

The Sea Fish Industry Authority

Annual Report & Accounts 2019/20

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Performance Report

Performance Report

Chief Executive Statement

Seafish is always moving forward. It is a Non Departmental Public Body that relishes the opportunity to demonstrate the value it offers stakeholders whilst itself pursuing a journey of continuous improvement.



A core focus this year is the support Seafish has provided to the seafood industry as the process of the UK leaving the European Union has unfolded. Seafood is the most traded commodity globally and so the potential intervention in a primary international marketplace has been a great cause of concern and uncertainty for many seafood businesses. Areas of particular concern include; changes to tariffs, non-tariff barriers to trade, fishing rights, sources of structural funding, labour availability and changes to the regulatory regime. Seafish has drawn on its unique position between industry and government to bring organisations and experts

together to understand key issues, research solutions and provide advice and guidance. There has been a constant demand for support throughout the year and this will continue well beyond the formal end of the EU Exit Transition period.

While international trade matters have occupied a good deal of our time, there has also been a strong desire to tackle a number of domestic matters too. Seafish facilitated a hugely successful Inshore Fisheries Conference in the autumn of 2019. This was the catalyst that will lead to further work to create a shared responsibility for the successful future management of the UK's inshore fisheries. All parties recognise that reform is needed and Seafish is at the heart of that debate helping bring the relevant parties together in a constructive and inclusive way.

Another notable development is a new long term initiative. Seafish has decided to take a fresh approach to addressing the worrying problem of falling levels of seafood consumption. The new initiative, 'Love Seafood', will be aimed at UK consumers will try to change their perceptions, attitudes and behaviours towards seafood. It is an ambitious change of direction for Seafish but one that is widely supported by industry stakeholders who have helped design key messages and the general approach. It will launch later in 2020.

In order to deliver excellent services and support, Seafish is committed to continuous improvement. Benchmarking is a key tool in this respect. This year, Seafish participated in the Best Companies benchmarking survey – an independently managed staff survey – the responses offered by Seafish staff placed the organisation in the Sunday Times Best 100 Not for Profit Organisations to Work For. This accreditation is reflective of the workplace improvements that have been implemented and the strong culture at Seafish underpinned by a strategy of autonomy, trust and skills development.

Seafish's governance arrangements are robust with key committees very active and engaged, a Board that is committed to ensuring strategic matters are considered alongside regular scrutiny duties and very positive findings from internal and external audits.

Towards the very end of the financial year, the effects of the Coronavirus pandemic were beginning to take hold. The very sound operational foundations at Seafish are going to prove invaluable as extremely challenging trading conditions will likely be encountered throughout 2020/21. The support provided by Seafish is going to be in more demand than ever.



Marcus Coleman
Chief Executive

Overview

The Performance Report discloses those matters which Seafish is required to report under the Government Financial Reporting Manual. It is intended to provide:

- An overview of our purpose, strategy, high level objectives and organisational structure during the year.
- A balanced and comprehensive analysis of the development and performance of Seafish during the financial year. Including the financial positions at the year end.
- Notable highlights and deliverables for Seafish's Operational and Corporate Relations Divisions.
- Key operational issues and risks.
- The main trends and factors likely to affect the future development, performance and position of the business.
- Seafish's sustainability reporting.

Key governance risks are discussed in the Governance Statement on pages 33-34. Seafish have identified three key risks that could affect the entity delivering our Corporate Plan – uncertainty around devolution, exit from the European Union including the potential loss of funding and the impact of COVID19 on the value of levy.

Seafish Purpose

When Seafish was established in 1981, the Fisheries Act defined its purpose as “promoting the efficiency of the seafood industry... so as to serve the interests of that industry as a whole”, whilst at the same time giving “regard to the interests of consumers of sea fish and sea fish products”. The organisation also has additional responsibilities under the Fishing Vessels (Safety Training) Regulations 1989 as a provider of mandatory Safety Training Certificates for fishermen.

Whilst our purpose is defined by legislation, our vision, mission and strategy are established in partnership with industry and ratified by the four Fisheries Administrations. Seafish is a Non Departmental Public Body (NDPB). The 1st April 2018 saw the introduction of a new three-year Corporate Plan, bringing a new, more flexible approach to fulfilling our purpose. Seafish’s vision, mission and strategy has also been redesigned.

Seafish’s vision is for a Seafood industry that is truly thriving. A seafood industry where businesses across the supply chain are flourishing, seizing opportunities and managing risk; where product sales are growing to meet a near doubling in seafood demand; where our workforce is skilled and safe; where UK responsible sourcing is setting the global benchmark; and where a future-focused sector is built upon a solid foundation of collaboration, insight and innovation.

Our mission at Seafish is to use our unique position, right at the heart of the seafood industry, to work in partnership with our stakeholders to make a difference on the issues and challenges that matter most. To enable transformative change which will foster a thriving seafood sector, Seafish have identified the following five industry challenges. These challenges, along with Seafish’s goals regarding them, are as follows.

1. Changing Landscape

A changing political, economic and regulatory landscape as the UK exits the EU

Seafish’s goal is to help seafood stakeholders identify, optimise and secure business benefits from the process of the UK’s exit from the EU, while successfully responding to the changes that it will inevitably bring.

2. Enjoy Fish

Stagnant consumer demand and strong competition from other protein and non-protein foods

Seafish’s goal is to facilitate the doubling of seafood consumption in the UK to two portions a week, which will in turn contribute to significant financial, social and health benefits across the UK. Inherent to this challenge will be ensuring that this increased consumption is achieved in line with wider sustainability and resource management objectives.

3. Safe and Skilled

A sector that competes with other food production industries to attract and retain a suitably skilled workforce while addressing complex challenges around workplace safety

Seafish’s goal is to support efforts to eradicate all preventable fatalities and injuries at sea and onshore, and to assist the seafood sector to benefit from best-in-class skilled labour, supported by high quality training.

4. Good Source and Supply

Sourcing sustainable seafood in an increasingly competitive global market, alongside continued public concern over practices that compromise human welfare and the environment

Seafish's goal is to work in partnership with seafood stakeholders to secure the broad supply base required by the UK industry and to support the responsible sourcing and supply chain integrity demanded by UK consumers.

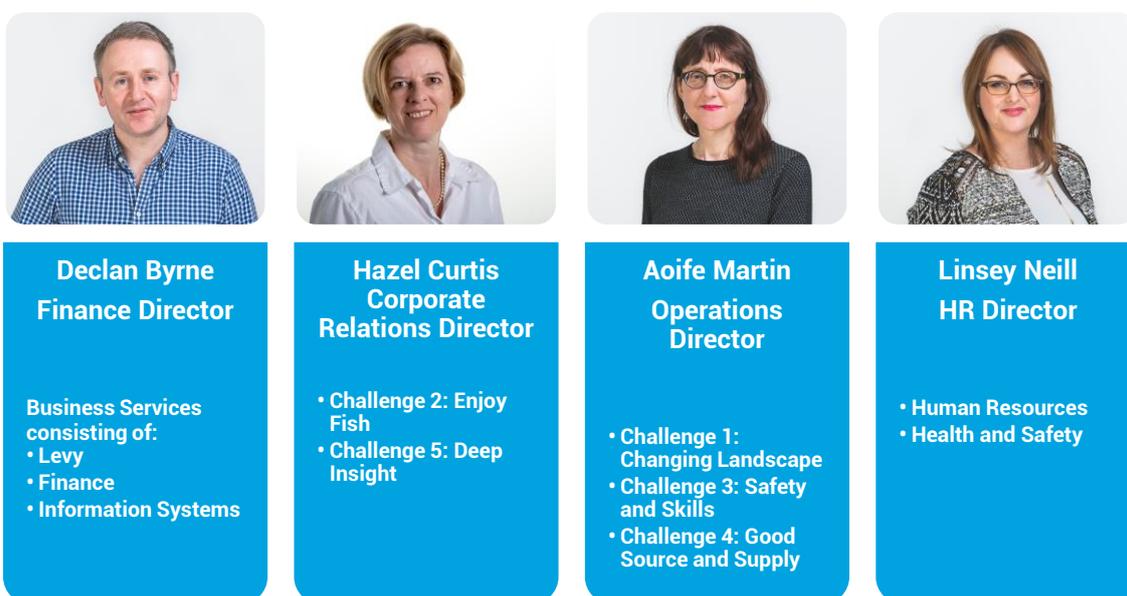
5. Deep Insight

Successfully accessing the data, information and knowledge that will ensure the sector is equipped to understand and respond innovatively to a changing environment

Seafish's goal is to ensure UK seafood businesses can draw upon the expert advice, knowledge, insight and data they need to inform decisions to deliver increased business prosperity.

Organisational Structure

To ensure the above challenges are addressed effectively, Seafish is split into four divisions; Business Services (overseen by the Finance Director), Corporate Relations, Operations and Human Resources. The performance against the challenges under the Corporate Relations and Operations divisions are reported on pages 12 to 16. The director leading each division and the divisional teams are demonstrated in the following organisational structure.



Performance Analysis

Progress against our Corporate Plan is measured through detailed performance dashboards on each work area, and these are reviewed by the Seafish Board on a quarterly basis and the Sector Panels twice a year. Due to the nature of Seafish's operations and to ensure that performance is not overly focussed on narrow indicative measurements, Seafish have taken the decision to not report on key performance indicators. To provide the Board with assurance that operations are running effectively, a budget variance analysis and project delivery RAG Rating is included on the detailed performance dashboards.

Performance dashboards relating to Finance, Human Resources, Levy collection, and Information Systems, are also reviewed by the Board on a quarterly basis.

A review of Seafish's financial performance is shown on below, followed by a review on the performance of the Corporate Relations and Operations divisions. This will include the notable highlights, performance against key expectations, upcoming issues that the teams are expecting to face and any non-financial information including social matters, respect for human rights, anti-corruption and anti-bribery matters.

Financial Performance

Review of Financial Results for the Year

Seafish delivered a deficit of £2.107m in 2019/20 compared to a deficit of £0.256m for 2018/19. The main reasons for this £1,851m movement were:

	2019/20 £'000	2018/19 £'000	Movement £'000	Reason for Movement
Levy Income	(7,804)	(8,345)	541	Levy decreased by 6.5%. This is as a result of the impact that COVID19 has had on the UK export and domestic foodservice markets leading to a lower levy value.
Other Operating Income	(1,640)	(1,236)	(404)	Due to an increase in grants received from the European Maritime Fisheries Fund (EMFF) and Marine Coastguard Agency (MCA) as a result of an increased range of Fishing Safety initiatives.
Project Expenditure	4,547	3,825	722	Increase due to it being the second year of the new Corporate Plan when activities are in progress, particularly within our Regulation and Marketing teams as EU Exit nears and we prepare for our LoveSeafood brand launch.
Overheads	1,782	1,599	183	Increase due to a provision for restructuring redundancy costs and general increase in overall overheads.
Non-cash items	270	113	157	Increase due to a restructuring provision for the closure of Seafish's Marine Survey department.
Staff Costs	4,873	4,374	499	Increase is due to a 1.5% pay rise for all staff, some minor exceptional uplifts and an increase of 6 permanent staff (this is offset by a decrease in temporary staff).
Actuarial pension loss	497	455	42	Increase in actuarial losses on Seafish's defined contribution pension scheme assets as per our IAS 19 report provided by our actuaries, Aon

	Hewitt. The increased loss is due to the market effects of COVID19 on scheme assets in Q4.
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Review of the Financial Position as at 31 March 2020

After covering all of its liabilities, Seafish had net negative assets of £1.390m at 31 March 2020 (2019: net positive assets of £0.717m). This decrease of £2.107m was caused by the overall deficit for the year, together with the increase in the pension liability. The key balance sheet movements are as follows.

