

Annual Report and Accounts

2021 - 2022



HC 325



Centre for Environment
Fisheries & Aquaculture
Science



Cefas

Centre for Environment, Fisheries & Aquaculture Science

Annual Report and Accounts 2021-22

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Performance Report



Chief Executive Statement

Summary of 2021-22

Neil Hornby, Chief Executive

It has been a demanding year for colleagues across the Centre for Environment, Fisheries, and Aquaculture Science (Cefas). The COVID-19 pandemic has continued to cause disruption; but through our flexibility and resilience we have successfully delivered a full programme of work. I have been immensely proud of how we have used our science and evidence to lead the way in demonstrating the critical role of the ocean in climate change, in protecting and enhancing biodiversity and in tackling pollution. Our role in ensuring safe and sustainable seafood has also never been more important.

Over the last year, I have been struck by the many examples of Cefas using the power of science for good, to drive real change using our unique expertise. Our fisheries team has been supporting the Department of Environment, Food and Rural Affairs (Defra) in a wide range of international fisheries negotiations and in reforming UK fisheries management. Cefas scientists have also been playing an influential role across the International Council for the Exploration of the Sea (ICES) as we continue to develop fisheries science to inform sustainable management decisions.

Other notable examples include the public inquiries into new nuclear development at Hinkley Point C and Sizewell C; the Bluefin tuna catch and release tagging programme; our work undertaking COVID-19 waste water genome sequencing; and celebrating 25 years of the annual Radioactivity in Food and the Environment report. We have also worked closely with Defra colleagues in leading investigations into the crab and lobster mortality incident in North-East England, advising on plans to establish Highly Protected Marine Areas and to support the sustainable roll out of offshore marine renewable energy.

Our international work has increased significantly as countries around the world begin to emerge from the pandemic. The new Ocean Country Partnership Programme, under the £500m UK Blue Planet Fund, aims to tackle marine pollution, create well-managed marine protected areas and make aquaculture more sustainable. Through this programme Cefas scientists have been working with colleagues in Belize, Sri Lanka, Bangladesh and South Africa to create partnerships, build capacity and increase scientific collaboration. The FCDO's UK Overseas Territories Blue Belt Programme is now in its sixth year and continues to support United Kingdom Overseas Territories to manage the marine protection of their unique habitats. Our work through the Gulf Marine Environment Partnership Programme included supporting the first coordinated regional assessment of marine climate risk and impacts, published by the Regional Organization for Protection of the Marine Environment.

I've also been pleased with the progress on inclusion this year. The Athena Swan accreditation and our signing of the BiTC Race at Work Charter are important milestones, though there is still much more to do to draw on talent from the widest possible range of backgrounds. The Health and Safety Culture Programme, launched last year, is making a real difference to how health and safety is integrated into our everyday working. Through our Regeneration Programme we have continued to ensure COVID-19 secure working practices were in place for our people. Throughout we have prioritised wellbeing, recognising the additional pressures many have been working under whilst carrying out their essential work.

Looking to the year ahead, we will be celebrating 25 years of Cefas becoming an Executive Agency of Defra and 120 years since our earliest origins as a fisheries science laboratory in Lowestoft. There are many exciting events and initiatives planned to mark these anniversaries. That history and our achievements to date provide a strong foundation on which to build for the future as we continue to adapt and respond to the world around us. During the next year we will be launching our new Cefas Strategy to set our priorities as an organisation to 2030.

I look forward to Cefas continuing to work closely with a wide range of partners to provide world leading science and evidence to tackle the most pressing challenges for the aquatic environment in the UK and around the world.



Neil Hornby, Chief Executive
22nd June 2022



Our Vision

“A sustainable future for rivers, seas and the ocean”



Our Mission

“To apply our unique scientific expertise to achieve healthy and productive marine and freshwater ecosystems”



Our Purpose

We are Cefas. We are an executive agency of Defra with wide-ranging expertise in marine and freshwater science that underpins decision-making with local, national and global reach. We help keep rivers, seas and the ocean healthy and productive and seafood safe and sustainable, by providing data and advice to Government and partners overseas.

Cefas is passionate about the work we do because we are committed to making a difference to the health of the 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.

Through our innovative and diverse applied science we are leading transformative change that will:



Secure a sustainable future for fisheries and aquaculture



Protect animal and human health.



Understand how aquatic ecosystems work and why they change.



Understand interactions between people and their 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 (RV) Cefas Endeavour, autonomous marine vehicles, remotely piloted aircraft and utilise satellites to monitor and assess the health of waters around us.

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 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 collaborations and reputation internationally in the fields of aquatic animal health, seafood safety and marine climate change.

Our Strategic Focus: 2021 to 2022

Throughout the year 2021 to 2022, we continued our focus on four key complementary strategic areas to support the delivery of the work we deliver and the contribution it has to achieving impactful outcomes.

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 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.

Our Priorities for the Future: Cefas 2030

The challenges we face in securing sustainable futures for marine and freshwater ecosystems require global leadership and collaboration. It is well recognised that if we do not radically change the way we do things, we will fall short.

Looking ahead to a new horizon of 2030, Cefas is ambitious for the leading role we can play with partners around the world in providing timely, accurate science and evidence which will underpin the critical decisions to be made on which the future of rivers, seas and the ocean will depend. This will be achieved together as an effective and resilient organisation that looks ahead to future challenges and anticipates what is needed to meet them.

To rise to the challenge, Cefas has six strategic priorities that we will use to guide our research and investment in marine and freshwater science to inform decision-making for Governments and Industry. These six priorities will build on and replace our previous strategic focus areas of Science, People, Work and Partners, providing a new framework from 2022 through to 2030:



As the **trusted authority** for our partners in the UK and overseas, we will embed marine and freshwater science at the heart of decision making.



Our commitment to science innovation and excellence for the public good, will drive **transformative change** in securing healthy and productive oceans, seas and rivers.



We will create a safe and flexible work place with global reach where individuals can **thrive together**.



We will build an **inclusive and supportive culture** where diversity is truly valued.



We will embrace the next **generation of technology**, harnessing the power of data, to respond to the world's pressing problems.



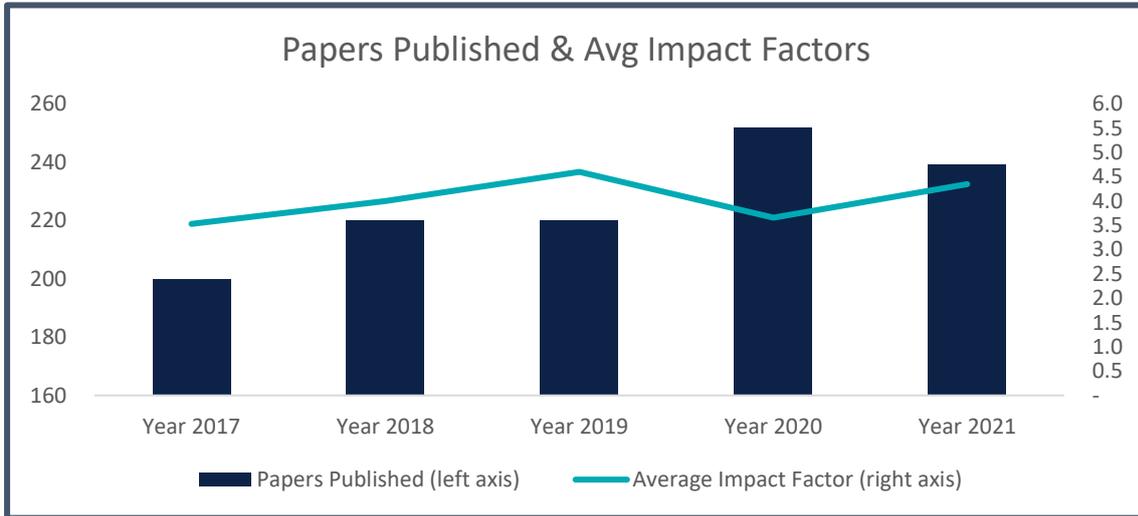
We will enhance our **partnerships and community engagement**, towards a shared legacy of healthy oceans, seas and rivers.

Performance Overview

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



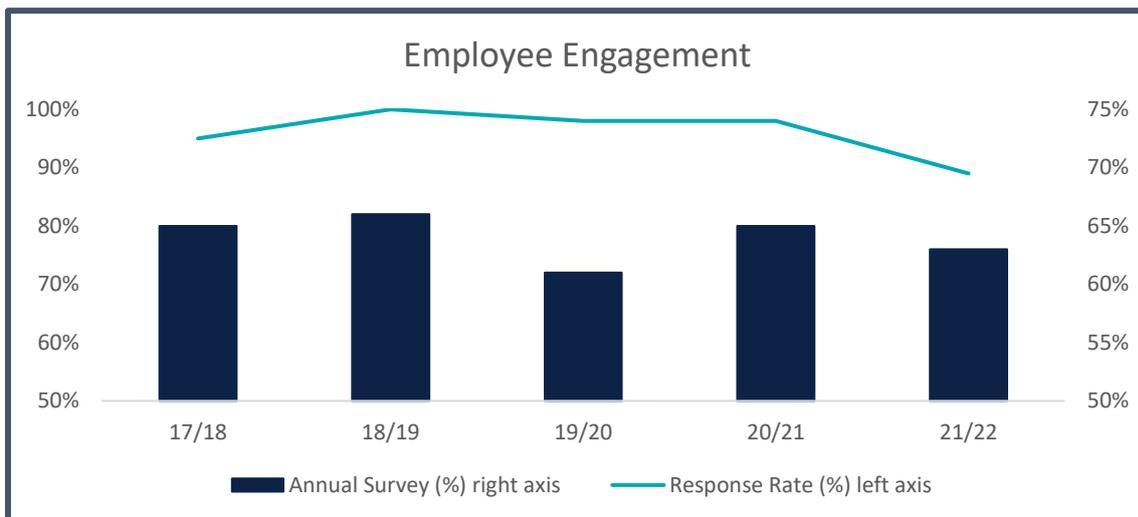
Our Science



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 annual average number of published papers has grown over the last five years and was 239 in 2021 v a target of 220 (2020's performance was enhanced due to COVID-19 restrictions giving greater focus to paper output). Our strong average impact factor has been also increased through this period of volume growth.

