthy and productive oceans, seas and rivers. We look forward to working across Defra, government, academia and industry to apply our world-leading expertise to generate scientific solutions, as part of the UK's international commitments, to climate change, biodiversity loss, overfishing and pollution.

In recognition of the importance of this year, we will host our annual Cefas Future Ocean science conference to bring together UK and international partners to reflect on the 'ocean actions' arising from the G7 Summit in June 2020 and the real-world impact our science can and does contribute to climate change, biodiversity and food security, ahead of significant international meetings at the UN Biodiversity Conference and UN Climate Change COP26. The conference will also incorporate our annual Cefas Student Day, which celebrates our network of more than 90 PhD students with Cefas supervisors, ensuring ongoing Cefas relationships with over 30 higher educational establishments at any one time.

In March 2021, Cefas renewed its Strategic Alliance agreement with the University of East Anglia with a commitment to celebrate the first 5 years of our Collaborative Centre for Sustainable Use of the Seas (CCSUS) and renew its 5-year plan in July 2021. We will continue to grow our national academic outreach and strengthen our science through CCSUS and our other Collaborative Centre for Sustainable Aquaculture Futures with Exeter University. Working with our wider University network, sustained investment in doctoral training, and targeted recruitment of our most promising students, will bring fresh skills to Cefas and support succession planning.

In May, we will launch a new Cefas Fisheries International Centre of Excellence (ICoE) for fisheries, The Centre's work will have positive and lasting impacts on fisheries sustainability; aspiring to be the go-to source of advice for successful and ecosystem-based fisheries management. The new Centre will complement our existing ICoEs for marine climate change, seafood safety and aquatic animal health; all of which showcase Cefas' abilities, provide capability for Cefas and HM Government and provide a target for R&D investment. They also provide legacy as a focus for ongoing technical assistance and guidance to partner institutions and countries.

Performance Analysis

In 2020-21, Cefas delivered a core programme of work for Defra policy colleagues to a total of £36.9 million (2019-20: £34.6 million). Our reported Net Operating Costs, after funding from other partners, were £35.9 million (2019-20: £33.9 million). Therefore, the net operating surplus generated was £1.0 million (2019-20: £0.7 million).

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

- + £4.0 million of additional support from central HMT funds to cover pandemic related shortfalls. Of this, £1.5 million was applied to cross-government secondments to support the national pandemic response.
- - £7.0 million of funding shortfall to our Plan due to delayed and amended partner decisions in response to the pandemic.
- + £5.4 million of subcontractor delivery was avoided due to both reductions in the volume of work and a managed response to deploy Cefas resource to available work.
- - £0.7 million of additional pay costs due to: an increase in FTEs in the organisation as typical turnover levels reduced, an increase in accrued annual-leave levels, net of a reduction in accrued performance related pay.
- - £0.7 million of other additional costs including facility maintenance, IT operating costs and irrecoverable VAT.

Our total Defra Group activity, including all Defra bodies, increased to £41.8 million (2019-20: £38.6 million). The increase was primarily due to the COVID-19 support funding of £4.0 million and growth of the Seafood Innovation Fund scale, which Cefas is administering on behalf of UK government, offset by net reductions due to cancelled work. Defra Group activity includes £3.6 million (2019-20: £3.4 million) of work for bodies across the Defra Group, most significantly for the Marine Management Organisation.

Non-Defra Group activity reduced to £17.1 million (2019-20: £20.1 million). This work remains an important part of our long-term strategy to diversify our funding partners. This strategy focuses on working across other UK Government Departments to leverage our collective impact and sustains our operational breadth and financial critical mass, ensuring we maintain our leading applied science capabilities and assets for UK Government.

Non-Defra Group activity came from:

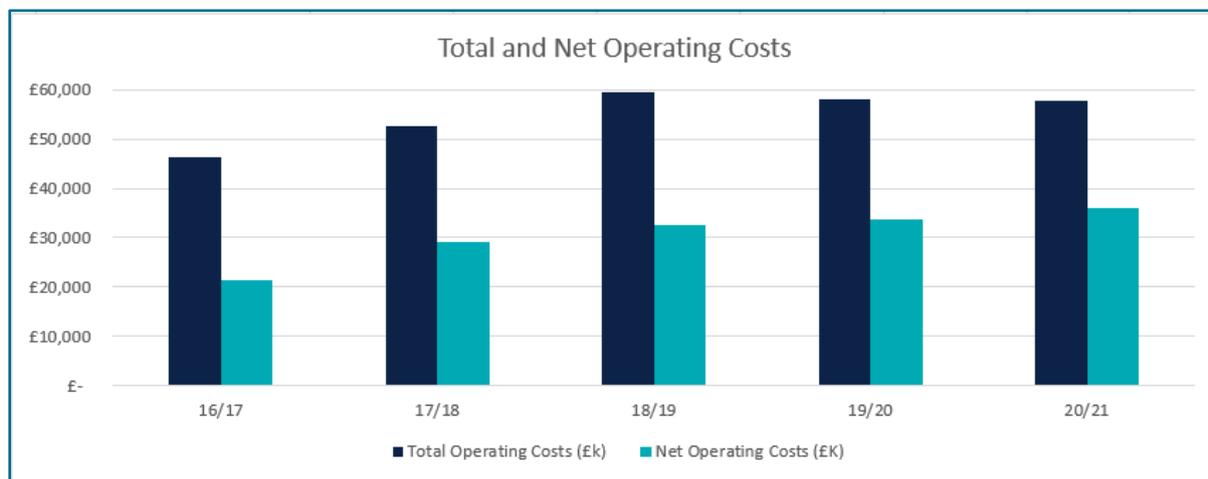
- Other UK Public Sector partners £8.4 million (2019-20: £9.4 million) and included activity for the Food Standards Agency, in assuring the safety of shellfish for human consumption and environmental monitoring, and the Foreign, Commonwealth & Development Office, to actively enhance the marine environment and economies of partner nations. The reduction in year is predominantly due to reductions in the Commonwealth Marine Economies Programme and the Gulf Marine Economies Programme funding switching through Defra.
- Research and development activity funded by the European Commission £0.8 million (2019-20: £1.8 million).
- Industry and other £7.9 million (2019-20: £8.0 million) including work for the energy sector and for overseas governments.
- There was no dividend paid by CTL in the year (2019-20: £0.9 million).

Whilst work for non UK Government partners is vital for sustaining Cefas' strength, our primary funding continues to be firmly UK Government related. Our total work for all UK Government bodies and related EU research and development now comprises 87% of our total delivery activity (2019-20: 86%).

Total salary costs decreased to £28.7 million over the prior year (2019-20: £29.5 million) with average full-time equivalent (FTE) staff numbers decreasing to 581 FTE (2019-20: 613 FTE). Actual pay rates rose by an average of 1.75%, per our set public-sector pay remit, and an increase in costs for higher levels of annual leave owed was netted against a reduced level of performance related pay, which was constrained due to pandemic related funding shortfalls.

External cost increases were generally in line with consumer price index inflation. There were no charitable donations made in the year (2019-20: £Nil).

Over the last 5 years, total operating costs have increased from £46.2 million (2016-17) to £57.8 million (2020-21) reflecting an increase in demand for our work both from Defra, including support through the EU Exit process, and from other UK Government departments, such as our work on the Overseas Territories Blue Belt Programme. The increase in net operating costs reflects growth in Defra funded outputs.



Assets

Land and buildings were formally revalued, on a desktop basis, as at 31 March 2021 resulting in a £0.6 million decreased valuation. The new build programme at Lowestoft was successfully completed during the year, leaving just contract retention periods to manage. This important programme invested £16.4 million of capital over the last two years to provide a new office building, laboratory refurbishments and a number of complementary maintenance projects. This has renewed our headquarter site to save £1 million per annum in operating costs as well as avoiding growing capital expenditure on the old facility.

Capital investment in scientific equipment was £1.8 million in the year, (2019-20: £0.9 million). This included significant investment in genomics capability to support national COVID-19 wastewater testing research.

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 2020-21 CTL traded at a loss, reflecting new product investments and COVID-19 reduced activity. CTL's unaudited results include: Operating loss before tax of £83,000 (2019-20: £28,000 (audited)) on income of £242,000 (2019-20: £357,000 (audited)). CTL granted no dividend to Cefas in the year but did grant £900,000 in the prior year, 2019-20, which was fully paid during this reporting year. CTL net assets at 31 March 2021, £314,000 (unaudited).