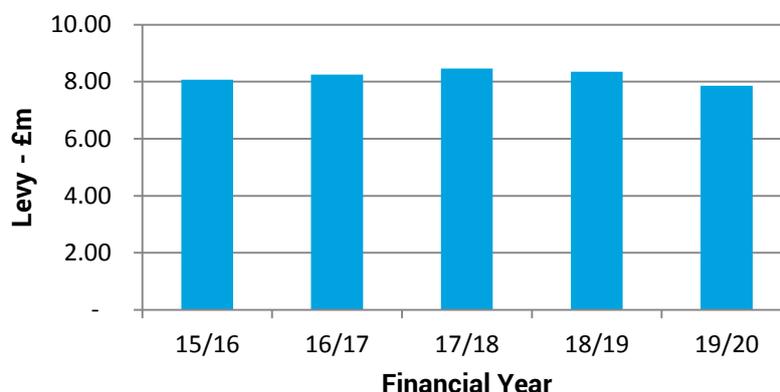
	2019/20 £'000	2018/19 £'000	Movement £'000	Reason for Movement
Cash and cash equivalents	5,986	7,107	(1,121)	Cash has decreased as a result of new operating expenditure of £1.404m for the year. The remaining £283k is a combination of balance sheet movements of £0.940m and £0.647m of defined pension contributions paid.
Trade and other payables	(1,654)	(1,215)	(439)	Increase of £0.439m is a result of a restructuring provision being added of £0.150m in 2019/20 and unexceptional movements between Trade Payables, Purchase Accruals, Deferred Income and payroll amounts due to HMRC.
Pension liability	(10,437)	(9,967)	(470)	Pension liabilities increased as a result of the employers' contributions of £0.674m being offset by an actuarial loss of £0.497m, the IAS 19 charge of £0.417m and the financing expense of £0.230m.

Levy Income

Seafish's total levy income for 2019/20 was £7.804m. This is a decrease of £0.541m on 2018/19 and represents 72% of total income. There has not been a change in the rate of levy since 1999 so any variance in levy is a result of variations on volumes or categories of landed or purchased fish by levy payers. The final quarter of 2019/20 saw significant variations of these volumes and is the reason for this decrease. It is a result of the effects of COVID19 with the three primary reasons being the closure of important UK export markets, closure of the UK domestic foodservice market and temporary uncertainties around the legality and safety of fishing vessel operations. The factors have combined to lower the value of levy collectible with homelanded shellfish being worst affected.

This disruption seen at the end of 2019/20 is certain to continue into 2020/21 and will have an impact of the value of levy next year. Whilst it is hoped that the impact of COVID19 is a temporary situation, it is almost certain that a recession will follow. Seafish acknowledge that this is a further risk to levy value and the Board are looking at scenario planning to ensure the appropriate levels of risk management and strategic planning are in place.

Historically, levy value has been very stable. The below graph demonstrates that levy has shown very little fluctuation across the last five years, with the largest year on year variation being this year's 6%.



Performance Across the Five Challenges

Challenge 1: Changing Landscape



Our goal is to help seafood stakeholders identify, optimise and secure business benefits from the process of the UK's exit from the EU. Exiting the EU continues to dominate this challenge as we entered the Exit and Transition Phase. Throughout the 2019/2020 year, we continued our work across:

- Governance and marine management
- Markets and trade
- Regulations and standards
- Labour and employment
- Funding opportunities

Highlights for the 2019/2020 year include:

Working with Government departments to prepare the seafood industry for a no deal situation, we helped to resolve multiple issues on exporting to the EU such as:

- Approval & inspection of premises to enable health certificates to be issued;
- Consolidation to reduce the number of certificates needed;
- Getting third country approval to export to the EU.

We also partnered with Government to deliver Brexit readiness workshops in England, Scotland & NI. The withdrawal agreement was subsequently agreed and we entered a transition period.

We advised Government on future trade agreements with the EU and important non EU countries such as the US and the new customs processes for UK traders. The Northern Ireland protocol to keep NI in the EU single market has required particular scrutiny and work with government to understand the impact on trade between NI and GB. Our EU Exit guide continues to be regularly updated.

We set up the Seafish Exporters Forum. The first meeting in March 2020 was attended by 60 people from 44 organisations and government departments. We dealt with a range of topics including:

- Vessel hygiene inspection

- Catch certificates
- Progress of Free Trade Agreement (FTA) negotiations.

Our International Export work continued and we held trade pavilions in Belgium, China and Japan. Industry participation was up by 55% across the 3 shows compared to last year.

Challenge 2: Enjoy Fish



Our goal is to support the doubling of seafood consumption in the UK to two portions a week. Throughout 2019-2020, we have continued to focus on this and the work set out in Challenge 2, including:

- Validating universally agreed messaging with industry.
- Devising and delivering consumer campaigns
- Promoting the positive reputation and credibility of the industry.

Highlights for the 2019/2020 year include:

Another successful Seafood Week held in October 2019, with 10 days of UK-wide consumer activity and celebratory events across the home nations. Social media was the highest performing channel during the campaign period, with an increased reach of 1,200% and an engagement increase of 670% (year on year).

The Northern Ireland ‘Marketing Seafood Through Education’ (MaSTE) programme produced strong engagement, delivering 33 educational events attended by over 500 stakeholders. Feedback was positive, with 93% saying that the seafood masterclasses delivered had been useful. The MaSTE project has been successfully piloted in Scotland with future plans to expand the initiative into Welsh colleges.

The annual National Fish & Chip Awards concluded in January 2020, with The Cod's Scallops of Nottingham picking up the top award. National Fish & Chip Award activity produced over 1,300 news articles, and more than 100,000 website and video views (respectively). Overall media reach for the Awards increased by 166%, and content impressions were up by 17% to 31,000 (both year on year).

The Seafish Seafood Ambassadors and events team have covered 50,000+ miles in 12 months; promoting the ‘catch to plate’ story at 280 UK events, which attracted an estimated 2.5 million attendees.

An increased number of businesses have also benefitted from our seafood market insight service, providing important data on retail, foodservice and trade. The number of data subscribers increased to over 530 (from 350 in the previous year). Our publically available factsheets had 35,000 downloads during the year (up from 22,000 in the previous year).

Most importantly, we agreed a positive change to our consumer marketing strategy, which was driven and approved by Sector Panels and the Seafish Board. This resulted in the formation of a 20-year consumer initiative – Love Seafood. The brand planning and all subsequent activity will be guided by a new industry steering committee, called the Love Seafood Group.

Challenge 3: Safety and Skills



Our goal is to support efforts to eradicate all preventable fatalities and injuries at sea and assist the seafood sector to benefit from best-in-class skilled labour. Fishermen’s safety continues to be at the core of this challenge as well as:

- Sector-led training for jobs at sea and onshore

- Promoting the sector as a career of choice
- Exploring automation and new technology

Highlights for the 2019/2020 year include:

£690k was administered to support voluntary training aimed at enhancing safety knowledge and skills. Take up was strong with:

- 676 training places across 137 onshore courses
- 6,825 people working on fishing vessels had training across 826 courses.

We secured £500k from the Maritime Coastguard Agency (MCA) and Trinity House to provide safety training and equipment for the fishing industry. The funding has been used by fishing vessel owners to buy Personal Locator Beacons for their crew to wear at sea and to attend in-water training to raise awareness of the dangers and difficulties of falling overboard.

We also delivered a series of local safety initiatives for the fishing industry including:

- Development of a First Aid guide in Wales;
- Safety messaging stickers in Northern Ireland;
- A new safety website in the South West of England.

We reviewed the effectiveness and capability of the four existing Seafood Training Networks to ensure they are equipped to meet the seafood industry's training needs. The review showed major successes with the Networks in Scotland and Yorkshire & Lincolnshire and highlighted improvements to be made in Wales and Northern Ireland around engaging key stakeholders.

We also reviewed training available to workers in the aquaculture industry. This was undertaken by the NAFC Marine Centre in Shetland and included a number of recommendations for future work for us. We published our research on the attitudes of young people towards working in the seafood sector. The research gives businesses hints and tips on how to attract young talent.

Our Seafood Horizons special review was produced which focussed on how developments in automation might affect the UK seafood industry. It seeks to understand current trade-offs between labour and automation and any threats and opportunities that may arise as these trade-offs evolve into the future.

Challenge 4: Good Source and Supply



Our goal is to work in partnership with seafood stakeholders to secure the broad supply base required by the UK industry. Our work in this area continues to cover:

- Supporting the growth of aquaculture as a source of supply
- Working with industry to overcome supply constraints
- Maintaining a suite of responsible and ethical sourcing tools for businesses

Highlights for the 2019/2020 year include:

Over the course of the year we held nine Seafood Issues Group meetings covering fisheries management, social responsibility, aquaculture and more. Attendance was higher than ever with 532 industry leaders involved and a meeting satisfaction rating of 85%. The reach of our monthly Seafood Issues newsletters has nearly doubled to 2,900 people and we've had over 30,000 downloads of the meeting notes and presentations.

We've delivered a series of local fisheries management and responsible sourcing projects across the home nations.

- In the South West of England, we supported delivery of an innovative fishing net recycling pilot project by facilitating the collection, distribution and recycling of end of life fishing gear.
- We assisted the Cornish Sardine Management Association (CSMA) in successfully maintaining MSC certification and winning 2019 MSC award for Scientific Contribution to Seafood Sustainability for the development of an innovative fisheries science partnership.
- Peterhead was certified as the first Responsible Fishing Port in the UK, demonstrating high standards of operating practices, worker welfare and catch handling.

We commissioned a variety of research to assist seafood businesses in assessing risk and responding to worker welfare issues in their supply chain. This includes an overview of the social risk assessment resources available to UK seafood businesses and social risk landscape of 19 countries who export to the UK.

A Seafood Horizons report explored UK cod supplies up until 2030 to understand the supply routes to the UK market for cod and identify major changes on the horizon. It identifies trends in key supply chains over the last 10 years, the changes afoot, how this may play out for cod supply to 2030, and industry implications.