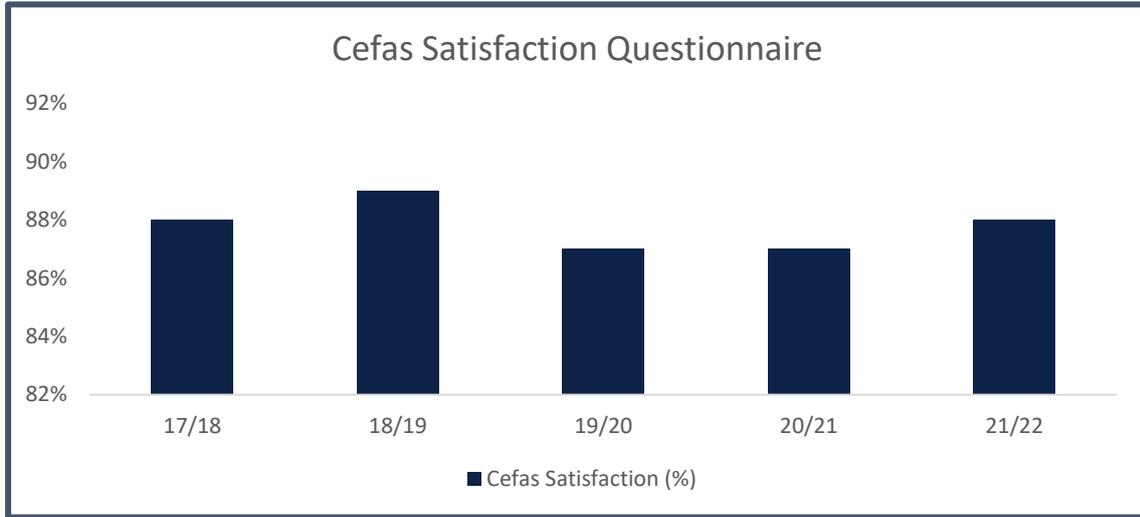


Our People



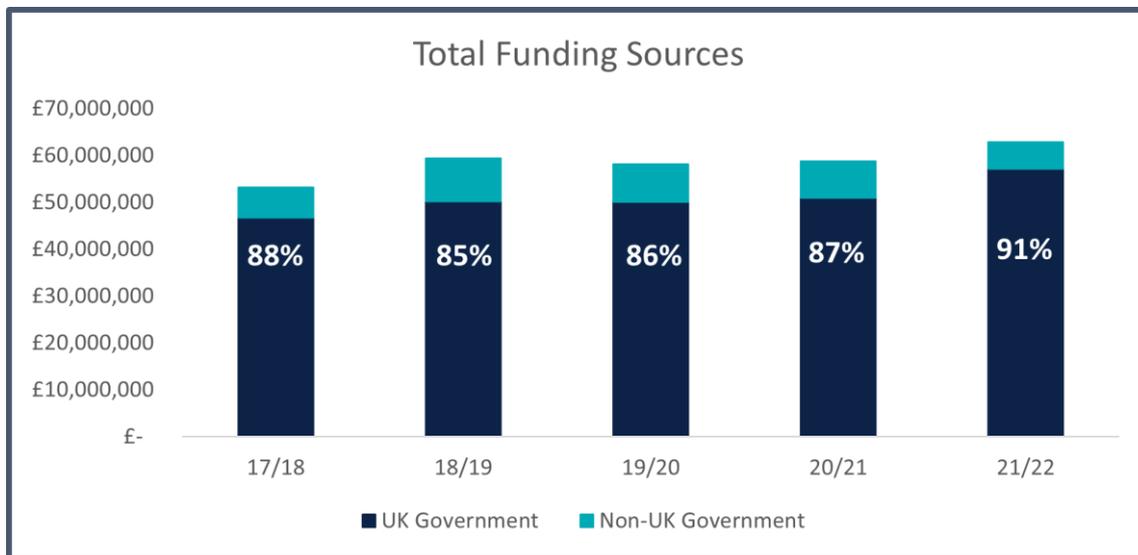
Evidence of the engagement of our people is assessed through the annual Civil Service People Survey. Engagement has remained between 61% in 2019-20 and 66% in 2018-19 and was 63% in 2021-22. Significant focus is placed on learning and responding to the results and issues raised from the Survey through our People Action Plan. We believe our results are truly representative with nearly the majority of Cefas colleagues routinely responding, 89% in 2021-22 (target >85%).

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. In 2021-22 Cefas have continued to improve Satisfaction from 87% in both 2019-20 and 2020-21 to 88% in 2021-22 (meeting our target of 88%).

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 continued to grow (2021-22 being almost 18% above 2017-18 income), with a commensurate increase in outputs. At the same time UK Government funding continues to represent the majority of our total, being 91% in 2021-22.

Our Objectives and Key Performance Indicators

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 Executive management.

Corporate Strategy	Annual Performance Indicators	Why this indicator is important to us?	2021-22	2020-21	2019-20
Cefas	Ensure alignment with all COVID-19 secure working Government Guidance	Enables safe and effective working (target: comply)	✓	✓	N/A
Our Science	The volume of our peer reviewed scientific paper outputs	Demonstrates our science influence, impact and capability (target: 220 papers)	239 ¹ papers	254 papers	218 papers
	Self-investment in research, development, innovation and facilities	Invests in Cefas futures (target: 10% of Cefas Delivered Turnover by 2025)	£1.9 m ²	£5.5 m ²	£8.4m
Our People	Employee Engagement Response rate	People are key to our success (target: 90%)	89%	98%	98%
	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)	34:1	31:1	21:1
Our Partners	Cefas Satisfaction Questionnaire Results	Assuring our impact (target: 87%)	88%	87%	87%
	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)	£2.1m surplus	£1.0 m ³ surplus	£0.7m surplus
	Securing >60% of identified plans for the following year by end March	Securing our financial future (target: >60%)	72%	57%	68% 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

Science Impact

Our commitment to science innovation and excellence for the public good drives positive change in tackling global problems of climate change, biodiversity loss, sustainable fisheries and food security. We do this in partnership with Defra, UK and international governments, in support of important environmental commitments, including UN Sustainable Development Goals 14 (life under water), 13 (climate action), 2 (zero hunger), COP 26, 30-by-30, Defra's 25 Year Environment Plan and Food Strategy.

In this second year of the UK and global response to the COVID-19 pandemic, like all science organisations, we have continued to adapt to hybrid ways of working: our laboratories and sites remained COVID-19-secure and the majority of colleagues worked from home. As restrictions eased, UK and international field work and marine monitoring recommenced cautiously. RV Endeavour has completed 240 survey days, 175 of which were for Defra. There have been uncertainties and false starts, with surveys cancelled at short notice, as was the case with the RRS Discovery research expedition to Ascension and St Helena, which was postponed until late autumn 2022. This year we were able to exceed our research paper publication target, with 239 peer-reviewed papers published in a range of journals, 64% of these papers were published as open access and 22% were in journals with an impact factor (IF) of 5 and above.



Sustainable Fisheries

Cefas provided fisheries evidence and advice to support the UK's role as an independent coastal state and the implementation of the Fisheries Act 2020. This evidence and advice were supported by a chain of interlinked activities at sea, in our laboratories and in ports & harbours, including market and observer surveys, fishery independent surveys, sample processing, data curation and delivery, fisheries stock assessment and advice drafting. We continued to adjust our methods and ways of working, with the fishing industry, on our RV and in our laboratories, throughout the COVID-19 pandemic, to successfully complete essential tasks in support of sustainable fisheries

Our scientists contributed to international stock assessments and advice developed through the International Council for the Exploration of the Sea (ICES) and provided further advice to support UK-EU negotiations, bilateral negotiations with the Faroe Islands and with Norway, trilateral negotiations with the EU and Norway, and multilateral coastal state negotiations on blue whiting, Atlanto-Scandian herring and mackerel. Cefas scientists also supported the UK's role as contracting party to five Regional Fisheries Management Organisations and the Commission for the Conservation of Antarctic Marine Living Resources.

Advancing Data-limited Stock Assessments

For many fish stocks, data are insufficient to apply the sophisticated analytical assessment method, but management advice is still required. ICES is evolving its data-limited advice framework to ensure that legally required management principles, such as the precautionary approach, are always followed in its scientific advice. Cefas scientists have been developing, testing and optimising new methods to provide catch advice for data-limited stocks: based on historic catches and life-history traits. The methods were applied by ICES to two stocks in 2021: the plaice stock in the Celtic Sea South and southwest of Ireland, and the sole stock in the Cantabrian Sea and Atlantic Iberian waters. These methods will be rolled out to a wider range of data-limited stocks in 2022, to underpin more rigorous advice on sustainable rates of fishing for these stocks.



Image: fishing vessel at sea

Biodiversity

Cefas has a wide-ranging integrated programme on biodiversity science to provide evidence and advice to support policy development, policy implementation and reporting. In 2021-22, our evidence and advice on biodiversity was supported by research on ecological drivers, mapping species and habitat distributions at various scales of space and time; and investigating the effects of human and environmental pressures on biodiversity patterns. We have been using our rich datasets in combination with publicly available data to predict biodiversity changes under different climate change scenarios. The evidence emerging from our research has been assisting the UK Government with putting in place protection for biodiversity around the UK and its Overseas Territories, balancing impacts on industries with the requirement to protect representative or sensitive species and habitats. Our work has also supported developing countries with implementing sustainable blue economy plans and preparing national climate adaptation plans.

Building Biodiversity Science Capability

Anthropogenic impacts act across multiple levels of biological organisation, from gene expression to an individual organism's behaviour, through to assemblage and ecosystem-wide effects on structure and functioning. We have been building scientific capability in big data analyses across multiple levels of biological organisation, from genes to ecosystems, and from local to global scales, much of it through self-invested 'Seedcorn' research. In doing so, we are generating tools and evidence to predict the causes and consequences of biodiversity change, thereby supporting global ambitions to protect and restore nature at COP15 and beyond. Our work, revealing previous and predicting future change in fish species distributions and food web structure and dynamics in response to environmental change across the Northeast Atlantic, for example, is feeding into various ICES working groups. The Intersessional Correspondence Group on the Coordination of Biodiversity Assessment and Monitoring recently agreed outputs - co-developed with partner funded work and via a Cefas-led international collaborative EuroMarine workshop - will form the basis of the developing assessment for OSPAR indicator FW7 "Biomass and abundance of dietary functional groups". In addition, we presented our predictions of climate change impacts on coral reef biodiversity under differing mitigation scenarios at COP26.

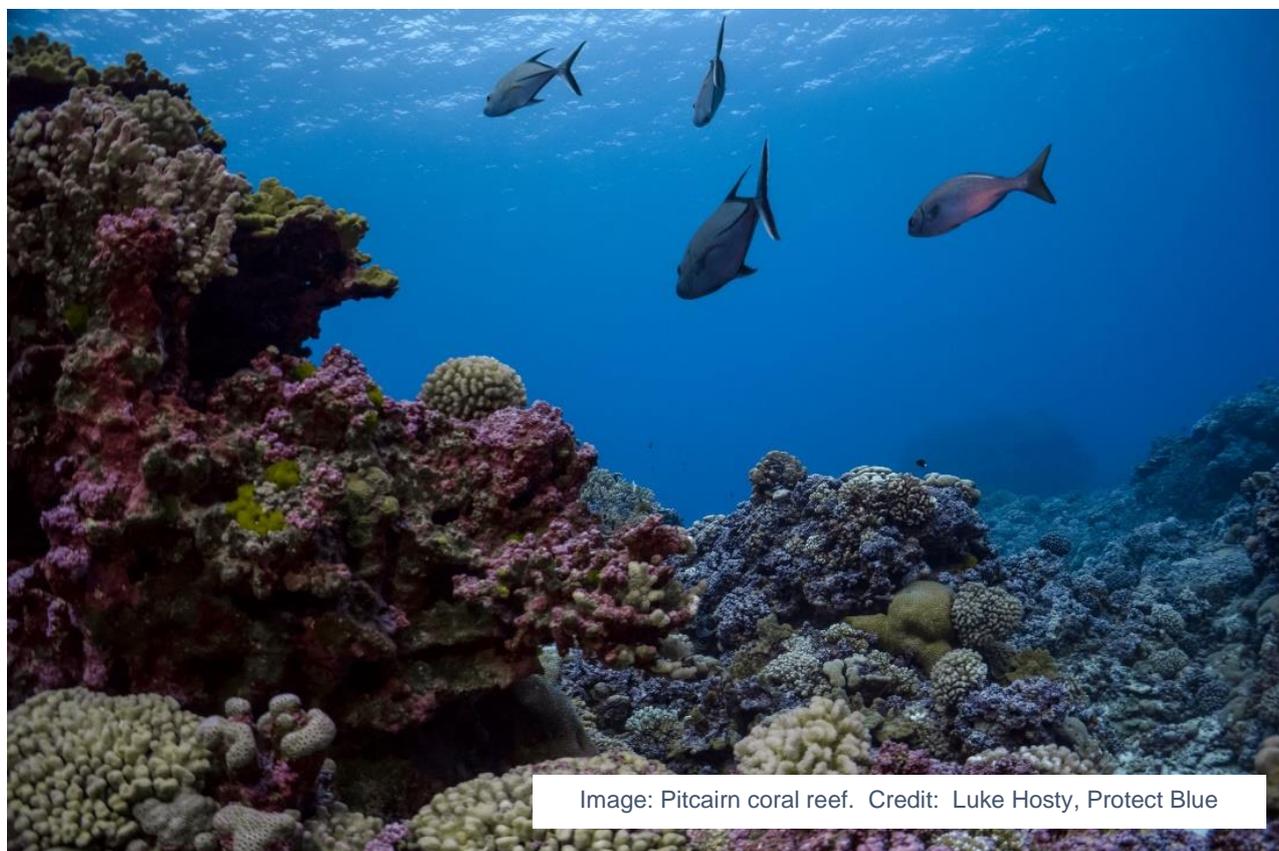


Image: Pitcairn coral reef. Credit: Luke Hosty, Protect Blue

Marine Pollution

Our marine pollution work encompasses many different aspects of marine pollution. We work from the catchment to the coast, and the impacts of our human activities on our marine environment. Cefas scientists, through our national and international programmes will continue to work with international and UK partners to tackle marine pollution and support adoption of best management practices to reduce and mitigate the impacts of pollution. One of the areas that we work is the response to oil spills, looking at monitoring and assessment of oils spills in the coastal and marine environment.

