

Annual Report and Accounts

2022/23



HC1406

**Centre for Environment, Fisheries &
Aquaculture Science
Annual Report and Accounts 2022-2023**

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

Ordered by the House of Commons to be printed
on 29 June 2023

HC1406



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at CMB.Office@cefas.co.uk

ISBN 978-1-5286-4071-8

E02901348 06/23

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office



CONTENTS

Performance report

Chief Executive Statement	7
Our Vision, Our Mission	11
A Sustainable Future	12
Our Priorities for The Future: Cefas 2030	15
Performance Overview	18
Our Objectives and Key Performance Indicators	24
Science Impact	29
Performance Analysis	50
Sustainability Report	61

Accountability report

Corporate Governance	84
Directors' Report	86
Our Board's Year	91

Statement of Accounting Officer's Responsibilities	94
Governance Statement	96
Risk Management	105
Remuneration Report	124
Staff Report	136
Parliamentary Accountability and Audit Report	153
Certificate and Report of the Comptroller and Auditor General	154
Financial statements	
<hr/>	
Statement of Comprehensive Net Expenditure	169
Statement of Financial Position	171
Statement of Cash Flows	174
Statement of Changes in Taxpayers' Equity	176
Notes to the Accounts	179
Abbreviations	229

PERFORMANCE REPORT



Performance Report Chief Executive Statement Summary of 2022- 2023

This year has been a momentous one for Cefas, celebrating 25 years since we were created as an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra) and 120 years since our origins as a government marine laboratory in Lowestoft. It was an honour to welcome Her Royal Highness the Princess Royal to Lowestoft in March to recognise these milestones and formally open our new headquarters building.

We have worked with partners in the UK and around the world, to tackle the many challenges our marine and freshwater environments are facing from climate change, biodiversity loss and pollution and to secure the supply of safe and sustainable seafood. The world increasingly understands the importance of the ocean for the climate, nature and livelihoods - and the need to protect it. Recent commitments by the global community to protect 30% of the ocean by 2030, through the new Global Biodiversity Framework and the new agreement on protecting marine biodiversity in international waters, are significant milestones and we, in Cefas, look forward to enabling their implementation.

At home, we have again provided scientific evidence and advice into a wide range of international fisheries negotiations as well as supporting the new Fisheries Management Plans provided for in the Fisheries Act 2020. We have seen a further growth this year in our offshore wind development work and, with partners, have played a key role in the marine Natural Capital Ecosystem Assessment Programme (mNCEA) and the latest publications from the Marine Climate Change Impacts Programme (MCCIP). We have actively contributed to the investigation into the North-East crustacean mortality incident, collaborating with other government agencies to try to understand causality.

Internationally, the Ocean Country Partnership Programme (OCP) under the Blue Planet Fund has developed significantly as we moved into in-country delivery and the RRS Discovery research expedition to Ascension and St Helena was a particular highlight of our partnership on the FCDO Blue Belt programme. We have continued to partner with FCDO in the Middle East under the Gulf Strategy Fund and we launched a 'One Food' programme with the South African government focused on using the 'one health' concept to improve the resilience of food systems in southern Africa.

Looking ahead, our Cefas 2030 strategy, launched this year, sets a new vision for the organisation and includes ambitious objectives for our science, our people, our engagement and our use of data and technology. A key part of our 2030 strategy is to enhance our partnerships with our sectors and communities; we have been pleased to participate in a wide range of national and local events this year, including working with local schools and colleges. One highlight has been to ‘twin’ a local school in Lowestoft with the school on Ascension Island to share perspectives on marine conservation. We also held an external Science Review, the outcomes from which set the wheels in motion for a revised Cefas Science and Evidence Strategy and a new Digital, Data and Technology Strategy.

We were privileged to welcome visitors back to our sites, including Sir Patrick Vallance, Government Chief Scientific Adviser, to our Weymouth laboratory last summer and many international visitors - helping to strengthen scientific collaborations. We hosted many of our partners onboard our Research Vessel, (RV) Cefas Endeavour, in Lowestoft where we were able to showcase some of the exceptional work that happens on the vessel.

This year we have seen impacts from the war in Ukraine, affecting so many across Europe and in the UK, and from political changes in the UK. Through these, we have continued to be a resilient organisation, testament to our people, who have adapted and delivered excellent programme outcomes. I am very grateful to every one of them for their contribution. I'm also particularly grateful to our outgoing Chief Scientist, Professor Stuart Rogers, who retired after 37 years in Cefas. I look forward to working with his successor, Professor Grant Stentiford, and all my Cefas colleagues and partners in the year ahead.



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

NEIL HORNBY
Chief Executive
21st June 2023

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

A Sustainable Future

Cefas, the Centre for Environment, Fisheries, and Aquaculture Science, is an Executive Agency of Defra (the UK Government's Department of Environment, Food and Rural Affairs). Through innovative solutions and world leading applied science we work to ensure a sustainable future for our rivers, seas and the ocean, supporting healthy and productive marine and freshwater ecosystems.

Our rivers, seas and the ocean are facing significant global threats. These precious environments regulate our climate, are home to up to 80% of life on earth and provide essential resources that we all rely on. Many are now seriously degraded and communities around the world are facing the devastating consequences of climate change, biodiversity loss, energy and food insecurity, animal disease, and pollution. Our scientists work on tackling these pressing problems, supporting both UK and international governments to fulfil their commitment to restoring nature for a healthier and more prosperous society.

Data and innovation drive our work. We use a wide array of surveillance, mapping and sampling technologies to collect this data, converting it into

the evidence needed to support our trusted expert advice. We deploy our Research Vessel, the Cefas Endeavour, as well as autonomous marine vehicles, remotely piloted aircraft, and satellites to monitor and assess the state of our aquatic environments and the life that lives there. We apply breakthrough technologies, such as genomics and artificial intelligence, alongside internationally accepted tools to aid understanding and to develop vital science solutions.

We believe that science is integral to good decision making. By embedding our science and our scientists at the heart of the process we ensure our work is applied for the public good and has lasting impact. We employ specialists from right across the aquatic sciences – from aquatic animal health to aquaculture, blue carbon to biological effects monitoring, fisheries to future energy. In addition to supporting these important policy areas, we also stand prepared to respond to marine and freshwater emergencies including, aquatic animal disease outbreaks, extreme weather events, oil or chemical spills and radioactivity contamination.

We cannot do this alone. We work collaboratively with partners across UK and international governments, the maritime and fishing industry,

non-governmental organisations, research institutes and universities, to achieve the best outcomes with those that share our vision. By also increasing our engagement and partnerships into our diverse local communities, we want to inspire the next generation of scientists to deliver these critical ambitions: understanding, protecting and restoring our precious aquatic environments and meeting society's needs, now and in the future.

Our work, both domestically and internationally, continues to support the achievement of Defra's strategic outcomes, agreed under SR20. Primarily on Strategic Outcomes 2 on Environment and Climate, representing around 30% of our outputs, and on Strategic Outcome 3 on Agriculture, Food and Fisheries, representing around 60% of our outputs. The work that we do to support these priorities also supports goals within Defra's 25 Year Environment Plan on:

- Thriving marine plants and wildlife, minimised marine waste;
- A thriving fishing industry that uses resources from nature more sustainably and efficiently
- Improved working effectiveness.

All our work, 100%, also supports government commitments to deliver UN Sustainable Development Goals (SDGs), specifically for us:

SDG14 *‘Conserve and sustainably use the oceans, seas and marine resources for sustainable development.*

Our Priorities for the Future: Cefas 2030

Achieving ambitious national and international outcomes will require us to think, work and act differently. We will need to be innovative in all areas of our organisation. This will continue to grow our reputation for delivering world leading marine and freshwater science. To fulfil our Mission through to 2030 we will prioritise actions to shape our work and organisation to meet the challenges we face. We will be working to our [Cefas 2030](#) strategic objectives from FY23/24. FY22/23 has been a transitional year where the new strategy and indicators have been developed so FY22/23 is the final year that we are reporting against our previous strategy and their associated KPIs.

All of our work is committed to enabling **seven critical strategic outcomes**:

- Achieving UK and global net zero emissions by 2050, with improved resilience and adaptation to the impacts of climate change.
- Protected and enhanced marine ecosystems in the UK and around the world, supporting delivery of the Global Biodiversity Framework.

- Thriving marine industries and sustainable marine development which supports UK economic growth.
- A safe and sustainable supply of seafood domestically and overseas.
- A productive and sustainable UK fishing industry with an increasing percentage of total allowable catches set in line with scientific advice.
- Achieving good environmental status in UK marine environments.
- England and Wales benefit from high aquatic animal health status, with aquaculture and aquatic animals protected from the impacts of hazards (including new/emerging diseases and pathogens).

To rise to these significant challenges, we have identified **six strategic priorities** on which we will focus, providing us with a new framework through to 2030:



Influencing Decisions

As a trusted global authority, we will embed marine and freshwater science at the heart of decision making.



Excellent Science Leading Change

Using excellent science, we will lead transformative change to achieve healthy and productive rivers, seas and the ocean.



Ambitious for Each Other

We will enable individuals to thrive together, delivering safely wherever we work.



At Cefas Everyone is Valued

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



Data and Innovation Driven

We will harness the power of data and technology to respond to the world's pressing problems.



Working Together

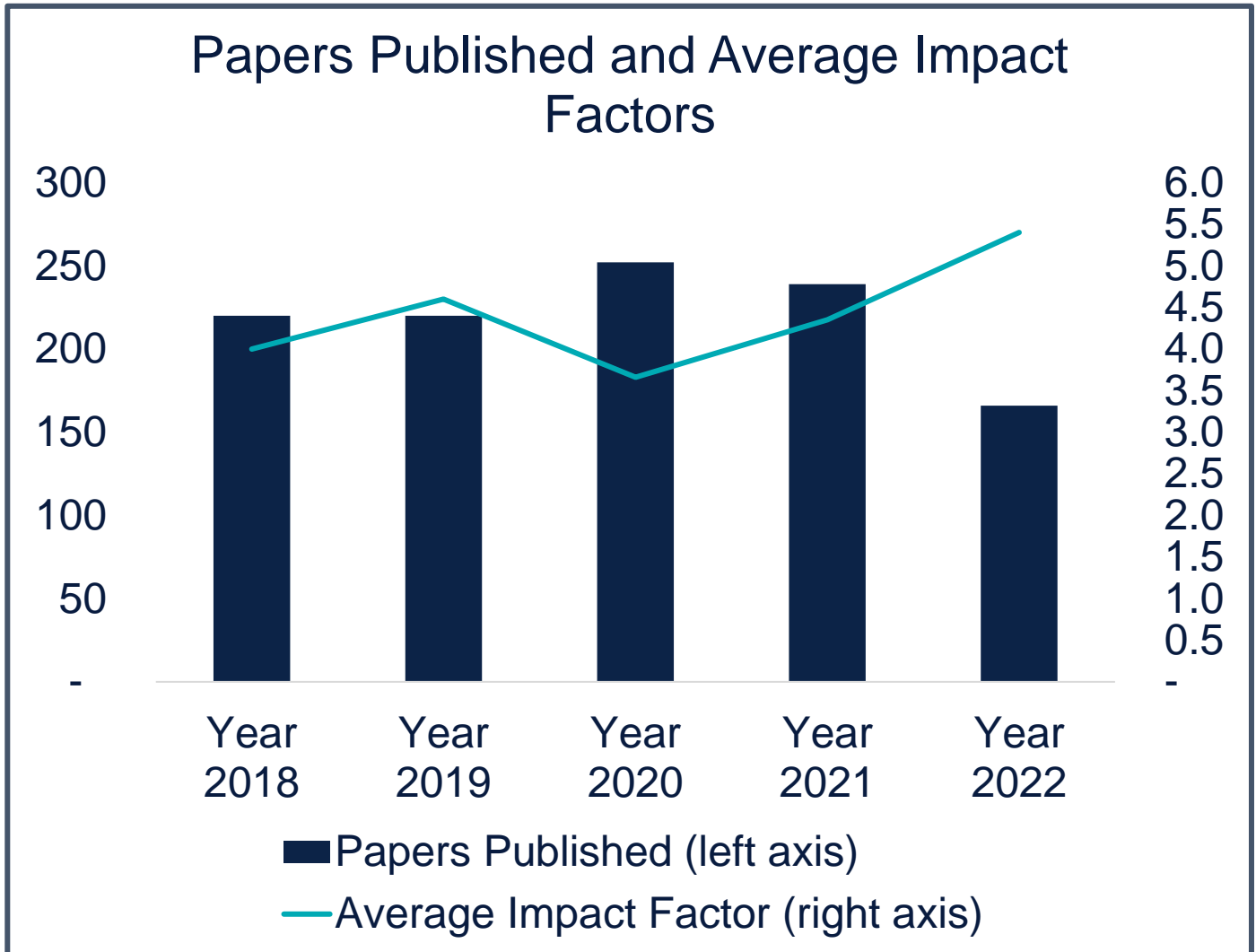
We will strengthen partnerships and community engagement to collaborate and build collective understanding.