Challenge 5: Deep Insight



Our goal is to ensure UK seafood businesses can draw upon the expert advice, knowledge, insight and data they need to inform decisions. Our focus is:

- Encouraging innovation
- Providing insight on emerging issues to support the industry to respond
- Providing data and analysis on how the industry is performing

Highlights for the 2019/2020 year include:

Our flagship event the UK Seafood Summit brought together a panel of respected speakers with 385 delegates to provide insight and debate on the biggest topics around the theme of 'The Responsible Seafood Economy'. It was a successful event with positive feedback including:

- 89% understood more about the topics covered than they did beforehand;
- 89% knew where to go to get further information on the content provided;
- 91% felt able to connect with others;

We produced the 'Changing Seafood Industry' landscape map as part of our Horizon Scanning work. It sets out the range of potential changes facing the industry over the next five to ten years whilst also highlighting particular shifts in the last twelve months.

We launched a new magazine for the seafood processing industry called ‘Cutting Edge’ to make our processing data easier to understand.

We continued to explore fishing gear innovation and commissioned professional illustrations of the latest innovative selective gears to provide a visual of how selective gear works. We also published case studies to showcase the great work underway in managing and recycling end of life fishing gear.

We commissioned a review into the impact of underwater noise, vibration and electromagnetic fields on commercial crustaceans to inform the fishing industry in Northern Ireland when engaging with offshore developers. The review will be published at the end of 2020.

We started to address the lack of evidence on how the UK seafood industry contributes positively to marine ecosystem services through a facilitated workshop with 30 experts.

Key Operational Issues and Risks

Seafish recognise the uncertainty around devolution, exit from the European Union including the potential loss of funding and the impact of COVID19 on the value of levy as its three key governance risks. More information on these is available in the Governance Statement on page 33-34. In addition to these, the following issues are highlighted in reference to the operational risks of Seafish.

COVID19 – Health and Safety

The health and safety of staff and stakeholders is of paramount importance to Seafish. With the emergence of COVID19, our Health and Safety Committee has established a COVID19 Safety Group and, in line with the rest of the UK, has implemented a number of essential measures to protect our staff and stakeholders from the virus. The measures include mobilising all staff from an office environment to home working, inserting a travel ban on all staff and cancelling all external meetings and events. Provisions have been made to ensure that home working can be carried out as safely as possible, and measures have been taken to ensure the safety of employees who require essential access to offices during this time. Again, in line with the rest of the UK, it is unknown how long these measures will be in place for. Seafish will follow all government guidance and protect our staff and stakeholders as best we can. Staff mental wellbeing is also of paramount importance during this time and the COVID19 Safety Group is monitoring this across the organisation.

COVID19 – Continuation of operations and services

The UK COVID19 government guidance and essential safety measures that have been implemented provide a significant risk to the basic operations of Seafish and a number of services that we provide. The decision to switch to remote working and implementation of the aforementioned COVID19 safety measures was taken in early March and will remain in place for a significant timeframe post year end.

Seafish were not alone in finding a switch to remote working difficult and for it to have a temporary impact on our operations and workforce. Seafish’s IT systems and staff have been able to overcome this risk and the resilience of the workforce has managed to endure this difficult period. Seafish now has 100% of staff working remotely and contributing to the operations.

The government guidance and COVID19 safety measures has meant that Seafish services such as the surveying of newly constructed boats and safety training of fishermen have had to temporarily stop. This has also forced the postponement or cancellation of multiple stakeholder events. It is believed that this is a

temporary position with services to resume once safe to do so and events to have alternative arrangements or be rearranged. We thank our stakeholders for your continued understanding during this uncertain time.

General Data Protection Regulation (GDPR)

Seafish is required to comply with the EU GDPR. GDPR harmonises data privacy laws across Europe and provides greater protection and rights to individuals. As a controller and processor of personal data, Seafish is subject to these regulations.

To ensure continuing compliance, Seafish has a GDPR working group that is chaired by the designated Data Protection Officer (DPO). This working group contains a spread of staff from across the organisation and meets at regular intervals. The group's remit is to ensure compliance across the organisation with the Information Commissioners Office (ICO) published guidelines. This has included GDPR awareness and training for existing and new staff, maintaining policies and procedures and reviewing a register of all personal identifiable information that Seafish holds.

Cyber Security

There continues to be an increased cyber threat with well-publicised attacks on other public bodies such as the "WannaCry" attack on the NHS in May 2017. This was a Ransomware attack but other common examples of cyber-attacks include phishing, malware and distributed denial-of-service (DDoS). A cyber security breach could result in a loss of sensitive information, financial loss from fraud and reputational damage to Seafish.

Anti-virus software is installed on all IT equipment and is updated in-line with the recommended patch levels. The biggest threat to a security breach is through the organisation's staff as "social engineering" (manipulation of people into performing actions or divulging confidential information) is used to bypass security. Limiting staff exposure to malicious cyber threats and raising awareness of the risk is vital.

Fraud

Like all public sector bodies, external fraud provides Seafish with an ever present risk. There are increasing instances of sophisticated fraud attempts on public bodies and an increasing variety of attacks as cybercrime advances. Threats range from creditor fraud to procurement fraud. A successful fraud attempt has the potential to leave Seafish at a financial loss, lose the confidence of external stakeholders and lower the organisation's morale. To equip Seafish to deal with this threat, a Fraud Risk Management Strategy update has been overseen by the Audit and Risk Committee (ARC). This has included a review of current internal controls, an updated Fraud Policy and the introduction of a fraud risk management cycle which includes a Fraud Risk Management Annual Report to be presented to ARC going forward. Seafish are connected to the Defra Counter Fraud Network and work to the highest possible standard of best practice in adherence to the Counter Fraud Functional Standard, GS013, which was launched in October 2018.

Going Concern

The COVID19 pandemic has reduced the value of levy available due to export and consumer market restrictions leading to a reduction of first hand sales across the UK. The risks and uncertainty created by this have been reviewed by the Seafish Executive and Board through updated forecasts, levy projection

scenarios and cash flow analysis. Seafish is content that all ongoing obligations will be met in the next 12 months, that no liquidity issues are expected and that no going concerns issues will arise.

Seafish has negative net assets of £1.390m due to a pension deficit of £10.437m. This deficit is being managed with the oversight of the Audit and Risk Committee. There are no going concern issues' arising from the negative net asset position as the pension liability only crystallises when Seafish's involvement in the scheme ends. This point is not anticipated in the foreseeable future.

Digital Transformation

We are at the end of the first year of a five year digital transformation programme. Now more than ever, Seafish's IT strategies are fundamental to our business strategy. This has never been truer than during the enforced switch to remote working due to COVID19 and subsequent need for digital communication across staff and stakeholders. There are three key risks that Seafish have identified as relevant when assessing our IT strategy.

1. Engaging with our stakeholders

Seafish's stakeholders are the same as any other customer in today's world. It is essential that the correct delivery platforms are in place to ensure information and services are available at their fingertips. If Seafish is unable to deliver our messages, information and services digitally, then it is likely that our stakeholder satisfaction will decrease.

2. Operational Efficiency

Again, like many businesses in today's world, Seafish operates with multiple internal digital platforms and systems. The flow of information within these systems is vital to the efficient operational delivery of Seafish. Ineffective systems could lead to decreasing quality of Seafish's outputs.

3. Cyber and Data Security

Both of these risks are mentioned in greater detail above. Seafish's IT strategies are key to safeguarding Seafish from these risks.

The foundations of the programme were laid by our digital partner in a Digital Transformation Roadmap. This identifies and prioritises improvements to existing processes and interactions – as well as introducing new ideas – that will drive digital transformation over a five-year period. It covers both internal and external facing areas. Phase one of three has been approved and the process of refreshing Seafish's core IT foundations has begun. A Digital Board has been established to oversee the progress of the programme, approve individual projects and ensure effective risk management.

Future Strategic Direction

Seafish is here to give the UK seafood industry the support it needs to thrive. The nature of the support required can take unexpected turns, as is the case with the Coronavirus pandemic, but Seafish is a 'constant' in times of uncertainty and will work tirelessly to shape the nature of its support accordingly.

Whatever challenges are faced across trading, safety and skills, consumption or sustainability, our vision of a truly thriving seafood industry will, one day, be realised.

Our aspiration is:

- To help our seafood stakeholders identify, optimise and secure business benefits from the process of the UK's exit from the EU, while successfully responding to the difficulties that such change will inevitably bring.
- To facilitate the doubling of seafood consumption in the UK to two portions per person a week, which will in turn contribute to significant financial, social and health benefits across the UK.
- To support efforts to eradicate all preventable fatalities and injuries at sea and onshore, and to assist the seafood sector to benefit from best-in-class skilled labour, supported by high quality training.
- To work in partnership with seafood stakeholders to secure the broad supply base required by UK industry, and to support the responsible sourcing and supply chain integrity demanded by UK consumers.
- To ensure UK seafood businesses can draw upon the expert advice, knowledge, insight and data they need to inform decisions to deliver increased business prosperity.

In terms of future direction, this year is an important one. The Seafish Board has resolved to undertake a Strategic Review of Seafish and, in doing so meet the requirements of the Cabinet Office Guidance for Tailored Review of Public Bodies. The review will engage stakeholders, government and the Devolved Administrations in discussions about the future outlook for Seafish. It will look at scope, scale, devolved matters and funding. It is anticipated that the outcome of the review will be a refreshed mandate for Seafish with an agreed corresponding funding arrangement.

In the meantime, and as the review is conducted, Seafish is fully focused on supporting the UK Seafood industry to navigate the extraordinary circumstances created by the Coronavirus pandemic.

Seafish Sustainability Strategy

Seafish employees are committed to doing good in the world; contributing to the biggest challenges facing the planet in an efficient and effective way; and being champions for the health, safety and well-being of the people and communities associated with the UK seafood industry.

At a 2019 workshop session we engaged with all Seafish staff, to identify the social and environmental sustainability issues that matter to employees at a personal level. These include adopting good practice recycling activities and considering how we travel for business, including the elimination of unnecessary journeys. Our subsequent annual staff survey results identified that there is room for improvement on our activities to protect the environment and put back more into the local community. Informed by these engagement findings, Seafish's 2020/21 'Giving Something Back' HR pillar reflects:

- the 'good' that Seafish's work can provide to the communities and environment we operate within; and
- the 'footprint' we leave behind in the process of undertaking our work.

With the sponsorship of our Executive team and also drawing on inspiration from leading seafood businesses, we have embarked on the production of our first Sustainability Strategy and Action Plan. At its heart, the Strategy will reflect our aspiration for a thriving and sustainable seafood industry; one that acts responsibly for the benefit of society and the environment. In delivering our 2018-21 Seafish Corporate Plan, we committed to directly contribute to six United Nations Sustainable Development Goals – these

Global Goals provide the planet's blueprint to achieve a better and more sustainable future for all by 2030. Seafish's Strategy will align our sustainability aspirations and forthcoming targets with those Global Goals on which we believe our business can have the most positive impact.