Cash management

Cefas consumed operating cash of £27.4 million (2019-20: £36.0 million) during the year. This decrease over the prior year is primarily due to changes in working capital. Investments in property, plant and equipment have continued in the year and account for a further outflow of £3.2 million (2019-20: £4.2 million). Having reviewed the cash requirements of the agency with Defra, we have drawn down £26.9 million (2019-20: £40.8 million) to fund our operating needs. Based on continued support from Defra for our budget allocation, and our forecasted other funding sources, we are in a sound cash position with sufficient liquid funds and funding contracts to meet expected obligations within the coming financial year.

Financial risk

The primary financial instrument risk that Cefas is exposed to is the receipt of payments from partners in foreign currencies. This risk is assessed as low, given that 95% of payments were received in pounds sterling and 5% in foreign currencies. Credit risk is the risk of non-payment by partners. This risk is assessed as low as the amount of overdue debt is low and carefully managed. Particular attention has been paid to smaller partners who may be financially impacted by COVID-19 in completing this assessment.

Counter Fraud, Bribery and Corruption

Cefas follows the principles of The Bribery Act 2010 and complies with Government Functional Standard, GovS 013: Counter Fraud, which underpins our Counter Fraud, Bribery and Corruption Policy. Cefas requires all colleagues 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, Bribery and Corruption are 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, bribery or corruption involving the organisation, and to rigorously investigate any such cases. The Board wishes to encourage anyone having reasonable suspicions of fraud, bribery or corruption 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, to provide greater innovation, creativity and partner insight, whilst offering a workplace where colleagues can be themselves and can use their whole range of talents. We strive to ensure that individuals and groups are treated fairly and equally, and that we account for the different experiences and needs of all our colleagues and partners. Being a diverse organisation means that we can show that positive action is taken on social matters as well as providing respect for human rights.

Future plans

Our plans are endorsed by Defra. These reflect budget allocations set out in the Spending Review 2020 and the funding commitments from other partners. These include new evidence and advice work to support Defra's aim of robust evidence-based Policy, the Government's Integrated Review ambitions overseas and the nation's COVID-19 response. As we enter 2021-22, there are continuing risks and operating pressures arising from our, and our partners', necessary response to the COVID-19 pandemic for which we have modelled a range of assumed scenarios and management contingency actions.

We enter 2021-22 with secured financial budgets from Defra and wider commitments to a significant proportion of the financial year's funding. Budgets have been secured for 2021-22 totalling £2.4m for capital works at both Weymouth and Lowestoft, including plant and equipment relating to air handling and sea water provision.

Events after the reporting date

The Accounting Officer, Neil Hornby, authorised these financial statements for issue on the same date that the Comptroller and Auditor General signed his certificate. There were no events after the reporting date that should be reflected in the accounts, which are prepared on a going concern basis.

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

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.

About our data

The data in the following tables present energy consumption, greenhouse gas (GHG) emissions (tonnes of CO² (tCO₂e)), waste arising (tonnes), water use (m³) and other target areas as part of Cefas' sustainability reporting and our Greening Government Commitments (GGC). Cost data were sourced from accounting records for the respective periods. Waste data has been provided from Defra via our Building Services provider (Mitie). Energy and water data has been calculated from on-site meter readings.

Performance commentary

This report summarises progress against Defra's Greening Government Commitments 2016-20. Against the 2009-10 baseline the current Greening Government Commitments require Cefas to:

- Reduce carbon use by 44%
- Reduce water use by 23%
- Meet landfill ratio target 10%
- Reduce domestic flights by 30%
- Reduce paper use by 50%

COVID-19 impact on performance

As a result of the COVID-19 pandemic, Cefas has adopted a home working model that has resulted in lower office and laboratory occupancy, a significant reduction in travel for work, and updated heating and ventilation protocols. While a reduction in travel has resulted in a significant fall in carbon emissions our buildings emissions have not reduced significantly due to the increased ventilation and heating on sites to meet COVID-19 protocols. Water use and waste have both significantly reduced, this is a combination of fewer people on sites (26% of normal full occupancy) and non-priority work being postponed. The impact of homeworking on the environmental footprint of Cefas has not been assessed however we must assume that the integration of carbon emissions from homeworking and our sites would result in a higher emissions profile in 2020-21 than 2019-20. We plan to establish methods to assess such total emissions for future reporting.

Governance

Cefas sustainable operations and procurement strategies are set our Board and our Directors, key performance indicators of progress against these are reported to the Cefas Senior Leadership Team, on a monthly basis. Performance against GGC criteria is also reported to Defra's senior leaders on a quarterly basis.

Cefas runs a Sustainability Committee (CSC) which meets quarterly. The CSC reports to the Director responsible for Cefas' performance, improvement, and risk management. The purpose of the CSC is to monitor and promote the development of reliable and effective environmental management standards across Cefas, whilst encouraging a culture of continuous environmental improvement. The CSC provides a management review to direct the Senior Leadership Team (SLT) and Cefas Management Board (CMB) on recommended actions to reduce the environmental impact of the organisation. Cefas is a member of Defra's Sustainability Leadership Group.

To broaden environmental innovation and action beyond the CSC, Cefas has also constituted a "Cefas for the Environment" working group that enables colleagues to share views and ideas for improving the sustainability of our operations. The work and ideas of the group are communicated to senior leaders via the CSC. This group has contributed to environmental awareness campaigns in the last year, including improving the effectiveness of waste segregation and reduction in paper use. Cefas require our people to complete an environmental awareness training course (at least every 5 years).

Carbon – greenhouse gas emissions			
	Performance: 2020-21 against baseline (2009-10)	2020-21 Internal target	2020-21 GGC target
GGC CO² emissions ¹	62% reduction - tCO ₂ e reduced by 2,786	Target to continue to reduce; has been met.	44% reduction required; has been met.

Notes: ¹ GGC requirement: From buildings and domestic travel.

ENERGY CONSUMPTION		2020-21²	2019-20¹	2018-19	2017-18	2009-10 (Baseline)
Non-financial indicators	Energy Consumed Total (kWh '000)	6,103	5,928	7,812	7,805	8,622
	Total Electricity	2,467	2,244	4,104	4,088	5,067
	Electricity: Brown	-	-	1	1	102
	Electricity: Green	2,200	2,175	4,063	4,087	4,965
	Electricity: CHP ⁴	-	-	-	-	-
	Electricity: PV ⁴	267	69	40	-	-
	Gas	3,636	3,684	3,708	3,717	3,555
	No Oil or LPG	-	-	-	-	-
Financial indicators	Energy Costs Total (£'000)	479	664	651	618	791

GREEN HOUSE GAS EMISSIONS (GGC)		2020-21²	2019-20¹	2018-19³	2017-18³	2009-10 (Baseline)
Non-financial indicators	GHG Emissions reportable under GGC³ Total (tCO₂e)	1,386	1,561	2,373	2,558	3,643
	Scope 1: Direct Emissions from Buildings	676	673	682	708	654
	Scope 2: Indirect Emissions from Buildings	668	668	1,471	1,588	2,700
	Buildings Emissions reportable under GGC	1,344	1,341	2,153	2,296	3,354
	Scope 1: Direct Emissions from Business Travel	32	144	127	150	188
	Scope 3: Indirect Emissions from Business Travel	10	76	93	112	101
	Travel Emissions reportable under GGC³	42	220	220	262	289
Financial indicators	Official Business Travel Expenditure Total (£'000)	120	1,294	1,431	1,150	1,232

Notes

1. 2019-20 updated with actual Q4 data (Q4 estimated in 2019-20 report).
2. 2020-21 actual data (including Q4 actual data).
3. Amendments have been made to previous years reported sustainability data following a review to ensure accuracy and integrity of reported information.
4. 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 which is due to be commissioned in 2021-22.
5. GGC travel emissions data do not include international travel.

Cefas has achieved a 62% reduction in greenhouse gas emissions since the baseline year of 2009-10, producing 1,387 tonnes of CO₂ in 2020-21 v 3,643 tonnes in 2009-10. These figures do not include emissions from the RV Cefas Endeavour or International flights, which are not covered by Greening Government Commitments, as currently defined. Actual total energy use is therefore higher in our operations that formally reported under GGC which is necessary to enable Cefas to undertake its diverse activities. 2020-21 data show a significant reduction in travel, as well as in vessel use. In contrast, the buildings tCO₂e has not reduced significantly due to the increased ventilation and heating on sites due to COVID-19 protocols.

Waste

WASTE		
	Performance: 2020-21 against baseline (2009-10)	2020-21 Internal target
Waste Total	74% reduction	Target to continue to reduce; has been met
Waste to landfill	96% reduction in waste going to landfill	GGC target of a maximum of 10%; has been met at 2%
Waste reused, recycled, composted	Lower recycling than baseline	GGC target is not met.