Performance Overview

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



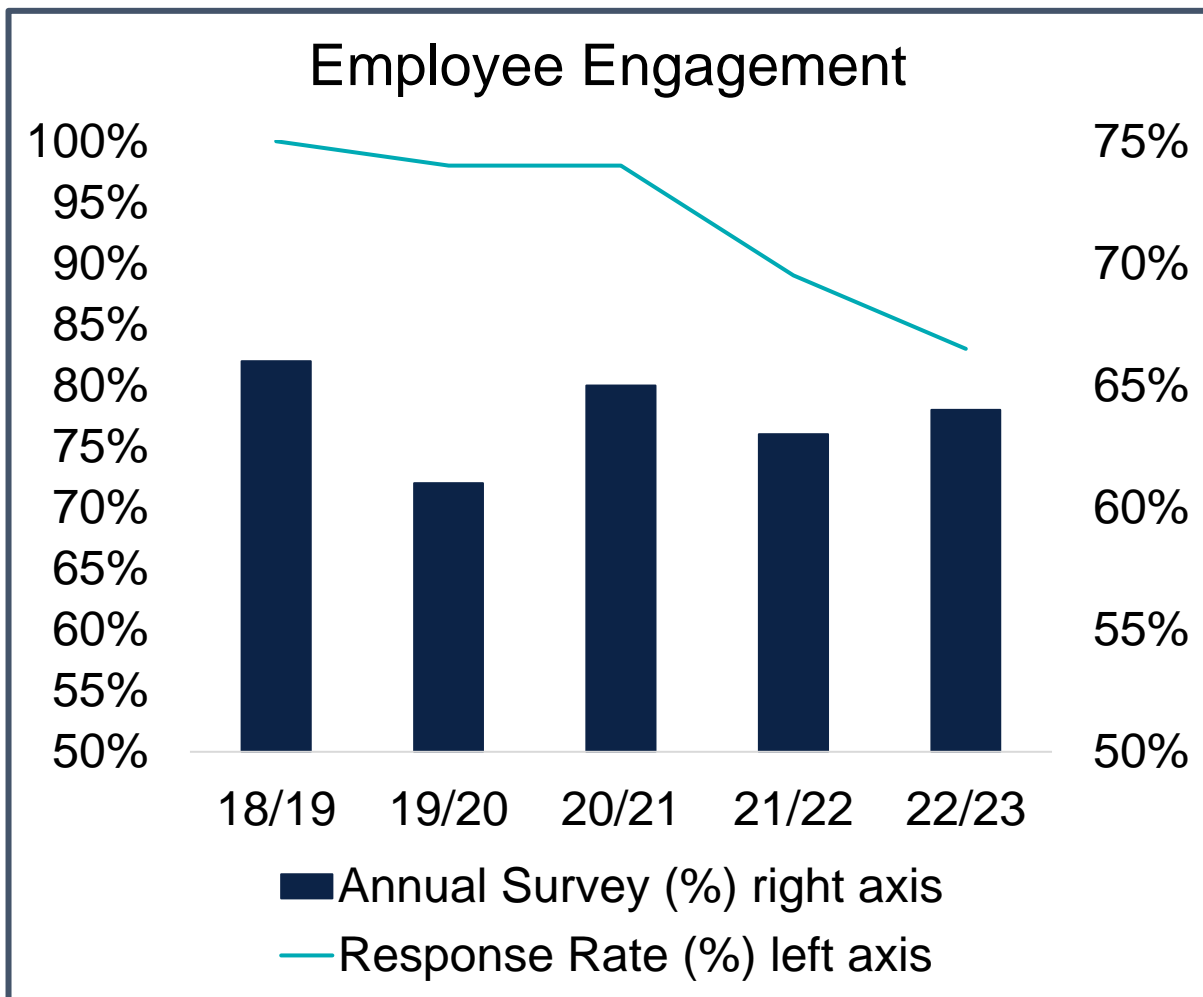
Our Science



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 grew during COVID-19 restrictions in 2020 and 2021 when paper output benefitted as typical

work was not possible. 2022 shows a related decline to 166 papers, against a target of 230, reflecting a reduction in lower impact outputs as our average impact factor has increased to 5.4 against 4.4 in the previous year. We understand there are limitations to assessing impact factor scores over time and are considering alternative measures for the future.

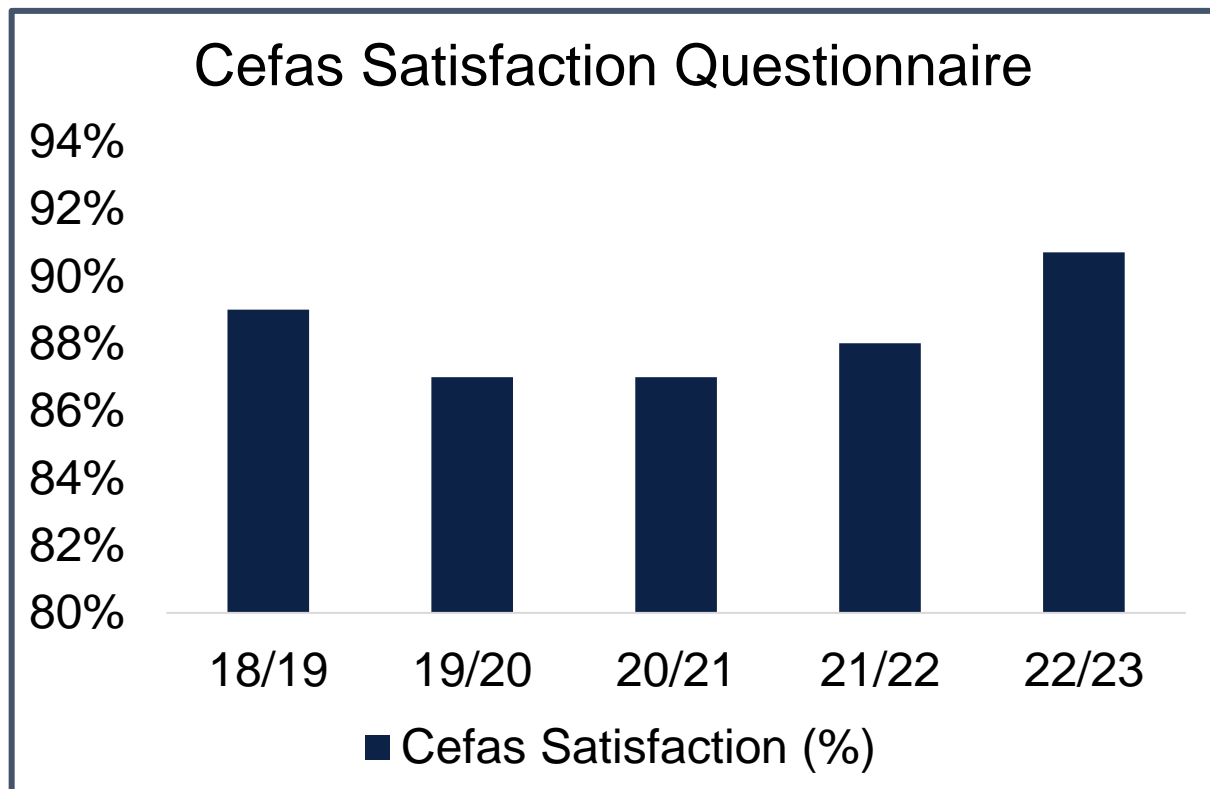
 **Our People**



Evidence of the engagement of our people is assessed through the annual Civil Service People Survey. The annual survey score of engagement increased in 2022-23 to 64% (2021-22 63%), noticeably positive in a challenging climate of concerns over levels of pay and industrial action. Significant focus is placed on learning and responding to the results and issues raised from the Survey. We believe our results are representative, with high numbers of Cefas colleagues routinely responding, 83% in 2021-22. While this is below our target, of 85%, it is above the average across the whole Civil Service of 65%.



Our Partners

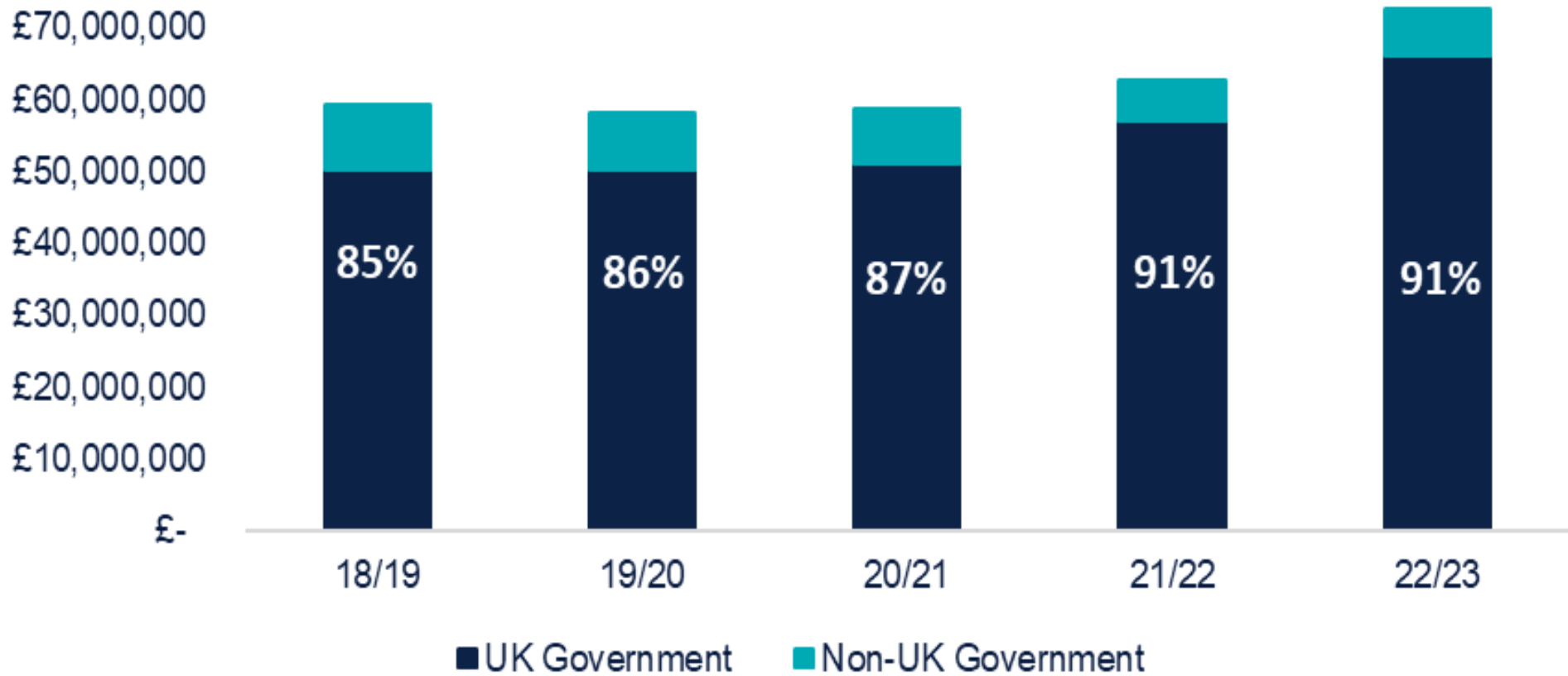


Evidence of the impact experienced from our science excellence and quality is assessed through an annual Satisfaction Questionnaire completed by our funding partners. In 2022-23, our results show an improved satisfaction score of 90%, against 88% in 2021-22 and exceeding our target of 88%. We use the details from our satisfaction questionnaires to continually improve our effectiveness.



Our Work

Total Funding Sources



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 (2022-23 being 22% above 2018-19 income), with a commensurate increase in outputs. UK government funding continues to represent the majority of our total, being 91% in 2022-23.

Our Objectives and Key Performance Indicators

In 2022-23 we introduced our new Cefas 2030 strategy which sets out our long-term strategic ambition, we also developed new Success Indicators for use in 2023-24. For 2022-23 we continued to use our Performance Indicators as set out in our Cefas NEXT strategy to provide metrics whilst our Success Indicators were under development and consultation. Our existing approach uses a balanced scorecard of indicators which allows us to manage our opportunities and uncertainties. The balanced scorecard approach aligns our indicators to our existing strategic objectives, with the aim of strengthening our delivery and long-term capacity.

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, performance in 2022-23 is reported here:

Corporate Strategy	Annual Performance Indicators	Why this indicator is important to us?	2022-23	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	Demonstrate our science influence, impact and capability (target: 230 papers)	166 ¹ papers	239 ¹ papers	254 ¹ papers	218 ¹ papers

	Self-investment in research, development, innovation and facilities	Invest in Cefas' future (target: 10% of Cefas' Delivered Turnover 2025)	£1.9 m ²	£1.9 m ²	£5.5 m ²	£8.4m
OUR PEOPLE	Employee Engagement Response rate	People are key to our success (target: 90%)	83%	89%	98%	98%
	Ratio of Safety Alerts raised to Reportable Lost Time and Medical Treatment incidents	Demonstrate our ambition for Zero Harm in the workplace (target: 20:1)	62:1	34:1	31:1	21:1

OUR PARTNERS	Cefas Satisfaction Questionnaire Results	Assuring our impact (target: 87%)	90%	88%	87%	87%
	ISO Accreditations maintained for 14001, 18001, 9001, 17025.	Assuring our quality (target: all accreditations maintained)	✓	✓	✓	✓
OUR WORK	Delivering to our financial budgets to at least break-even	Value for money (target: Nil - £0.25m surplus)	£2.5m 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%)	79%	72%	57%	68% ⁴
---	--	-----	-----	-----	------------------

¹ Measured by calendar year

² Decline as investment in the Lowestoft site concludes

³ After Agreed HM Treasury COVID-19 support of £4m

⁴ Previous target - to secure 78% of income.



Science Impact

2022 has seen our scientists resume and embrace “normal” activities, with UK and international field work, marine monitoring and conference attendance reflecting pre-COVID-19 levels. Flagship international programmes such as Blue Belt and the Ocean Country Partnership Programme (OCPP) have required our experts to provide surveying, analysis and advice in locations spanning the breadth of UK Territories, coastal states and countries from Ascension to Pitcairn Island and Belize to Bangladesh. COP27, COP15 and IMPAC5 in Egypt, Montreal and Vancouver were important platforms to drive and share commitments to climate change, nature recovery and marine protection. Our advice was integral to all three major international initiatives. In the UK, RV Cefas Endeavour has completed 188 survey days, 132 of which were for Defra. The data collected is critical to informing policy and management decisions supporting sustainable

fisheries and nature recovery in our domestic waters.

The work we undertake in the field, in our laboratories, offices and communities is reflected in a range of formats made accessible on our website and other platforms: reports, report cards, science communications, open data, data visualisation, outreach materials and academic papers. We published 166 peer-reviewed papers in 2022 across a range of journals with the highest average Impact Factor (5.4) that we have recorded. While the number of papers published decreased compared to 2021 the proportion available as open access was higher than ever (70%) and 38% were in journals with an impact factor of five and above. Beyond the journal literature, highlights included the first Cefas authorship in the Intergovernmental Panel on Climate Change Assessment Reports as well as other globally impactful publications through the UN Food and Agriculture Organisation (FAO), OSPAR and the World Health Organisation.