Sustainability Data

This is the fourth year we have collected baseline data to enable us to measure and report on our business travel miles and greenhouse gas emissions.

	Year ended 31 March 2020			Year ended 31 March 2019		
	Expenditure £'000	Measure	Tonnes CO2	Expenditure £'000 (Restated)	Measure (Restated)	Tonnes CO2 (Restated)
Scope 2: Energy indirect						
Electricity (kWh)	11	57,032	15	9	52,257	15
Gas (kWh)	7	102,615	19	4	126,377	23
Scope 3: Other indirect emissions						
Air Travel (miles)	65	150,696	24	66	151,110	25
Rail Travel (miles)	130	302,480	13	124	302,080	13
Travel by non-owned transport (miles)	226	350,929	98	198	213,065	48
Water supply (m3)	5	114	0	6	143	0
Waste management (tonnes)	7	5	1	7	5	1
<i>*restatement due to prior year administrative error.</i>						
Total	451		170	414		125

As evidenced from the table above, travel accounts for the majority of emissions. The total mileage incurred in this financial year has increased by 20% compared to the prior year. This is a disappointing result. The largest increase came in the Travel by non-owned transport category which saw a 65% increase. This result is from a combination of a number of Seafish staff electing against a company car, claiming business mileage in their personal car and staff requiring to drive to events whilst transporting bulky equipment. This is an area that Seafish is continually looking to reduce. Seafish's car leasing policy also restricts the choice of cars to those with CO2 emissions of 110g/km or below to reduce the amount of CO2 emissions being emitted into the environment.

COVID19 restrictions have resulted in a decrease of travel and an increase in the use of technology to host remote meetings. Converse to the majority of COVID19 impacts, Seafish are hopeful that the organisation can continue this trend and continue to lower our business miles.

Limiting factors still exist this year when compiling the sustainability data. These are listed below:

- Seafish pays a unitary charge to operate out of leased premises in Grimsby. As such, utilities and waste management of this premise cannot be disaggregated and is not included. As things stand it will not be possible to do this whilst Seafish remain with the current landlord.
- Edinburgh waste management is not able to be disaggregated further as current suppliers have not provided this level of detail.
- A record of exact miles is not maintained for taxi, rail and air travel. The above mileage is an estimate based on the expenditure in these areas.



Marcus Coleman – Chief Executive
11 December 2020

Accountability Report

Accountability Report

Corporate Governance Report

The purpose of the Corporate Governance report is to explain the composition and organisation of Seafish's governance structure and how Seafish supports the achievement of our objectives. This governance report sets out how Seafish have managed and controlled our resources during the year.

Directors' Report

History and Statutory Background

The Sea Fish Industry Authority (Seafish) was established under the Fisheries Act 1981.

These accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs, with the consent of HM Treasury and in accordance with Section 11 of the Fisheries Act 1981 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004. These financial statements have been prepared in accordance with the accounts direction issued by the Secretary of State for Environment, Food and Rural Affairs. The accounts direction requires compliance with HM Treasury's Financial Reporting Manual (FRoM) and any other guidance issued by HM Treasury.

Principal Activities

Seafish is the only pan-industry body offering services to all parts of the seafood industry, including catching and aquaculture; processors; importers and exporters; and distributors of seafood, restaurants and retailers. It aims to support all sectors of the seafood industry for a sustainable, profitable future.

Its key services aim to support and improve the environmental sustainability, efficiency, cost effectiveness and commercial success of the industry, as well as promoting sustainably-sourced seafood. Key aspects of these services include:

- (a) Promoting efficiency in the UK seafood industry including the marketing and consumption of sea fish and sea fish products in the UK;
- (b) Providing and assisting in the provision of training;
- (c) Providing advice, information and analysis of a wide range of matters relevant to the sea fish industry.

Although Seafish has the role of administering financial assistance to the fishing industry under the terms of the Fisheries Act 1981, the facility to make loan arrangements does not presently exist.

Recent Background

The current structure comprises the Board with responsibility for the governance of the organisation and setting the strategic direction. Under this, three Sector Panels have been established to inform the operational activities.

These three Sector Panels represent the interests of their sectors:

- Domestic and Exporters Panel
- Importers and Processors Panel
- Consumers and Supply Chain Panel

The Panels are composed of a mix of representative organisations and those who bring direct skills and expertise to the Panel. They are constituted to meet twice per year to review the activities and progress towards the deliverables. During the year to 31 March 2020, the panels met two times to review the progress on the delivery of the Corporate Plan.

Board Members

There are nine non-executive Board members, appointed jointly by the Minister of State for Agriculture, Fisheries and Food (Defra), the Cabinet Secretary for Rural Economy and Connectivity (Scottish Government), the Cabinet Secretary for Environment and Rural Affairs (Welsh Government) and the Minister for Agriculture, Environment and Rural Affairs (Northern Ireland Executive). Four Board Members are independent of the sea fish industry and the remaining five members represent the interests of the sea fish industry.

Independent: Brian Young (Chair)
Alison Austin
Michael Sheldon
Linda Rosborough

Industry: Peter Hajipieris
Mike Mitchell
Nathan de Rozarieux
Jonathan Shepherd
James Buchan

A Register of Board Members' Interests details company directorships and other significant interests held by Board Members which may conflict with their responsibilities. The register is available on the Seafish website (<https://www.seafish.org/article/board-minutes>) or by contacting Seafish.

Board meetings, which are properly conducted and minuted, are held regularly to ensure overall control over the operations of Seafish is exercised. The Chief Executive and the executive directors attend and participate fully in all Board meetings.

Board Members' Responsibilities

The Board Members have adopted a Code of Good Practice, as recommended by Government, which covers all responsibilities including public service values, corporate responsibilities, strategic planning and control, handling conflicts of interest and annual report and accounts preparation.

The Chief Executive of Seafish, as Accounting Officer, is responsible for preparing the Annual Report, the Remuneration and Staff Report and the financial statements in accordance with the Fisheries Act 1981, as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004 and the Accounts Direction issued by the Secretary of State for the Environment, Food and Rural Affairs.

Management

The management of Seafish comprised the following executive directors during 2019/20:

Marcus Coleman (Chief Executive from 5th January 2016)

Declan Byrne (Finance Director from 1st April 2017)

Aoife Martin (Operations Director from 3rd July 2017)

Hazel Curtis (Corporate Relations Director from 7th January 2019)

Linsey Neill (Human Resources Director from 1st April 2017)

Business Review and Future Developments

The Statement of Comprehensive Net Expenditure is set out on page 53 of the accounts. The net expenditure for the year, after taxation but prior to Other Comprehensive Income gains, amounted to £1.575m (2018/19: net income £0.147m).

A detailed Performance Report is set out on pages 5 to 21. The Performance Report contains a performance and financial review of the activities undertaken by Seafish during 2019/20 as well as information on future developments.

Political and Charitable Donations

Seafish did not make any donations towards charitable or political purposes during the year.

Payment of Payables

Seafish aims to comply with the Better Payments Practice Code. Seafish policy is to pay creditors' accounts by the due date specified under each creditor's terms of payment, unless under dispute.

At 31 March 2020, £0.285m was owed to trade payables representing fifteen days purchases outstanding (31 March 2019 – one day).

Auditors

The Comptroller and Auditor General is the statutorily appointed external auditor for Seafish. The audit fee for the statutory audit for 2019/20 is £53k (2018/19: £40k). There was no non-statutory audit work undertaken by the Comptroller and Auditor General in 2019/20 or 2018/19.

Personal Data Related Incidents

No personal data related incidents requiring formal reporting to the information commissioner's office occurred during the year.

Statement of Accounting Officer's Responsibilities

Under the Fisheries Act 1981, as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2004, the Secretary of State of Environment, Food and Rural Affairs has directed the Sea Fish Industry Authority 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. The Accounting Officer confirms that the Annual Report and Accounts as a whole give a true and fair view of the state of affairs of the Sea Fish Industry Authority and of its income and expenditure, 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 and in particular to:

- Observe the Accounts Direction issued by the Ministers with the consent of Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts.
- Prepare the accounts on a going concern basis.
- The Board and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Accounting Officer of Defra has appointed the Chief Executive as Accounting Officer of the Sea Fish Industry Authority. 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 the Sea Fish Industry Authority's assets; are set out in Managing Public Money published by HM Treasury and in the Accounting Officers' Memorandum issued by the Ministers and published in a Memorandum of Understanding between the Ministers and the Sea Fish Industry Authority.

So far as the Accounting Officer is aware, there is no relevant audit information of which the Comptroller and Auditor General is unaware and the Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the Comptroller and Auditor General is aware of that information.

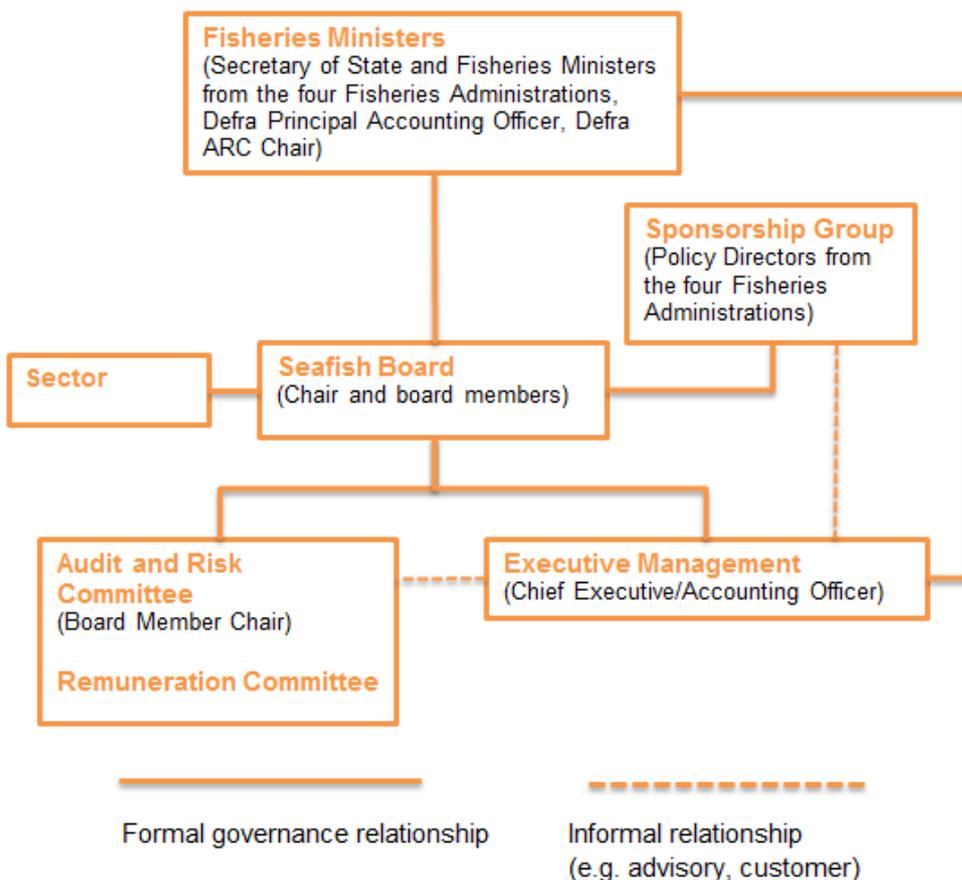
The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance Statement

As Accounting Officer, I have the responsibility for maintaining a sound system of risk management, governance and control that supports the achievements of Seafish policies, aims and objectives, whilst safeguarding the public funds and Seafish assets for which I am responsible. Seafish are required to operate in accordance with the responsibilities assigned in Managing Public Money, issued by HM Treasury and are also required to ensure compliance with the relevant principles and protocols outlined in the Code of Good Practice, insofar as applicable to a NDPB.