X-Press Pearl Plastics Pollution

On 20 May 2021, the X-Press Pearl, a container ship, caught fire whilst at anchor just off the coast of Colombo, Sri Lanka. Once the fire had been brought under control, attempts were made to tow the vessel to safety. However, attempts failed and the vessel now rests off the Negombo coast in a water depth of approximately 20m. A large portion of the vessel's cargo consisted of Low-Density Polyethylene pellets which began to wash up along the west coast of Sri Lanka causing significant impacts (both environmental and socioeconomic).

Fisheries closures in the area have resulted in reduced income for local fishing communities and concerns remain regarding long term effects of the plastic pellets (nurdles) on the ecosystem in the local area. Cefas scientists were able to offer scientific support in providing information and evidence to help answer some of the questions resulting from the incident. Going forward, our scientists and emergency response teams will continue to work with the Sri Lankan authorities to further develop their emergency response capacity via knowledge sharing around preparedness planning and best practice analytical techniques. This will ensure that Sri Lanka will be better placed to deal with future emergencies of a similar nature and that the necessary baseline ecological information will be available to allow future impacts to be more accurately assessed.



Image: plastic pollution in Sri Lanka from the X-Press Pearl

Ecosystem and Climate Change

Cefas science research and projects are supporting the UK and our international partners to better understand how their aquatic ecosystems work and why they change. In 2021-22, we worked across disciplines on surveys, experiments and analyses of existing data and modelling studies. These will offer new insights into the status of natural assets and inform projections of likely future changes to underpin conservation and management strategies and develop nature-based solutions to threats to our marine environments. Our multidisciplinary partnerships give us a unique ability to model and forecast changes in complex, interconnected ecosystems, giving our government and other stakeholders better advice in tackling issues such as climate change, biodiversity loss, ocean acidification, MPAs and blue carbon in a more holistic way. This is particularly evidenced in our International Centre of Excellence: International Marine Climate Change Centre (iMC3) in which scientists from all across Cefas come together to pool their expertise.

Cefas at COP26

COP26 took place in Glasgow in November 2021 and Cefas played an important role in the UK's presence, supporting COP26 through four themes of nature, finance, energy transition, adaptation and resilience. Over many years, we have provided evidence and advice to the UK government on marine climate change impacts, both in discrete projects and as part of the Marine Climate Change Impacts Partnership (MCCIP) alongside our peers in government and academia. Our ability to bring together stakeholders and partners meant that we were able to work with Defra as they became the UK G7 lead sponsor for the Ocean Risk and Resilience Action Alliance (ORRAA), supporting them in the lead-up to COP26 by providing advice to the group looking to deliver finance for Nature Based Solutions. Similarly, our position and partnerships across government enabled us to lead on the coordination of the UK COP 26 Presidency – Ocean Climate Science and Evidence virtual booth bringing together science and evidence from across UK government partners to present the breadth and depth of UK government marine climate science. The past year also saw a greater focus on Blue Carbon approaches to tackling climate issues, highlighted by our involvement at the Scottish Blue Carbon 'beyond the Inventory' meeting, associated with COP26.

Image: supporting COP26 through the 4 themes of nature, finance, energy transition, adaptation and resilience



Healthy Seafood

Building on the One Health Aquaculture concept led by Cefas in recent years, teams from across the Healthy Seafood Theme have developed a new Seafood Risk Tool which for the first time brings together our wide expertise in pathogen and chemical hazards to consider their collective impact on animal and human health in seafood supply chains. Importantly, we also provide mechanisms to reduce risk in sectors spanning seaweed to shrimp. The paper, published in Nature Food (<https://www.nature.com/articles/s43016-022-00465-3>) not only provides a means by which One Health policies can be operationalised as part of sustainable food system design but also calls for closer alignment of evidence and policy relating to aquatic food production and, the quality of aquatic environments where aquaculture will take place.

These studies have had immediate impact on our international work programmes – forming a core component of the Ocean Country Partnership Programme’s One Health Aquaculture pillar in support of sustainable aquatic food production, funded by the UK Official Development Assistance (ODA), through Defra’s Blue Planet Fund. Country-specific work has included application of the Seafood Risk Tool to a proposed new bivalve mollusc farming in Bangladesh, introduction of the concept in a two-day pan-African workshop in March 2022, at which over 100 participants from seven African countries participated and, identification of specific hazards relating to sustainable aquaculture sector development in Belize and Sri Lanka.

Safe Seafood

Our laboratories monitor shellfish for human pathogens, toxins and radiological impacts to support our Food Standards Agency essential food safety programmes. Our United Nations Food and Agriculture Organisation (FAO) Reference Centre for Bivalve Mollusc Sanitation also continues to support development of safe seafood production globally, working alongside competent authorities internationally. In November 2021, Cefas and the FAO delivered a virtual regional workshop on bivalve mollusc sanitation for Latin America and the Caribbean. This saw participants from across the region participate in knowledge exchange workshops on bivalve production. Cefas’ reference centres also expanded their online training modules developed with the FAO, launching the [Understanding antimicrobial resistance in food and agriculture eLearning course to support safe seafood](#).

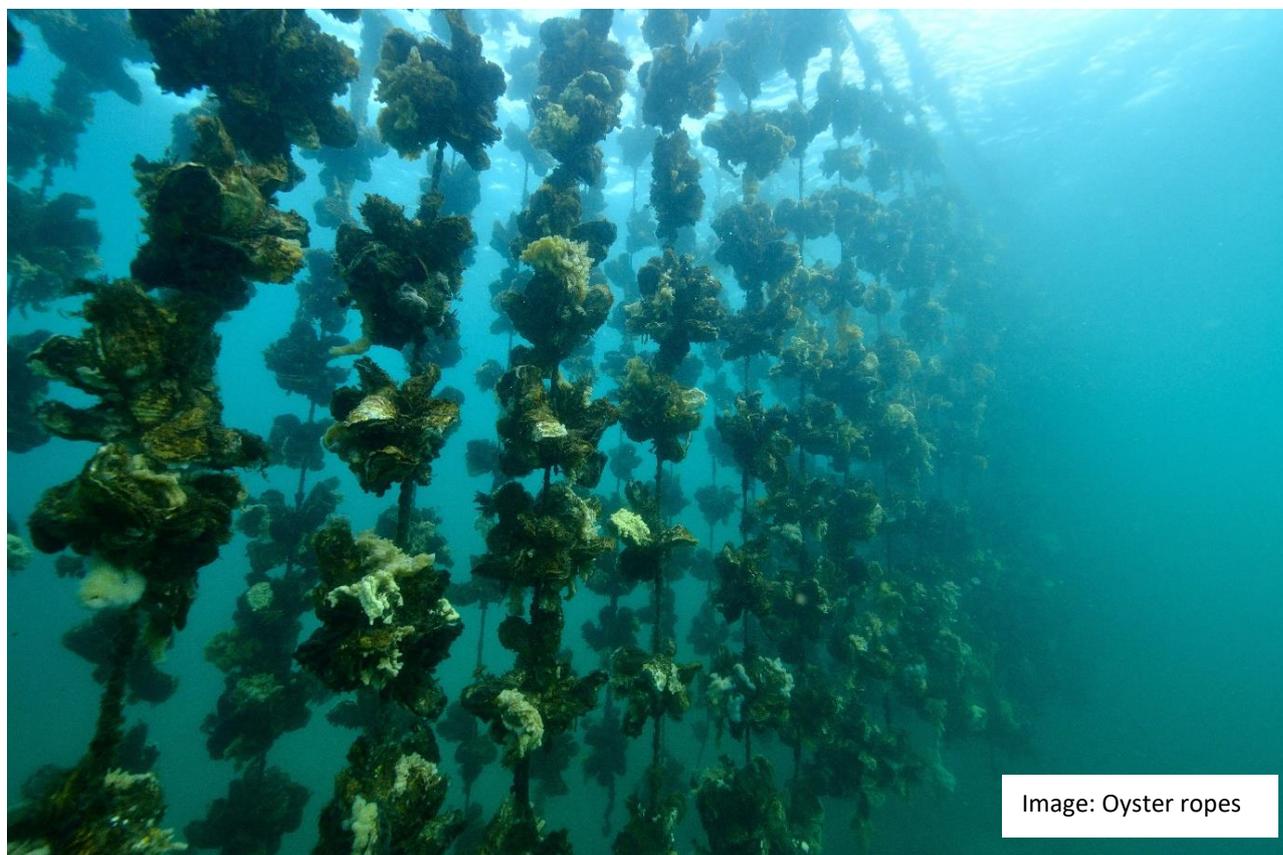


Image: Oyster ropes

Fish Health Enforcement

The UK has a high aquatic animal health status, being free of most of the serious diseases of fish and shellfish that are subject to control. Cefas' Fish Health Inspectorate (FHI) is the regulatory body responsible for the official control of these diseases in England and Wales working to maintain this high health status, protecting fish stocks and industry on behalf of Defra and Welsh Government. In 2022, the FHI seized 4000 live invasive Prussian carp, during a successful enforcement operation at the Port of Dover. Prussian carp present a significant risk to aquatic animal health in the UK, because of the unknown disease status of both viruses and novel parasites. Multi-agency working with the Border Force and the Animal and Plant Health Agency resulted in the FHI stopping and searching the suspect vehicle at Dover. The lorry contained around 1400kg (over 4000) of Prussian carp and other invasive species including wels catfish and brown bullhead catfish. All fish were humanely euthanised, removing the biosecurity risk to the aquatic animal health status of the UK and its native aquatic animal populations.



Image: Fish Health Inspectorate enforcement action at the Port of Dover

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 (ASPAs). 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

At the end of June 2021, the Cefas Science Advisory Committee (CSAC) held our Annual Science Review with a focus on science progress of the four themes of the Science and Evidence Strategy (2019-2025).

The review was able to point to progress in making Cefas science focus more squarely on the global challenges we now face in relation to climate change, biodiversity loss, sustainable food production and green energy. They noted that an increasing international focus has helped establish Cefas as a leader in marine and aquatic science globally.

The committee also completed the final review of progress against improvement recommendations raised in the Quinquennial Science Review held in 2018. To scrutinise progress against the Science and Evidence Strategy the CSAC Annual Reviews will now focus on 5 headline areas: - 1. Science skills and career progression; 2. Science strategy, self-investment and R&D; 3. Technology; 4. Communications and narrative around outcomes; 5. Data literacy.

Future Ambition

We will continue to capitalise on the momentum generated by COP26 and COP15 to bring our scientific evidence and advice in support of the UK's international commitments to climate change and biodiversity. Our ongoing science delivery under the UK Government's major international programmes: Ocean County Partnership Programme and Blue Belt Programme, will support this ambition. Domestically, the recently published Nature Recovery Green Paper, heralds a more ambitious future for Cefas science evidence and advice, with an emphasis on putting science at the centre of nature protection.

The benefit of a three-year spending review settlement will allow us to invest in our science innovation and excellence, with an uplift in R&D from UK Government that will enable Cefas to embrace and pioneer scientific and technological change. We will be building on the successful bids for capital in 2021-22, that enabled our biggest ever investments in state-of-the-art technology for our science facilities. The coming year will see targeted *Seedcorn* investment in the science that uses and develops these facilities alongside investing in our capability across topics such as fisheries assessment, environmental modelling, AI and integrated environmental and economic impacts.

This year's summer science conference in July 2022 will be a hybrid event, enabling Cefas to connect with our key partners in Government and academia. The conference will also incorporate our annual Cefas Student Day, which celebrates our network of more than 80 PhD students with Cefas supervisors, ensuring ongoing Cefas relationships with over 30 higher educational establishments at any one time.

We will continue to grow our national academic outreach and strengthen our science through the Collaborative Centre for the Sustainable Use of the Seas 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. We are committed to Equality, Diversity and Inclusion in STEM and will be working to diversify our workforce through developing new partnerships and outreach initiatives.

Performance Analysis

In 2021-22, Cefas delivered a core programme of work for Defra policy colleagues to a total of £41.1 million (2020-21: £36.9 million). Our reported Net Operating Costs, after funding from other partners, were £39.1 million (2020-21: £35.9 million). Therefore, the net operating surplus generated was £2.1 million (2020-21: £1.0 million).