Sustainable fisheries

Cefas continued to provide evidence and advice to support the implementation of the Fisheries Act 2020 and to help the UK fulfil its responsibilities as an independent coastal state. In 2022-23, Cefas scientists supported fisheries negotiations with the European Union (EU), bilateral negotiations with the Faroe Islands and with Norway, trilateral negotiations with the EU and Norway, and multilateral coastal state negotiations on pelagic stocks. The year also marked the 40th anniversary of the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) and the 10th anniversary of Cefas' provision of technical and scientific advice to the UK Commissioner to CCAMLR on fisheries assessment and management, the ecosystem effects of fishing and responding to climate change.

Our scientists also supported the UK's role as contracting party to five Regional Fisheries Management Organisations: the North-East Atlantic Fisheries Commission, North Atlantic Salmon Conservation Organisation, Northwest Atlantic Fisheries Organization, International Commission for the Conservation of Atlantic Tunas, and the Indian Ocean Tuna Commission.

Development of fisheries evidence and advice is enabled by a chain of interlinked activities at sea, in our laboratories and in ports and harbours. This includes planning and conducting market and observer surveys, fishery independent surveys, sample processing, data curation and delivery, fish stock assessments and advice drafting.

Underpinning research and development, including quality assurance and improving access to data and analytical methods, seeks to drive continuous improvement in evidence and advice. For example, Cefas' longstanding role in developing, testing and optimising methods to provide catch advice for data-limited stocks, provides significant real-world benefits by underpinning more rigorous ICES (International Council for the Exploration of the Seas) assessments and catch advice on a wider range of stocks, ultimately increasing opportunities for sustainable fishing.

Further advances in our capacity to provide evidence and advice to support implementation of the Fisheries Act are emerging from our work with the fishing industry to develop more selective gears, and the application of new camera technology and machine learning for identifying, counting and measuring fish and shellfish.

And we are working with international groups to advance methods for assessing mixed and multispecies fisheries, improve stock identification, and to develop better tools to access and visualise fisheries data.

Case study: evidence for fisheries management plans

The primary focus of Fisheries Management Plans (FMP) is to achieve long-term sustainable fishing of stocks or groups of stocks, consistent with the fisheries objectives in the Fisheries Act 2020.

Cefas scientists contributed to the evidence base for six ‘frontrunner’ FMP spanning 31 stocks, as listed in the 2022 Joint Fisheries Statement, by systematically gathering evidence on species and stock distributions, biology, assessments, status, management and research needs. Gathering and summarising such a comprehensive evidence base on short timescales, for the broad range of fish and shellfish species and geographies to be covered by FMP, was only achievable thanks to decades of scientific investment in studies of the biology and life histories of fish and shellfish, understanding fisheries and their effects, and developing and applying monitoring and assessment methods.

Further work to support the development and drafting of FMP will be a Cefas priority in 2023.

Marine biodiversity

We measure marine biodiversity to map the habitats in our seas, and to assess their vulnerability to human pressures. We provide advice on the status and need for marine protected areas in the UK and Overseas Territories, and to help maintain healthy marine ecosystems. Drawing on 30 years of data, our work on improving water quality provides crucial evidence to support the OSPAR convention and the UK government's Marine Strategy on how to monitor and assess marine pollution in our oceans.

Throughout 2022, we have been using this evidence and data to support the 2023 OSPAR Quality Status Reporting – one of the most comprehensive and up-to-date assessments of the status of the North-East Atlantic Ocean and endorsed by the UN Decade of Ocean science. These assessments will contribute to improving marine management and monitoring strategies, both in the UK and globally, and support the development of a set of indicators to monitor UK waters. With negotiations continuing in 2023 for a new internationally legally binding agreement to tackle plastic pollution, Cefas' monitoring

programme will continue to work with a broad range of partners to address the critical evidence gaps needed to tackle this global threat.

This year's Convention of Biological Diversity COP15 ended with a landmark agreement on a new set of biodiversity targets to halt the destruction of nature. As part of the negotiations, Cefas contributed to a Defra working group to agree the UK's position on a new invasive species target under a new Global Biodiversity Framework. Drawing on our extensive experience gained through ICES, OSPAR and Cefas' work on NSS identification monitoring, risk assessment and responses to climate change, Cefas helped to provide the evidence base to develop indicators designed to monitor progress against the target. This included advice on specific target wording, definitions of key terms and evidence to support the development of a numerical target. The final agreement, which included a target to *'reduce the rates of introduction and establishment of "known or potential" invasive species by at least 50% by 2030'* was an important step in building upon the previous 2020 Aichi targets and further progress in helping to tackle one of the main drivers of biodiversity loss globally.

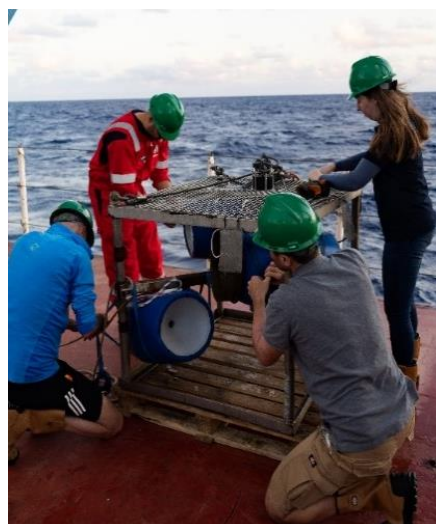
Cefas will continue to work with Defra as countries, including the UK, work towards implementation of the target in 2023.

Case study: monitoring marine protected areas

After a two-year delay due to the COVID-19 pandemic, the RRS Discovery finally completed its eight-week, 9000-mile scientific expedition to the remote and understudied waters of the UK overseas Territories of St Helena and Ascension.

Funded by the UK government's Blue Belt

Programme and supported by 11 Cefas staff on board, the expedition has improved our understanding of the unique ecosystems surrounding these two islands - from mapping previously unknown seamounts to surveying open-water environments using the latest Baited Remote Underwater Video Systems technology.



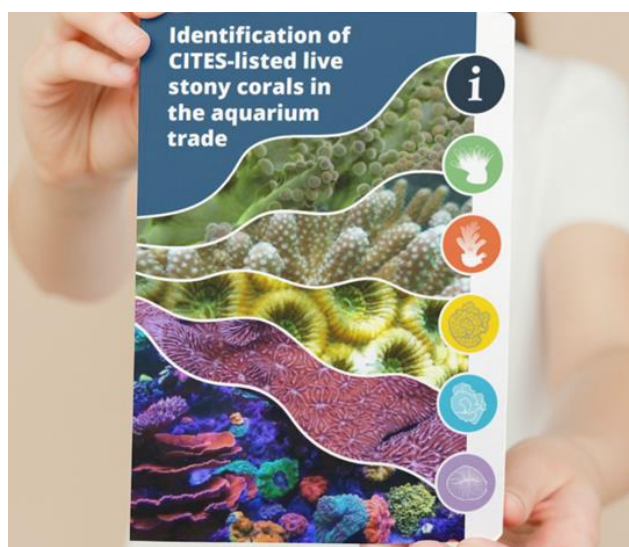
The data collected will provide vital evidence to support the Governments of Ascension and St Helena in managing their marine protected areas and protecting these important ecosystems from global threats, such as climate change.

The expedition builds on a legacy of previous scientific surveys carried out in South Georgia and the South Sandwich Islands, Tristan da Cunha, St Helena, and more recently the Pitcairn Islands where best practice and learning on marine conservation and protection has been captured and integrated into the Blue Belt programme and disseminated more widely through several published reports and peer reviewed journals.

Case study: supporting sustainable wildlife trade

Between 2016 and 2022, more than 15 million pieces of coral were exported worldwide. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) permitting system regulates trade to ensure sustainability. However, accurately identifying coral is difficult for border officials who are not coral specialists and are required to inspect and verify shipments of all wildlife imports. With over 440 different types of stony coral in trade and many often looking very different compared to in the wild, accurate and timely identification can be challenging.

To address this, in January 2022 Cefas and other stakeholders met to discuss monitoring and identify challenges. The result, a visual guide developed in collaboration with international experts aimed at supporting border staff, industry and scientific authorities to ensure sustainable coral trade.



The guide was launched at CITES COP19 in November 2023 during a side event where 150 copies were given away to international delegations, NGOs, and industry bodies. The guide has now been distributed to 100 UK border officials who are already putting it to use and is being translated into Indonesian Bahasa with 500 copies planned for distribution across Indonesia.

Marine climate change

Cefas has an established track record of national and international leadership on marine climate change issues. We work to describe and communicate what marine climate change means for people, for policy and for the ecosystem. We coordinate the current thinking on marine climate change issues, investigate gaps in our knowledge and help UK and international decision makers develop a robust response to the challenge of climate change.



Cefas' CEO Neil Hornby speaking at COP27. Image credit: Defra.

At this year's COP27 conference in Egypt, Cefas scientists presented the outputs from Cefas' first contribution to the Intergovernmental Panel on Climate Change 6th Assessment report, which focused on the implications of climate change for small islands. Through our International Centre of Excellence on Climate Change, we have continued to work with academia and partners to provide the latest evidence and advice to UK and

international governments on marine climate change impacts. Under the FCDO Commonwealth Marine Economies Programme, our Grenada focused report card has fed into national adaptation policy to help protect the economy and local fisheries from the impacts of climate change.

Additionally, in the Cayman Islands, Cefas carried out one of the most detailed assessments of the Islands' future climate risks, providing vital evidence to inform the Government's national climate strategy. This year also saw the launch of the Marine and Climate Change Impacts Programme's (MCCIP) 'rolling' evidence updates and the programme's work in collaborating with stakeholders to assess the impacts of climate changes in the UK Overseas Territories was shortlisted for a Defra Group award.

Healthy and safe seafood

Cefas champions a One Health approach to facilitating sustainable seafood production across our work both in the UK and internationally. We apply this approach across our research and programmes.

Through Defra's UK Official Development Assistance funded Ocean Country Partnership Programme (OCP), the UK government partners with eligible countries to deliver tangible and

positive impacts on the livelihoods of coastal communities that depend on healthy marine ecosystems, focussing on sustainable seafood, marine pollution and marine biodiversity.

The sustainable seafood theme for OCPP has seen Cefas' aquatic animal health scientists collaborate on skills and training with partners in Bangladesh, India, Sri Lanka, Ghana, Belize

and South Africa. Much of our international work in aquatic animal health is underpinned by our status as the World Organisation Animal Health (WOAH) Collaborating Centre for Emerging Aquatic Animal Diseases

We have hosted international colleagues from various countries, including from Bangladesh, Ghana, Malaysia, India and Nigeria on joint work to address key challenges of aquatic animal health and disease diagnosis, to support safe and sustainable seafood production ambitions.



Nigerian Fleming Funding fellow, working at the UK UN FAO Antimicrobial Resistance Reference Centre, based at Cefas' Weymouth Laboratory

We continue to support high aquatic animal health standards in the UK through our Fish Health Inspectorate and internationally including via our role as the WOAHA Collaborating Centre for Emerging Aquatic Animal Diseases.

Our laboratories monitor shellfish for human pathogens, toxins and radiological impacts to support our Food Standards Agency and Food Safety Scotland essential UK food safety programmes. Our United Nations FAO Reference Centre for Bivalve Mollusc Sanitation also continues to support development of safe seafood production globally, working alongside competent authorities internationally. We have delivered several workshops overseas including in Senegal and Bangladesh, collaborating with national competent authorities to promote approaches to reduce seafood safety risks and to support sector growth and trade.

We also co-lead the UK UN FAO Antimicrobial Resistance (AMR) Reference Centre, alongside the Veterinary Medicines Directorate and the Animal and Plant Health Agency. Through this centre we have been collaborating with colleagues in Ghana and Nigeria, and elsewhere, including working through Fleming Fund fellowships and workshops to enhance knowledge and capacity to address the

challenges of AMR in the aquatic environment and in seafood production. We have also been active in Kuwait and other Gulf countries on regional projects to tackle AMR in the marine environment.

Case study: one food for a one health approach to sustainable seafood

Cefas and the Animal and Plant Health Agency are leading a new Defra-funded international programme, the One Food project, re-defining how controlling hazards in food systems can positively impact biodiversity and improve their climate-efficiency.

UK and South African experts met in November 2022, in the Republic of South Africa to launch the programme and discuss how One Health approaches can be designed into the operation of sustainable food systems. The programme launch in South Africa brought together experts from a range of backgrounds to start progressing work to recognise the challenge of creating better food systems and to break down silos by focussing on mutually beneficial outcomes.

By working with economists, ecologists, climate scientists and social scientists from UK academia and with government and equivalent academic partners in South



Africa, we are looking to form a new 'Community of Practice' around these principles, both through collaborations but also via an online community. Bringing previously disparate specialisms together around a shared focus – better, safer foods that have less impact on the environment. The programme will use One Health principles in aquatic food production, and address hazards, whether chemical or biological in the environment, to achieve a new approach to food supply.

Animal Research

Most of our work does not directly involve the use of live animals, and alternative methods, such as modelling and environmental DNA sampling, are increasingly replacing traditional techniques. However, in some situations the use of animals is necessary to ensure that sound evidence is available to protect wild and farmed aquatic animals, food security, public health and the

environment. All our experimental work using protected animals is regulated by the Home Office under the Animals (Scientific Procedures) Act 1986 (ASPA). ASPA requires that our laboratories, programmes of work and personnel are licensed and that we follow approved processes that promote a 'culture of care'. This obligation is managed by our Animal Welfare and Ethical Review Bodies which also review our animal use, welfare and ethical justification. Cefas has an established Animal Welfare Policy, plays an active role in cross-governmental initiatives to apply the principles of the 3Rs (Replace, Reduce, Refine) to the scientific use of animals, is a signatory of the Concordat on Openness on Animal Research in the UK, and publishes data annually on animal use <https://www.cefas.co.uk/about-us/animals-in-science>.

Science Conference & Review

In the first week of October, Cefas held a combined event that drew together our annual science conference and annual science review in a full hybrid format for the first time. Over two days, we welcomed students, colleagues and external guests to help celebrate 120 years of science and 25 years of Cefas, followed by sessions of the Cefas Science Advisory Committee (CSAC) who reviewed progress against the ambitions of the Cefas Science and Evidence Strategy (2019-2025). Focussing on five key areas for strategic improvement (science skills and career progression; science strategy, self-investment and R&D; technology; narrative around outcomes; data literacy) CSAC pointed to the maturity of the current Science and Evidence Strategy that will need to be renewed over the next year as the organisation begins to look out towards 2030. They also highlighted the impressive scale of investment made over the last year to modernise Cefas' scientific infrastructure over the last year, citing the setting up of the Cefas genomics facility on the science park in Exeter



Cefas' Dr. Stephen Dye presents at the annual science conference.

demonstrating Cefas capability to rapidly procure and implement new, large-scale capability.