The Governance Framework of Seafish

In 2013 Seafish and the four Fisheries administrations agreed the detail of a Framework Agreement that set out the overarching arrangements for the sponsorship of Seafish and the governance and accountability arrangements between the four Fisheries Administrations (being the Department for Environment, Food and Rural Affairs (Defra), Marine Scotland, Department of Agriculture, Environment and Rural Affairs Northern Ireland (DAERA) and the Welsh Government) and Seafish. This structure was operational throughout 2019/20 and is demonstrated in the below diagram.



Under the Framework Agreement, the Sponsorship Group, comprising policy directors from the four Administrations, manages the relationship with Seafish and the main sponsorship activities. Defra acts as the primary point of contact for Seafish in dealing with issues relating to sponsorship, finance, corporate governance and performance, and liaises with the other administrations as appropriate. Routine policy issues are handled through bilateral engagement between policy leads in the relevant Administrations and Seafish.

The Framework Agreement also sets out the governance structure for Seafish, including the role of the three Sector Panels providing advice to the Seafish Board on work priorities.

The Board

Ministers appoint the Seafish Board. The Board provides strategic direction and leadership; drives performance and holds the Executive to account against its corporate plans, and ensures that the Ministers are kept informed of any changes which are likely to impact on the strategic direction of Seafish.

Members of the three advisory Sector Panels are appointed by Seafish. The aim of the Panels is to enable greater representation and influence of the industry in defining Seafish work programmes. The three Panels represent the following sectors: Domestic and Exporters; Importers and Processors; Consumers and Supply Chain.

The Seafish Board agree the strategy and corporate objectives for the organisation and the Sector Panels and the Seafish Executive then develop specific strategies and costed work programmes against these objectives. The Panel Chairs attend Board meetings and provide a valuable channel of communication between Seafish, the Panel members and the wider audience.

There were nine non-executive Board Members during the year, four of whom were independent members, with the remaining five being from the seafood industry. The Board met four times during the year and all meetings were properly conducted and minuted. Minutes of the meetings provide information on what the Board has discussed throughout the year and are available on the Seafish website (<http://www.seafish.org/article/board-minutes>). The Panel Chairs, the Chief Executive and two executive directors attend and participate in all Board meetings. The Board meets in closed sessions where appropriate.

Board Meetings

The meeting attendance records for Board members during 2019/20 are detailed in the table below:

Board Member	Possible	Attended
Brian Young (Chair)	4	4
Michael Sheldon (Deputy Chair)	4	4
Alison Austin OBE	4	3
Linda Rosborough	4	4
Peter Hajipieris	4	4
Mike Mitchell	4	3
Nathan de Rozarieux	4	4
Jonathan Shepherd	4	4
James Buchan	4	4

Executive	Possible	Attended
Marcus Coleman (Chief Executive)	4	4
Declan Byrne (Finance Director)	4	4
Linsey Neill (Human Resources Director)	4	3
Aoife Martin (Operations Director)	4	4
Hazel Curtis (Corporate Relations Director)	4	4

The Seafish Board considers standard items that include the reports from executive directors, the risk register, health and safety update, and reports from the committees and any ad hoc sub-groups. All papers presented to the Board or any of its committees are validated by the relevant executive director.

The Board concentrated on dealing with strategic matters, with the majority of governance issues that were identified being delegated to the Audit and Risk Committee (ARC) for consideration and feedback. Examples of issues considered by ARC are shown on page 30-31.

Conflicts of Interest

Board members are required to declare any direct or indirect interest in any item on the agenda before the board meeting begins. Any declaration will be noted in the minutes and the member will not take part in any deliberation or decision making process. If deemed appropriate by the Chair, they may also be asked to withdraw from the meeting during consideration of the business to which the conflict relates. There were no conflicts of interest identified in the year to 31 March 2020.

Board Effectiveness

As noted above, the Board met four times during the year and had no significant governance issues to consider. The Board was supported by the work carried out by both the ARC and the Remuneration Committee.

In line with best practice, an assessment of the Board's effectiveness was conducted in 2019/20. This assessment was by way of an internal audit and formed part of the internal audit assurance plan for the year. There were three key components to the audit; conducting interviews with key personnel, reviewing documentary evidence and issuing a questionnaire to all members of the Board and Executive team. The questionnaire was adapted from the National Audit Office questionnaire on Board effectiveness.

The audit provided Seafish with moderate assurance over both design and effectiveness of the Board's performance. Moderate is the second highest level of assurance provided within internal audits. This provides a positive outcome and evidences that the Seafish Board has implemented, and is adhering to, effective controls designed to achieve its objectives.

The surveyed assessment provided further insight into the self-examined strengths and weaknesses of the board. In particular, the following statements were answered as "strongly agree" by the board members:

- The Board takes collective responsibility for the performance of the organisation
- Management provides a thorough analysis of performance against budgets, targets and key outcomes, and discusses any necessary remedial action.
- The Board is cohesive and combines being supportive of management with providing appropriate challenge
- The Board takes full account of risk in its decisions.
- The Board monitors the political environment for potential changes to its remit and assess the impact these will have on the strategy.

Audit and Risk Committee

The ARC was chaired by the Seafish Chair and included three other non-executive members. The role of ARC is to independently contribute to the Board's overall process for ensuring that an effective internal control system is maintained across risk assessment, internal and external audit and both legislative and ethical compliance.

After joining the ARC in April 2019, Mike Sheldon officially began the role of Chair after that meeting. The appointment sees Seafish Chair, Brian Young, stepping down from his temporary position of ARC Acting Chair and sees best practice levels of independence between ARC and the Board being restored, as prior to this, a member of ARC other than Brian Young reported back to the Board. Brian Young had

previously filled the roles of Seafish Chair and ARC Acting Chair due to a delay in appointing an ARC chair due to the financial expertise available.

This committee met four times during the year.

During 2019/20, this committee has:

- Considered the Annual Report and Accounts for the year to 31 March 2019.
- Reviewed the NAO's Audit Completion Report for the Annual Report to 31 March 2019 and ensured any recommendations have been acted on.
- Reviewed the results of the internal audit programme as agreed between the Head of Internal Audit and ARC. This consisted of three internal audits: payroll, Brexit industry work and Board effectiveness.
- Discussed and approved a recommendation on the three-year payment plan for the defined benefit pension scheme.
- Overseen the process for a change of premises for Seafish's Grimsby office location. This change of premises is now unlikely to materialise due to the impacts of COVID19.
- Overseen a programme of review and change to Seafish's disclaimers which has seen a number of statements added to Seafish's website, emails and newsletters to protect from claims of liability.
- Reviewed the progress of the Digital Transformation programme. This included approving phase one proposals whilst recommending a gateway review process and electing a Board Champion to sit on the Digital Transformation Board.
- Reviewed the Assurance Map. This map provides an organisational wide snapshot of operational risks that can give ARC extra assurance that our Risk Management System is robust.
- Reviewed the process of how management holds itself accountable to the Corporate Plan budget and makes decisions based on the financial performance of individual projects.
- Reviewed and provided recommendations on Seafish's Cash Reserves Policy.
- Completed a review of governance risks and given a recommendation of which risks to include in the Governance Statement within this document.

The framework of assurance in place throughout 2019/20 has enabled ARC to continue to deliver on a significant and valuable programme of activity.

ARC Effectiveness

In line with best practice, ARC conducted an assessment of its effectiveness in 2019/20. This was by way of a self-assessment exercise that saw an Annual Report be presented to ARC and an internal discussion followed. It was evaluated that the committee focussed on the right topics during the year, that the quality of the data and papers were of the correct standard and that the members provided good discussion and suitable challenge.

It was concluded that ARC had collectively delivered on a significant and valuable programme of activity, and ARC is therefore in a position to recommend to the Board and the Accounting Officer that a reliable framework of assurance is in place at the end of the 2019/20 financial year.

Internal Audit

During 2019/20 Seafish has continued its engagement with BDO as our internal auditors and Head of Internal Audit. Their role is to provide an independent, objective assurance and consulting activity designed

to add value and improve Seafish's operations. This has involved BDO design and implement the annual audit programme, be present and input at each ARC meeting and provide an end of year audit opinion. These arrangements ensure that Seafish is fully compliant with the Public Sector Internal Audit Standards (PSIAS) and the requirements of Managing Public Money, which are outlined in the Seafish Accounting Officer delegation letter and Seafish framework document.

To ensure maximum benefit to Seafish, BDO and management design the internal audit programme to include the areas that are most relevant to the risks of Seafish or are of operational importance. The programme is then approved by ARC. This year's coverage included:

- Payroll: the conclusion provided substantial assurance over the design and operational effectiveness of the key controls in place regarding Seafish's payroll.
- Board Effectiveness: the conclusion provided moderate assurance over the design and operational effectiveness of the key controls and arrangements in place for the Seafish Board.
- EU Exit work programme: the conclusion provided substantial assurance over the design and operational effectiveness of the work programme.

In the role of Seafish's Head of Internal Audit, based on the reviews undertaken and in the context of materiality, BDO gave the following opinion.

- The risk management activities and controls in the areas which we examined, were found to be suitably designed to achieve the specific risk management, control and governance arrangements.
- Based on our verification reviews and sample testing, the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

Off-payroll engagement with a non-executive director

Seafish were engaged in an off-payroll arrangement with a non-executive director in 2018/19. HM Treasury (HMT) guidance states that such arrangements require Accounting Officer approval and should not exceed six months. Although Accounting Officer approval was granted, the engagement exceeded six months and is therefore non-compliant. This arrangement was corrected in December 2019 and plans have been progressed to ensure full compliance.