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

- + £2.5 million of additional funding above levels Planned (£62.8 million 2021-22 v £60.3 million Planned) predominantly due to greater demand from Defra policy colleagues as the scale of uncertainties from the previous year of COVID-19 reduced;
- + £1.1 million of subcontractor delivery avoided due to a greater share of our output coming from our own teams rather than being bought-in;
- - £0.6 million of additional pay costs due to an average increase of 18 FTEs over the year (597 average FTE 2021-22 v 580 average FTE Planned) to meet the additional demand for our services;
- - £0.9 million of net increased other costs were incurred as our positive financial forecasts during the year enabled delayed investments where these were deemed both highly valuable and deliverable, a significant element of this spend was in IT equipment renewal.

Our total Defra Group activity, including all Defra bodies, increased to £46.1 million (2020-21: £41.7 million) due to increases in: our official development assistance work with international partners through the Blue Planet Fund, the scale of the Seafood Innovation Fund managed by Cefas, our research and development and the start of a significant programme of wastewater testing supporting human health.

Non-Defra Group activity was similar to prior year at £16.7 million (2020-21: £17.1 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 leading applied science capabilities and assets for UK Government.

Non-Defra Group activity came from:

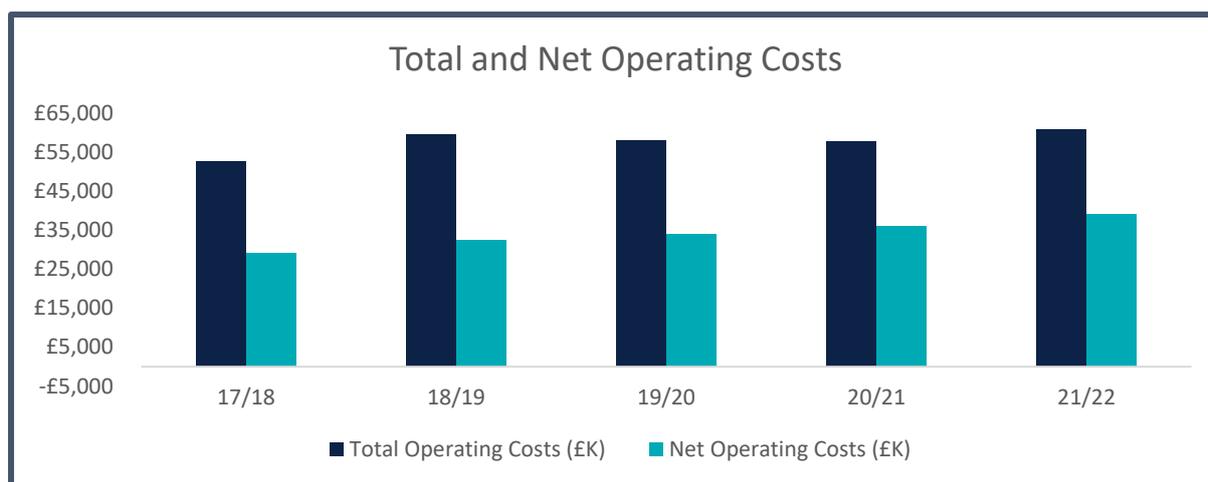
- Other UK Public Sector partners £10.4 million (2020-21: £8.4 million) and included activity for the Food Standards Agency, in assuring the safety of shellfish for human consumption and environmental monitoring, and the Foreign, Commonwealth & Development Office, to actively enhance the marine environment and economies of partner nations. The increase in year is predominantly due to a return of overseas activity to pre-COVID-19 levels.
- Research and development activity funded by the European Commission £0.6 million (2020-21: £0.8 million).
- Industry and other £5.7 million (2020-21: £7.9 million) including work for the energy sector and for overseas governments.

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 91% of our total delivery activity (2020-21: 87%).

Total salary costs increased to £29.3 million over the prior year (2020-21: £28.7 million) with average full-time equivalent (FTE) staff numbers increasing to 597 FTE (2020-21: 581 FTE). There was no rise in general rates of pay, per our HMT set public-sector pay remit.

External cost increases were generally in line with consumer price index inflation. There were no charitable donations made in the year (2020-21: £Nil).

Over the last 5 years, total operating costs have increased from £52.5 million (2017-18) to £60.7 million (2021-22) 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. Over the comparable period, total income has grown from £48.1m to £62.1m. The increase predominately reflects growth in Defra funded outputs.



Assets

Land and buildings were formally revalued, on a desktop basis, as at 31 March 2022 resulting in a £2.7 million increased valuation. The new build programme at Lowestoft was successfully completed in 2020-21, however the office building was closed in January 2021 to remediate glazing. The costs associated with this activity are being wholly covered by the contractor, Morgan Sindall, and we therefore do not believe this alters the valuation of the site. Other buildings investments in the year included works to renew our seawater supply to our aquarium in Weymouth and the establishment of a genomics testing facility in Exeter.

Capital investment in scientific equipment was £1.4 million in the year, (2020-21: £1.8 million). This included significant updates to a range of core scientific equipment as well as investment into new and growing scientific capabilities including analytical radioanalytical analysis, disease diagnostics and marine litter.

Cefas owns 100% of the share capital of Cefas Technology Limited (CTL). CTL has provided 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 2021-22 CTL traded at a loss, due to further new product investments and lower sales volumes than planned. A review of CTL's activities during the year will result in a transfer of many operating activities from CTL to Cefas from the start of the new financial year. This will maintain support to existing customers and will minimise operating costs. Performance will be further reviewed in the new year.

CTL's unaudited results include: Operating loss before tax of £96,000 (2020-21: £77,000 (audited)) on income of £348,000 (2020-21: £242,000 (audited)). CTL net assets at 31 March 2022, £232,000 (unaudited) (31 March 2021, £329,000 (audited)).

Cash Management

Cefas consumed operating cash of £28.6 million (2020-21: £27.4 million) during the year. This increase over the prior year is primarily due to higher operating volumes and changes in working capital. Investments in property, plant and equipment have continued in the year and account for a further outflow of £4.4 million (2020-21: £3.2 million). Having reviewed the cash requirements of the agency with Defra, we have drawn down £34.9 million (2020-21: £26.9 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 96% of payments were received in pounds sterling and 4% 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 non-government 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

We enter 2022-23 with secured financial budgets from Defra and wider Partners' for a significant proportion of the financial year's Planned funding. Our plans are endorsed by Defra and reflect budget allocations set out in the Spending Review 2021. These include new evidence and advice work to support Defra's aim of robust evidence-based Policy and the Government's Integrated Review ambitions overseas. As we enter 2022-23, there are reducing funding risks and operating pressures arising from our, and our partners', necessary response to the COVID-19 pandemic.

Indicative budgets for 2021-22 for capital works at both Weymouth and Lowestoft total £3.0m.

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.

Sustainability Report

Summary

Cefas has achieved the previous Greening Government Commitments (2015-2020) and has adopted new annual targets to achieve the 2021-25 Greening Government Commitments. Cefas environmental performance in 2021-22 is not reflective of normal trends due to the continued disruption and altered working protocols that result from the COVID-19 pandemic. The impact of homeworking on our carbon emissions has not been assessed; the integration of carbon emissions from homeworking with those of our sites would have resulted in a higher emission profile in 2021-22.

Sustainability Targets

In this report, and until 2025 unless otherwise advised, Cefas will report against the 2021-25 Greening Government Commitments using the baseline of 2017-18. Targets for meeting the Greening Government Commitments are included in the report demonstrating Cefas ambition to continue improving sustainability performance in all operations and contribute to Defra net zero ambitions.

About Our Data

Cefas sustainability data and associated financial costs, are consistent with the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting Guidance 2021. 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. Consumption figures are based on a mix of billed amounts and direct meter readings and may be subject to future adjustment. Changes to historical data are only made if impact is more than 1% of Cefas aggregated data.

Carbon Footprint Overview

Carbon footprint reporting is aligned with the guidelines set out in the GHG Protocol, Cefas reports scope 1 and scope 2 data in this report. As part of a Defra Group initiative, Carbon Trust have completed carbon footprint for 2019-20 for Cefas. This will be used to guide future decisions.

Greenhouse Gas Emissions

Cefas built estate is actively managed to optimise occupancy and minimise CO₂ emissions from fossil fuel energy use. Direct emissions are reviewed under the Environmental Management System and via energy audits of sites. The energy audits feed into outline business cases for energy efficiency measures. Domestic and international business travel emissions are reduced where possible through ongoing support for flexible working arrangements and the use of digital meetings to reduce the need to travel. 39% of Cefas fleet vehicles are ultra-low emission vehicles. Natural gas consumption has increased in 2020 and 2021 across sites primarily due to heating and ventilation protocols. Direct emissions have significantly increased at Weymouth site as a consequence of the use of a new Combined Heat and Power plant. CO₂ emissions result from the operation of the research vessel RV Cefas Endeavour.

Carbon – greenhouse gas emissions			
	Performance: 2021-22 against baseline (2017-18)	2021-22 Internal target	2021-25 GGC target
GGC CO² emissions ¹	60% reduction (taking REGO certification into account, 31% without); tCO ₂ e reduced by 1546t (reduced by 788 without REGO certification)	Achieved through REGO certification (156 tCO ₂ e above target without certification)	50% reduction required by 2025

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

ENERGY CONSUMPTION		2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Energy Consumed Total (kWh '000)	7,816	6,103	5,928	7,812	7,805
	Total Electricity	2,956	2,467	2,244	4,104	4,088
	Electricity: Brown	-	-	-	1	1
	Electricity: Green	2,956	2,200	2,175	4,063	4,087
	Electricity: CHP ¹	-	-	-	-	-
	Electricity: Photovoltaic	283	267	69	40	-
	Gas	4,860	3,636	3,684	3,708	3,717
No Oil or LPG	-	-	-	-	-	
Financial indicators	Energy Costs Total (£'000)	552	479	664	651	618

GREEN HOUSE GAS EMISSIONS (GGC)		2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	GHG Emissions reportable under GGC Total (tCO₂e)	1,015 (1,910²)	1,386	1,561	2,373	2,558
	Scope 1: Direct Emissions from Buildings	904	676	673	682	708
	Scope 2: Indirect Emissions from Buildings	895	668	668	1,471	1,588
	REGO Certification for renewable electricity ³	-895	-	-	-	-
	Buildings Emissions reportable under GGC	904 (1,788²)	1,344	1,341	2,153	2,296
	Scope 1: Direct Emissions from Business Travel	109	32	144	127	150
	Scope 3: Indirect Emissions from Business Travel	13	10	76	93	112
	Travel Emissions reportable under GGC	122	42	220	220	262
Financial indicators	Official Business Travel Expenditure Total (£'000)	306	120	1,294	1,431	1,150

Notes

1. CHP data not available at time of reporting.

2. Total emissions if REGO certification is not accounted for.
3. REGO Certification received for electricity supplied from renewable sources in 2021-22. Certification for previous years being sought and data will be updated when received.

Relative to the new baseline year of 2017-18, and following certification of electricity use as fully sourced from renewables, Cefas' emissions reported against the GGC have reduced by 61% to 1015t CO_{2e}. This reduction would stand at 31% (788 tCO_{2e}) without the certification. 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, but which are reported under 'Other Target Areas'. 2021-22 data show that travel is still considerably lower than in 2019-20. In contrast, the Scope 1 tCO_{2e} emitted from buildings has increased due to the increased loss of heat through COVID-19 ventilation protocols and the operation of a Combined Heat and Power unit at the Weymouth site.

Waste and Resource Consumption

Significant reductions in operational waste have been achieved since the baseline year of 2017-18 with Cefas diverting all possible waste away from landfill and utilising the principles of the waste hierarchy to reuse and recycle as much waste as possible. The proportion of waste that is recycled is increasing, but certain laboratory waste streams cannot be recycled due to contamination or because some products are not suitable for recycling. Cefas requires high volumes of water to maintain fresh and sea water aquaria at the Weymouth site.