WASTE		2020-21 ²	2019-20 ¹	2018-19 ⁴	2017-18 ⁴	2009-10 (Baseline)
Non-financial indicators	Waste Total (tonnes)	81	123	149	220	309
	Hazardous Waste	11	19	14	29	14
	Non-Hazardous Waste	70	104	135	191	295
	Reused, recycled, composted ³	25	29	58	80	131
	Incinerated with energy recovery	44	65	41	74	53
	Incinerated without energy recovery	-	1	2	5	-
	Landfill	1	9	34	32	111
	% to Landfill - (this of total non-hazardous waste)	1	9	25	17	38
	% Reused, recycled, composted	36	28	43	42	44
Financial indicators	Disposal Costs Total (£'000)	These are part of a central Defra contract and not available at Cefas level but are included with the Defra Annual Report.				

Notes:

1. 2019-20 updated with actual Q4 data (Q4 estimated in 2019-20 report).
2. 2020-21 uses forecast data for Q4 (2020-21 Q4 data not available at time of reporting).
3. Composted includes food waste sent to anaerobic digestion.
4. Amendments have been made to previous years reported sustainability data following a review to ensure accuracy and integrity of reported information.

Cefas are part of the Defra waste group we strive to continually improve our waste management. Total waste has reduced by 74% from the 2009-10 baseline, with waste going to landfill reduced by 96% to 2% of all waste Cefas produces. Due to Cefas operations producing clinical waste, which cannot be

reused, recycled, or composted, Cefas can only recycle 36% of its waste. The majority of non-hazardous waste, 63%, is incinerated with energy recovery.

Water

WATER			
	Performance: 2020-21 against baseline (2009-10)	2020-21 Internal target	2020-21 GGC target
Water consumption¹	45% reduction	Within target	GGC target of 23% reduction; has been met.

Notes: ¹ Water consumption directly linked to Cefas workload, e.g. large aquarium operations.

WATER		2020-21¹	2019-20²	2018-19	2017-18³	2009-10 (Baseline)
Non-financial indicators	Water3 Consumed (m³)	32,550	47,427	49,976	64,451	59,723
Financial indicators	Water Supply Costs (£'000)	147	203	182	192	183

Notes:

1. 2020-21 actual data (including Q4 actual data)
2. 2019-20 updated with actual Q4 data (Q4 estimated in 2019-20 report).
3. Amendments have been made to previous years reported sustainability data following a review to ensure accuracy and integrity of reported information.
4. Mains water; abstracted water (e.g. seawater) is not reportable under GGC

Cefas operates water intensive work at Weymouth using seawater which is diluted by 50% using portable water and disposed of to drain under permit. Nevertheless, water use has reduced by 39% from 2009-10 baseline following rationalisation of the aquarium at the Lowestoft site and relocation of work to the Weymouth site. The Lowestoft site is trialling green chemistry methods in its laboratories to reduce water and chemical use across a number of its services.

Other target areas

OTHER TARGET AREAS			
	Against baseline year	2020-21 internal target	2020-21 GGC target
Domestic flights	99% reduction on 2014-15	One flight	GGC target 30% reduction; has been met. achieved
Paper use	35% reduction on 2009-10	Target not met ¹	GGC target 50%; has not been met.

Notes: ¹ There has been a 50% decrease in paper use since 2014-15.

OTHER TARGET AREAS		2020-21 ²	2019-20 ¹	2018-19	2017-18	³ 2009-10 (Baseline)
Non-financial indicators	Number of domestic flights	1	86	216	199	N/A
	Paper use (Reams)	650	865	1,630	1,568	1,000

Notes:

1. 2019-20 updated with actual Q4 data (Q4 estimated in 2019-20 report)
2. 2020-21 actual data (including Q4 actual data)
3. Baseline paper usage in 2009-10 may have been under-reported (please refer to text)

Domestic flights have reduced by 99% from 2014-15 baseline to 2020-21 due to working at home and travel restrictions in place as a result of the coronavirus pandemic.

Cefas has intensive paper use for reports and records that are required by contracts and quality accreditation standards. Nonetheless, paper use has reduced by 35% from the 2009-10 baseline but not to the GGC target of 50%. It is believed that the 2009-10 baseline may have been under reported. In 2009-10 the printing solution used a larger number of local printers and local stocks of paper were consumed. The subsequent introduction of networked multifunctional devices at centralised locations, with paper restocked from a common supply, together with the encouragement of paperless office working have assisted with the significant paper-use reduction seen since 2014-15.

Sustainable procurement

Cefas awards the majority of its contracts through the Crown Commercial Service framework and Defra network, which build sustainability into all contracts, and using social value to drive sustainability. Crown Commercial Service uses a three-tier system, primary impact, secondary impact, and tertiary impact. Tertiary impact includes the five themes in the social value model tackling economic inequality, fighting climate change, equal opportunity, wellbeing and COVID-19 recovery. Embedded carbon and water related to purchased items, supplier transport, waste handling and water supply are mitigated through sustainability criteria stipulated in contracts for procurement of services and goods.

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 to date and to embedding Green ICT into our future 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 video and telephony services to minimise local ICT infrastructure and enabling and supporting more flexible and mobile working practices;
- Increasing the availability and usage of web-based messaging, video conferencing and increased collaboration facilities, enabling colleagues to share and collaborate on documents with each other and partners, reducing face-to-face meetings and their travel related emissions
- Continuing assessment and optimisation of personal and server computing assets to reduce our 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. Future improvements will be to begin accounting for carbon use in relation to data storage requirements.

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 management and improvement system to help us to ensure continual improvement of our sustainability performance.

Biodiversity and Natural Environment

Landscaping work at the Lowestoft site has been completed this year and has been designed to provide homes and food for pollinating insects and other biodiversity. Cefas will continue to look for new opportunities to promote biodiversity and support wildlife at our sites.

Climate Change Adaptation

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 the Defra 25 Year Environment plan, which supports UK and the United Nations Sustainable Development Goals, and will reduce the impact on the environment from greenhouse gases. Cefas is aligned with Defra by integrating wider environment and climate considerations into all policies and procedures. Cefas follows Defra current rural proofing guidance and considers the specific challenges and opportunities whilst completing fieldwork. Cefas is part of the Defra sustainability group that is producing a sustainability strategy that will aim to be the first Government agency to achieve net zero carbon emissions by 2050 or before.

Climate Change Mitigation

Cefas adheres to Defra group commitment to utilising renewable energy technologies with photovoltaic panels at Lowestoft and Weymouth sites.

Sustainable Construction / Estate

Cefas Lowestoft site new office building has achieved Building Research Establishment Environmental Assessment Method (BREEAM) 'Very Good' certification which is required by Defra when undertaking construction work. The office building at Lowestoft, and Weymouth offices, adhere to the Defra workplace design guides which defines how workspaces will be designed for optimal use, the key aim of the guides is sustainability.

Future Strategy

Cefas aims to keep sustainability at the heart of its 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 workspaces; 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.



Neil Hornby
Chief Executive
11 June 2021

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 of Interests is maintained and published at [Our governance - Centre for Environment, Fisheries and Aquaculture Science - GOV.UK \(www.gov.uk\)](#). Details of any related party transactions 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 no information security incidents.

Directors' Report

Our Board

The Cefas Management Board is comprised of five Cefas Executives, three Non-Executive Directors and one Defra Representative.¹

**Neil Hornby**

Chief Executive

Appointed February 2021

Career includes a range of senior roles in central government, including most recently as Marine and Fisheries Director in Defra. Previous roles include responsibility for floods policy and nuclear energy.

**Tim Green**

Deputy CEO and Finance Director

Appointed 2005

Career includes 15 years with Cefas and 15 years in a range of finance and leadership roles in the private sector across professional services, leisure, construction and health; both in the UK and internationally.

**Stuart Rogers**

Chief Scientist

Appointed 2012

Joined Cefas in 1985 with a PhD in fisheries ecology. An experienced marine scientist with a vast range of hands on experience including publishing a wide range of peer reviewed literature.

¹ Board members for more than 6 months of the year included.

**Sian Limpenny**

Director of Organisational Strength

Appointed September 2020

Joined Cefas in 1994 as an MSc student and thereafter successfully completed a PhD whilst working at Cefas. An experienced marine scientist with over 20 years experience in providing innovative solutions for partners in the UK and the Middle East. Appointed as Cefas Divisional Director in 2013 and Strategy, Partnerships and Transformation Director in 2016.