Future Ambition

We will continue to capitalise on the momentum generated by COP27 and COP15 to bring our scientific evidence and advice in support of the UK's international commitments to climate change and biodiversity. With this year's COP28 conference to be hosted in Dubai and Cefas' strong presence in the region, we will demonstrate how UK science and impact is delivering solutions on key issues, such as blue carbon, blue economy and marine climate. Our ongoing science delivery under the UK Government's major international programmes: Ocean County Partnership Programme, Blue Belt Programme and the Climate, Health and Environment Resilience Programme, will support this ambition. Domestically, Defra's new Environment Improvement Plan, heralds a more ambitious future for Cefas science evidence and advice, with an emphasis on putting science at the centre of nature protection. Linked to this, Cefas science will support the designation of new Higher Protected Marine Areas in 2023, to allow nature to fully recover to a more natural state.

The benefit of a three-year spending review settlement enables continued investment in our

science innovation and excellence, with an uplift in R&D from UK Government and growing engagement with the UKRI and academic sector, 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. Following Cefas' inclusion last year in the UK Government's 'Refresh to the National Shipbuilding Strategy', Cefas has commenced and will further develop a project to assess how Cefas can best undertake marine scientific data collection beyond the nominal economic life of the current research vessel, RV Cefas Endeavour.

This year's autumn science conference in October will be a hybrid event, enabling Cefas to connect with our key partners in Government and academia. We will host a separate Cefas Student Day to celebrate 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 with UEA and our 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 will drive forward our commitment to Equality, Diversity and Inclusion in STEM, in addition to ocean literacy by working to diversify our workforce through developing new partnerships with schools, colleges and universities, creating national educational content linked to curriculum and community outreach initiatives.

Performance Analysis

In 2022-23, Cefas delivered a core programme of work for Defra policy colleagues to a total of £50.0 million (2021-22: £41.1 million). Our reported Net Operating Costs, after funding from other partners, were £47.6 million (2021-22: £39.1 million). Therefore, the net operating surplus generated was £2.4 million (2021-22: £2.1 million).

Our work, both domestically and internationally, continues to support the achievement of Defra's strategic outcomes, agreed under SR20. Primarily on Strategic Outcomes 2 on Environment and Climate, representing around 30% of our outputs, and on Strategic Outcome 3 on Agriculture, Food and Fisheries, representing around 60% of our outputs. The work that we do to support these priorities also supports goals within Defra's 25 Year Environment Plan on:

- Thriving marine plants and wildlife, minimised marine waste;
- A thriving fishing industry that uses resources from nature more sustainably and efficiently
- Improved working effectiveness.

All our work 100%, also supports government commitments to deliver UN Sustainable Development Goals (SDGs), specifically for us: SDG14 '*Conserve and sustainably use the*

oceans, seas and marine resources for sustainable development.'

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

- + £5.9 million of additional funding above levels Planned (£72.5 million 2022-23 v £66.6 million Planned) predominantly due to greater demand from Defra policy colleagues with greater increases in research & development and Official Development Assistance funding;
- £2.4 million of additional pay costs due to an average increase of 15 full time equivalent (FTE) staff over the year (630 average FTE 2022-23 v 615 average FTE Planned), to deliver additional funding, as well as greater resources applied to delivery from overtime increases, as well as a net increase in the skills being required over that planned, all adding to these core costs;
- £1.5 million of unplanned additional inflation driven costs, principally on energy for buildings and the research vessel;
- + £0.5m of recovered VAT on expenditure related to the redevelopment of the Lowestoft site.

Total Defra Group activity, including all Defra

bodies, increased to £54.7 million (2021-22: £46.1 million) due to increases including: our official development assistance work with international partners through the Blue Planet Fund, our research and development outputs and funding to support exceptional inflationary increases.

Non-Defra Group activity saw modest growth in the year, primarily from wider-market partners across Industry and other sectors, to £17.9 million (2021-22: £16.7 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, £10.5 million (2021-22: £10.4 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.
- Research and development activity funded by

the European Commission, £0.9 million (2021-22: £0.6 million).

- Industry and other, £6.4 million (2021-22: £5.7 million), including work for the energy sector and for overseas governments.

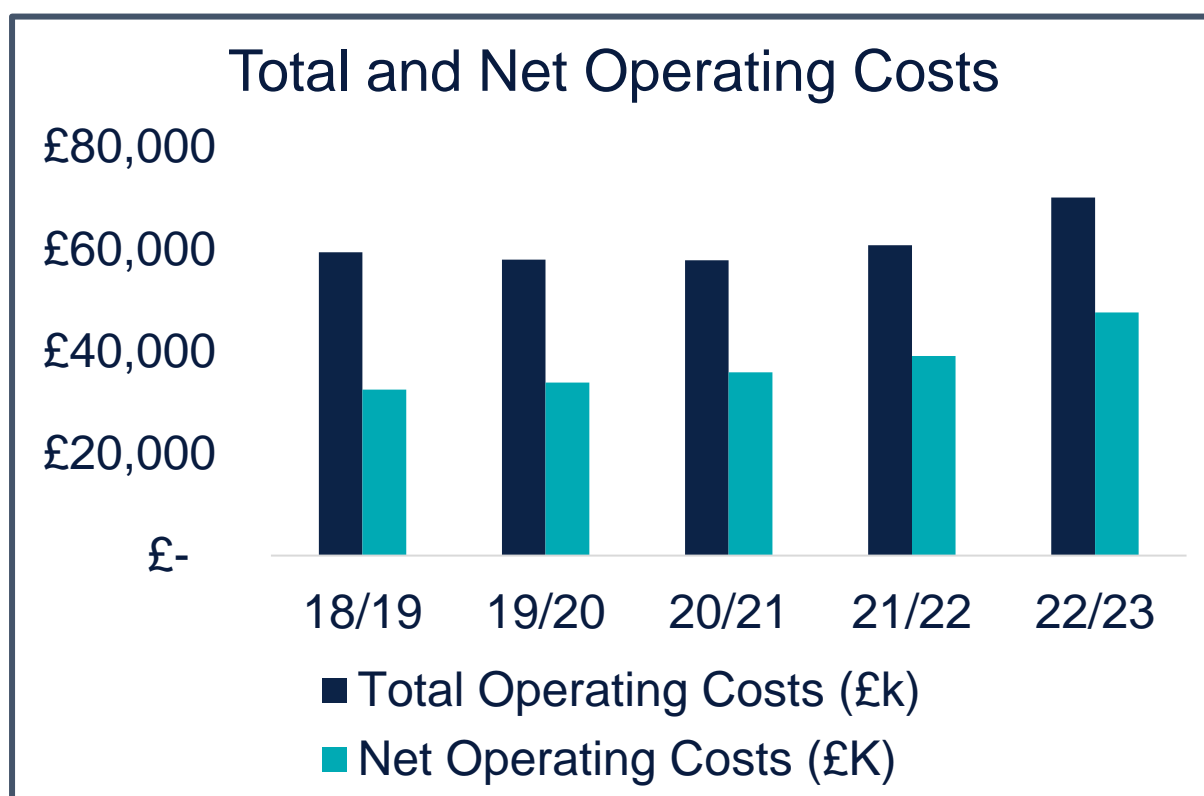
Whilst work for non-UK Government partners is vital for sustaining Cefas' strength, our primary funding continues to be firmly UK Government related. Our total work for all UK Government bodies and related EU research and development comprises 91% of our total delivery activity (2021-22: 91%).

Total salary costs increased to £33.7 million over the prior year (2021-22: £29.3 million) with average FTE staff numbers increasing to 630 FTE (2021-22: 597 FTE). There was a 3% rise in general rates of pay, per our HM Treasury set public-sector pay remit.

External cost of running the organisation increased year on year principally driven by costs of running our buildings and vessel infrastructure. These rose above the consumer price index reflecting a higher energy mix. There were no charitable donations made in the year (2021-22: Nil).

Over the last five years, total operating expenditure has increased from £59.4 million (2018-19) to £70.1 million (2022-23) reflecting an increase in demand

for our work both from Defra, including evidence and advice necessary as an independent coastal nation and additional research and development activity, as well as 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 £59.4m to £72.5m. The increase predominately reflects growth in Defra funded outputs.



Assets

Land and buildings were formally revalued, on a desktop basis, as at 31 March 2023, resulting in a £0.3 million increased valuation. Buildings

investments in the year totalled £2.7million, being the completion of works to renew the seawater supply to our aquarium in Weymouth.

Capital investment in scientific equipment was £1.9 million in the year, (2021-22: £1.4 million). This included significant updates to a range of core scientific equipment as well as investment into new and growing scientific capabilities including analytical chemistry, genome diagnostics and off-shore equipment.

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 since 2001. Examples include electronic data-storage tag production and fish disease testing. Following a review, the trading activities of CTL were assumed by Cefas during 2022-23. CTL is currently operationally inactive but holds net assets against any residual liabilities which are in excess of the investment holding valuation. CTL accounts are not consolidated into Cefas' statements of accounts as they are outside the Departmental boundary.

CTL's unaudited results include: Operating profit before tax of £7,000 (2021-22: loss of £96,000 (audited)) on income of £32,000 (2021-22:

£348,000 (audited)). CTL net assets at 31 March 2023, £220,000 (unaudited) (31 March 2022, £232,000 (audited)).

Capital investment in scientific equipment was £1.9 million in the year, (2021-22: £1.4 million). This included significant updates to a range of core scientific equipment as well as investment into new and growing scientific capabilities including analytical chemistry, genome diagnostics and off-shore equipment.

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 since 2001. Examples include electronic data-storage tag production and fish disease testing. Following a review, the trading activities of CTL were assumed by Cefas during 2022-23. CTL is currently operationally inactive but holds net assets against any residual liabilities which are in excess of the investment holding valuation. CTL accounts are not consolidated into Cefas' statements of accounts as they are outside the Departmental boundary.

CTL's unaudited results include: Operating profit before tax of £7,000 (2021-22: loss of £96,000 (audited)) on income of £32,000 (2021-22:

£348,000 (audited)). CTL net assets at 31 March 2023, £220,000 (unaudited) (31 March 2022, £232,000 (audited)).

Cash Management

Cefas consumed operating cash of £36.7 million (2021-22: £28.6 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 £2.2 million (2021-22: £4.4 million). Having reviewed the cash requirements of the agency with Defra, we have drawn down £37.1 million (2021-22: £34.9 million) from them 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 97% of payments were received in pounds sterling and 3% 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.

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. Assurance work during the year recommended further improvements in fraud training across the agency and these are being taken forwards.

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. In 2022 we developed and launched our own Equality, Diversity and Inclusion Strategy tailored to our specific EDI priorities.

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.

Budgets for any future capital works at both Weymouth and Lowestoft are now managed by Defra group who now provide Cefas with property services under a partnership agreement.

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 made good progress against the 2021-25 Greening Government Commitments: reduction targets for overall carbon emissions, waste, water use and travel were all bettered. Sub-targets for direct emissions and recycling were not met, Indirect emissions of greenhouse gases have continued to reduce although it should be noted that direct emissions remain a challenge. We continue to focus on reducing energy, waste, water use at our sites and travel domestically and internationally only when necessary.

Sustainability Targets

Cefas reports against the 2021-25 Greening Government Commitments using the baseline of 2017-18. Targets for meeting the Greening Government Commitments 2021-25 are included in this report as well as stretch targets that demonstrate our ambition to be more sustainable in all our operations.

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 December 2022. 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. Carbon data are calculated using the BEIS carbon factors published in June 2022. 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 Greenhouse Gas (GHG) Protocol, Cefas reports scope 1, scope 2 and, where available, scope 3 data in this report. It is not currently possible to assess all scope 3 emissions, and the reported carbon footprint is therefore lower than the total footprint. The Carbon Trust have compiled carbon accounts for 2021-22 for Cefas, as part of their report for Defra Group. As data become more readily available, Cefas intends to adopt the methodology used by the Carbon Trust as much as possible to report against all scope 3 categories in the future. Cefas has set up a net zero working group aligned to efforts within Defra Group to achieve net zero operations.

Greenhouse Gas Emissions

Cefas' built estate is actively managed to optimise occupancy and minimise greenhouse gas emissions from fossil fuel energy use. Direct and indirect 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. Total emissions from estate and domestic business travel have fallen by 35% against the 2017-18 baseline, largely driven by a 60% reduction in indirect emissions. This reduction and the trend over the reporting period, which exceeds the internal Greening Government Commitment (GGC) targets, can be attributed to refurbishment of Cefas' sites. This has had the impact of reducing building footprint and improving overall operational efficiency, as well as the installation of a Combined Heat and Power (CHP) plant at Weymouth. However, because the CHP is gas-operated, direct emissions have increased over the last year and were 26% higher than the 2017/18 baseline. There is currently no expectation that gas supplies will decarbonise significantly over the next decade, and future reductions in direct emissions to meet Cefas' internal and stretch targets will be challenging. Cefas holds Renewable Energy Guarantees of Origin (REGO) certification for use of renewable electricity supplies.

Business travel emissions are reduced where possible through ongoing support for flexible working arrangements and the use of Microsoft Teams and other online working practices to reduce the need for travel. Emissions from domestic business travel have fallen by 42% against the 2017/18 baseline, again exceeding the internal target for reductions. Wherever possible ultra-low emission vehicles (ULEV) or electric vehicles are used for fleet and short-term rental. Emissions from the research vessel RV Cefas Endeavour is included in this report and scope 3 data from the vessel will be included in future years.

CARBON – greenhouse gas emissions

	Performance: 2022-23 against baseline (2017-18)	2022-23 Internal target	2021-25 GGC target
GGC CO² emissions ¹	35% reduction	30% reduction (45% reduction)*	50% reduction required by 2025

Notes: ¹ GGC requirement: From buildings and domestic travel. * = stretch target.