Waste

WASTE			
	Performance: 2021-22 against baseline (2017-18)	2021-22 Internal target	2021-25 GGC target
Waste Total	45% reduction on baseline total waste	Target to continue to reduce has been met	15% reduction on baseline total waste
Waste to landfill	97% reduction in waste going to landfill	Continue to reduce	GGC Target of <5%
Waste reused, recycled, composted	38% reduction in waste being reused, recycled and composted	Target to increase recycling, reuse in line with circular economy principles	70% of total waste recycled

WASTE		2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Waste Total (tonnes)	101	81	123	149	220
	Hazardous Waste	7	11	19	14	29
	Non-Hazardous Waste	94	70	104	135	191
	Reused, recycled, composted ¹	35	25	29	58	80
	Incinerated with energy recovery	58	44	65	41	74
	Incinerated without energy recovery	-	-	1	2	5
	Landfill	1	1	9	34	32

	% to Landfill - (this of total non-hazardous waste)	1	9	25	17	38
	% Reused, recycled, composted	37	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. Composted includes food waste sent to anaerobic digestion.

Total waste has reduced by more than 50% from the 2017-18 baseline, with waste going to landfill reduced by 85% against baseline to 3.3% of all non-hazardous waste. . Due to Cefas operations producing clinical waste, which cannot be reused, recycled, or composted, Cefas can only recycle a relatively limited proportion (36%) of its waste. The majority of non-hazardous waste, 63%, is incinerated with energy recovery.

Water

WATER			
	Performance: 2021-22 against baseline (2017-18)	2021-22 Internal target	2021-25 GGC target
Water consumption¹	35% reduction in water consumption compared to baseline	Target achieved	GGC Target 8% reduction achieved

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

WATER		2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Water Consumed (m³)	40,844	32,550	47,427	49,976	64,451
Financial indicators	Water Supply Costs (£'000)	169	147	203	182	192

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 37% from 2017-18 baseline following rationalisation of the aquarium at the Lowestoft site in 2019-20, and relocation of work to the Weymouth site. The Lowestoft site is currently 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	2021-22 internal target	2021-25 GGC target
Domestic flights	98% reduction on 2017-18	3 flights target achieved	GGC target 30% reduction achieved
Paper use	75% reduction on 2017-18	Target achieved	GGC reduce by 50% achieved
Ultra-Low Emission Vehicles	30% of fleet vehicles ULEV	Target achieved	GGC at least 22% ULEV by end 2022

OTHER TARGET AREAS		2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Number of domestic flights	3	1	86	216	199
	Research Vessel tCO _{2e}	4,483	5,422	4,295	5,195	3,837
	International flights tCO _{2e}	99	55	874	646	500
	Number of international flights	97	64	987	1516	1,524
	Paper use (Reams)	382	650	865	1,630	1,568

Domestic flights in 2021-2022 were reduced by 98% and international flights were reduced by 93% from the 2017-18 baseline due to 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. Nevertheless, paper use has reduced by 75% compared to the 2017-2018 baseline. Research Vessel use is governed by statutory requirements for marine environmental assessment and fluctuates from year to year; emissions in 2021-22 were below the long-term average.

Governance

Cefas has published its Environmental Policy and the overall responsibility for sustainability performance lies with Cefas Management Board and our Directors. For targeted action, sustainability progress is supported by the Sustainability Committee (CSC) which meets quarterly. The CSC reports to an Executive Director on a monthly basis. 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 review to direct management and the Board on recommended actions to reduce the environmental impact of the organisation. Cefas is a member of Defra's Sustainability Leadership Group.

UN Sustainable Development Goals

The UN has developed 17 goals to transform our world, end poverty, protect the planet and ensure prosperity for all. This aligns with Cefas core aims and our work contributes to the UN Sustainable Development Goals in numerous ways for the benefit of all stakeholders and future reporting will highlight our support of the UN Global Goals in future years.

Travel and Commuting

Domestic travel in 2021/22 increased relative to the previous year but was still significantly below levels observed before the COVID-19 pandemic. International travel has also begun to increase but was still drastically reduced in 2021-22 compared to previous years. Instead, many trips are now replaced with events held on-line and while there is an expectation that many future events and meetings will be held online, there is also an expectation that there will be a rebound in international travel. Commuting to Cefas sites remained low in 2021/22 but is expected to increase and return towards pre-pandemic levels.

Sustainable Procurement

Wherever possible and appropriate Cefas awards its contracts through the Crown Commercial Service framework and Defra network, who builds sustainability into all contracts. Considering the social, economic, and environmental impact in the purchase of goods, services and works. Purchasing has enormous potential to support people, communities, and the environment. We aim to achieve social and environmental good through every pound that we spend-as well as good value for money. We are working closely with our large suppliers to better understand, report and reduce their environmental impacts, encouraging suppliers to set their own science-based carbon reduction targets and provide emission data to Cefas.

Green ICT

Cefas continues to align with the Government's Greening Government sustainable ICT strategy to achieve the United Nations Sustainable Development Goals and support Defra 25-year Environment Plan 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 implementation 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 will help Cefas continue 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.

Quality and Assurance Certification

Cefas maintain certifications to ISO 9001 (Quality), ISO 14001 (Environmental) and ISO 45001 (Health & Safety), laboratory accreditation to ISO 17025 and approvals for Good Laboratory Practice. Lowestoft site main building achieved a 'Very Good' rating for Building Research Establishments Environmental Assessment Method (BREEAM), Cefas is maintaining certification by implementing BREEAM in use

principles in all buildings. These standards provide a 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 in 2021 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 has begun to assess the strategic impact of forecasted climate change and required adaptation on the organisation. 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 expect a continual demand for evolution in the science and evidence we provide both further developing our approach to Natural Capital Ecosystem assessments and significantly increasing our use and management of significant and multiple data sets sites. While evolving our science capability is routine the scale and pace of evolution may be expected to increase.

Cefas also recognise the need to continually adapt our significant assets: Cefas are included in the Defra Group Estates' climate change national 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. Our future asset strategy also includes the renewal of our RV monitoring platform within the coming decade to meet the monitoring requirements, to ensure future flexibility and limit any use of fossil fuels.

Cefas believe the scale and breadth of necessary adaptation can be managed within our existing role, remit and governance arrangements.

Future Strategy

Cefas 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.



Neil Hornby
Chief Executive
22nd June 2022

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 conducted 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 potential conflicts of interest of Board Members and a Register of Interests is maintained and published at <https://www.gov.uk/government/organisations/centre-for-environment-fisheries-and-aquaculture-science/about/our-governance>. 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 five (5) non-reportable incidents of unauthorised disclosure recorded at Cefas over the reporting period.

Directors' Report

Our Board

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

**Neil Hornby**

Chief Executive

Appointed 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 Chief Executive and Chief Operating Officer

Appointed 2005

Career includes a broadly equal split within both the public and private sector in a range of finance and operations leadership roles in Defra and the professional services, leisure, construction and healthcare sectors.

**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.

**Dr Siân Limpenny**

Director of Energy and Organisational Strategy

Appointed 2020

Joined in 1994 as an MSc student and thereafter completed a PhD whilst working at Cefas. Marine scientist with over 25 years' experience in providing innovative solutions for partners in the UK and the Middle East. Appointed as Cefas Divisional Director in 2013, Strategy, Partnerships & Transformation Director in 2016 and Middle East Operations Director (2017).

**Steve Millward**

Operations Director and interim HSEQ 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**

International Funding and Partnerships Director

Appointed 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 and is a Fellow of the CIPD. Career includes 30 years of senior HR leadership in local government, NHS, Police, Social Services and engineering/technology in the private sector.

**Mark Pendlington**

Cefas Management Board, Chair (Non-Executive)

Appointed 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, European Union (EU) and international dimensions.

**Ian Selby**

Audit and Risk Assurance Committee, 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.

**Ruth Bumphrey**

Cefas People Development Committee, Chair (Non-Executive)

Appointed 2021

Career includes environmental protection, Head of Earth Observation, marine science and technology, and engineering related research.

**Rachel Mills**

Cefas Science Advisory Committee, Chair (Non-Executive)

Appointed 2021

Career includes leadership roles at the Universities of Sussex and Southampton. Deep Sea oceanographer and ocean chemist.

**Mike Rowe**

Defra Representative (Non-Executive)

Appointed 2021

Career includes current role as Director of Marine and Fisheries in Defra and previously positions including Director for EU and International Trade and Principal Private Secretary.

Our Board's Year

Our Board's focus across 2021-22 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 4 Cefas Centres of Excellence</p> <ul style="list-style-type: none"> Seafood safety Fisheries Aquatic animal health International marine climate change
Our People	People and Engagement	<ul style="list-style-type: none"> Delivery of the People Action Plan Focus on people engagement, with an emphasis to maintain engagement throughout our response to COVID-19 Advancing equality, diversity and inclusion People Action Plan developed bringing together all 'people related' actions across Cefas
	HSEQ	<ul style="list-style-type: none"> Implementation of the Health and Safety Culture Improvement Programme Improving our environmental accounting and setting future targets for Cefas sustainability
Our Partners	Operational Delivery	<ul style="list-style-type: none"> Focus on quality deliverables to our partners Annual Cefas Satisfaction Questionnaire results and actions Maintaining professional capability through our ISO Accreditations
	COVID-19 response	<ul style="list-style-type: none"> Adhering to COVID-19-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 2021-22 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 and implementation of the Cefas international funding and partnership strategy

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
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

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 the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that National Audit Office are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware

Governance Statement

This statement sets out the governance arrangements and performance of the Centre for Environment, Fisheries & Aquaculture Science (Cefas) in 2021-22. 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 set by Ministers, 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 2021-22 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. 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 throughout the year. The lead NED provides a sounding board for the Chief Executive and serves as an intermediary for other NEDs, when necessary.

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

A register of interests declared by Board members are managed by the Chair of the Board to ensure any potential conflict of interest is avoided or managed. During the year, no material conflicts have been reported. The Board and the ARAC have been fully quorate during the year. A record of Board attendance, committee attendance and the register of interests 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's assessment of its adherence to 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 (the Board)

Executive Members	Non-Executive Members
Neil Hornby Tim Green Siân Limpenny Steve Millward Stuart Rogers Steve Addison (from October 2021) Karin Rundle (from October 2021)	Mark Pendlington, Chair Ian Selby Rachel Mills (from June 2021) Ruth Boumphrey (from June 2021) Andrew Watkinson (to June 2021)
	Defra Senior Official
	Mike Rowe

	Audit & Risk Assurance Committee	Science Advisory Committee	People Development Committee
Frequency	4 meetings held	2 meetings held	2 meetings held
Members (Non-Executive Directors)	Ian Selby (Chair) Mark Pendlington Anne Marie Millar (Independent ARAC NED from October 2021)	Rachel Mills (Chair from June 2021) Andrew Watkinson (Chair to June 2021) Independent science advisors (to June 2021): Jon Pitchford Tara Marshall Francesco Falciani Linda Lawton Sarah Culloty	Ruth Boumphrey (Chair from June 2021) Andrew Watkinson (Chair to June 2021) Ian Selby Rachel Mills (from June 2021)
Key areas of responsibility	Provides a monitoring function for corporate governance and control systems, advising on 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"> Further development of approaches to Risk Appetite and tolerance Cyber and Information Security People processes, performance management and Inclusion Financial Planning and control Property management 	<ul style="list-style-type: none"> Cefas Science Themes - Strengths, Weaknesses, Opportunities and Threats. From July 2021 the Chair convenes quarterly evidence sessions, drawing on targeted independent experts as required, covering: <ul style="list-style-type: none"> Science strategy Data Literacy Technology development & investment 	<ul style="list-style-type: none"> Monitoring of progress with People Strategy Supporting employee equality, diversity & inclusion performance with emphasis on gender and race Advice and support with employee engagement as new policies are developed Advice and support in development of rewards

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 2021-22 took place in April 2022. The key actions agreed following the review included: an integration of the new Cefas 2030 strategic priorities and goals into the focal structure of the Board; increasing the number of items tabled for the Board which require decisive input over assurance reviews; and the scheduling of a tailored effectiveness review during Quarter 3 of 2022-23, to be led by an external assessor.