Remuneration Committee

The Remuneration Committee (RemCom) is chaired by an Independent Board Member and includes two other non-executive members. The role of the RemCom is to advise the Board on matters of staff remuneration, performance management and other systems and processes relating to staff management and welfare, attraction, retention and development of staff, which contributes to the Board's corporate role.

The RemCom met four times during the year and has overseen the development and progress of the following key work areas:

- Changes in staffing structures, resourcing, leaver and retention analytics and demographic composition of the organisation
- Progress on Pay Policy and Gender Pay Gap reporting

- Advancing implementation of staff wellbeing programmes, RemCom's area of oversight within the Board's remit for Health and Safety
- The first full year's operation of the new performance related pay scheme
- Planning for the departure or promotion of key specialists with considerable time invested ensuring successful replacements
- Embedding recognition that generalist skills are critical as the continuously changing external environment requires greater flexibility and agility
- A programme of internal change to support the achievement and maintenance of 'Times 100 Best Companies' status
- Initial consideration of the HR aspects associated with the planned Strategic Review of the organisation and COVID19.

RemCom Effectiveness

In line with best practice, RemCom conducted an assessment of its effectiveness in 2019/20. This was by way of a self-assessment exercise that saw an Annual Report be presented to RemCom and an internal discussion followed. It was agreed that the members of RemCom had enabled the RemCom to deliver sound governance of all people aspects of the organisation, providing constructive challenge as well as a sounding board for the discussion of emerging or complex issues. It was felt that a strong framework of assurance in place at the end of 2018/19 has been strengthened and enhanced during 2019/20. It was noted that this framework is especially pertinent in the face of COVID19 and the challenges that will bring.

Risk and Control Framework

Risk Management Strategy

Seafish's risk management strategy is embedded throughout the organisation, with operational risks being identified through the Challenge Governance Groups and Project Management System. A risk reporting culture is encouraged across the organisation to enable the identification, prioritisation and escalation of key strategic and operational risks. Seafish has a low appetite to risk, and any significant risks are escalated to the Executive for review as soon as they are identified.

Risk Environment

Seafish operates a comprehensive corporate risk register which identifies strategic and operational risk separately. To monitor changes and check progress of mitigation measures, the risk register is reviewed by the Executive on a quarterly basis, and at least twice a year by the ARC. The risk register is also reviewed by the Board at board meetings at least twice a year, and the Board carry out an in-depth review of all risks once a year. It is ARC's responsibility to assess the risks identified by the Executive team and report assessments to the Board. Challenge of the management process occurs at both Board and ARC meetings. Significant risks will go directly to the Board. As mentioned previously, Seafish's internal auditor's completed a review of risk management providing moderate assurance. This highlights that Seafish's risk environment is suitable for an organisation of this size and that it is fit for purpose.

Key Risks

Seafish have three key recognised risks regarding the governance of the organisation. Below is a summary of these risks along with details of the financial year they were identified and what Seafish has done to monitor and mitigate the risks since. These risks are present on Seafish's risk registers which are reviewed and monitored as described in the section above.

1. Seafood market closures and uncertainties arising from COVID19

The Fisheries Act 1981 grants Seafish the power to collect a levy on the first hand purchase of Seafood in the UK. This funding model has provided a stable income as there has been limited year on year fluctuations in the volume of first hand purchases in the UK. However, the emergence of COVID19 meant that two key categories of seafood markets for the UK saw immediate closure. These included a selection of international export markets, such as Spain, France and Italy, and the domestic foodservice market. These uncertain market conditions present a threat to the value of overall Seafish levy.

There are three main impacts that are expected to arise:

- Short term cash flow issues as a consequence of levy payers own cash flow issues.
- Potential of levy payers not being able to meet levy payment obligations.
- A significant loss of income as a result of less volume of first hand purchases due to market closures and uncertainties.

These impacts pose a risk that Seafish's current financial operating model is not sustainable. Whilst Seafish holds significant cash reserves which this risk can be mitigated against, it is likely that significant changes to the financial operating model will be required in 2020/21.

2. Uncertainty surrounding devolution

During 2015/16, the Board identified The Smith Commission report as a key governance risk. The Smith Commission report recommended that the UK and Scottish Governments should work together to "consider whether to revise existing legal and practical arrangements in respect to levy raising (for example in relation to red meat and seafood)" in the section on issues that did not involve the further devolution of powers to Scotland. Further devolved powers could affect Seafish's existence as a UK wide entity. Seafish and the UK and Scottish Governments will continue to work together to identify and mitigate any potential risks associated with changes that might be made in order to deliver this recommendation.

Seafish has continued to monitor the risk. In 2018, the Scottish Seafish Advisory Committee was established. With representation from a variety of sectors within the Scottish seafood industry, the role of the committee is to provide guidance and direction, as well as formulate proposals for levy investment in Scotland. The committee met 3 times in 2019/20.

3. Exit from the European Union including the potential loss of funding

During 2016/17, the Board identified key uncertainties related to the UK's exit of the EU. Currently, 9% of Seafish income comes from the European Maritime and Fisheries Fund. This fund has been guaranteed by HMT until 2020 but it is uncertain where Seafish will obtain this type of funding post 2020. To ensure the delivery of the Corporate Plan is not affected, Seafish will need to identify alternative sources of funding.

The scope of Seafish's work has increased as the UK's relationship with the EU changes. EU Exit has the potential to bring new opportunities and benefits to the fishing industry. While seeking these opportunities Seafish must ensure our resources are managed effectively while continuing to fulfil our remit, as well as potentially extending our activities.

For the past two years our Challenge 1 work programme has focused on helping the UK seafood sector to identify, optimise and secure business benefits from the UK's exit from the EU. This will continue to be a priority for us during 2020/21 as the UK moves through the transition period and establishes a new trading relationship with the EU and other non-EU countries.

Whistle-Blowing Policy

Seafish is committed to the highest standards of openness and accountability, and concerns about malpractice are taken very seriously. A disclosure to Seafish based on honest and reasonable suspicion that malpractice has taken or is about to take place will be protected. Employees who raise concerns reasonably and responsibly will not be penalised. Seafish has a Whistle-blowing policy to enable such concerns to be raised. Concerns may be raised with internal management, the Executive team (including the CEO). Employees have the right to go to an outside body in the first instance if they feel that it's inappropriate to raise a concern internally; they could approach any one of the Seafish Board members or a prescribed person or body as noted on the Department of Business, Energy and Industrial Strategy website. If an employee does not consider that the response received to their reported concern is reasonable, the policy enables them to report the matter directly to Defra. There have been no instances of whistleblowing in the year to 31 March 2020.

Information Management

The Data Protection Officer is responsible for the management of information within Seafish. Information assets have been reviewed and information asset owners identified. All staff has been made aware of their responsibilities in information management and data protection. Systems to ensure the appropriate protection of data held by Seafish are in place, including systems to protect data during transport or transfer to other sites or organisations. Seafish's approach to the management of security risks is proportionate to the nature of the risks, and controls are in place to ensure that all information is handled securely. There were no reported data losses in the course of the year.

Compliance with Corporate Governance in Central Government Departments: Code of Good Practice

Seafish complies with the relevant principles and protocols outlined in the Code of Good Practice.

Seafish received no ministerial directions in 2019/20.

Conclusion

Seafish have robust and effective governance arrangements in place. These arrangements ensure that Seafish continue to be connected to industry through sector panels whilst ensuring relationships with all four devolved authorities are maintained. Furthermore, it ensures that Seafish's strategy is clearly aligned to the organisations remit, external environment and political landscape.

The Board continues to evidence strong effectiveness as highlighted through a positive internal audit report in 2019/20. The two committees of the Board, ARC and RemCom, have clearly defined roles that provide effective insight into the organisation. This enables the Board to take collective responsibility for the performance of the organisation whilst taking full account of risk in its decisions. It is also evident that the Board are cohesive and provides appropriate challenge the management team.

After the appointment of our new internal auditors in 2018, Seafish has continued to strengthen our internal audit programme. There have been no issues of non-compliance within these arrangements. We thank our internal auditors for their challenge throughout the year and we are pleased that they found our management activities and controls to be suitably designed to achieve the required risk management, control framework and governance.

The unprecedented conditions that COVID19 has brought to the UK seafood industry and international trading partners will significantly impact the value of Seafish levy. Seafish are in a strong position to survive this impact but consideration of this is essential in developing the future short to medium term financial operating model.

Parliamentary Accountability Report

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

Remuneration Report

Remuneration Policy

The Remuneration Committee functions as a subcommittee of the Seafish Board with formal delegated responsibilities and terms of reference. The Committee's primary role is to contribute to the Board's overall process for ensuring adequate arrangements are in place regarding staff pay and benefits.

The Committee comprises three members, all of whom are non-executive Board Members of Seafish. Members during the year to 31 March 2020 were formerly: Clare Dodgson (Chair), Alison Austin and Peter Hajjieris, and latterly: Alison Austin (Chair), Jonathan Shepherd and Mike Mitchell. Meetings are normally held not less than twice a year and minutes are taken at all meetings. The committee met two times during the year.

Executive Directors Remuneration

Seafish executive directors are employed on standard contracts of employment which are in line with all other employees except for notice periods where Seafish executive directors are required to give either one, three or six months' notice of termination of their employment. Executive directors' remuneration is by way of a fixed annual salary and benefits in kind including car benefit, medical insurance and subscriptions. As all executive directors were employed after 1 April 2006, they are members of the defined contribution scheme apart from one executive director.

Set out below are the details of the contracts of employment for Seafish's senior executive staff as at 31 March 2020.

	Contract Start Date	Contract Expiry Date	Notice Period	Unexpired Term
Marcus Coleman Chief Executive	05/01/2016	31/12/2021	3 months	21 months
Declan Byrne Finance Director	01/04/2017	Indefinite	3 months	n/a
Linsey Neill Human Resources Director	01/04/2017	Indefinite	3 months	n/a
Aoife Martin Operations Director	03/07/2017	Indefinite	3 months	n/a
Hazel Curtis Corporate Relations Director	07/01/2019	Indefinite	3 months	n/a

Remuneration of Senior Executive Staff

Pay policy is formally reviewed annually by the Committee. In seeking to ensure pay and other conditions are fair, competitive, and affordable, market data and other relevant data are taken into account. Like all other Seafish employees, the pay associated with executive posts is derived from a formal job evaluation process, and pay increases are linked to performance. In line with the Government's pay policy, an award of 1.5% was made to staff for the year to March 2020.

Methods Used to Assess Whether Performance Conditions are Met

In assessing individual performance, Seafish has a formal performance management system which is a core management process. It enables Seafish to be clear and consistent in focusing performance on the delivery of strategic objectives; assess contribution and recognise achievement and support and inform personal development, career development and succession planning as well as provide for growth of knowledge, skills and experience. A new dimension was added to the performance framework in 2019/20. This saw staff be evaluated on how key competencies are demonstrated as well as achievement of objectives.