ENERGY CONSUMPTION		2022-23	2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Energy Consumed Total (kWh '000)	6,537	7,816	6,103	5,928	7,812	7,805
No WDHS, consumption of biomass, LPG or 'Other'; Weymouth CHP* due on line during 2021-22	Total Electricity	2,165	2,956	2,467*	2,244*	4,104	4,088
	Electricity: Brown	-	-	-	-	1	1
	Electricity: Green	2,165	2,956	2,200	2,175	4,063	4,087

	Electricity: CHP1	-	-	-	-	-	-
	Electricity: Photovoltaic	351	283	267	69	40	-
	Gas	4,372	4,860	3,636	3,684	3,708	3,717
	No Oil or LPG	-	-	-	-	-	-
Financial indicators	Energy Costs Total (£'000)	718	552	479	664	651	618

GREEN HOUSE GAS EMISSIONS		2022-23	2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Total GHG Emissions reportable under GGCT	1,673	1,910	1,386	1,561	2,373	2,558
	Scope 1: Direct Emissions from Buildings	893	904	676	673	682	708
	Scope 2: Indirect Emissions from Buildings	635	895	668	668	1,471	1,588

	Total Building Emissions	1,528	1,788	1,344	1,341	2,153	2,296
	Scope 1: Direct Emissions from Business Travel	124	109	32	144	127	150
	Scope 3: Indirect Emissions from Business Travel	31	13	10	76	93	112
	Travel Emissions reportable under GGC	155	122	42	220	220	262
Financial indicators	Official Business Travel Expenditure Total (£'000)	848	306	120	1,294	1,431	1,150

Notes: †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.

Waste and Resource Consumption

Although operational waste is well below the 2017-18 baseline there has been a significant increase in waste produced at all sites in 2022-23 compared to the previous three years. Cefas diverts all possible waste away from landfill and utilising the principles of the waste hierarchy to reuse and recycle as much waste as possible. Recycling is not possible for certain laboratory waste streams due to contamination, and products not being suitable for recycling. Although the current proportion of waste (51%) sent for re-use, recycling or composting is below the internal target, this represents the best performance since the baseline year.

Cefas has a high water demand due to the operation of the on-site aquarium facilities at Weymouth. This site is a national facility with strict controls relating to hygiene standards and cleanliness. A large proportion of our water use is therefore unavoidable. Nevertheless, reductions on water use have exceeded the GGC target, having been reduced 35% against the 2017-18 baseline.

Waste

WASTE			
	Performance: 2022-23 against baseline (2017-18)	2022-23 Internal target	2021-25 GGC target
Waste Total	35% reduction on baseline total waste	9% reduction (50% reduction)	15% reduction on baseline total waste
Waste to landfill	100% reduction of waste going to landfill	12% (7%)	GGC Target of <5%
Waste reused, recycled, composted	16% reduction in waste being reused, recycled and composted	62% (62%)	70% of total waste recycled

WASTE		2022-23	2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Waste Total (tonnes)	143	97	81	123	149	220
	Hazardous Waste	11	7	11	19	14	29
	Non-Hazardous Waste	132	94	70	104	135	191
	Reused, recycled, composted ¹	67	35	25	29	58	80
	Incinerated with energy recovery	51	58	44	65	41	74
	Incinerated without energy recovery	4	-	-	1	2	5

	Landfill	0	1	1	9	34	32
	% to Landfill (of Total non-hazardous waste)	0	1	1	9	25	17
	% Reused, recycled composted (of Total non-hazardous waste)	51	37	36	28	43	42
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.

Water

WATER			
	Performance: 2022-23 against baseline (2017-18)	2022-23 Internal target	2021-25 GGC target
Water consumption¹	35% reduction in water consumption compared to baseline	5% reduction (21% reduction)	GGC Target 8% reduction achieved

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

WATER		2022-23	2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators (m3)	Total Water Consumption ²	39,232	40,844	32,550	47,427	49,976	64,451
Water Carbon Footprint	Carbon factor 0.149	5.84 tCO ₂ e	6.08 tCO ₂ e	5	7	7	10
Financial indicators (£'000)	Water Supply Costs	221	169	147	203	182	192

Other Target Areas

OTHER TARGET AREAS			
	Against baseline year	2022-23 internal target	2021-25 GGC target
Domestic flights	83% reduction on 2017-18	18% reduction (27% reduction)	GGC target 30% reduction achieved
Paper use	72% reduction on 2017-18	30% reduction (78% reduction)	GGC reduce by 50% achieved
Ultra-Low Emission Vehicles	30% of fleet vehicles ULEV	22% (25%)	GGC at least 22% ULEV by end 2022

OTHER TARGET AREAS		2022-23	2021-22	2020-21	2019-20	2018-19	2017-18 (Baseline)
Non-financial indicators	Number of domestic flights	34	3	1	86	216	199
	Research Vessel tCO _{2e}	3,864	4,483	5,422	4,295	5,195	3,837
	International flights tCO _{2e}	814	99	55	874	646	500
	Number of international flights	923	97	64	987	1,516	1,524
	Domestic Hotel Rooms (tCO _{2e})	23.5	8.7	-	-	-	N/A
	International Hotel Rooms (tCO _{2e})	50.1	2.7	-	-	-	N/A
	Paper use (Reams)	435	382	650	865	1,630	1,568

We are working to report air flight distances travelled in kilometres with our travel provider, and we expect to report this next year.

Governance

Overall responsibility for sustainability performance lies with Cefas Board and the HSEQ Director. For targeted action, sustainability progress is supported by Sustainability Committee (CSC) which meets quarterly and a Net Zero Working Group which meets every six weeks to plan and review progress towards net zero ambitions. The CSC reports through to Directors at the Senior Leadership Team. The purpose of the CSC is to monitor and promote the development of reliable and effective environmental management standards across Cefas, whilst encouraging a culture of continuous environmental improvement. The CSC provides a management review to direct the Senior Leadership Team and Cefas Management 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 Sustainable Development Goals (SDG) to transform our world, end poverty, protect the planet and ensure

prosperity for all. Cefas' purpose and core aims align with the SDG and our operational work in the UK and around the world contributes to the SDG in numerous ways. We will develop future reporting to highlight our support of the UN SDG for the benefit of all stakeholders.

Travel

International travel (as measured by the number of flights taken) has increased in 2022-23 after a reduction in 2020-21 and 2021-22 driven by COVID-19 pandemic, but not to baseline level: the total number of flights was 40% below the 2017-18 baseline. Many meetings and events that formerly would have required travel are now attended or held online. The greenhouse gas emissions from hotel accommodation (domestic and international) are included in this report for the first time.

Sustainable Procurement

Cefas awards many of its major contracts through Crown Commercial Service frameworks, Defra group contracts or through other central purchasing bodies. Where sustainability has been built into the contracts, and the social, economic, and environmental impact in the purchase of goods, services and works has been considered. 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 the environmental impacts of procurement-encouraging suppliers to set their own science-based carbon reduction targets and provide emission data to Cefas.

Green IT

Cefas continues to align with the Government's Greening Government sustainable IT strategy. This includes acknowledging the extent to which Green IT best practice has been adopted to date and to embedding Green IT into our future management practice and processes. We continue to implement the UK Government's Cloud First programme by consolidating Cefas use of Microsoft's Office 365 and Azure hosting, as well as the implementation of cloud-based video and telephony services. These improvements increase the availability and usage of web-based messaging, video conferencing and increased collaboration facilities, enabling colleagues to share and collaborate on documents with each other and partners, reducing face-to-face meetings and their travel related emissions. Continuing assessment and optimisation of personal and

server computing assets to reduce our carbon footprint, in particular rolling out lighter and more energy efficient laptops.

Where possible, IT hardware continues to be re-used within Cefas, or collected by specialist contractors who arrange re-use, recycling, and eventual disposal. Future improvements will be to begin accounting for carbon use in relation to data storage requirements.

Environmental Management system

Cefas environmental management system is based on the requirements of BS EN ISO 14001:2015, all Cefas operations are included in Defra 14001 certification. Environmental management system is an integral tool to manage Cefas environmental impacts and provides a mechanism to monitor, report and deliver against targets and objectives.

Building Assurance

Cefas maintain certifications to ISO 9001 (Quality), ISO 14001 (Environmental) and ISO 45001 (Health & Safety), laboratory accreditation to ISO 17025. Lowestoft site main building achieved 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.

Biodiversity and Natural Environment

Landscaping work at the Lowestoft site, completed in 2021, has been designed to provide homes and food for pollinating insects and other biodiversity. Cefas will continue to look for new opportunities to promote biodiversity and support wildlife at our sites.

Climate Change Adaptation

Cefas sites are included in the Defra Group Estates' climate change 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. As part of the Defra Group, Cefas promotes, shares, and implements the Defra Environment Improvement Plan, which supports UK and the United Nations SDGs, and will reduce the impact on the environment from greenhouse gases. Cefas is aligned with Defra by integrating wider environment and climate considerations into all policies and procedures. Cefas follows Defra current rural proofing guidance and considers the specific challenges and opportunities whilst completing fieldwork. Cefas is part of the Defra Sustainability Leadership Group that has

contributed to the development of the Defra Sustainability Strategy.

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.



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

NEIL HORNBY
Cefas Chief Executive
21st June 2023

ACCOUNTABILITY REPORT



Accountability Report

Corporate Governance

The purpose of the Accountability Report is to explain the composition and organisation of our governance structures and how they support the achievement of our 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 our 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: [Our governance - Centre for Environment, Fisheries and Aquaculture Science -](#)

[GOV.UK \(www.gov.uk\)](https://www.gov.uk). Details of any related party transactions are set out in Note 15.

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 seven non-reportable incidents of unauthorised minor personal data disclosure recorded at Cefas over the reporting period. There were three non-reportable other incidents regarding the control of personal data which included a missing data privacy notice for a project collecting personal data, CCTV storage in breach of stated retention period and a contractor taking photos without suitable permission.

Complaints

There have been two formally escalated complaints during 2022-23 (2021-22: five). All these were raised with the Fish Health Inspectorate, responsible for regulating fish and shellfish husbandry in England and Wales. One of these complaints was upheld and corrected measures taken as agreed with the complainant. We use our complaints procedure to improve our operations and to ensure that stakeholders are able to raise

concerns over our performance in a timely and effective way.

Directors' Report

Our Board

The Cefas Management Board is comprised of four Non-Executive Directors, one Defra Representative and seven Cefas Executives. Board members serving for more than 6 months of the year were:



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 & Risk Assurance Committee,
Chair (Non-Executive) |
Appointed 2018**

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



RUTH BOUMPHREY

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 King's College London, where she is currently Senior Vice President (Academic) and 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.



NEIL HORNBY

Cefas 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. Stuart Rogers retired in April 2023, after the year ended.



DR SIÂN LIMPENNY

Strategy and Delivery Director | Appointed 2020

Joined Cefas in 1994 completing a PhD then working as a Marine scientist in the UK and the Middle East. Appointed as Cefas Divisional Director in 2013, Strategy, Partnerships & Transformation Director in 2016, Middle East Operations Director in 2017 and Strategy and Delivery Director in 2022.



STEVE MILLWARD

HSEQ and Delivery Infrastructure 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, Operations Director in 2013 and HSEQ and Delivery Infrastructure Director in 2022.



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.

Our Board's Year

Our Board's focus across 2022-23 has been aligned to our corporate strategies and the delivery of our strategic 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	<ul style="list-style-type: none"> • Continued development of four Cefas Centres of Excellence: <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 our People Action Plan • Focus on people engagement, with an emphasis to maintain engagement following our response to COVID-19 • Advancing equality, diversity and inclusion
	Health, Safety, Environment & Quality	<ul style="list-style-type: none"> • Implementation of a 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

		<ul style="list-style-type: none">• 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 2022-23 plans• Setting and monitoring of our annual key performance indicators
	Funding Development	<ul style="list-style-type: none">• Active horizon scanning and contribution to detailed spending plans arising from the 2021-22 Spending Review• 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 2022-23. 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 2022-23 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, including an Audit Risk and Assurance Committee (ARAC), each with individual terms of reference that are approved by the Board. 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 \(www.gov.uk\)](http://www.gov.uk)

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 Stuart Rogers Siân Limpenny Steve Millward Steve Addison Karin Rundle	Mark Pendlington, Chair Ian Selby Ruth Boumphrey Rachel Mills		
	<table border="1"> <thead> <tr> <th data-bbox="576 891 1398 954">Defra Representative</th> </tr> </thead> <tbody> <tr> <td data-bbox="576 954 1398 1008">Mike Rowe</td> </tr> </tbody> </table>	Defra Representative	Mike Rowe
Defra Representative			
Mike Rowe			

	Audit & Risk Assurance Committee	Science Advisory Committee	People Development Committee
Frequency	4 meetings held	1 meeting held	5 meetings held
Members (Non-Executive Directors)	Ian Selby (Chair) Mark Pendlington Anne Marie Millar (Independent ARAC NED)	Rachel Mills (Chair)	Ruth Boumphrey (Chair) Ian Selby Rachel Mills
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

<p>Key subjects of focus in year</p>	<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 ● Strategic Financial Planning and control ● Property management 	<ul style="list-style-type: none"> ● Provides independent scrutiny of the Science and Evidence Strategy through the Science Review, where external members are invited to review progress, provide expertise and allow Cefas to benchmark themselves against other scientific organisations. ● Commissions expert reviews of specific topics throughout the year in line with recommendations with the Science Review/ Strategy. 	<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 in 2022-2023 was conducted in April 2022 and recognised the Board was performing effectively with improvement actions identified and followed through in the year being: increasing the visibility of the Board across the organisation and bringing more external voices and ideas to the Board.

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 and formal reports from Board sub-committees.

Cefas has delivered well through a year with challenges including: transition out of COVID-19 restrictions, significant inflationary and cost of living pressures and industrial action. Despite the

pressures, Cefas has demonstrated a strong performance of high impact evidence and advice provision at home and overseas at the same time as strong performance against key performance indicators, exceeding expectations in a number of areas, including our: partner satisfaction results, our people engagement and our financial delivery (details provided in: Section 1, Performance Report).