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 delivered well through what has been a demanding year in which the effects of the COVID-19 pandemic have still been felt, impacting the way in which we have been able to work both in the office and the laboratory as well as our fieldwork in the UK and overseas. Despite the pressures, Cefas has demonstrated a strong performance against key performance indicators, exceeding expectations in a number of areas including notably our science publications, partner satisfaction results and income plans secured for the next financial year (details provided 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: Cefas' contributions to a number of high profile international events (notably the G7 Summit, COP15, COP26 and the launch of the UN Decade of Ocean Science); the development of a new organisational strategy for Cefas with a horizon through to 2030; and opportunities arising from ambitious UK Government commitments, especially towards decarbonisation and nature recovery. No new significant performance issues were identified in the year.

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 and opportunities 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 principal 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 are 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 supporting activities 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 determine and prioritise those key corporate risks and opportunities. Key

operational risks are captured in the Cefas Opportunity and Risk Register and reported to Defra, as required. Key strategic risks are identified in the Annual Plan.

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 the most productive and traceable manner. Insurance is a part of this plan as, whilst Cefas is self-insured as a government agency, additional commercial insurance is applied for motor liability, health, for colleagues residing overseas, and professional indemnity, for work with non-UK Government customers. The professional indemnity insurance recognises the increased risk to our government remit of this other work and these costs are applied to these customers; this is not 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 mitigating 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 partner 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 value for money from government funding is closely scrutinised. We are therefore working across other Government Departments, international government to government projects and wider market contracts to ensure we maintain access to world class opportunities that support our critical capabilities for our Defra role. This increases operating complexity and risk - 91% of all our activity is for UK Government bodies and related research and development programmes (2020-21: 87%). Our risk appetite is to tolerate low to moderate operational risks over these projects as a trade-off to maintain our critical science capabilities.

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 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

Lines of Defence

Cefas use three lines of defensive control to manage potential risks:

First line - Daily operational risk management

Primary responsibility for managing organisational risks through designing and implementing appropriate mitigating controls rests with operational level management.

Second line - Monitoring and reporting

Secondary responsibility for implementing and/or monitoring the performance of first line of defence controls comprises internal risk management and compliance functions.

Third line – Independent Review and Audit

Final responsibility to provide independent risk assurance and review of the effectiveness of governance, risk management and internal controls, including first- and second-line controls. Independent assurances will typically be provided by external auditors.

The Role of the Audit and Risk Assurance Committee (ARAC)

The ARAC provides the primary assurance mechanism. It operates in accordance with the Audit and Risk Assurance Committee Handbook, published by HM Treasury. For 2021-22, the ARAC has been supported by a Head of Internal Audit and team from the Government Internal Audit Agency. 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 key organisational risks in year. The risk trends have been captured and monitored via ongoing management and quarterly risk management reviews:

Risk Area	Principal Mitigation
<p>Cyber Security</p> <p>As a government agency Cefas is likely to be targeted by digital attacks in the form of cyberattacks aimed at accessing or destroying sensitive information, extorting money, impacting on business processes. This is an area of growing sophistication and exposure as Cefas expands its delivery footprint globally. New regulations and high-profile cyber incidents place higher expectations on this area.</p>	<p>Cefas has an Information Security Management System (ISMS) in place, that is compliant with ISO27001 and the government functional standard for security GovS 007. Using risk assessments and auditing the ISMS ensures that mitigating controls are in place to reduce the risks to Cefas and partner information to acceptable levels aligned to the Cefas risk appetite.</p> <p>The ISMS controls cover cyber, physical and personnel risks and include technical, policy and procedural controls.</p>
<p>COVID-19</p> <p>COVID-19 continued to have a significant impact across the UK, globally and within Cefas, during the reporting year and beyond. Impacts throughout 2021-22 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-19-Secure protocols of laboratory, fieldwork and vessel activities.</p>	<p>Cefas continued to respond to COVID-19 risks by fully complying with all changes in Government guidance throughout the year including; requiring many colleagues to work at home when required to do so, the adaptation of sites to be certified as “COVID-19-Secure” and a carefully managed programme of fieldwork and vessel activities where planning demonstrated that suitable COVID-19-Secure working could be achieved.</p> <p>Cefas’ home and site-based productivity proved strong although greater challenges were experienced with off-shore vessel operations where pre-departure testing proved effective at managing risks but did restrict some key activities. The loosening of the governments COVID-19 guidance in the last quarter have allowed us to re-start more site, field and international work.</p>
<p>Funding pressures</p> <p>Funding pressures are a constant risk to manage. Following the financial year 2020-21, where significant funding was withdrawn due to COVID-19 prioritisation requiring Cefas to draw on support funding from HMT, a prudent business plan was set. The Spending Review 2021 was a significant fiscal event requiring our input.</p>	<p>The annual business plan ensured staff numbers commenced the year low and overhead investment authorities were constrained. However, the reforecasting of finances during the year tracked a strong year of demand for Cefas services enabling resource increases to meet demand and planned investments. A strong financial performance was achieved.</p> <p>Cefas contributed to Defra’s Spending review submission which secured a sound settlement for the coming three years. We continue to work with Defra to specify and confirm the required outputs.</p>

Risk Area	Principle Mitigation
<p><i>Readiness to respond to emergencies</i></p> <p>Cefas ability to respond to emergencies is challenged due to COVID-19, funding pressures and cross government support commitments.</p>	<p>Major incident plans are in place and supporting governance continues to over-see risks in these areas. Resilience is designed to a level that would be stretched by multiple, co-terminus incidents. No instances of compromised response occurred within the reporting year.</p>
<p><i>Scientific quality and reputation</i></p> <p>The quality of our science is reduced or compromised through: lowered staff retention post-COVID-19 and/ or poor assurance or control of outputs. Scientific reputation is subject to increased stakeholder scrutiny and public attention.</p>	<p>Quality assurance of our people, processes and strategic science direction are subject to close management oversight. Published outputs are subject to peer review. Quality management systems assure our processes. Independent reviews through our Science Advisory Committee support objective assessments.</p> <p>Opportunities to increase the impact of our outputs through increased communication and engagement activities have been identified, although these will bring further risks to manage.</p>
<p><i>Management of key supplier activities</i></p> <p>Effective management of our supply chain is key for successful future delivery. Our key suppliers are Mitie, for building services, AW Ship Management, for RV services, Morgan Sindall for the Lowestoft site construction and Microsoft for Cloud information technology Services. They manage technically complicated services for Cefas who may not be well placed to assure the level of performance.</p>	<p>We continue to enhance key-supplier performance and due diligence processes in year including:</p> <ul style="list-style-type: none"> - Applying independent, expert audit assurance over technical performance. - Seeking assurances and evidence for the protection of our partners' and our own information. - obtaining further assurances over financial resilience.
<p><i>Market and Political Volatility</i></p> <p>War in eastern Europe brings many impacts many uncertainties including: application of sanctions, energy pricing and availability, supply chain shortages, transportation difficulties as well as the likelihood of unimagined risks.</p>	<p>Impacts on the reporting year have not been significant. Cefas has taken all steps to support UK Government sanctions. Greater risks exist into the future: some sensitivity has been built into future business plans, close monitoring of sanctions compliance continues, international working is undertaken in full collaboration with FCDO and Defra internationally.</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 formal 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

While there is positive assurance over the operation of Cefas' overall governance and controls during the reporting period 1 April 2021 to 31 March 2022, one significant performance issue and one significant control weaknesses were identified in year, being:

- Performance issue: incidence of three compliance breaches of the Animal (Scientific Procedures) Act in our aquaria facilities following fish mortalities. We are working openly with the Home Office regulator to resolve all identified issues including: failure to provide adequate care and accommodation, and failure to ensure installations and equipment were suitable for the species of protected animals.

Remedial actions: We are agreeing remedial actions with the regulator, including: enhancements in leadership capacity and resourcing levels, which have been implemented, and equipment maintenance, performance monitoring and audit assurance actions, which are being implemented during summer 2022.

- Control issue: insufficient assurances of adherence to lifting procedures onboard RV Endeavour were identified by an independent audit.

Remedial actions: Our precautionary approach ensured relevant operations were immediately paused until acceptable assurances were established. Control weaknesses were identified in operator training, equipment, and working protocols. Actions have been implemented across these areas, through the advice and guidance of external experts, to enable certain operations to recommence. Further equipment improvements are still to be implemented to enable all activities to recommence. Enhanced monitoring and audit assurances are being implemented.

Conclusion

The governance arrangements set out in this statement have supported Cefas' aims throughout the reporting year as evidence by high levels of partner satisfaction, highly regarded scientific excellence, sustainable finances, engaged people and sound assurances. 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 (the Board's) executive directors. The remuneration of senior civil servants (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. Karin Rundle, 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.

Up to 15% of Directors' remuneration may be performance-related and is reviewed against the achievement of ministerial and personal targets. There is a maximum notice period of six months from Cefas/ 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 information - 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 – Subject to Audit

Board executive directors £'000	Salary		Performance pay		Pension benefits		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Chief Executive (from February 2021) Neil Hornby ¹	100-105	15-20	5-10	-	56	15	160-165	30-35
Chief Executive (to June 2020) Tom Karsten ²	-	35-40	-	-	-	-	-	35-40
Chief Operating Officer and Deputy CEO (Interim Chief Executive June 2020 – January 2021) Tim Green	75-80	85-90	-	10-15	22	45	95-100	140-145
Chief Scientist Stuart Rogers	75-80	75-80	-	0-5	-8	24	65-70	100-105
Operations Director Steve Millward	75-80	75-80	0-5	0-5	21	33	100-105	110-115
Commercial Director (from April to October 2020 and October 2021 to March 2022) Steve Addison ³	35-40	45-50	-	0-5	30	15	65-70	60-65
Director of Energy and Organisational Strategy (from October 2020) Siân Limpenny ⁴	70-75	35-40	0-5	0-5	42	17	115-120	55-60
Corporate Service (HR/OD) Director (from April to October 2020 and October 2021 to March 2022) Karin Rundle ⁵	35-40	35-40	0-5	5-10	28	14	65-70	60-65
Director of Strategy, Transformation and Partnerships (to June 2020) David Righton ⁶	-	10-15	-	0-5	-	6	-	20-25

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 Steve Addison £75,000-80,000; ⁴ Siân Limpenny 2020-21- £80,000-85,000, 2021-22- £70,000-£75,000; ⁵ Karin Rundle £65,000-70,000; ⁶ David Righton £60,000-65,000

Remuneration Median and Ratios – Subject to Audit

	2021-22	2020-21
	£'000	£'000
Band of highest paid employee total remuneration excluding pension benefits (£'000)	105-110	100-105
Median Total Remuneration (£)	32,709	32,595
Ratio	3.3	3.2
Total percentage change in highest paid director total remuneration in relation to previous year	6%	-
Total percentage change in average salary and allowance payments (all staff) in relation to previous year	0%	-
Total percentage change in average performance and bonus payments (all staff) in relation to previous year	-16%	-
Ratio of the highest paid director & employee on the 25th percentile	3.9	3.5
Ratio of the highest paid director & employee on the 75th percentile	2.7	2.5

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 3.3 (2020-21: 3.2) times the median remuneration of the workforce, which was £32,709. In 2021-22, nil (2020-21, 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 2021-22 was £15,000-£20,000 (2020-21: £15,000-£20,000).

The percentage increase in the highest paid directors remuneration compared to 2020-21 is 6%. Due to no performance bonus being paid to the highest paid director in 2020-21.

There was no percentage increase to the average salaries, in respect of employees' of the entity, as compared to 2020-21. Following a Civil Service wide pay freeze year.

The average percentage change in respect to employees' performance pay or bonuses of the entity as compared to 2020-21 is -16%. Following the cancellation of the Individual Performance Related Pay scheme, instead all staff received a flat rate payment.

As at the reporting date based on annualised full time equivalent salaries the below pay relationships existed.

- (1) The banded remuneration of the highest paid director in 2021/22 was 3.9 (2020-21: 3.5) times the 25th Percentile of the remuneration of the workforce.
- (2) The banded remuneration of the highest paid director in 2021/22 was 2.7 (2020-21: 2.5) times the 75th Percentile of the remuneration of the workforce.

Cefas gender pay comparative is reported alongside the Defra group at <https://www.gov.uk/government/publications/defra-gender-pay-gap-report-and-data-2020>.

No Board executive directors were in receipt of any benefits in kind (2021–22: 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 Board executive and non-executive directors are made through the PAYE system.