**Steve Millward**

Operations Director

Appointed 2013

Joined Cefas in 2003. Career includes nearly 20 years' experience within the electric and gas retail sector prior to joining Cefas. Appointed as Cefas Divisional Director in 2008 and Operations Director in 2013

**Steve Addison**

Commercial Director

Appointed 2014

Joined Cefas in 2014. 31 years experience in the environmental, marine and finance industries including extensive financial and business development expertise gained through international banking and the Oil and Gas markets.

**Karin Rundle**

Corporate Services (HR/OD Director)

Appointed 2012

Joined Cefas in 2009 as Director HR/OD as Fellow of CIPD. Career includes 30 years of senior HR leadership in local government, NHS, Police, Social Services and engineering/technology private sector.

**Mark Pendlington**

Chair (Non-Executive)

Appointed December 2020

Career includes extensive experience of working across the public and private sectors including in industry, national and regional voluntary organisations, further and higher education, economic development bodies and academia, many with UK, EU and international dimensions.

**Andrew Watkinson**

Cefas Science Advisory Committee (CSAC) Chair (Non-Executive)

Appointed 2015

Career includes directorships at two leading research organisations and working as an environmental scientist and population biologist.

**Ian Selby**

Audit and Risk Assurance Committee (ARAC) Chair (Non-Executive)

Appointed 2018

Career includes managing offshore development rights for The Crown Estate up to 2018 and director role at the University of Plymouth.

**Mike Rowe**

Defra representative (Non-Executive)

Appointed February 2021

Director of Marine and Fisheries in Defra.

**Jane Smallman**

Chair to October 2020 (Non-Executive)

Appointed 2014

Career includes significant experience within a large civil engineering and environmental hydraulics organisation up to retirement in 2015.

Our Board's year

Our Board's focus across 2020-21 has been aligned to our corporate strategies and their delivery of our strategic organisational priorities.

Our Science	Excellent Science	<ul style="list-style-type: none"> Continued implementation of the Science Review recommendations Peer Reviewed Publications and associated impact factors
	Development of Science Themes	<ul style="list-style-type: none"> Food from Water Seafood Hazards Ecosystem change Environment and people
	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
Our People	People and Engagement	<ul style="list-style-type: none"> Development of the People Development Committee Focus on people engagement, with an emphasis to maintain engagement throughout our response to COVID-19 Introduction of recognition awards for work across Cefas People Action Plan developed bringing together all 'people related' actions across Cefas
	HSEQ	<ul style="list-style-type: none"> Development of the Health and Safety Improvement Programme Development of the Cefas Environmental Policy
Our Partners	Operational Delivery	<ul style="list-style-type: none"> Focus on quality deliverables to our partners Annual Cefas Satisfaction Questionnaire results and action plans Maintaining professional capability through our ISO Accreditations
	COVID-19 response	<ul style="list-style-type: none"> Adhering to COVID-Secure government guidelines to continue safe delivery for our partners Provide support across government to the national pandemic response effort, flexing resources as requested
Our Work	Financial Performance	<ul style="list-style-type: none"> Approval and subsequent monitoring of our 2020-21 plans Setting and monitoring of the annual key performance indicators COVID-19 impact contingency planning and mitigation
	Funding Development	<ul style="list-style-type: none"> Active horizon scanning and contributions to the ongoing Spending Review processes Development of Cefas funding strategy and contributions to the Defra Income Working Group

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 2020-21. 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 2020-21 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 ExCo 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 the 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, Neil Hornby, as Accounting Officer, has personal responsibility and accountability to Parliament for the organisation and quality of management within Cefas, including its use and stewardship of public assets. Neil commenced the role on 1st February 2021 and has been provided with representations and assurances to cover the full period from Tom Karsten, who retired as Chief Executive on 26 June 2020, and Tim Green, who assumed the role of interim Chief Executive between these two dates. 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 Representative 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 Mark Pendlington from December 2020. Mark was appointed to the Board on the retirement of Jane Smallman when her tenure as Non-Executive Director and Chair concluded in October 2020. The lead NED provides a sounding board for the Chief Executive and serves as an intermediary for other NEDs, when necessary. A record of Board attendance is published at:

[Our governance - Centre for Environment, Fisheries and Aquaculture Science - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/organisations/centre-for-environment-fisheries-and-aquaculture-science/about/our-governance)

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 a NED. Appropriate Cefas Executive and external representatives attend the committees as required.

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.

Cefas Management Board (CMB)

Executive Members	Non-Executive Members
Neil Hornby (from February 2021) Tim Green Sian Limpenny (from October 2020) Steve Millward Stuart Rogers Steve Addison (to September 2020) Karin Rundle (to September 2020)	Mark Pendlington, Chair (from December 2020) Andrew Watkinson Ian Selby Jane Smallman, Chair (to October 2020)
	Defra Senior Official
	Mike Rowe (from February 2021) Neil Hornby (to January 2021)

	Audit & 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
Members (Non-Executive Directors)	Ian Selby (Chair) Mark Pendlington (from December 2020) Jane Smallman (to October 2020)	Andrew Watkinson (Chair) Independent science advisors: Jon Pitchford Tara Marshall Francesco Falciani Linda Lawton Sarah Culloty	Andrew Watkinson (Chair) Ian Selby
Key areas of responsibility	Provides a monitoring function for corporate governance and control systems and advises on internal and external audit matters, as well as reviewing performance and risk, 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 operational needs
Key subjects of focus in year	<ul style="list-style-type: none"> Risk management The Research Vessel Delivery Continuity and Emergency Planning Governance Payroll 	<ul style="list-style-type: none"> Annual refresh of Science Review recommendations Progress with Science Themes Strategic planning for new CSAC Chair 	<ul style="list-style-type: none"> Monitoring of People Action plan Supporting employee inclusion and engagement initiatives Advice and support with strategic initiatives

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 2020-21 took place in March 2021. The key action arising was to conduct a review of the governance of the board and its committees with a focus on moving to more strategic discussions about Cefas and its future.

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 correctly 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 challenging circumstances resulting from the COVID-19 pandemic and the impacts on Cefas' people. There have also been financial challenges with funding reductions in some areas and constraints in terms of Cefas' ability to deliver some work in the field and overseas. Despite the difficult situation Cefas has delivered good performance against our performance indicators and against 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 EU Exit negotiation support and transition, challenges to Cefas' funding as a result of the COVID-19 pandemic and opportunities to support wider government departments through redeployments to support the COVID-19 response. No new significant performance issues were identified in the year.

Approach to Risk Management

Cefas' science and the environment in which it operates are evolving and, as a result, the risks and opportunities Cefas faces are continually changing. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks to which Cefas is exposed. The system of internal control is designed to identify and manage risk to a reasonable level rather than to eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks and opportunities to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks and opportunities being realised and the impact should they be realised. The system then requires efficient, effective and economic management. Public overview and reporting is provided annually in this Governance Statement.

Risk Management identifies the range of issues that Cefas may be exposed to, so that risk appetite can be assessed and timely action taken to identify corresponding actions to avoid, mitigate or exploit their consequences as appropriate. Risk management is not a separate activity, divorced from the day-to-day management of Cefas' delivery. Rather, risk presents both opportunities for, and potential challenges to, achieving strategic, tactical, and operational objectives. Risk awareness, and how to manage and exploit those risks is inherent in our operations and needs to be embedded in all aspects of the management and governance framework of Cefas. Business Continuity Planning, Incident Management and Disaster Recovery are natural fall-back extensions of the risk management process.

Risk management requires that issues should be identified and then quantified by assessing their likelihood of occurrence and potential impact on the operation of the Agency. Once quantified, these are prioritised in terms of the expected benefit that will flow from their proper management. Cefas sets out to utilise a bottom-up and top-down approach; formal risk and opportunity identification and management is the responsibility of managers, but these should be identified and assessed wherever they occur (by any member of Cefas) and reported to the person best able to manage them.

Management reviews identify and prioritise key corporate risks and opportunities. The top operational risks and opportunities are captured in the Cefas Opportunity and Risk Register and reported to Defra

as required. Key strategic risks are identified in the Annual Plan. A risk environment model helps identify potential sources of risk (Annex 2).

Risk Management in Cefas builds upon the experience of managers and colleagues over many years and the aim is to use risk and opportunity management to prioritise management activity in a useful and traceable manner. Insurance is a part of this plan as, whilst Cefas is self-insured as a government agency, it has insurance protection for car, health (for colleagues residing overseas) and professional indemnity covering work with non-UK Government customers. The Professional Indemnity insurance recognises increased exposure and should not be seen as a replacement for good risk management.