As well as challenge and assurance of Cefas' operational performance, other significant items the Board addressed in the year included: Cefas' contributions to a number of high profile international events (notably COP27, COP15, and continuing to support the UN Decade of Ocean Science); embedding the new organisational strategy, Cefas 2030, and agreeing new success indicators that will focus our ambitions and assess our performance from the start of 2023-24. The board have also offered challenge and guidance on high-profile inquiries, such as the North-East crustacean mortality incident report to the EFRA committee and provided insight to Defra with regards to response preparedness for emergency situations. As the UK Government reaffirms its commitments to the environment, through the 2023 Environmental Improvement Plan and the agreement of the Global Biodiversity Framework at COP15, the Board continues to challenge Cefas to

prioritise work that supports our strategic, national and global priorities to support the sustainability of the marine environment.

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 follows the best practice guidance laid out in the HM Government Orange Book. The system 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 the organisation

risk appetite can be used to assess risks to allow a timely response to be 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. Management planning, Business Continuity Planning, Incident Management and Disaster Recovery are natural supporting activities of the risk management process.

Risk management requires that issues are 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 they should be identified and assessed wherever they occur, by any member of Cefas. Once identified, they should be reported to the person

best able to manage them and escalated to higher levels of management and risk structure, as required, for monitoring and consolidation with similar risks in the higher-level risk registers. Regular and extraordinary management reviews determine and prioritise those key Cefas risks and opportunities. Key operational risks are captured in the Cefas Opportunity and Risk Register and reported to Defra, and internal Cefas boards. 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 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, contractor research vessel activity, health support for colleagues working 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 the extra insurance costs are recovered from these customers. Insurance 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 Cefas is best served by taking 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 risk, avoid the activity, where the operational benefit of an activity is outweighed by the potential risk, this should be recorded in the Risk Register.
4. Prepare mitigation plans and set key targets.
5. Prepare fallback plans including: crisis management, business continuity, incident management and disaster recovery plans, where needed.
6. Regularly exercise and performance review fallback plans.
7. Review performance of risk management at all levels.

Risk Appetite

Cefas has defined a risk appetite in-line with the HM Government Orange Book: Management of Risk: Principles and Concepts, and the Government

Finance Function's: Risk Appetite Guidance Note. Cefas has adopted the Guidance Note's risk categories and risk appetite levels.

Our risk appetite has been defined following consideration of organisational risks, issues, and consequences. Appetite levels will vary, in some areas our risk tolerance will be minimal or cautious in others, we are open for risk and are willing to actively tolerate and manage risk in the pursuit of important objectives. We have aimed at operating organisational activities at the risk levels set below. Where activities are projected to exceed the defined risk levels, this must be reported and approved through appropriate governance mechanisms.

Summary: Cefas Risk Appetite Levels by Risk Category, 2022-23:






Changes from the last year in our risk appetite to more significant risk categories:

Reputational: Cefas, as the Government's marine and freshwater applied science experts, depends on its reputation for scientific excellence, independence and objectivity to support all partner delivery. Cefas' risk appetite towards Reputational risks has slightly increased to be less Cautious as we increasingly support partners and stakeholders more publicly.

Technology: Cefas is very aware of the risks and opportunities that technology presents to our data-based organisation. We have increased our risk appetite towards Technology risks, to be more Open, as we accelerate our focus and investment into a more digital, data and technology driven future. We are aware of the cyber and information security risks that come with this and, while remaining Cautious to these risks, have increased our investment and resources targeted against them.

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 in local risk registers and escalated upwards to Directorate and the Cefas level based on scale. • Risks identified at Defra level are shared via the Defra Risk Management Group.
	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 • 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

- 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.

- Treat
- Transfer
- Tolerate
- Terminate
- Take opportunity



ESCALATE

- Risks are either managed within Cefas or escalated to Defra depending on the nature of the remaining risk after responses.

- Manage within Cefas
- Notify Defra via Risk Management Group
- 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.

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 2022-23, 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><i>Scientific quality and reputation</i></p> <p>Cefas relies on our scientific excellence, independence and objectivity, underpinned by the integrity of our Scientists. During the last year Cefas has provided scientific analysis and advice in areas that have increasingly escalated into national interest. This has led to an increase in the scrutiny of our work.</p>	<p>Cefas will continue to ensure the quality of our science outputs by using:</p> <ul style="list-style-type: none"> • a Quality Management System certified to ISO 9001, and other relevant quality standards. • data assurance processes to confirm the quality of our outputs, • Experienced experts who can lead and innovate relevant areas of science. <p>Cefas will also develop our experts to communicate our science openly, honestly and clearly, including expert witness training and other relevant support.</p>

Risk Area	Principal Mitigation
<p><i>Cyber Security</i></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 ISO 27001 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. These have been increased in the year.</p>

Risk Area	Principal Mitigation
<p><i>Funding pressures</i></p> <p>Funding pressures are a constant risk to manage, inflationary and cost-of-living pressures and supply issues add uncertainty and risk to:</p> <ul style="list-style-type: none"> • our income (UK Govt may change funding priorities); • our inputs (energy, RV fuel, inflation), and • staff and partner wellbeing (financial and other concerns). 	<p>Continuous monitoring of the impacts and responses to the changing situation.</p> <p>Risk and sensitivity incorporated into Business Planning, quarterly reforecasting will consider risks arising and mitigations and raise to Senior Leadership Team for a response.</p> <p>We will continue to maintain good relationships with our customers and develop potential links to new or emerging funds and provide opportunity for input to strategic country planning.</p>

Risk Area	Principal Mitigation
<p><i>Readiness to respond to emergencies</i></p> <p>Cefas ability to respond to emergencies is challenged due to 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>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</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.

Risk Area	Principal Mitigation
<p>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>	<ul style="list-style-type: none"> ● 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>

Cefas is committed to complying with the UK government's functional standards. These standards set out expectations for the management of functional work and the functional model across government. Cefas has a number of measures in place to ensure compliance with the functional standards, including: setting clear roles, responsibilities, policies and procedures, and ensuring a programme of assurance of compliance with the functional standards.

Cefas is confident that its measures in place are effective in ensuring compliance with the functional standards. These measures help to ensure that Cefas is able to deliver its services effectively and efficiently, and that it is accountable for its performance.

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. Training and internal communications are used to maintain skills and

awareness amongst colleagues of the obligations and reporting arrangements for dealing with potential fraud, bribery, information security and whistleblowing matters. An increased adoption of these resources has been identified as an area for improvement.

Ministerial Directions

No ministerial directions were received in the year.

Significant Issues and Ongoing Risks

There is positive assurance over the operation of Cefas' overall governance and controls during the reporting period 1 April 2022 to 31 March 2023 and no significant performance or control weaknesses were identified in year.

The significant performance issue experienced in the prior year regarding compliance breaches of the Animal (Scientific Procedures) Act in our aquaria facilities affecting animal welfare has been resolved through enhanced mitigations and controls. Remedial actions were closed and no breaches of the regulations were incurred in the year. Close management and monitoring of assurances and performance continues.

The significant control issue in the prior year regarding insufficient assurances of adherence to lifting procedures onboard RV Endeavour has been secured reasonable assurance throughout the year.

Specific assurance concerns have been validated by external professionals and wider operational improvements implemented.

Conclusion

The governance arrangements set out in this statement have supported Cefas' aims throughout the reporting year as evidenced 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.

Remuneration of Cefas Directors – Subject to Audit

Board Executive Directors	Salary		Performance pay		Pension benefits		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
£'000								
Chief Executive Neil Hornby	100-105	100-105	-	5-10	-2	56	100-105	160-165
Chief Operating Officer and Deputy CEO Tim Green	80-85	75-80	0-5	-	12	22	95-100	95-100
Chief Scientist Stuart Rogers	75-80	75-80	-	-	-32	-8	45-50	65-70

Director of Strategy and Delivery Siân Lempenny	70-75	70-75	0-5	0-5	2	42	75-80	115- 120
HSEQ and Infrastructure Delivery Director Steve Millward	75-80	75-80	0-5	0-5	9	21	90-95	100-105
Commercial Director Steve Addison	75-80	35-40 ¹	-	-	31	30	105-110	65-70
Corporate Service (HR/OD) Director Karin Rundle	70-75	35-40 ¹	0-5	0-5	29	28	105-110	65-70

The individuals in the above table 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 2022-23 and 2021-22.

Note 1: 2021-22 full year equivalent annual salary bandings for the following:
Steve Addison £75,000-£80,000 Karin Rundle £65,000- 70,000

Remuneration Median and Ratios – Subject to Audit

	2022-23	2021-22
	£'000	£'000
Band of highest paid employee total remuneration excluding pension benefits (£'000)	100-105	105-110
Median Total Remuneration (£)	35,747	32,709
Ratio	2.9	3.3
Total percentage change in highest paid director total remuneration in relation to previous year	-6	6
Total percentage change in average salary and allowances (all staff) in relation to previous year	9	0
Total percentage change in average performance and bonus payments (all staff) in relation to previous year	-6	-16
25 th Percentile pay (£)	30,607	27,689

Ratio of the highest paid director & FTE employee on the 25th percentile	3.4	3.9
75 th Percentile pay (£)	42,309	40,302
Ratio of the highest paid director & FTE employee on the 75th percentile	2.5	2.7

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.

In 2022-23, nil (2021-22, nil) employees received remuneration in excess of the highest-paid director.

The banded remuneration of the lowest paid employees for the financial year 2022-23 was £20,000-£25,000 (2021-22: £15,000-£20,000).

The percentage decrease in the highest paid directors remuneration compared to 2022-23 is -6%. Due to a performance bonus being paid to the highest paid director in 2021-22.

There was a 9% increase to the average salaries, in respect of employees' of the entity, as compared to 2022-23. The underlying remit increase was circa 3%, as mandated by Hm Treasury, other increases related to returning to pre-COVID-19 ways of working increased the overall average charges to staff costs including: overtime, seagoing and leave accrual costs.

No Board executive directors were in receipt of any benefits in kind (2022–23: 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.

Cefas gender pay comparative is reported alongside the Defra group at <https://www.gov.uk/government/publications/defra-gender-pay-gap-report-and-data-2022> (not subject to audit).

Remuneration of Cefas Non-Executive Directors – Subject to Audit

Board Non-executive Directors £'000	Fee band		Performance pay		Pension benefits		Total Remuneration	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Mark Pendlington, Chair (from December 2020)	5-10	5-10	-	-	-	-	5-10	5-10
Ian Selby (from May 2018)	5-10	5-10	-	-	0-5	0-5	10-15	5-10
Ruth Boumphrey (from June 2021)	0-5	0-5	-	-	-	-	0-5	0-5
Rachel Mills (from June 2021)	5-10	5-10	-	-	-	-	5-10	5-10

Anne Marie Millar acts as an Independent Non-Executive Director on the ARAC and receives no fees.

Note ¹: Ruth Boumphrey is a Non-Executive Director on the Cefas Management Board and receives no fees

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 2023 (cash equivalen t transfer value)	CETV at 31 March 2022 (cash equivalent transfer value)	Real increase in CETV
	At 31 March 2023	At 31 March 2023	At 31 March 2023	At 31 March 2022	2022-23
Chief Executive Neil Hornby	0-2.5 plus lump sum of 0	40-45 plus a lump sum of 10-15	608	556	-14
Chief Operating Officer and Deputy CEO Tim Green	0-2.5	25-30	478	429	1

Chief Scientist Stuart Rogers	0 plus a lump sum of 0	35-40 plus a lump sum of 105-110	834	803	-36
Director of Strategy and Delivery Siân Limpenny	0-2.5 plus a lump sum of 0	25-30 plus a lump sum of 40-45	457	427	-8
HSEQ and Infrastructure Delivery Director Steve Millward	0-2.5	30-35	507	457	-2
Commercial Director Steve Addison	0-2.5	15-20	277	233	25
Corporate Services					

(HR/OD) Director					
Karin Rundle	0-2.5	30-35	471	411	20
Non- Executive Director					
Ian Selby	0-2.5	0-5	18	14	3

Notes

1. CETV: cash equivalent transfer value. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures. Taking account of inflation in 2022-23, the CETV funded by the employer has decreased in real terms.

Staff Report

All of the Cefas' permanently employed people are public servants. The average number of full-time equivalent employees (FTEs) during the year was:

People Numbers (totals are audited)

Full Time Equivalents	2022-23			2021-22		
	Male	Female	Total Numbers	Male	Female	Total Numbers
Directors – SCS 2	1	-	1	1	-	1
Directors – SCS 1	3	-	4	3	-	3
Directors - Other	1	2	3	1	2	3
Other Permanently employed staff	305	318	622	311	279	590
Total FTEs	310	320	630	316	281	597

Staff Costs – Subject to Audit

£'000	Permanently Employed People	Temporarily Employed People	Total 2022-23	Total 2021-22
Wages and Salaries	24,870	-	24,870	21,399
Social Security Costs	2,716	-	2,716	2,306
Superannuation	6,138	-	6,138	5,556
Total staff expenditure	33,724	-	33,724	29,261

The average number of working days lost due to sickness was 3.26 days (2021-22: 3.3 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 (2021-22: £1,831,663). No consultancy and no temporary people costs were incurred during the year (2021-22 Nil). Turnover (wastage rate) for 2022/23 was 8.12% (compared to 8.7% in 2021/22).

Off-payroll arrangements

Table 1: Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater

No. of existing engagements as of 31 March 2023 ¹	2
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
No. that have existed for between <u>two and three</u> years at time of reporting	1
No. that have existed for between <u>three and four</u> years at time of reporting	0
No. that have existed for <u>four or more</u> years at time of reporting	0

Note ¹ - The two engagements declared in the report are for Triple G and Sea++. We have not had any business with Sea++ yet and in 22/23 we spent £248k with Triple G

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023,

earning £245 per day or greater

Number of off-payroll workers engaged during the year ended 31 March 2023	2
Of which:	
Not subject to off-payroll legislation	2
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

Note:

1. The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.
2. A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Department must undertake an assessment to determine whether that worker is in-scope of

Intermediaries legislation (IR35) or out-of-scope for tax purposes.

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. (1)	0
Total number of individuals <u>on payroll and off payroll</u> 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 (2)	12

Senior Officials with significant financial responsibility are defined as all board level executives, non–executive directors and finance directors.

Notes

(1) There should only be a very small number of off-payroll engagements of board members and/or senior officials with significant financial

responsibility, permitted only in exceptional circumstances and for no more than six months

(2) As both on-payroll and off-payroll engagements are included in the total figure, no entries here should be blank or zero

Cefas is a “Disability Confident leader” enabling us to display the disability confident Level 3 symbol in recruitment and employment. This recognises 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: three 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 were switched into alpha. All

members switched to alpha have protection from this switch through the McCloud judgement to ensure no discriminatory loss from the transition. Those switch members 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 in the Remuneration Report 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 their 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 in the Remuneration Report 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 pension provider.