Contracts of Employment for Executive Directors (subject to audit)

Set out below are details of the remuneration of Seafish's senior executive staff during the year to 31 March 2020. Benefits in kind comprise car benefit and medical insurance.

	Basic Salary		Bonus		Benefits in Kind ¹		Pension Benefit		Total	
	(Bands of £5,000)		(Bands of £5,000)		(Nearest £100)		(£000)		(Bands of £5,000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Marcus Coleman	105-110	105-110	0-5	5-10	8,700	8,900	11	11	130-135	135-140
Declan Byrne	85-90	75-80	0-5	0-5	700	700	9	7	95-100	85-90
Linsey Neill	80-85	35-40 (FYE 70-75)	0-5	0-5	9,300	8,500	8	6	100-105	55-60 (FYE 85-90)
Aoife Martin	85-90	80-85	0-5	0-5	n/a	n/a	9	7	95-100	90-95
Hazel Curtis	75-80	15-20 (FYE 70-75)	0	0-5	700	200	22	21	100-105	40-45 (FYE 95-100) ²
Lindsey Ferries	n/a	45-50 (FYE 70-75)	n/a	n/a	n/a	n/a	n/a	4	n/a	50-55 (FYE 75-80)
Debbie Cook	n/a	55-60 (FYE 75-80)	n/a	n/a	n/a	n/a	n/a	5	n/a	60-65 (FYE 80-85)

¹ Benefits in Kind refer to company cars and private medical care.

² Remuneration is higher in comparison to the other Directors due to H Curtis being part of a pension scheme different from the rest of the Directors..

Ursula O'Brien	n/a	15-20 (FYE 70-75)	n/a	n/a	n/a	n/a	n/a	1	n/a	15-20 (FYE 75-80)

Pension Scheme Particulars of Executive Directors (subject to audit)

Set out below are the Pensions Scheme particulars of Seafish's senior executive staff during the year to 31 March 2020.

	Pension Scheme Details	Employer's Contribution Rate
Marcus Coleman	Legal and General	10.0%
Declan Byrne	Legal and General	10.0%
Linsey Neill	Legal and General	10.0%
Aoife Martin	Legal and General	10.0%

Pension Entitlement of Executive Directors: Defined Benefit Schemes (subject to audit)

There was one Seafish executive director who was a member of a defined benefit scheme during the year to 31 March 2020.

	Pension Scheme Details	Employer's Contribution Rate
Hazel Curtis	West Yorkshire Pension Fund	28.8%

As non-executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive directors.

Pension Entitlement of Executive Directors: Defined Contribution Schemes (subject to audit)

Set out below are the details of the employer's contributions made on behalf of Seafish's executive directors who were members of a defined contribution scheme during the year to 31 March 2020.

	For the year ended 31 March 2020 £000	For the year ended 31 March 2019 £000
Marcus Coleman	11	11
Declan Byrne	8	7
Linsey Neill	8	6
Aoife Martin	8	7
Debbie Cook	n/a	5
Ursula O'Brien	n/a	1
Lindsey Ferries	n/a	4

Pension Entitlement of Executive Directors: Defined Benefit Schemes (subject to audit)

Set out below are details of the pension benefits accrued at and earned by each of Seafish's executive directors who were members of a defined benefit scheme during the year to 31 March 2020.

	Real increase in pension £000	Real increase in pension lump sum £000	Total accrued pension at 31/03/2020 £000	Lump sum at 31/03/2020 £000	CETV at 31/03/2020 £000	Increase in CETV £000
Hazel Curtis	0.0 - 2.5	(2.5) - 0.0	20 - 25	20 - 25	357	27

As non-executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive directors.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Relationship Between Highest Paid Director and the Median Earnings in the Workforce (subject to audit)

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

The annualised banded remuneration of the highest paid director in Seafish in 2019/20 was £115k - £120k (2018/19: £115k - £120k). This was 2.97 times (2018/19: 2.96 times) the median remuneration of the workforce, which was £39,533 (2018/19: £39,680). The median remuneration has decreased by less than one percent, which is against expectations as Seafish staff received a 1.5% salary uplift in the year. This less than 1% decrease is due to new staff and roles starting in the lower quartile. The lowest annualised remuneration band paid by Seafish was £20k - £25k and the highest was £115k - £120k.

In 2019/20 or 2018/19 no employee received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Non-Executive Directors' Remuneration (subject to audit)

The following table sets out details of payments made and appointment term for the Chairman, Deputy Chairman and non-executive directors:

Name and title	2019-20 Salary in £5k bands £000	2018-19 Salary in £5k bands £000	Date of appointment	Appointment end date
Brian Young Chair	15-20	15-20	01/04/2015	31/03/2021
Alison Austin OBE Independent Member	20-25	15-20	01/04/2015	31/03/2021
Linda Rosborough Independent Member	5-10	0-5	01/01/2019	31/12/2021
Michael Sheldon Independent Member	5-10	0-5	01/01/2019	31/12/2021
Peter Hajipieris Industry Member	5-10	5-10	01/04/2012	31/03/2020
Jonathan Shepherd Industry Member	5-10	5-10	01/04/2015	31/03/2021
Michael Mitchell Industry Member	5-10	5-10	01/04/2018	31/03/2021
Nathan de Rozarieux Industry Member	5-10	5-10	01/04/2018	31/03/2021
James Buchan Industry Member	5-10	0-5	01/01/2019	31/12/2021

£15k of Alison Austin's remuneration relates to her role as the Chair of a Seafood Industry Leadership Group for the industry project Seafood 2040. Aside from Alison Austin, no other non-executive directors receive any other payments or benefits in kind. The remuneration of non-executive directors is paid directly by Defra for agreed contractual days. This amounted to £0.068m during the year to 31 March 2020.

Staff Report

Staff Costs (subject to audit)

Employment costs for the year, including Board Members, were as follows:

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2019-20 £000	2018-19 £000 (Restated ³)	2019-20 £000	2018-19 £000	2019-20 £000	2018-19 £000 (Restated)
Gross salaries	3,320	2,958	528	448	3,848	3,406
Social security costs	456	412	37	36	493	448
Defined contribution scheme costs	182	153	19	18	201	171
Defined benefit scheme costs	331	349	0	0	331	349
	<u>4,289</u>	<u>3,872</u>	<u>584</u>	<u>502</u>	<u>4,873</u>	<u>4,374</u>

Average Number of Persons Employed (subject to audit)

The average number of whole time equivalent staff employed by Seafish during the year is noted below.

	Management and Staff		Agency and Temp Contract Staff		Total Staff	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Research and project	71	67	10	13	81	80
Corporate services	22	20	2	1	24	21
Board Members	14	14	0	0	14	14
Panel Chairs	3	3	0	0	3	3
	<u>110</u>	<u>104</u>	<u>12</u>	<u>14</u>	<u>122</u>	<u>118</u>

Pension Liabilities

Seafish is an admitted body to a funded defined benefit scheme operated by the West Yorkshire Pension Fund (WYPF), which is independently invested and administered. The Seafish element of the WYPF scheme has a total deficit (funded and non-funded) at 31 March 2020 of £10.267m (31 March 2019: deficit of £9.773m). From 1 April 2006, the WYPF scheme has not been offered to new members of staff. New starters are now offered a defined contribution scheme administered by the Legal & General Group. In addition to the WYPF, Seafish has a liability for a scheme on behalf of former Herring Industry Board employees, The Seafish Pension and Life Assurance Fund (SPLAF). At 31 March 2020 the liability for SPLAF was £0.170m (2019: £0.194m). The total pension liability at 31 March 2020 is therefore £10.437m (2019: £9.967m) as per note 9f of the accounts.

Disabled Persons

³ Prior year restatement is the reclassification of the defined benefit scheme costs which were previously accounted for within gross salaries. The total staff costs remain unchanged.

Seafish operates an equal opportunities policy and treats all job applicants in the same way regardless of their disability. If an employee becomes disabled during employment, all practical efforts will be made to enable them to continue in their employment.

Sickness Absence

We have one common absence management policy which covers the whole of the organisation and provides a consistent framework approach to management. The policy is underpinned by an externally provided occupational health service and employee assistance programme which is available 24 hours a day. Our overall level of sickness absence during 2019/20 was on average six days per person (2018/19: seven days per person).

Employee Involvement

Seafish recognises the benefits of involving staff in a range of business matters and encourages open discussion and availability of information. Involvement is encouraged through participation in a range of team meetings, short-term working groups and the Seafish Forum.

Consultancy Costs

Seafish's consultancy cost for the year to 31 March 2020 was £0.024m (2018/19: £0.030m), as shown in note 3 to the accounts, on page 65.

Staff Split by Gender

Seafish's total staff as at the 31 March 2020 is shown in the table below. This table includes permanent and temporary staff.

	Male	Female
Non-Executive Directors	7	2
Executive Directors	2	3
Management	7	6
Panel Chairs ⁴	3	0
All Other Staff	39	41
Total Staff	58	52

⁴ Panel Chairs refers to the chair of the sector panels as laid out in the Governance Statement on page 24.

Gender Pay Gap

Seafish's gender pay gap reporting as at the 31 March 2020 is shown below.

Average gender pay gap as a mean average	8.2%
Average gender pay gap as a median average	6.2%
Average bonus gender pay gap as a mean average	13.1%
Average bonus gender pay gap as a median average	9.4%

The proportion of males receiving a bonus payment was 35.4% and the proportion of females receiving a bonus payment was 52.0%.

The proportion of males and females when divided into four groups ordered from lowest to highest pay are as follows.

Quartile	1	2	3	4
Female	72%	46%	37%	48%
Male	28%	54%	63%	52%

Exit Packages (subject to audit)

The following exit packages were agreed in the year to 31st March 2020.

	2019-20			2018/19		
	No of compulsory redundancies	No of othe departures agreed	Total exit packages by cost band	No of compulsory redundancies	No of othe departures agreed	Total exit packages by cost band
Under £10,000	0	1	1	0	0	0
£10,001 - £25,000	0	0	0	0	0	0
£25,001 - £50,000	0	4	4	0	0	0
Total number of exit packages by type	0	5	5	0	0	0
Total resource cost £	0	149,935	149,935	0	0	0

Redundancy and other departure costs have been paid in accordance with public sector guidelines and were Defra approval. Seafish is not covered by the Civil Service Compensation Scheme. None of the redundancies resulted in agreed early retirements. Exit costs have been agreed and recognised in in Seafish's accounts in 2019/20 but will be paid in 2020/21.

Off-Payroll Appointments

Information on off-payroll engagements is set out in the following table. Off-payroll means anyone who is working for Seafish but is not classified as an employee. It is important for Seafish to recognise such arrangements as the responsibility for collecting employment taxes and National Insurance falls on Seafish.

Off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months are as follows.