Principles of Risk Management

The Cefas risk management strategy is based on the following principles:

1. Where unacceptable hazards can be avoided, take timely avoiding action
2. Cefas encourages risk taking informed by intelligent decisions and consultation where appropriate. Where Cefas is best served by the taking of well-managed risk, ensure that appropriate risk management is in place to reduce the risk of unacceptable surprises and consequences
3. Where Cefas is not best served by taking the risk, avoid the activity, where the operational benefit of an activity is outweighed by the potential risk, this should be identified in the Bid & Project Risk Register
4. Prepare mitigation plans and set key targets
5. Prepare fallback plans including crisis management, continuity plans, incident management plans and disaster recovery plans where needed
6. Regularly exercise and review performance of fallback plans
7. Review performance of risk management at all levels

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 harming anyone whilst at work, or because of work, is not acceptable and that positive wellbeing will be actively promoted and supported. The Zero Harm principles impact all decisions across the organisation from desk-based work in our facilities to overseas field work 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 operating complexity and risk - 87% of all our activity is for UK Government bodies and related research and development programmes (2019-20: 86%). 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. It operates in accordance with the Audit Committee Handbook, published by HM Treasury. For 2020-21, the ARAC has been supported by an outsourced Head of Internal Audit and team. An agreed annual risk-based audit plan, operating to government internal audit standards, has been delivered and the annual opinion from the Head of Internal Audit provided positive but moderate assurance over the controls reviewed in the year. Management have agreed with the recommendations arising from these audits and are implementing those improvements 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 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 throughout 2020-21 included the continued cessation of international travel, with the exception of emergency response work, the continuation of home-working and the careful management, in line with Covid-Secure protocols of laboratory, fieldwork and vessel activities.</p> <p>Impacts continue into the new year as we adjust arrangements in line with the Governments roadmap out of lockdown.</p>	<p>Cefas responded to COVID-19 by fully complying with all Government guidance; requiring all colleagues to work at home where it was effective to do so, the adaptation of sites to be certified as “Covid-Secure” and a carefully managed programme of fieldwork and vessel activities where planning demonstrated that suitable Covid-Secure working could be achieved. Our IT provision was designed to enable all our colleagues to work at home and this service has performed well and has enabled full digital connection both between colleagues and both funding and delivery 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 have worked 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, DWP, Cabinet Office and backfilling Defra colleagues.</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 as well as previously anticipated funding decisions being delayed or cancelled.</p>	<p>Cefas responded through adjusting operational plans early in the year to reduce staffing levels in line with funding and to avoid non-essential discretionary costs. Monthly SLT monitoring and reviews of progress against financial reforecasts were carried out and used to flag the in-year pressures to Defra and with their support we have respond to the financial challenges and managed the year end position.</p>
<p><i>Readiness to respond to emergencies</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 over-see 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>

Risk Area	Principle Mitigation
<p><i>Management of key suppliers</i></p> <p>Effective management of our supply chain is key ongoing success Cefas. Our key suppliers are Mitie, for building services, and AW Ship Management, for research vessel services.</p>	<p>We continue to enhance key-supplier due diligence processes in year including seeking further assurances where credit checks suggest adverse history or other indications of financial risk.</p>
<p><i>Delivering Strategic Remit</i></p> <p>There is a risk that balancing the demands of our remit to support Government and wider markets impacts stakeholder satisfaction.</p>	<p>Strategic refresh of our remit resulting in an updated Framework Document. Open and transparent arrangements to avoid actual or perceived conflicts of interest. Quality assured outputs to maintain reputation for high quality science, evidence and advice.</p>

Whistleblowing

A whistleblowing policy is in place and operated throughout the year. The annual review of the performance of this policy took place and agreed that it was effective in providing a clear route to raise concerns regarding Cefas' operations. No official incidents were reported and reviewed in the year, however, 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 colleagues of obligations and reporting arrangements for dealing with potential fraud, bribery, information security and whistleblowing matters.

Significant issues and ongoing risks

Unprecedented operational continuity, safety and financial issues arising from the COVID-19 pandemic were managed throughout 2020-21. Despite these, good progress continued against our long-term strategic plans with significant work being undertaken to develop and provide new evidence and advice required to support Defra in EU Exit negotiations and transition, particularly with respect to fisheries management and trade. Significant works were concluded on redeveloping the Lowestoft Headquarters site which was completed to time, having adjusted for COVID-19 impacts, to planned costs and to quality. There were no significant control issues arising in the year.

Other Parliamentary Disclosures

The UK left the EU on 31 January 2020 and operated under transition arrangements until 1 January 2021 when the Trade and Cooperation Agreement took effect. These make significant changes to our laws and regulations which we do not believe lead to any new contingent liabilities or assets however we accept these are new and alternative obligations could arise in the future. As a result, an unquantifiable but 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 activities. No contract was agreed during the year and there are no imminent, firm plans to do so.

Conclusion

The governance arrangements set out in this statement continue to support Cefas' aims as evidenced through high levels of partner satisfaction, highly regarded scientific capability, sustainable finances and engaged people. 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 15% 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 each year of the government's response to the SSRB recommendations and produces guidance for departments to follow.

Neil Hornby, Chief Executive; Tim Green, Deputy Chief Executive and Finance Director, Steve Addison, Commercial Director and Stuart Rogers, Chief Scientist are senior civil servants under permanent contracts of employment with Defra. Sian Limpenny and Steve Millward 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. The Defra Representative on the Board is employed by Defra who assume all the costs of their attendance at the board and these costs are not reflected within Cefas' reporting.

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 subject to audit.

Remuneration of Cefas Directors

CMB executive directors £'000	Salary		Performance pay		Pension benefits		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Chief Executive (from February 2021) Neil Hornby ¹	15-20	-	-	-	15	-	30-35	-
Chief Executive (to June 2020) Tom Karsten ²	35-40	125-130	-	-	-	-	35-40	125-130
Deputy Chief Executive and Finance Director (Interim Chief Executive June 2020 – January 2021) Tim Green	85-90	75-80	10-15	5-10	45	32	140-145	115-120
Chief Scientist Stuart Rogers	75-80	75-80	0-5	0-5	24	17	100-105	95-100
Operations Director Steve Millward	75-80	75-80	0-5	0-5	33	33	110-115	110-115
Director of Organisational Strength (from October 2020) Sian Limpenny ³	35-40	-	0-5	-	17	-	55-60	-
Commercial Director (to October 2020) Steve Addison ⁴	45-50	75-80	0-5	-	15	30	60-65	105-110
Director of Human Resources and Organisational Development (to October 2020) Karin Rundle ⁵	35-40	65-70	5-10	5-10	14	30	60-65	100-105
Director of Strategy, Transformation and Partnerships (to June 2020) David Righton ⁶	10-15	60-65	0-5	0-5	6	29	20-25	90-95

Note: Full year equivalent annual salary bandings for the following: ¹ Neil Hornby £100,000-105,000; ² Tom Karsten £125,000-130,000.; ³ Sian Limpenny £80,000-85,000; ⁴ Steve Addison £75,000-80,000; ⁵ Karin Rundle £65,000-70,000; ⁶ David Righton £60,000-65,000

Remuneration Median and Ratios

	2020-21	2019-20
	£'000	£'000
Band of highest paid employee total remuneration excluding pension benefits (£'000)	100-105	125-130
Median Total Remuneration (£)	32,595	32,916
Ratio	3.2	3.9

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. This was 3.2 (2019-20: 3.9) times the median remuneration of the workforce, which was £32,595. In 2020-21, nil (2019-20, 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 2020-21 was £20,000-£15,000 (2019-20: £20,000-£15,000). 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 (2020–21: 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 44) 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 2020-21 and 2019-20.