Reporting of Civil Service and Other Compensation Schemes Exit Packages (subject to audit)

There were no redundancies or other departure costs paid in 2022-23 (2021-22 – 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 83% response rate to the annual Civil Service People Survey conducted in October 2022. The average response rate for the entire civil service is 65%. 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 64% (2021 - 63%).

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 2022-23, 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. We have also established our very own Cefas specific EDI Strategy. '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 ISO 45001 Health and Safety standard during the last financial year. This past year has seen a continued colleague engagement on our health and safety systems and compliance through a culture change programme focused on behaviours and performance:

Culture Change in Health and Safety

Our Health and Safety Cultural Improvement Programme (HSCIP) continues and is now at end of its second year. Annual highlight summary is provided to Senior Leadership as part of end of year health and safety reporting from the Programme Manager. The progress against our planned work and our performance objectives is good and positive colleague feedback has been received on many of the improvements including: process and document simplification and upskilling on incident management. The programme's plans for its third year have been drawn into the updated Health and Safety Strategy which is fully aligned to Cefas' Strategy to 2030.

Incidents and Accidents

Incident trends regarding injuries and near misses are maintained at low levels. Additionally,

proactive reporting of safety flags that support system and cultural improvement remains active, with a ratio of 62:1 against the one Lost Time case for the year. There were no reportable incidents under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 regulations (2021-22: Nil).

During the reporting period, as a result of proactive inspection, concerns were raised with the management of lifting operations around Cefas RV Endeavour. This initiated a period where work was paused to secure a range of independently validated assurances, prior to returning to sea going operations.

Cefas and our vessel management supplier leadership team remain committed to continuous health and safety improvement and a positive shared health and safety culture. Cefas Directors and technical colleagues continue to meet regularly with the vessel management supplier to manage priority improvement actions. Additionally, lessons learned from our own experiences has helped to enhance our onshore lifting safety and pre-charter due diligence for third party vessels being deployed to deliver Cefas operations both in the UK and overseas.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

Trade Union facility time is the paid time of union representatives carrying out trade union activities. We acknowledge the valued productive and collaborative nature of the inputs that the Trade Union makes to Cefas. 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 (FTE) employee number
11 employees	10.6 FTE

Percentage of Time Spent on Facility Time

Percentage of time	Number of employees
0%	-
1-50%	11
51%-99%	-
100%	-

Percentage of Pay Bill Spent on Facility Time

	£000
Provide the total cost of facility time	36
Provide the total pay bill	33,724
Provide the percentage of facility time, calculated as: (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%
--	-------------

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 IAS 37.

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



A handwritten signature in black ink, appearing to read 'N. Hornby', written over a light-colored background.

NEIL HORNBY

Cefas Chief Executive

21st June 2023

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 2023 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 2023;
- Statement of Comprehensive Net Operating 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 2023 and its net operating expenditures 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 (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 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 Accounting Officer with respect to going concern

are described in the relevant sections of this certificate.

The going concern basis of accounting for the Centre for Environment, Fisheries and Aquaculture Science is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept 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
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Centre for Environment, Fisheries and Aquaculture Science from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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 Accounting Officer anticipates that the services provided by the 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 regulations, 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, I:

- considered 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.
- inquired of management, Centre for Environment, Fisheries and Aquaculture Science's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Centre for Environment, Fisheries and Aquaculture Science's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of 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 Centre for Environment, Fisheries and Aquaculture Science's compliance with the Government

Resources and Accounts Act 2000 and Managing Public Money;

- inquired of management, Centre for Environment, Fisheries and Aquaculture Science's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud, discussed with the engagement team and the relevant internal specialists, including on the research vessel 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Centre for Environment, Fisheries and Aquaculture Science's framework of authority and other legal and

regulatory frameworks in which the Centre for Environment, Fisheries and Aquaculture Science operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in 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 Government Resources and Accounts Act 2000, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments, assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 Research Vessel.

I also communicated relevant identified laws and regulations and potential risks of fraud 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 expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

26th June 2023

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria, London

SW1W 9SP

FINANCIAL STATEMENTS



Financial Statements

Statement of Comprehensive Net Expenditure

For the Year Ending 31st March 2023

	Note	2022-23	2021-22
		£000	£000
Operating income from contracts with customers		(20,896)	(21,001)
Other operating income		(1,612)	(662)
Total operating income	3	(22,508)	(21,663)
Staff Costs		33,724	29,261
Other Costs		27,169	23,910
Non-Cash items		9,214	7,561
Total operating expenditure	2	70,107	60,732
Net operating expenditure		47,599	39,069

Other comprehensive expenditure

Items that will not be reclassified to net operating costs:

Net (gain)/loss on Revaluation of Property, plant and equipment	4	(668)	(2,903)
---	---	-------	---------

Total comprehensive net expenditure for the year

46,931	36,166
---------------	---------------

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

All income and expenditure relate to continuing operations.

The Notes on pages 67-84 form part of these accounts.

Statement of Financial Position

As at 31st March 2023

		31st March 2023	31st March 2022
	Note	£000	£000
Non-current assets			
Property, plant and equipment	4	39,516	39,062
Right of Use Assets (IFRS 16)	6	120	-
Investments	7	150	150
Total non-current assets		39,786	39,212
Current assets			
Trade, other receivables and contract assets	8	7,081	8,934
Cash and cash equivalents	9	3,036	4,881
Total current assets		10,117	13,815

Total assets		49,903	53,027
Current liabilities			
Trade, other payables and contract liabilities	10	(10,315)	(10,271)
Lease Liability	13	(99)	-
Provisions	11	-	(221)
Total current liabilities		(10,414)	(10,492)
Non-current assets plus/less net current assets/liabilities		39,489	42,535
Non-current liabilities			
Provisions	11	(406)	(400)
Lease Liability	13	(22)	-

Total non-current liabilities		<u>(428)</u>	<u>(400)</u>
<i>Assets less liabilities</i>		<u>39,061</u>	<u>42,135</u>
Taxpayers' equity and other reserves			
General fund	SCTE	32,714	36,303
Revaluation reserve	SCTE	6,347	5,832
Total reserves		<u>39,061</u>	<u>42,135</u>



Neil Hornby
Chief Executive
21st June 2023

The Notes on pages 67-84 form part of these accounts.

Statement of Cash Flows

For the Year Ended 31st March 2023

	2022-23	2021-22
	£000	£000
Cash flows from operating activities		
Net operating expenditure	(47,599)	(39,069)
Adjustments for non-cash transactions	9,214	7,561
(Increase)/Decrease in trade and other receivables	1,853	2,256
Increase/(Decrease) in trade payables	44	300
less movements in payables relating to items not passing through the Operating cost statement	50	377
Use of provisions	(222)	(9)
Net cash outflow from operating activities	(36,660)	(28,584)
Cash flows from investing activities		

Purchase of property, plant and equipment	(2,182)	(4,396)
Net cash outflow from investing activities	(2,182)	(4,396)
Cash flows from financing activities		
Payment of Lease liabilities	(103)	-
Agency funding	37,100	34,900
Net financing	36,997	34,900
Increase/(decrease) in cash	(1,845)	1,920
Cash and cash equivalents at the beginning of the year	4,881	2,961
Cash and cash equivalents at the end of the year	3,036	4,881

The Notes on pages 67-84 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the Year Ending 31st March 2023

	Note	General Fund <u>£000</u>	Revaluation Reserve <u>£000</u>	Total Reserves <u>£000</u>
Balance at 31 March 2021		35,046	3,068	38,114
Funding received		34,900	-	34,900
Net Operating Expenditure for the year	SoCNE	(39,069)	-	(39,069)
Non-cash adjustments				
Non-cash charges - auditors' remuneration	2	64	-	64

Non-cash charges - Defra notional and estates charges	2	5,223	-	5,223
Movements in reserves				
Recognised in Other comprehensive expenditure				
Other revaluation of Property, plant and equipment	4	-	2,903	2,903
Transfers between reserves		139	(139)	-
Balance at 31 March 2022		36,303	5,832	42,135
Funding received		37,100	-	37,100
Net Operating Expenditure for the year	SoCNE	(47,599)	-	(47,599)
Non-cash adjustments				

Non-cash charges - auditors' remuneration	2	74	-	74
Non-cash charges – Defra notional and estates charges	2	6,683	-	6,683
Movement in reserves				
Recognised in Other comprehensive expenditure				
Other revaluation of Property, plant and equipment	4	-	668	668
Transfers between reserves		153	(153)	-
Balance at 31 March 2023		32,714	6,347	39,061

The Notes on pages 67-84 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 2022–23 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 accrual's 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 2024 and anticipates that services provided by Cefas will continue. This considers the reliance on available support and funding from DEFRA and considers reasonably plausible downside sensitivities related to income risk on our business activities. From this assessment, management has concluded 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, including the Research Vessel, is depreciated (reported in notes 1.4 and 4);
- Within Current assets and Current liabilities there are contract assets and liabilities. These balances represent the differences between the amount invoiced to the customer and the latest milestone achieved (reported in notes 8 and 10); and
- The valuation and impairment of property, plant and equipment, including Research Vessel (reported in note 5).

It should be noted that a Land and Buildings valuation exercise was carried out in March 2023 (further detail set out with note 1.4) with a valuation date of 31 March 2023. 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. The Research Vessel valuation was carried out in March 2023 (further detail set out with note 1.4) with a valuation date of 31 March 2023. The valuation is based the valuer's knowledge and understanding of the market, and by reference to values achieved or negotiated for similar Vessels.

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 +/- £250k 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 change in in-year depreciation charge but do no effect valuations.

Research Vessel valuation is sensitive to changes in underlying assumptions. Key sensitivities are: a change in market values and US dollar currency rates, where +/- 1% change could lead to an approximate +/- £50k change in the value of the Research Vessel; and judgement on Useful Economic Life, where difference in management and valuation lives could lead to an approximate +/- £50k change in in-year depreciation charge but do no effect valuation.

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 at Lowestoft and Weymouth 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 most recent quinquennial full valuation was at 31 December 2019 and the last valuation was on a desktop basis as at 31st March 2023. Valuations were performed by Eleanor Cook, MRICS and signed off by Gary Howes, BSc MRICS, partner at Montagu Evans.

Specialised property valuations are adjusted annually by adopting the Global Standards 2022, under the Global Technical and Performance Standards (VPS 4) Bases of Value, with 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, marine design and engineering. The valuation was performed by Paul Baker (Mariant), Fellow of the Institute of Chartered Shipbrokers, and signed off by Andy Holder (Houlder). The valuation was based upon carrying out a fleet review of vessels with their principal characteristics similar in nature to the RV Endeavour, owned and operated in Northern Europe. A subsequent desk-top valuation has been provided by Houlder as of March 2023 which supports the age adjusted valuation. Management

therefore believes the valuation assumptions continue to be relevant as at 31 March 2023.

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 impairments, with amounts being firstly set against any accumulated balance in the revaluation reserve, and any amount in addition to this being recognised in the SoCNE.

Assets Under Construction

Assets under construction are shown at accumulated cost with depreciation commencing only 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 is 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. Disclosure of the net assets and results of the investment are reported in note 7.

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 bodies.

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 bodies 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 Current liabilities and; the balance of accrued income, also calculated where contracts have been completed in advance of income being received, is held within Current assets. 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 and direct 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. Customer call off agreements exist with a pre-defined set of terms and conditions and no specific deliverables. Individual service level agreements will be set up when the customer requests for work, 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. This is based upon a contractual invoice plan, determined at the beginning of the project, and any differences from this to the subsequent project expenditure is aligned to appropriately recognise only income delivered. Any contract asset and contract liability is recognised within the Statement of Financial Position:

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

This approach has also 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 Current liabilities 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 Current assets. 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 2022-23 (2021-22: 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 11).

1.13 Leases

Cefas has implemented IFRS 16 with effect from 1 April 2022, using the adaptations and interpretations set out by HM Treasury in the FReM. The net cumulative impacts of the initial application of applying IFRS 16 are recognised as an adjustment to the opening balance of taxpayers' equity at 1 April 2022, and prior year comparatives have not been restated.

For lessees, this transition has removed the separation between operating and finance leases, instead recognising leases in scope of IFRS 16 on the SoFP as Right of Use assets and corresponding lease liabilities. Opening liabilities have been calculated using the present value of outstanding payments due at 1 April 2022 and the opening cost of the Right of Use assets has been calculated to equal lease liabilities, adjusted for any lease prepayments or accruals that existed immediately prior to 1 April 2022.

Charges for the depreciation of Right of Use assets and interest on lease liabilities do not form part of the initial measurement of Right of Use assets, and are included in the SoCNE in place of rental

expenses continue to reflect irrecoverable VAT where applicable on any leases.

This treatment has been applied to all leases except short-term leases (less than 12 months), or in some cases where the underlying asset is of low value, and the department has chosen to account for them as expenditure on a straight-line basis in the SoCNE for the duration of the lease term.

The definition of a contract is expanded in the FReM to include intra UK government agreements such as Memorandum of Terms of Occupation. The FReM also expands the definition of a lease to those with nil consideration, or significantly below market value, such as those known as peppercorn leases. For peppercorn leases, the department has obtained a professional valuation of the Right of Use assets from an appropriately qualified professional.

For leases where the department is still in occupation after the end of the lease and are “holding over”, professional judgement has been applied to estimate a reasonable length for the term when calculating lease liabilities and Right of Use asset valuations.

Where the interest rate cannot be readily determined within a lease, the department has

calculated the lease liability using the discount rates set out in the latest HM Treasury's Public Expenditure System paper as the incremental borrowing rate which for the 2022 calendar year is 0.95% and 3.51% for 2023.

For leases that were already recognised as finance leases prior to 1 April 2022, the opening balances have been unaffected by the first-time adoption of IFRS16.

Subsequent measurement of Right of Use assets is at fair value or current value in existing use where assets are held for their service potential unless cost represents a reasonable proxy. For land and buildings, valuations will be determined by appropriately qualified professionals in accordance with RICS Guidance.