The individuals in the Remuneration of Cefas Directors Table (page 49) 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 – Subject to Audit

Board non-executive directors £'000	Fee band		Performance pay		Pension benefits		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Mark Pendlington, Chair (from December 2020)	5-10	0-5	-	-	-	-	5-10	0-5
Andrew Watkinson (to June 2021)	0-5	5-10	-	-	-	-	0-5	5-10
Ian Selby (from 2018)	5-10	5-10	-	-	0-5	0-5	5-10	10-15
Ruth Boumphrey (from June 2021)	0-5	-	-	-	-	-	0-5	-
Rachel Mills (from June 2021)	5-10	-	-	-	-	-	5-10	-
Jane Smallman, Chair (to October 2020)	-	5-10	-	-	-	0-5	-	5-10
Anne MacColl (to May 2020)	-	0-5	-	-	-	-	-	0-5

Anne Marie Millar acts as an Independent Non-Executive Director on the ARAC. No fees are paid.

Pension Entitlement of Cefas Directors – Subject to Audit

Board executive directors £'000	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 2022 (cash equivalent transfer value)	CETV at 31 March 2021 (cash equivalent transfer value)	Real increase in CETV
	31 March 2022	31 March 2022	31 March 2022	31 March 2021	2021-22
Chief Executive (from February 2021) Neil Hornby	0-2.5 plus lump sum of 0-2.5	40-45 plus a lump sum of 10-15	556	496	30
Chief Operating Officer and Deputy CEO (Interim Chief Executive June 2020 – January 2021) Tim Green	0-2.5	25-30	429	396	10
Chief Scientist Stuart Rogers	0 plus a lump sum of 0	35-40 plus a lump sum of 100-105	803	799	-8
Operations Director Steve Millward	0-2.5	25-30	457	422	9
Director of Energy and Organisational Strategy (from October 2020) Siân Limpenny	0-2.5 plus lump sum of 0-2.5	25-30 plus a lump sum of 40-45	427	377	27
Commercial Director (from April to October 2020 and October 2021 to March 2022) Steve Addison	0-2.5	10-15	233	197	24
Corporate Services (HR/OD) Director (from April to October 2020 and October 2021 to March 2022) Karin Rundle	0-2.5	25-30	411	363	19

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 – Totals Subject to Audit

	2021-22			2020-21		
	Male	Female	Total Numbers	Male	Female	Total Numbers
Directors - SCS 2	1	-	1	1	-	1
Directors - SCS 1	3	-	3	2	-	2
Directors - Other	1	2	3	2	1	3
Other Permanently employed staff	311	279	590	311	264	575
Total	316	281	597	316	265	581

People costs – Subject to Audit

£'000	Permanently Employed People	Temporarily Employed People	Total 2021-22	Total 2020-21
Wages and Salaries	21,399	-	21,399	21,139
Social Security Costs	2,306	-	2,306	2,232
Superannuation	5,556	-	5,556	5,362
Total staff expenditure	29,261	-	29,261	28,733

The average number of working days lost due to sickness was 3.3 days (2020-21: 1.5 days). Included in the permanently employed people costs for 2021-22 is an accrual for untaken leave and Leave in lieu of £1,831,663 (2020-21: £1,857,858). No consultancy and no temporary people costs were incurred during the year (2020-21 Nil). Turnover (wastage rate) for 2021/22 was 8.7% (compared to 7.4% in 2020/21).

Off-payroll arrangements

Off-payroll engagements as of 31 March 2022, for more than £245 per day and that last for longer than six months	
No. of existing engagements as of 31 March 2022	1
Of which:	
No. that have existed for less than one year at time of reporting.	1
No. that have existed for between one and two years at time of reporting.	0
New off-payroll engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022, 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 2021 and 31 March 2022	3
Of which...	
No. assessed as caught by IR35	-
No. assessed as not caught by IR35	3
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 2021 and 31 March 2022	
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 (subject to audit)

There were no redundancies or other departure costs paid in 2021-22 (2020-21 – 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 an 89% response rate to the annual Civil Service People Survey conducted in October 2021. The average response rate for the entire civil service is 75%. The survey is designed to measure people engagement and Cefas use the results to inform our actions to enhance our levels of engagement. Our overall engagement index was 63% (2020-21 - 65%).

Employee involvement in all our operations is actively encouraged through listening events, 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 2021-22, 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 successful application for accreditation to the Athena SWAN gender inclusion standard where we achieved Bronze 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 the health, safety, environmental and quality standards (ISO 9001, 17025, 14001) and successful transition to ISO 45001 from OHSAS 18001 during the last financial year. This past year has seen a concerted and positive effort of improvement across the full range of H&S management through the Health and Safety Culture Programme.

Leading on Culture Change in Health and Safety

This financial year has seen focused activity undertaken to clarify H&S roles, responsibilities and clarity in the area of leadership culture and governance approach. All Cefas Senior Leaders have engaged with a number of workshops and ongoing discussions aimed at promoting and supporting a positive H&S culture throughout their areas of influence.

Incidents and Accidents

Incident figure trends have continued to improve, showing another year-on-year reduction over the previous 3 years. Proactive reporting by colleagues of control lapses and near misses is important as it supports improvements to our systems and culture. The level of such reporting remains strong when compared to Lost Time and Medical Treatment incidents, with a ratio of 34:1. (1 Lost Time and 1 Medical Treatment case for the year.) There have however been two significant issues identified:

- a quality performance issue resulting in an incidence of failure to maintain compliance with the Animal (Scientific Procedures) Act in our aquaria facilities, and;
- a control issue where an audit identified insufficient assurances of adherence to lifting procedures onboard RV Endeavour.

Both these issues resulted in the cessation of operations to ensure that quality and safety performance and assurances were resolved.

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	10.66

Percentage of Time Spent on Facility Time

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

Percentage of Pay Bill Spent on Facility Time

	£000
Provide the total cost of facility time	30
Provide the total pay bill	29,261
Provide the percentage of the total pay bill spent on (total cost of facility time ÷ total pay bill) x 100	0.1%

Paid Trade Union Activities

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

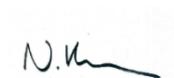
The information in this section has been subject to audit.

Regularity of Expenditure - Cefas has considered all 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.

Remote contingent Liabilities - none to disclose under non-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
22nd June 2022

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 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Centre for Environment, Fisheries and Aquaculture Science's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 2022 and its net operating costs 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 for 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 listed 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 financial statements nor my auditor's certificate and report. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000:

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000
- 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 and is in accordance with the applicable legal requirements.

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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Centre for Environment, Fisheries and Aquaculture Science 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 parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns ; 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:

- maintaining proper accounting records;
- 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;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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; and
- 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Centre for Environment, Fisheries and Aquaculture Science's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Centre for Environment, Fisheries and Aquaculture Science 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 and Managing Public Money;
- discussing among the engagement team and involving relevant internal 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 a result of these procedures, I considered the opportunities and incentives that may exist within the Centre for Environment, Fisheries and Aquaculture Science for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained 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, 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 and Tax Legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented 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 described above as having direct effect on the financial statements;
- 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 and internal audit reports;
- 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 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 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.

Other auditor's responsibilities

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

24 June 2022

Financial Statements

Statement of Comprehensive Net Expenditure For the Year Ending 31st March 2022

	Note	<u>2021-22</u> <u>£000</u>	<u>2020-21</u> <u>£000</u>
Revenue from contracts with customers		(21,001)	(20,972)
Other operating income		(662)	(943)
Total income	3	<u>(21,663)</u>	<u>(21,915)</u>
Staff Costs		29,261	28,733
Other Costs		23,910	22,892
Non-Cash items		7,561	6,179
Total operating costs	2	<u>60,732</u>	<u>57,804</u>
Net operating costs		<u>39,069</u>	<u>35,889</u>
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on Revaluation of Property, plant and equipment	4	(2,903)	241
Total comprehensive net expenditure for the year		<u>36,166</u>	<u>36,130</u>

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

All income and expenditure relate to continuing operations.

The Notes on pages 70-86 form part of these accounts.

Statement of Financial Position As at 31st March 2022

	Note	31st March 2022	31st March 2021
		£000	£000
Non-current assets			
Property, plant and equipment	4	39,062	34,168
Investments	6	150	150
Total non-current assets		39,212	34,318
Current assets			
Trade, other receivables and contract assets	7	8,934	11,190
Cash and cash equivalents	8	4,881	2,961
Total current assets		13,815	14,151
Total assets		53,027	48,469
Current liabilities			
Trade, other payables and contract liabilities	9	(10,271)	(9,971)
Provisions	10	(221)	(11)
Total current liabilities		(10,492)	(9,982)
Non-current assets plus/less net current assets/liabilities		42,535	38,487
Non-current liabilities			
Provisions	10	(400)	(373)
Total non-current liabilities		(400)	(373)
Total assets less total liabilities		42,135	38,114
Taxpayers' equity and other reserves			
General fund	SCTE	36,303	35,046
Revaluation reserve	SCTE	5,832	3,068
Total reserves		42,135	38,114



Neil Hornby
Chief Executive
22nd June 2022

The Notes on pages 70-86 form part of these accounts.

Statement of Cash Flows

For the Year Ended 31st March 2022

	2021-22	2020-21
	£000	£000
Cash flows from operating activities		
Net operating expenditure	(39,069)	(35,889)
Adjustments for non-cash transactions	7,561	6,179
(Increase)/Decrease in trade and other receivables	2,256	307
Increase/(Decrease) in trade payables	300	2,735
less movements in payables relating to items not passing through the Operating cost statement	377	(751)
Use of provisions	(9)	(19)
Net cash outflow from operating activities	(28,584)	(27,438)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,396)	(3,160)
Net cash outflow from investing activities	(4,396)	(3,160)
Cash flows from financing activities		
Agency funding	34,900	26,900
Net financing	34,900	26,900
Net increase/(decrease) in cash in the period	1,920	(3,698)
Cash and cash equivalents at the beginning of the year	2,961	6,659
Cash and cash equivalents at the end of the year	4,881	2,961

The Notes on pages 70-86 form part of these accounts.

Statement of Changes in Taxpayers' Equity For the Year Ending 31st March 2022

	Note	General Fund <u>£000</u>	Revaluation Reserve <u>£000</u>	Total Reserves <u>£000</u>
Reserves balance at 31 March 2020		39,562	3,433	42,995
Funding received		26,900	-	26,900
Net Operating Costs for the year	SOCNE	(35,889)	-	(35,889)
Non-cash adjustments				
Auditors' remuneration	2	50	-	50
Non-cash charges - other	2	4,299	-	4,299
Movements in reserves				
Recognised in Other Comprehensive Expenditure:				
Revaluation of Property, plant and equipment	4	-	(241)	(241)
Transfers between reserves		124	(124)	-
Reserves balance at 31 March 2021		35,046	3,068	38,114
Funding received		34,900	-	34,900
Net Operating Costs for the year	SOCNE	(39,069)	-	(39,069)
Non-cash adjustments				
Auditors' remuneration	2	64	-	64
Non-cash charges - other	2	5,223	-	5,223
Movement in reserves				
Recognised in Other Comprehensive Expenditure:				
Revaluation of Property, plant and equipment	4	-	2,903	2,903
Transfers between reserves		139	(139)	-
Reserves balance at 31 March 2022		36,303	5,832	42,135

The Notes on pages 70-86 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 2021–22 Government Financial Reporting Manual (FReM) issued by HM Treasury under the Government Resources and Accounts Act 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 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.

Going Concern

Management have prepared a going concern assessment, which includes consideration of a business forecast for the going concern period through to 30 June 2023. This considers the reliance on available support and funding from DEFRA and considers reasonably plausible downside sensitivities related to income risk, for example in relation to the impact of COVID-19, on our business activities. Management has concluded as a result of this assessment that it is appropriate to prepare these accounts on a going concern basis applying IAS1 as interpreted under the FReM.

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 (reported in notes 7 and 9)
- 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 2022 (further detail set out with note 1.4) with a valuation date of 31 March 2022. 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

Property valuation is sensitive to changes in underlying assumptions. Key sensitivities are: a change in build and labour costs, where +/- 1% change could lead to an approximate +/- £230k change in the value of land and buildings and judgement on Useful Economic Life, where difference in management and valuation lives could lead to an approximate +/- £200k decrease in in year depreciation but do no effect valuations.