Remuneration of Cefas Non-Executive Directors

CMB non-executive directors £'000	Fee band		Performance pay		Pension benefits		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Mark Pendlington, Chair (from December 2020)	0-5	-	-	-	-	-	0-5	-
Jane Smallman, Chair (to October 2020)	5-10	5-10	-	-	0-5	0-5	5-10	5-10
Andrew Watkinson	5-10	5-10	-	-	-	-	5-10	5-10
Anne MacColl (to May 2020)	0-5	5-10	-	-	-	0-5	0-5	5-10
Ian Selby	5-10	5-10	-	-	0-5	0-5	10-15	5-10

Pension Entitlement of Cefas Directors

CMB executive directors £'0000	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 2021 (cash equivalent transfer value)	CETV at 31 March 2020 (cash equivalent transfer value)	Real increase in CETV
	2020-21	2020-21	31 March 2021	31 March 2020	2020-21
Chief Executive (from February 2021) Neil Hornby	0-2.5 plus lump sum of 0-2.5	35-40 plus lump sum of 5-10	496	-	9
Chief Executive (to June 2020) Tom Karsten	-	-	-	-	-
Deputy Chief Executive and Finance Director (Interim Chief Executive June 2020 – January 2021) Tim Green	2.5-5	25-30	396	350	30
Chief Scientist Stuart Rogers	0-2.5 plus a lump sum 2.5-5	30-35 plus lump sum of 100-105	799	782	24
Operations Director Steve Millward	0-2.5	25-30	422	384	20
Director of Organisational Strength (from October 2020) Sian Limpenny	0-2.5 plus lump sum of 0-2.5	20-25 plus lump sum of 40-45	377	-	19
Commercial Director (to October 2020) Steve Addison	0-2.5	10-15	197	162	23
Director of Human Resources and Organisational Development (to October 2020) Karin Rundle	0-2.5	20-25	363	314	18
Director of Strategy, Transformation and Partnerships (to June 2020) David Righton	0-2.5	25-30	383	350	18

Notes

1. CETV: cash equivalent transfer value

Staff Report

All of the Cefas' permanently employed people are public servants. The average number of persons (FTEs) employed by Cefas during the year was:

People Numbers

	2020-21			2019-20		
	Male	Female	Total Numbers	Male	Female	Total Numbers
Directors - SCS 2	1	-	1	1	-	1
Directors - SCS 1	2	-	2	2	-	2
Directors - Other	2	1	3	3	1	4
Other Permanently employed staff	311	264	575	325	281	606
Total	316	265	581	331	282	613

People costs

£'000	Permanently Employed People	Temporarily Employed People	Total 2019-20	Total 2018-19
Wages and Salaries	21,139	-	21,139	21,662
Social Security Costs	2,232	-	2,232	2,341
Superannuation	5,362	-	5,362	5,471
Total staff expenditure	28,733	-	28,733	29,474

The average number of working days lost due to sickness was 1.5 days (2019-20: 3.3 days). Included in the permanently employed people costs for 2020-21 is an accrual for untaken leave and Leave in lieu of £1,857,858 (2019-20: £1,100,000). No consultancy and no temporary people costs were incurred during the year (2019-20 Nil). Turnover (wastage rate) for 2020/21 was 7.4% (compared to 9.9% in 2019/20).

Off-payroll arrangements

Off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months	
No. of existing engagements as of 31 March 2021	3
Of which...	
No. that have existed for less than one year at time of reporting.	3
No. that have existed for between one and two years at time of reporting.	
New off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months	
No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	4
Of which...	
No. assessed as caught by IR35	-
No. assessed as not caught by IR35	4
No. of engagements reassessed for consistency / assurance purposes during the year.	0
Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total number of individuals on payroll and off payroll that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year. This figure should include both on-payroll and off-payroll engagements	12

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 colleagues 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 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 2020-21 (2019-20 – nil).

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% response rate to the annual Civil Service People Survey. The average response rate for the entire civil service is 66%. The survey is designed to measure people engagement, and our overall engagement index is 65% (2019-20 - 61%).

Employee involvement in all our operations is actively encouraged through: a People Focus Group, informal drop-in sessions with the Chief Executive, directorate meetings and a variety of operational 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 colleagues 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 ideas from colleagues 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 2020-21, we made progress in furthering our Equality, Diversity and Inclusion strategy through a number of colleague led working groups on: performance data evaluation, enhancement actions and engagement communications. One external example of this was our application for accreditation to the Athena SWAN, gender inclusion standard. 'How' we work has been more important than ever this year, which has been tough on everyone, we have necessarily actively supported colleagues with their personal wellbeing through many fronts including: our management line, our Wellbeing advisors, topic led initiatives and the Employee Assistance Programme. This Programme is an independent, confidential service offering colleagues positive and proactive support for, and advice about, a variety of health, lifestyle and financial issues. This has supported colleagues to both be productive and ensure their wellbeing with a related reduction in average sickness days.

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 all health, safety, environmental and quality standards (ISO 9001, 17025, 14001 and OHSAS 18001) during the last financial year. During this reporting period there has been significant impact on delivery and mobility at Cefas by the Coronavirus 19 pandemic. However, it is noted that action to ensure the health, safety and welfare of colleagues and others was initiated swiftly and clearly and has consistently implemented best practice. Our systems of operation are now also being reviewed to take account of COVID-19 impact in the medium to long term.

Leading on Culture Change in Health and Safety

Cefas Leadership has undertaken a review of H&S culture through a colleague survey to gauge perception of H&S and the associated management systems. In response to the findings of the cultural survey, and after undertaking a further review utilising an external consultant, a wide ranging programme has been initiated to examine the management system more deeply. This will seek to identify any systemic improvements and thereby increase colleague engagement in, and positive perception of, H&S at Cefas.

Incidents and accidents

Cefas met the annual Total Recordable Case Frequency (TRCF) target for the financial year at 2.95 (target <3.0). 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 31:1 against the 3 Lost Time cases for the year.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

Trade Union facility time is the paid time spent by union representatives in carrying out trade union activities. We acknowledge the valued productive and collaborative nature of the inputs that the Trade Union makes to Cefas. During the last year, facility time includes the significantly increased demand on representatives in general, and our Health and Safety representatives in particular, due to the ongoing COVID-19 pandemic. Prospect is the one officially recognised union at Cefas.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
13	12.2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1-50%	12
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£000
Provide the total cost of facility time	46
Provide the total pay bill	28,733
Provide the percentage of the total pay bill spent on (total cost of facility time ÷ total pay bill) x 100	0.2%

Paid trade union activities

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

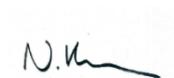
The information in this section has been subject to audit.

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.



Neil Hornby
Chief Executive
11 June 2021

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 for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: 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. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 2021 and of the Centre for Environment, Fisheries and Aquaculture Science's net operating cost for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to public interest entities. I am independent of the Centre for Environment, Fisheries and Aquaculture Science in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Centre for Environment, Fisheries and Aquaculture Science's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Centre for Environment, Fisheries and Aquaculture Science's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Centre for Environment, Fisheries and Aquaculture Science is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- 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; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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 material misstatements in the Performance and Accountability Report. 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 the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; 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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Centre for Environment, Fisheries and Aquaculture Science's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as Accounting Officer anticipates that the services provided by Centre for Environment, Fisheries and Aquaculture Science will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Centre for Environment, Fisheries and Aquaculture Science's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Centre for Environment, Fisheries and Aquaculture Science's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Centre for Environment, Fisheries and Aquaculture Science's controls relating to the Government Resources and Accounts Act 2000, Managing Public Money;
- discussing among the engagement team and involving relevant internal and or external specialists, including on offshore vessel and land building valuations regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals, the valuation of land and buildings and the valuation of the Research Vessel; and
 - obtaining an understanding of the Centre for Environment, Fisheries and Aquaculture Science's framework of authority as well as other legal and regulatory frameworks that the Centre for Environment, Fisheries and Aquaculture Science operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Centre for Environment, Fisheries and Aquaculture Science. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, Employment Law, Tax Legislation and Health and Safety legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- use of internal and external experts to challenge the assumptions and calculations of the valuation of land, buildings and the Research Vessel.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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.

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.

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

17 June 2021

Financial Statements

Statement of Comprehensive Net Expenditure For the year ending 31st March 2021

	Note	2020-21	2019-20
		£000	£000
Revenue from contracts with Customers		(20,972)	(20,554)
Other operating income		(943)	(3,571)
Total income	3	(21,915)	(24,125)
Staff Costs		28,733	29,474
Other Costs		22,892	24,105
Non Cash items		6,179	4,391
Total operating costs	2	57,804	57,970
Net operating costs		35,889	33,845
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs			
Net (gain)/loss on			
Revaluation of Property, plant and equipment	4	241	(225)
Total comprehensive net expenditure for the year		36,130	33,620

Other operating income includes the Apprenticeship levy and funding provided as grants.

All income and expenditure relates to continuing operations.

The Notes on pages 63-80 form part of these accounts.