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 His Majesty's Revenue and Customs.

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 Costs

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 denominated in a foreign currency are translated into sterling at the average exchange rate set for the year or, where more appropriate, 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 account which records the net 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 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 material impact upon Cefas.

Note 2: Operating Expenditure

	2022-23	2021-22
	£000	£000
Staff Costs		
Wages and Salaries	24,870	21,399
Social Security Costs	2,716	2,306
Other Pension Costs	6,138	5,556
Total	33,724	29,261
Other Costs		
Rentals under operating leases	5	127
Interest charges	2	-
Travel, subsistence and hospitality	2,276	756
Consumables	5,385	5,547
Vessels	6,916	5,143
IT service costs	2,695	2,864

Technical services	5,863	6,854
Estate management	(77)	(332)
Hired and contracted services	2,481	1,607
Training	454	317
Publicity, marketing & promotion	43	68
Office services	777	680
Exchange rate (gains)/losses - Realised	33	30
Exchange rate (gains)/losses - Unrealised	(43)	(19)
Internal audit fees	91	61
Fees & commissions	30	34
Credit Losses	(26)	(24)
Other	264	197
Total	27,169	23,910
Non-cash items		
Depreciation	2,333	2,027
Depreciation on Right of Use assets	104	-

Loss on the disposal of Property, Plant and Equipment	13	1
NAO Auditors' remuneration	74	64
Non-pension provisions provided for in year/(written back)	7	246
Defra notional charges	5,972	4,710
Defra estates charges	711	513
Total	9,214	7,561
Total Operating Expenditure	70,107	60,732

Defra notional charges are for facilities management £5,649,000 (2021-22 £4,394,000) and Defra management overheads £323,000 (2021-22 £316,000).

For more detailed disclosures regarding staff costs, see the Remuneration Report, p.49.

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 five main operating segments, as set out below:

Operating Income	2022-23	2021-22
	£000	£000
Defra (competed income)	1,267	1,971
Defra Group Bodies	3,373	3,027
Public Sector	10,502	10,378
European Union	962	597
Industry and other	6,404	5,690
Total operating income	22,508	21,663

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.

European Union (EU) expenditure is £790,000 (2021-22: £597,000) which is equal to EU income.

Other operating income includes Other operating income of £1,611,000 (2021-22: £662,000) being income arising from the Apprenticeship levy and funding provided as grants.

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.

Total funding of £72,540,000 (2021-22: £62,809,000) is made up of Defra funding of £50,032,000 (2021-22: £41,146,000) and operating income £22,508,000 (2021-22: £21,663,000). Total funding less total operating expenditure (note 2) of £70,107,000 (2021-22: £60,732,000) results in a net funding surplus £2,433,000 (2021-22: £2,077,000).

Note 4: Property, Plant and Equipment

	Land	Buildings excluding Dwellings	Plant & Machinery	Vessel	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2022	884	32,844	7,922	24,279	4,036	69,965
Additions	-	-	-	-	2,132	2,132
Transfers	-	2,709	1,856	-	(4,565)	-
Disposals	-	-	(555)	-	-	(555)
Revaluation	-	326	537	-	-	863
At 31 March 2023	884	35,879	9,760	24,279	1,603	72,405

Depreciation

At 1 April

2022	-	9,452	2,957	18,494	-	30,903
------	---	-------	-------	--------	---	---------------

Charges in

year	-	930	972	431	-	2,333
------	---	-----	-----	-----	---	--------------

Disposals

	-	-	(542)	-	-	(542)
--	---	---	-------	---	---	--------------

Revaluation

	-	-	195	-	-	195
--	---	---	-----	---	---	------------

**At 31 March
2023**

	-	10,382	3,582	18,925	-	32,889
--	----------	---------------	--------------	---------------	----------	---------------

Net book
value 31
March 2023

	884	25,497	6,178	5,354	1,603	39,516
--	------------	---------------	--------------	--------------	--------------	---------------

-

Net book value 31 March 2022	884	23,392	4,965	5,785	4,036	39,062
Assets financing						
Owned	884	25,497	6,178	5,354	1,603	39,516
Net book value 31 March 2023	884	25,497	6,178	5,354	1,603	39,516

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 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

Note 5: Impairment and Revaluation

At the 31 March 2023 the land and buildings, representing our freehold sites in Lowestoft and Weymouth, were valued resulting in a total valuation gain of £326,000 (2021-22: £2,744,000 gain) being a gain of £1,458,000 (2021-22: £1,495,000 gain) at the Lowestoft site and a loss of £1,132,000 (2021-22: £1,249,000 gain) at the Weymouth site.

The increase in the total revaluation reserve £668,000 (2021-22: £2,903,000 increase) is made up of the valuation gain of £326,000 (2021-22: £2,744,000 gain) on buildings and a gain of £342,000 (2021-22: £159,000 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: Right of Use Assets

Vehicles	Total
£000	£000

Cost or valuation

At 1 April 2022	-	-
Initial Recognition	224	224
At 31 March 2023	224	224
Depreciation		
At 1 April 2022	-	-
Charges in year	104	104
At 31 March 2023	104	104
Carrying amount 31 March 2023	120	120
Carrying amount 31 March 2022	-	-

Land and Buildings for occupation across the Defra group are managed by Defra group Property services. Where there is a formal sub-lease between entities, these sub leases will be assessed and treated accordingly as finance or operating sub leases. The majority of occupation across the Defra group is not a formal sub lease arrangement and therefore the right-of-use assets for the Defra corporate estate are reflected in the accounts of the core department. Included within the Defra notional charges is £85,000 which covers Cefas's occupancy.

Note 7: Non-Current Assets Investments

In 2001, Cefas purchased the entire share capital of Cefas Technology Limited (CTL) for £150,000. During 2022-23 the trading activities of CTL were assumed by Cefas. CTL is currently operationally inactive but holds net assets against any residual liabilities which are in excess of the investment holding valuation.

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 where 2022-23:results are unaudited and 2021-22 numbers have been updated from the 2021-22 Annual Report and Accounts to reflect audited numbers:

	2022-23	2021-22
	£000	£000
Other current assets	-	170
Cash and cash equivalents	220	305
Liabilities	-	(262)
Net assets at 31 March 2023	220	213
Turnover	32	260

Profit/(Loss) before tax for the year 7 (96)

Within the Profit/Loss before tax for the year is an operating profit of £7,000 (2021-22: £96,000 loss), a realised gain on investments of £Nil (2021-22: £Nil).

Note 8: Trade Receivables and Other Current Assets

	31st March 2023	31st March 2022
	£000	£000
Amounts falling due within one year		
Trade receivables	3,675	4,359
Other receivables	9	31
Prepayments and accrued income	1,243	2,253
Contract Assets	2,155	2,318
Less Expected Credit Loss for receivables and contract assets	(1)	(27)
Trade and other receivables	7,081	8,934

Accrued income and contract assets relating to EU funding total £803,000 (2021-22: £740,000).

Intra-government receivable balances as at 31 March 2023 with the following bodies were: other central government bodies £2,883,000 (2021-22: £4,375,000), local authorities £Nil (2021-22: £8,000) public corporations and trading funds, £Nil (2021-22: £Nil), bodies external to government £4,198,000 (2021-22: £4,551,000).

Contract assets £2,155,000 (2021-22: £2,318,000) 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 £2,318,000.

Note 9: Cash and Cash equivalents

	2022-23	2021-22
	£000	£000
Balance at 1 April	4,881	2,961
Net change in cash and cash equivalent balances	(1,845)	1,920
Balance at 31 March	3,036	4,881
The following balances at 31 March are held at:		
Government Banking Services	3,036	4,881
Balance at 31 March	3,036	4,881

Note 10: Trade Payables and Other payables

	31st March 2023	31st March 2022
	£000	£000
Amounts falling due within one year		
Value Added Tax	924	303
Other taxation & social security	622	571
Trade payables	679	691
Other payables	618	578
Accruals and deferred income	5,906	5,509
Contract liabilities	1,566	2,619
Trade and other payables	10,315	10,271

Other payables include employee pension contributions, at 31 March 2023, totalling £618,000 (2021-22: £578,000).

Intra-government payable balances as at 31 March 2023 with the following bodies were: other central government bodies £3,270,000 (2021-22: £3,042,000), local authorities £8,000 (2021-22: £4,000), public corporations and trading funds £Nil (2021-22: £1,000), bodies external to government £7,037,000 (2021-22: £7,224,000).

Contract liabilities £1,566,000 (2021-22:

£2,619,000) 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 £2,619,000.

Note 11: Provisions

	Facilities	Contract Provisions /losses	Legal claims	Total
	£000	£000	£000	£000
Balance at 1st April 2022	397	121	103	621
Provided in the year	40	-	-	40
Provisions not required written back	-	-	(33)	(33)
Provisions Utilised in the year	(101)	(121)	-	(222)
Balance at 31st March 2023	336	-	70	406

Analysis of expected timings of discounted flows:

Later than one year and not later than five years

336	-	70	406
336	-	70	406

Balance at 31st March 2023

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 relates to 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 12: Capital Commitments

	31st March 2023	31st March 2022
	£000	£000
Contracted capital commitments at 31 March for which no provision has been made:		
Property, plant and equipment	117	409

The balances relate to commitments for estates and science equipment.

Note 13: Commitments under Leases

Operating Leases

Total future minimum lease payments under operating leases under IFRS16 relating to vehicles:

	31st March 2023 £000	31st March 2022 £000
Other		
Not later than one year	99	-
Later than one year and not later than five years	23	-
Later than five years	-	-
Total	122	-
Less interest element	(1)	-
Present value of obligations	121	-
Total Present value of Obligations	121	-
Current	99	-
Non-Current	22	-

Total future minimum lease payments under operating leases under IFRS16:

	31st March 2023	31st March 2022
	£000	£000
Land		
Land operating leases - not later than one year	-	2
Land operating leases - over five years	-	7
Total of land operating leases	-	9
Buildings		
Buildings operating leases - not later than one year	-	86
Buildings operating leases - one to five years	-	163
Total of buildings operating leases	-	249

Other

Other operating leases - not later than one year	-	143
Other operating leases - one to five years	-	121
Total of other operating leases	-	264

Note 14: Other Financial Commitments

The agency benefits from certain services that are provided centrally by Defra, including Mitie facilities management. These services are agreed and managed through service level agreements between the agency and Defra but the contractual commitments underlying these arrangements are made by the core Department and disclosed in their accounts. The total charge made by Defra in the current year was £711,000 (2021-22: £513,000) as disclosed in note 2.

Note 15: 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 £51,299,000 was made up of Funding of £50,032,000 (Core Defra), and £1,267,000 (invoiced Defra) (2021-22:

£41,146,000 (Core Defra) and £1,971,000 (Invoiced Defra)). At 31 March 2023, £111,000 was due from Defra (2021–22: £67,000) and £Nil was owed to Defra (2021–22: £Nil).

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

Board members, directors and key managerial executives 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 (CTL) is a non-current asset investment (see Note 7). The shares are held by Tim Green as nominee of the trustees for Cefas. Income of £20,000 was derived from CTL (2021-22: £226,000) and costs of £Nil were payable to CTL (2021-22: £152,000). At 31st March 2023, £Nil was due from CTL (contract asset) (2021-22: £226,000) and £Nil was owed to CTL (2021-22: £Nil). Tim Green and Steve Millward are Executive Directors of CTL and Cefas.

Ian Selby, Non-Executive Director, is currently a Director of Sustainable Geoscience, Plymouth University. Costs of £15,000 (2021-22: £1,000) were payable to Plymouth University.

Ruth Boumphrey, Non-Executive Director, is currently a Trustee at The National Oceanography Centre. Costs of £2,000 (2021-22: £1,000) were payable to and income of £45,000 (2021-22: £Nil) receivable from The National Oceanography Centre.

Rachel Mills, Non-Executive Director is currently a Visiting Professor, School of Ocean and Earth Science, University of Southampton. Income of £29,000 (2021-22: £Nil) was receivable from University of Southampton

Note 16: 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.

Abbreviations

AMR	Anti-Microbial Resistance
ARAC	Audit and Risk Assurance Committee
ASPA	Animals Scientific Procedures Act 1986
BREEAM	Building Research Establishment Environmental Method
CCAMLR	Commission for the Conservation of Antarctic Marine Living Resources
CEFAS	Centre for Environment, Fisheries & Aquaculture Science
CHP	Combined Heat & Power
COP	Conference of the Parties
CSC	Cefas Sustainability Committee
CSAC	Cefas Science Advisory Committee
CTL	Cefas Technology Limited
DEFRA	Department for Environment Food & Rural Affairs
EU	European Union
ExCo	Executive Committee
FAO	Food and Agriculture Organisation
FCDO	Foreign, Commonwealth and Development Office
FReM	Government Financial Reporting Manual
FTE	Full-Time Equivalent
GGC	Greening Government Commitment
GHG	Greenhouse Gas
HM	His Majesty's
IAS	International Accounting Standards

ICES	International Council for the Exploration of the Sea
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
ISMS	Information Security Management System
ISO	International Organisation for Standardization
IT	Information Technology
MCCIP	Marine Climate Change Impacts Partnership
mNCEA	Marine Natural Capital and Ecosystems Assessment
NED	Non-Executive Director
NGO	Non-Government Organisation
OCP	Ocean Countries Partnership Programme
OSPAR	The Convention for the Protection of the Marine Environment of the North-East Atlantic
REGO	Renewable Energy Guarantees of Origin
SDG	Sustainable Development Goals
SoCNE	Statement of Comprehensive Net Expenditure
SSRB	Senior Salaries Review Body
STEM	Science, Technology, Engineering & Mathematics
UN	United Nations
UK	United Kingdom
VAT	Value Added Tax
WOAH	World Organisation Animal Health



Centre for Environment
Fisheries & Aquaculture
Science



Department
for Environment
Food & Rural Affairs

Our laboratories:

Lowestoft (Registered Office)

Pakefield Road

Lowestoft

Suffolk NR33 0HT

Tel: +44 (0) 1502 562 244

Fax: +44 (0) 1502 513 865

Weymouth

Barrack Road, The Nothe

Weymouth

Dorset

DT4 8UB

Tel: +44 (0) 1305 206 600

Fax: +44 (0) 1305 206 601

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

E02901348 06/23

ISBN 978-1-5286-4071-8