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 quinquennial full valuation was as at 31 December 2019 and the last valuation was on a desktop basis at Lowestoft and Weymouth as at 31st March 2022. 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 Global Standards 2021 under the Global Technical and Performance Standards (VPS 4) Bases of Value, assumptions and special assumptions supplied by the Royal Institute of Chartered Surveyors.

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 2022.

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.

The Useful Economic Life for assets is assessed and set by management and determines the depreciation charge, this can vary from the Useful Economic Life as applied in the asset valuation process by external valuers.

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 Partners.

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 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 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 EU income.

1.9 Additional Funding

CTL Dividend

Under IAS 18, any dividend payable from CTL to Cefas is recognised when the shareholders right to receive the payment is established. No dividend was declared in 2021-22 (2020-21 no dividend declared).

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.

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

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 recharges from Defra charged against the SOCNE by virtue of an interdepartmental adjustment via the General Fund. Costs incurred (HR, legal and property) from shared services are made by cash transfer in accordance with other supplier invoices.

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 £200,000-300,000 for vehicle leases expected to be added to the value of fixed assets following the introduction of these standards.

In addition, Cefas occupy some land and buildings, which are leased by Defra, that are separate to the two main Cefas sites in Lowestoft and Weymouth. Cefas pays Defra a notional charge for use of these spaces, and it is currently planned that Defra will report the entire right-of-use asset for these land and buildings upon implementation of IFRS 16.

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 fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. This standard is not expected to have any impact upon Cefas.

Note 2 Expenditure

	2021-22	2020-21
	£000	£000
Staff Costs		
Wages and Salaries	21,399	21,139
Social Security Costs	2,306	2,232
Other Pension Costs	5,556	5,362
Total	29,261	28,733
Other Costs		
Rentals under operating leases	127	147
Travel, subsistence and hospitality	756	175
Consumables	5,547	3,909
Vessels	5,143	4,545
IT service costs	2,864	2,053
Technical services	6,854	6,322
Estate management	(332)	1,216
Hired and contracted services	1,607	3,255
Training	317	262
Publicity, marketing & promotion	68	62
Stationery & printing	73	71
Office services	607	575
Exchange rate (gains)/losses - Realised	30	35
Exchange rate (gains)/losses - Unrealised	(19)	(34)
Internal audit fees	61	52
Fees & commissions	34	35
Credit Losses	(24)	28
Other	197	184
Total	23,910	22,892
Non-cash items		
Depreciation	2,027	1,816
Loss on the disposal of Property, Plant and Equipment	1	-
NAO Auditors' remuneration	64	52
Non-pension provisions provided for in year	246	14
Defra notional charges	4,710	3,953
Defra estates charges	513	344
Total	7,561	6,179
Total Expenditure	60,732	57,804

Defra notional charges are for facilities management £4,394,000 (2020-21 £3,808,000) and Defra management overheads £316,000 (2020-21 £145,000).

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'. For Cefas, these are the Board and Executive Directors' team and they evaluate performance regularly using operating segments.

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

	2021-22	2020-21
	£000	£000
Operating Income		
Defra (competed income)	1,971	1,179
Defra Group Bodies	3,027	3,646
Public Sector	10,378	8,411
European Union	597	779
Industry and other	5,690	7,900
Total	21,663	21,915
Contribution towards indirect overheads		
Defra	(36,455)	(32,446)
Defra Group Bodies	388	362
Public Sector	1,049	553
European Union	388	298
Industry and other	1,204	1,674
	(33,426)	(29,559)
Indirect Overheads	(5,643)	(6,330)
Net Operating cost	(39,069)	(35,889)
Defra funding	41,146	36,912
Net Operating surplus	2,077	1,023

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 external 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.

EU expenditure is £597,000 (2020-21 £779,000) which is equal to EU income.

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 2021	884	30,100	70	6,452	24,279	1,432	63,217
Additions	-	-	-	-	-	4,019	4,019
Transfers	-	-	-	1,415	-	(1,415)	-
Disposals	-	-	(70)	(197)	-	-	(267)
Revaluation	-	2,744	-	252	-	-	2,996
At 31 March 2022	884	32,844	-	7,922	24,279	4,036	69,965
Depreciation							
At 1 April 2021	-	8,650	69	2,267	18,063	-	29,049
Charges in year	-	802	-	794	431	-	2,027
Disposals	-	-	(69)	(197)	-	-	(266)
Revaluation	-	-	-	93	-	-	93
At 31 March 2022	-	9,452	-	2,957	18,494	-	30,903
Net book value 31 March 2022	884	23,392	-	4,965	5,785	4,036	39,062
Net book value 31 March 2021	884	21,450	1	4,185	6,216	1,432	34,168
Assets financing							
Owned	884	23,392	-	4,965	5,785	4,036	39,062
Net book value 31 March 2022	884	23,392	-	4,965	5,785	4,036	39,062

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 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

Note 5 Impairment and Revaluation

The Lowestoft site has been redeveloped over three years with the project works concluding in October 2020. 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 2022 the land and buildings in Lowestoft and Weymouth were valued resulting in a total valuation gain of £2,744,000 (2020-21: £580,000 loss) being a gain of £1,495,000 (2020-21: £411,000 loss) at the Lowestoft site and a gain of £1,249,000 (2020-21: £169,000 loss) at the Weymouth site.

The increase in the total revaluation reserve £2,903,000 (2020-21: £241,000 decrease) is made up of the valuation gain of £2,744,000 (2020-21: £580,000 loss) on buildings and a gain of £159,000 (2020-21: £339,000 gain) indexation on IT and Plant and machinery.

In reviewing the valuations set out above, reference should be made to accounting policies 1.3 and 1.4 which set out the approach taken to management estimation regarding the year end buildings valuation as presented by our 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 (2021-22: unaudited). 2020-21 numbers have been updated to the audited numbers:

	2021-22	2020-21
	£000	£000
Other current assets	189	198
Cash and cash equivalents	305	179
Liabilities	(262)	(48)
Net assets at 31 March 2022	232	329
Turnover	348	242
Profit/(Loss) before tax for the year	(96)	(77)

Within the Profit/Loss before tax for the year is an operating loss of £96,000 (2020-21: £77,000 loss), a realised gain on investments of £Nil (realised gain 2020-21: £10,000). In 2020-21 CTL sold its investment in shares.

Note 7 Trade Receivables and Other Current Assets

	31st March 2022	31st March 2021
	£000	£000
Amounts falling due within one year		
Trade receivables	4,359	6,302
Other receivables	31	22
VAT	-	249
Prepayments and accrued income	2,253	1,994
Contract Assets	2,318	2,675
Less Expected Credit Loss for receivables and contract assets	(27)	(52)
Trade and other receivables	8,934	11,190

Accrued income and contract assets relating to EU funding total £740,000 (2020-21: £964,000).

Intra-government receivable balances as at 31 March 2022 with the following bodies were: other central government bodies £4,375,000 (2020-21: £3,909,000), local authorities £8,000 (2020-21: £Nil) public corporations and trading funds, £Nil (2020-21: £607,000), bodies external to government £4,551,000 (2020-21: £6,674,000).

Contract assets £2,318,000 (2020-21: £2,675,000) 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 £2,675,000.

Note 8 Cash and Cash equivalents

	2021-22	2020-21
	£000	£000
Balance at 1 April	2,961	6,659
Net change in cash and cash equivalent balances	1,920	(3,698)
Balance at 31 March	4,881	2,961
The following balances at 31 March are held at:		
Government Banking Services	4,881	2,961
Balance at 31 March	4,881	2,961

Note 9 Trade Payables and Other payables

	31st March 2022	31st March 2021
	£000	£000
Amounts falling due within one year		
VAT	303	-
Other taxation & social security	571	534
Trade payables	691	612
Other payables	578	552
Accruals & deferred income	5,509	5,867
Contract liabilities	2,619	2,406
Trade and other payables	10,271	9,971

Other payables include employee pension contributions, at 31 March 2022, totalling £578,000 (2020-21: £552,000).

Intra-government payable balances as at 31 March 2022 with the following bodies were: other central government bodies £3,042,000 (2020-21: £2,487,000), local authorities £4,000 (2020-21: £2,000), public corporations and trading funds £1,000 (2020-21: £67,000), bodies external to government £7,224,000 (2020-21: £7,415,000).

Contract liabilities £2,619,000 (2020-21: £2,406,000) 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 £2,406,000.

Note 10 Provisions

	Facilities	Contract Provisions/ losses	Legal claims	Total
	£000	£000	£000	£000
Balance at 1st April 2021	282	11	91	384
Provided in the year	124	110	12	246
Provisions Utilised in the year	(9)	-	-	(9)
Balance at 31st March 2022	397	121	103	621

Analysis of expected timings of discounted flows

Not later than one year	100	121	-	221
Later than one year and not later than five years	297	-	103	400
Balance at 31st March 2022	397	121	103	621

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 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 2021-22	31st March 2020-21
	£000	£000
Contracted capital commitments at 31 March for which no provision has been made:		
Property, plant and equipment	409	1,360

The balance relates to the commitments for estates and science equipment.

Note 12 Commitments under Leases**Operating Leases**

Total future minimum lease payments under operating leases:

	31st March 2022	31st March 2021
	£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	86	133
Buildings operating leases - one to five years	163	196
Buildings operating leases - over five years	-	13
Total of buildings operating leases	249	342
Other		
Other operating leases - not later than one year	143	129
Other operating leases - one to five years	121	227
Total of other operating leases	264	356

Note 13 Other Financial Commitments

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

	31st March 2022	31st March 2021
	£000	£000
Not later than one year	2,777	2,580
Later than one year and not later than five years	2,784	5,167
	5,561	7,747

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 £43,117,000 was received as, Funding of £41,146,000 (Core Defra), and £1,971,000 (invoiced Defra) (2020–21: £36,912,000 (Core Defra) and £1,179,000 (Invoiced Defra)). At 31 March 2022, £67,000 was due from Defra (2020–21: £102,000) and £Nil was owed to Defra (2020–21: £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 £226,000 was derived from CTL (2020-21: 75,000) and costs of £152,000 were payable to CTL (2020-21: £171,000). At 31st March 2022, £226,000 was due from CTL (contract asset) (2020-21: £38,000) and £Nil was owed to CTL (2020-21: £12,000). Tim Green and Steve Millward 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 £Nil (2020-21: £3,000) were payable to Wessex Archaeology.

Ruth Boumphrey Non-Executive Director is currently a Trustee at The National Oceanography Centre. Costs of £1,000 (2020-21: £Nil) were payable to The National Oceanography Centre.

Stuart Rogers Executive Director is currently a Trustee at The Marine Biological Association. Costs of £2,000 (2020-21: £9,000) were payable to The Marine Biological Association.

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

ARAC	Audit and Risk Assurance Committee
ASPA	Animals Scientific Procedures Act 1986
BiTC	Business in The Community
BREEAM	Building Research Establishment Environmental Method
CEFAS	Centre for Environment, Fisheries & Aquaculture Science
CHP	Combined Heat & Power
Board	Cefas Management Board
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
FHI	Fish Health Inspectorate
FReM	Government Financial Reporting Manual
FTE	Full-Time Equivalent
GGC	Greening Government Commitments
GHG	Greenhouse Gas
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
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
IF	Impact Factor
iMC3	International Marine Climate Change Centre
ISA	International Standards on Auditing
ISMS	Information Security Management System
ISO	International Organisation for Standardization
IT	Information Technology
MCCIP	Marine Climate Change Impacts Partnership
MPA	Marine Protected Area
NED	Non-Executive Director
ODA	Official Development Assistance
OHSAS	Occupational Health and Safety Assessment Series
ORRAA	Ocean risk and Resilience Action Alliance
PAYE	Pay As You Earn
PCSPS	Principal Civil Service Pension Scheme
R&D	Research and Development
RICS	Royal Institute of Chartered Surveyors
RRS	Royal Research Ship
RV	Research Vessel
STEM	Science, Technology, Engineering & Mathematics
SCS	Senior Civil Servants
SoCNE	Statement of Comprehensive Net Expenditure
SOCTE	Statement of Changes in Taxpayers' Equity
SSRB	Senior Salaries Review Body
UN	United Nations
UK	United Kingdom
VAT	Value Added Tax



Centre for Environment
Fisheries & Aquaculture
Science



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

Cefas is an executive agency of Defra

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