Statement of Financial Position As at 31st March 2021

	Note	31st March 2021 £000	31st March 2020 £000
Non-current assets			
Property, plant and equipment	4	34,168	32,314
Investments	6	150	150
Total non-current assets		34,318	32,464
Current assets			
Trade, other receivables and contract assets	7	11,190	11,497
Cash and cash equivalents	8	2,961	6,659
Total current assets		14,151	18,156
Total assets		48,469	50,620
Current liabilities			
Trade, other payables and contract liabilities	9	(9,971)	(7,236)
Provisions	10	(11)	(87)
Total current liabilities		(9,982)	(7,323)
Non-current assets plus/less net current assets/liabilities		38,487	43,297
Non-current liabilities			
Provisions	10	(373)	(302)
Total non-current liabilities		(373)	(302)
Total assets less total liabilities		38,114	42,995
Taxpayers' equity and other reserves			
General fund		35,046	39,562
Revaluation reserve		3,068	3,433
Total equity		38,114	42,995



Neil Hornby
Chief Executive
11 June 2021

The Notes on pages 63-80 form part of these accounts.

Statement of Cash Flows

For the year ended 31st March 2021

	2020-21	2019-20
	£000	£000
Cash flows from operating activities		
Net operating expenditure	(35,889)	(33,845)
Adjustments for non-cash transactions	6,179	4,391
(Increase)/Decrease in trade and other receivables	307	(2,207)
Increase/(Decrease) in trade payables	2,735	(3,919)
less movements in payables relating to items not passing through the Operating cost statement	(751)	(125)
Use of provisions	(19)	(250)
Net cash outflow from operating activities	(27,438)	(35,955)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,160)	(4,231)
Proceeds of disposal of property, plant and equipment	-	125
Dividend receivable	-	(900)
Net cash outflow from investing activities	(3,160)	(5,006)
Cash flows from financing activities		
Agency funding	26,900	40,800
Net financing	26,900	40,800
Net Increase/(decrease) in cash in the period	(3,698)	(161)
Cash and cash equivalents at the beginning of the year	6,659	6,820
Cash and cash equivalents at the end of the year	2,961	6,659

The Notes on pages 63-80 form part of these accounts.

Statement of Changes in Taxpayers' Equity/Movement in Reserves

For the year ending 31st March 2021

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
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	52	-	52
Non-cash charges - other	2	4,546	-	4,546
Movements in reserves				
Recognised in Other Comprehensive Expenditure:				
Other revaluation of Property, plant and equipment	4	-	225	225
Transfers between reserves		45	(45)	-
Balance at 31 March 2020		39,562	3,433	42,995
Funding received		26,900	-	26,900
Net Operating Costs for the year	CSCNE	(35,889)	-	(35,889)
Non-cash adjustments				
Non-cash charges - auditors' remuneration	2	50	-	50
Non-cash charges - other	2	4,299	-	4,299
Movement in reserves				
Recognised in Other Comprehensive Expenditure:				
Other revaluation of Property, plant and equipment	4	-	(241)	(241)
Transfers between reserves		124	(124)	-
Balance at 31 March 2021		35,046	3,068	38,114

The Notes on pages 63-80 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 2020–21 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 a Land and Buildings valuation exercise was carried out in March 2021 (further detail set out with note 1.4) with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Red Book Global Valuation Global Standards 2020, the valuer has declared no 'material valuation uncertainty' in the valuation report.

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 valuation was on a desktop basis at Lowestoft and Weymouth as at 31st March 2021. 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.

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 was conducted in 2019-20 when a 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 vessels with their principle characteristics similar in nature to the RV Endeavour, owned and operated in Northern Europe. Management believe the valuation assumptions continue to be relevant as at 31 March 2021.

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 other government departments and wider-market entities.

Gross Agency Accounting

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.

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.

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

CTL Dividend

Under IAS 18, the revenue is recognised when the shareholders right to receive the payment is established. In 2019-20 CTL granted a dividend to its shareholder Cefas. This income was recognised in the Statement of Comprehensive Expenditure in the year of being granted by CTL within 'Other Income'. No dividend was declared in 2020-21.

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 2022.

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 2023 and is due to be adopted by the FReM for financial year 2023-24 and will supersede IFRS 4 Insurance Contracts. It requires insurance liabilities to be measured at a current fulfillment 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

	2020-21	2019-20
	£000	£000
Staff Costs		
Wages and Salaries	21,139	21,662
Social Security Costs	2,232	2,341
Other Pension Costs	5,362	5,471
Total	28,733	29,474
Other Costs		
Rentals under operating leases	147	160
Travel, subsistence and hospitality	175	2,478
Consumables	3,909	3,648
Vessels	4,545	5,511
IT service costs	2,053	2,115
Technical services	6,322	2,826
Estate management	1,216	3,105
Hired and contracted services	3,255	2,346
Training	262	396
Publishing, marketing & promotion	62	23
Stationery & printing	71	93
Office services	575	788
Exchange rate (gains)/losses - Realised	35	50
Exchange rate (gains)/losses - Unrealised	(34)	(58)
Internal audit fees	52	58
Fees & commissions	35	56
Credit Losses	28	(7)
Other	184	517
Total	22,892	24,105
Non-cash items		
Depreciation	1,816	1,976
Profit on the disposal of Property, Plant and Equipment	-	(35)
(Revaluation)/Impairment on non financial assets	-	(1,104)
NAO Auditors' remuneration	52	50
Non-pension provisions provided for in year/(written back)	14	(1,044)
Defra notional charges	3,953	4,042
Defra estates charges	344	506
Total	6,179	4,391
Total Expenditure	57,804	57,970

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 £Nil (2019-20 £1,550) to this review.

EU expenditure is £779,000 (2019-20 £1,789,000)

Defra notional charges are for facilities management £3,808,000 (2019-20 £3,919,000) and Defra management overheads £145,000 (2019-20 £123,000).

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

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:

	2020-21	2019-20
	£000	£000
Operating Income		
Competed Defra	1,179	609
Defra Group Bodies	3,646	3,426
Public Sector	8,411	9,402
European Union (EU)	779	1,789
Industry and other	7,900	7,999
CTL Dividend	-	900
Total	21,915	24,125
Contribution towards indirect overheads		
Competed Defra	(32,446)	(32,065)
Defra Group Bodies	362	490
Public Sector	553	1,408
European Union	298	601
Industry and other	1,674	1,991
CTL Dividend	-	900
	(29,559)	(26,675)
Indirect Overheads	(6,330)	(7,171)
Net Operating cost	(35,889)	(33,846)
Defra funding	36,912	34,560
Net Operating surplus	1,023	714

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 no Customers that each amount to greater than 10% of our annual funding.

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 2020	884	29,862	69	5,680	24,355	125	60,975
Additions	-	-	-	-	-	3,911	3,911
Transfers	-	818	-	1,786	-	(2,604)	-
Disposals	-	-	-	(1,384)	(76)	-	(1,460)
Revaluation	-	(580)	1	370	-	-	(209)
At 31 March 2021	884	30,100	70	6,452	24,279	1,432	63,217
Depreciation							
At 1 April 2020	-	7,836	62	3,056	17,707	-	28,661
Charges in year	-	814	6	565	431	-	1,816
Disposals	-	-	-	(1,385)	(75)	-	(1,460)
Revaluation	-	-	1	31	-	-	32
At 31 March 2021	-	8,650	69	2,267	18,063	-	29,049
Net book value 31 March 2021	884	21,450	1	4,185	6,216	1,432	34,168
Net book value 31 March 2020	884	22,026	7	2,624	6,648	125	32,314
Assets financing							
Owned	884	21,450	1	4,185	6,216	1,432	34,168
Net book value 31 March 2021	884	21,450	1	4,185	6,216	1,432	34,168

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 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

Note 5 Impairment and Revaluation

The Lowestoft site has been redeveloped over the last three years with the works concluding in the year, the new office building has a useful economic life of 60 years and the refurbished laboratory block a life of 25 years. At the 31 March 2021 the land and buildings in Lowestoft and Weymouth were valued resulting in a valuation loss of £580,000 (2019-20: £162,000 gain) being a valuation loss of £411,000 (2019-20: £244,000 gain) at the Lowestoft site and a valuation loss of £169,000 (2019-20: £82,000) at the Weymouth site.

The decrease in the revaluation reserve £241,000 (2019-20: £225,000 increase) is made up of the valuation loss of £580,000 (2019-20: £162,000 gain) on buildings, £Nil (2019-20: £Nil) on land and of gain of £339,000 (2019-20: £63,000) indexation on IT and Plant and machinery.

In 2019-20 the Research Vessel was revalued resulting in a valuation gain of £1,122,000. This gain represented the reversal of a revaluation loss previously recognised as an expense and was recognised as a revaluation reversal, see note 2.

Note 2 There is no revaluation/(impairment) charged to net operating costs in 2020-21. 2019-20: £1,104,000 impairment is the valuation gain of £1,122,000 on the Research Vessel offset by a £18,000 impairment in 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 regarding the year end buildings valuation as presented by valuer Montagu Evans.

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 (2020-21: unaudited). 2019-20 numbers have been updated to the audited numbers:

	2020-21	2019-20
	£000	£000
Non-current assets	-	188
Other current assets	204	301
Cash and cash equivalents	179	834
Liabilities	(69)	(926)
Net assets at 31 March 2021	314	397
Turnover	242	357
Profit/(Loss) before tax for the year	(83)	(28)

Within the Profit/Loss before tax for the year is an operating loss of £93,000 (2019-20: £20,000), a realised gain on investments of £10,000 (unrealised loss 2019-20: £8,000). Dividend payable to Cefas of £Nil (2019-20: £900,000).

Note 7 Trade Receivables and Other Current Assets

	31st March 2021	31st March 2020
	£000	£000
Amounts falling due within one year		
Trade receivables	6,302	3,839
Other receivables	22	905
VAT	249	731
Prepayments and accrued income	1,994	2,655
Contract Assets	2,675	3,391
Less Expected Credit Loss for receivables and contract assets	(52)	(24)
Trade and other receivables	11,190	11,497

Accrued income and contract assets relating to EU funding £964,000 (2019-20: £1,347,000).

Intra-government receivable balances as at 31 March 2021 with the following bodies were: other central government bodies £3,909,000 (2019-20: £3,617,000), local authorities £Nil (2019-20: £2,000) public corporations and trading funds, £607,000 (2019-20: £12,000), bodies external to government £6,674,000 (2019-20: £7,866,000).

Contract assets £2,675,000 (2019-20: £3,391,000) 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 £3,391,000.

Note 8 Cash and Cash equivalents

	2020-21	2019-20
	£000	£000
Balance at 1 April	6,659	6,820
Net change in cash and cash equivalent balances	(3,698)	(161)
Balance at 31 March	2,961	6,659
The following balances at 31 March are held at:		
Government Banking Services	2,961	6,659
Balance at 31 March	2,961	6,659

Note 9 Trade Payables and Other payables

	31st March 2021	31st March 2020
	£000	£000
Amounts falling due within one year		
Other taxation & social security	534	522
Trade payables	612	238
Other payables:		
Other	552	543
Accruals and deferred income	5,867	4,637
Contract liabilities	2,406	1,296
Trade and other payables	9,971	7,236

Other payables include employee pension contributions at 31 March 2021 totalling £552,000 (2019-20: £543,000).

Intra-government payable balances as at 31 March 2021 with the following bodies were: other central government bodies £2,487,000 (2019-20: £1,329,000), local authorities £2,000 (2019-20: £Nil), public corporations and trading funds £67,000 (2019-20: £53,000), bodies external to government £7,415,000 (2019-20: £5,854,000).

Contract liabilities £2,406,000 (2019-20: £1,296,000) relate to projects where income has been received but further work is to be delivered in the next reporting period. Revenue recognised in the period which was a contract liability at the beginning of the year was £1,296,000.

Note 10 Provisions

	Facilities	Contract Provisions/ losses	Legal claims	Total
	£000	£000	£000	£000
Balance at 1st April 2020	261	31	97	389
Provided in the year	21	-	-	21
Provisions not required written back	-	(1)	(6)	(7)
Provisions Utilised in the year	-	(19)	-	(19)
Balance at 31st March 2021	282	11	91	384

Analysis of expected timings of discounted flows

Not later than one year	-	11	-	11
Later than one year and not later than five years	282	-	91	373
Balance at 31st March 2021	282	11	91	384

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 2020-21	31st March 2019-20
	£000	£000
Contracted capital commitments at 31 March for which no provision has been made:		
Property, plant and equipment	1,360	509
	1,360	509

The balance relates to the commitments for science equipment (2019-20: 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 2020-21	31st March 2019-20
	£000	£000
Land		
Land operating leases - not later than one year	2	2
Land operating leases - over five years	7	7
Total of land operating leases	9	9
Buildings		
Buildings operating leases - not later than one year	133	88
Buildings operating leases - one to five years	196	43
Buildings operating leases - over five years	13	-
Total of buildings operating leases	342	131
Other		
Other operating leases - not later than one year	129	129
Other operating leases - one to five years	227	288
Total of other operating leases	356	417

Note 13 Other Financial Commitments

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

	31st March 2020-21	31st March 2019-20
	£000	£000
Not later than one year	2,580	2,511
Later than one year and not later than five years	5,167	7,531
	7,747	10,042

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. Four 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 and the Environment Agency.

Income from Defra of £38,091,000 was received as, Funding of £36,912,000 (Core Defra), and £1,179,000 (invoiced Defra) (2019–20: £34,559,000 (Core Defra) and £609,000 (Invoiced Defra)). At 31 March 2021, £102,000 was due from Defra (2019–20: £Nil) and £Nil was owed to Defra (2019–20: £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 colleagues 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 activities are detailed below: -

Cefas Technology Limited is a non-current asset investment (see Note 6). The shares are held by Tim Green as nominee of the trustees for Cefas. Income of £75,000 was derived from CTL (2019-20: £190,000) and costs of £171,000 were payable to CTL (2019-20: £156,000). At 31st March 2021, £38,000 was due from CTL (contract asset) (2019-20: £10,000) and £12,000 was owed to CTL (2019-20: £59,000). A dividend of £Nil was declared by CTL (2019-20: £900,000) of which £Nil was still payable at year end (2019-20: £900,000). Tim Green, Steve Millward and Steve Addison are Executive Directors of CTL and Cefas.

Ian Selby Non-Executive Director is currently the Chair, Trustee and Health & Safety Champion at Wessex Archaeology. Costs of £3,000 (2019-20: £Nil) were payable to Wessex Archaeology.

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 Neil Hornby as Accounting Officer. The Accounting Officer authorised these financial statements for issue on the date the Comptroller and Auditor General issued his Audit Certificate.

Abbreviations

APHA	Animal and Plant Health Agency
ARAC	Audit and Risk Assurance Committee
ASPA	Animals Scientific Procedures Act 1986
BREEAM	Building Research Establishment Environmental Method
CFP	Common Fisheries Policy
CBD	Convention on Biological Diversity Conference
CCSUS	Collaborative Centre for Sustainable Use of the Seas
CHP	Combined Heat & Power
CLiP	Commonwealth Litter Programme
CMB	Cefas Management Board
CODMs	Chief Operating Decision Makers
COP	Conference of the Parties
CSC	Cefas Sustainability Committee
CSAC	Cefas Science Advisory Committee
CTL	Cefas Technology Limited
DEFRA	Department for Environment Food & Rural Affairs
EU	European Union
ExCO	Executive Committee
FAO	Food and Agriculture Organisation
FCDO	Foreign, Commonwealth and Development Office
FReM	Government Financial Reporting Manual
FTE	Full-Time Equivalent
GGC	Greening Government Commitments
GHG	Greenhouse Gas
GRAA	Government Resources and Accounts Act 2000
HM	Her Majesty's
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
IAS	International Accounting Standards
ICES	International Council for the Exploration of the Sea
ICoE	International Centre of Excellence
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
IF	Impact Factor
iMC3	International Marine Climate Change Centre
ISA	International Standards on Auditing
ISO	International Organisation for Standardization
KPIs	Key Performance Indicators
MFD	Multifunctional Devices
MMO	Marine Management Organisation
MOU	Memorandum of Understanding
NED	Non-Executive Director
OCPP	Ocean Country Partnership Programme
ODA	Official Development Assistance
OIE	World Organisation for Animal Health
PCSPS	Principal Civil Service Pension Scheme
PV	Photovoltaic
QQR	Quinquennial Science Review
R&D	Research and Development
RICS	Royal Institute of Chartered Surveyors
ROPME	Regional Organisation for the Protection of the Marine Environment
RV	Research Vessel

SAF	Sustainable Aquaculture Futures
SCS	Senior Civil Service
SoCNE	Statement of Comprehensive Net Expenditure
SOCTE	Statement of Changes in Taxpayers' Equity
SSRB	Senior Salaries Review Body
SLT	Senior Leadership Team
TCA	Trade Cooperation Agreement
TRCF	Total Recordable Case Frequency
UKOTs	UK Overseas Territories
UN	United Nations
UNDOS	UN Decade of Ocean Science
UNFCC	Climate Summit COP 26
VAT	Value Added Tax
VMD	Veterinary Medicines Directorate



Centre for Environment
Fisheries & Aquaculture
Science



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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

CCS0521577200
ISBN 978-1-5286-2623-1