	Total
No. of existing engagements as of 31 March 2020	0
Of which:	
No. that have existed for less than one year at time of reporting	0

New off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months are as follows.

	Total
No. of new engagements as of 31 March 2020	0
Of which:	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	0
No. engage directly (via PSC contracted to department) and are on payroll	0
No. of engagements reassessed for consistency / assurance purposed during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2019 and 31 March 2020 are as follows.

	Total
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	1

The off-payroll contract relates to the Seafish’s non-executive director, Alison Austin, who had a contract in place with Seafish to be the Chair of a Seafood Industry Leadership Group for the industry project Seafood 2040. This contract had been processed through Seafish’s payroll to ensure all tax responsibilities were met by Seafish. The off-payroll arrangement was contracted on the basis of the contractor’s unique, extensive and relevant experience. Approval of this decision was given by Defra but was deemed to be non-compliant by HM Treasury and was ended in January 2020.

Trade Union Facility Time

In accordance with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017 the following is a summary of trade union officials of employees and facility time usage of this group during the 2019-20 year.

Seafish had one employee that was a Trade Union (TU) representative. The employee spent up to 4 percent of their working hours on facility time. The total cost of the facility time was £5,513 which is 0.11% of the total pay bill and equates to the total spent on paid TU activities. As there is only one TU, a notional cost based on the average of the TU's pay grade has been used to calculate the facility costs to ensure there is no disclosure of sensitive information.

The Parliamentary Accountability and Audit Report

The Parliamentary Accountability and Audit Report describes how departments are financed through the Westminster Estimates process. As Seafish are a NDPB and financed through levies, analysis of net outturn by section and reconciliation of resource outturn to net operating expenditure is not a requirement. Details regarding the regularity of expenditure are provided below.

Fees and Charges (subject to audit)

			2019-20
	Income	Full Cost	Deficit
	£000	£000	£000
Levies collected under the Fisheries Act 1981	7,804	9,285	(1,481)

Seafish sets its levy rates with due regard to HM Treasury's Fees, Charges and Levies guidance in Managing Public Money, with the financial objective of providing value for money for industry. During the year Seafish delivered on all planned projects. The above net levy deficit is possible as Seafish is able to attain alternative methods of funding (grants, revenue from contracted services) allowing Seafish's expenditure to be greater than the net levy income. This is a planned deficit which Seafish are able to budget for due to the long term historical funding received through these means. The availability of part of this funding is discussed further as a governance risk on page 34.

The information provided has been for fees and charges purposes and not for IFRS 8 purposes.

Losses and Special Payments (subject to audit)

There have been no losses or special payments over the limits prescribed in Managing Public Money that have occurred during the year.

Remote Contingent Liabilities (subject to audit)

Seafish have no contingent liabilities as of 31 March 2020.

Long Term Expenditure Trends

Seafish's expenditure has been consistent over the past five years. The largest year to year variance was an increase of 14% (2018-19 to 2019-20) and Seafish's expenditure has increased by 2% over the five years. The aforementioned decrease is explained in more detail in the Financial Performance section of this report on page 10.



Marcus Coleman - Chief Executive
11 December 2020

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Seafish Industry Authority for the year ended 31 March 2020 under the Fisheries Act 1981. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows and Changes in Taxpayers' Equity as well as the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Seafish Industry Authority's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Fisheries Act 1981 and Secretary of State directions issued thereunder.

Emphasis of matter – material uncertainty in the valuation of property assets and unquoted investments

Without qualifying my opinion, I draw attention to the disclosures in notes 1.4 and 1.17 to the financial statements in relation to the valuation of land and buildings owned by the Seafish Industry Authority and in relation to the property assets and unquoted investments held on the Seafish Industry Authority's behalf within the West Yorkshire Pension Fund (WYPF).

As set out in note 1.4, Covid-19 has affected market activity for property assets and, in line with guidance from the Royal Institute of Chartered Surveyors (RICS), the independent valuer's valuation of the land and buildings owned by the Seafish Industry Authority as at 31 March 2020 included a "material uncertainty" clause. This means that a higher degree of caution, and therefore less certainty, should be attached to the valuation than would normally be the case.

As set out in note 1.17, the assets attributed to the Seafish Industry Authority within the WYPF include property assets and unquoted investments. The WYPF have concluded on the basis of the external valuations performed that the valuation of assets in these asset categories is subject to material uncertainty, owing to the impact of Covid-19 on both the property market and in the market information that is used to value unquoted investments.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Seafish Industry Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled 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

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

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

Responsibilities of the Board and Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Fisheries Act 1981.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Seafish Industry Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Seafish Industry Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Seafish Industry Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Seafish Industry Authority to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Fisheries Act 1981;
- in the light of the knowledge and understanding of the Seafish Industry Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and

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

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

December 2020

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Income:			
Revenue from contracts with customers – Levies	2a	(7,804)	(8,345)
Revenue from contracts with customers – other than Levies	2a	(1,322)	(1,408)
Other operating income	2b	(1,640)	(1,236)
Total operating income		<u>(10,766)</u>	<u>(10,989)</u>
Expenditure:			
Staff costs	4	4,873	4,374
IAS 19 pension charge	9f	417	473
Other operating expenditure	3	6,863	5,801
Total operating expenditure		<u>12,153</u>	<u>10,648</u>
Net operating (income)/expenditure		1,387	(341)
Finance income		(42)	(43)
Financing expense on pension scheme assets and liabilities	9b	230	237
Net (income)/expenditure for the year		<u>1,575</u>	<u>(147)</u>
Other Comprehensive Income:			
Actuarial loss on pension scheme assets and obligations	9c	497	455
Net (gain)/loss on revaluation of property, plant and equipment	5	35	(52)
Total comprehensive net expenditure for the year		<u>2,107</u>	<u>256</u>

The notes on pages 57 to 82 form part of these accounts.

Statement of Financial Position
as at 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets:			
Property, plant and equipment	5	972	1,022
Intangible assets	6	285	271
Total non-current assets		<u>1,257</u>	<u>1,293</u>
Current assets:			
Trade and other receivables	7	3,458	3,499
Cash and cash equivalents	12	5,986	7,107
Total current assets		<u>9,444</u>	<u>10,606</u>
Total assets		<u>10,701</u>	<u>11,899</u>
Current liabilities:			
Trade and other payables	8	(1,654)	(1,215)
Total current liabilities		<u>(1,654)</u>	<u>(1,215)</u>
Total assets less current liabilities		9,047	10,684
Non-current liabilities:			
Provisions - unfunded pension liabilities	9e	(3,459)	(3,898)
Pension liabilities	9f	(6,978)	(6,069)
Total non-current liabilities		<u>(10,437)</u>	<u>(9,967)</u>
Total assets less total liabilities		<u>(1,390)</u>	<u>717</u>
Taxpayers' equity and other reserves:			
Revaluation reserve		134	134
General fund		5,454	6,652
Pensions reserve		(6,978)	(6,069)
Total equity		<u>(1,390)</u>	<u>717</u>



Marcus Coleman - Chief Executive
11 December 2020

The notes on pages 57 to 82 form part of these accounts.

Statement of Cash Flows
for the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Cash flows from operating activities			
Net operating income/(expenditure)	SoCNE	(1,387)	341
Adjustments for non-cash transactions	3	120	109
(Increase)/ decrease in trade and other receivables	7	41	(367)
Increase/(decrease) in trade and other payables	8	439	(171)
Use of provisions		417	474
Defined pension contributions paid	9f	(674)	(652)
Net cash outflow from operating activities		<u>(1,044)</u>	<u>(266)</u>
Cash flows from investing activities			
Interest received		42	43
Purchase of property, plant and equipment	5	(36)	(21)
Purchase of intangible assets	6	(83)	(124)
Net cash outflow from investing activities		<u>(77)</u>	<u>(102)</u>
Net decrease in cash and cash equivalents in the period		(1,121)	(368)
Cash and cash equivalents at the beginning of the period	12	<u>7,107</u>	<u>7,475</u>
Cash and cash equivalents at the end of the period	12	<u>5,986</u>	<u>7,107</u>

The notes on pages 57 to 82 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

	Note	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total Reserves £000
Balance at 1 April 2018		124	6,347	(5,508)	963
Changes in taxpayers' equity for 2018/19					
Transfers between reserves		0	561	(561)	0
Actuarial loss on pension scheme assets and obligations	9c	0	(455)	0	(455)
Total net income		0	147	0	147
Net gain/(loss) on revaluation	5	10	52	0	62
Balance at 31 March 2019		<u>134</u>	<u>6,652</u>	<u>(6,069)</u>	<u>717</u>
Balance at 1 April 2019		134	6,652	(6,069)	717
Changes in taxpayers' equity for 2019/20					
Transfers between reserves		0	909	(909)	0
Actuarial loss on pension scheme assets and obligations	9c	0	(497)	0	(497)
Total net expenditure		0	(1,575)	0	(1,575)
Net gain/(loss) on revaluation	5	0	(35)	0	(35)
Balance at 31 March 2020		<u>134</u>	<u>5,454</u>	<u>(6,978)</u>	<u>(1,390)</u>

Pension Reserve

The pension reserve represents the net liabilities on the West Yorkshire Pension Fund as funded by Seafish.

Revaluation Reserve

The revaluation reserve reflects the unrealised balance of revaluation adjustment to assets not taken through the Statement of Comprehensive Net Income.

General Fund

The general fund represents the total assets less liabilities of Seafish, to the extent that the total is not represented by other reserves.

The notes on pages 57 to 82 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

1.1 Requirement to prepare accounts

These financial statements have been prepared in accordance with the accounts direction issued by the Secretary of State for Environment, Food and Rural Affairs. The accounts direction requires compliance with HM Treasury's Financial Reporting Manual (FReM) and any other guidance issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Seafish for the purpose of giving a true and fair view has been selected. The particular policies adopted by Seafish for its activities are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In the preparation of the financial statements, Seafish is required to make estimates and assumptions that affect the reported amounts of 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 judgements that Seafish has made in applying the accounting policies:

- Pension liabilities - Independent and qualified actuaries assess the specific factors that influence the pension fund position such as mortality rates, the life expectancy and age of scheme members, prevailing interest and inflation rates, and projected returns on assets.
- The useful economic lives of property, plant and equipment, and intangible assets.
- Within receivables there are accrued income balances relating to grants to be invoiced. These amounts are based on the project costs at the year end with the agreed grant percentage applied and a deduction for ineligible costs. There is a small element of judgement in assessing the ineligible costs.
- Within payables there are deferred income balances relating to amounts invoiced in advance of the work being carried out. These amounts are based on the percentage of uncompleted work against the income received, and there is an element of judgement assessing the stage of completion.
- Within receivables there is an amount in respect of levy debtors which is calculated using an estimation methodology.

1.2 Accounting convention

These accounts have been prepared on an accruals basis and under the historical cost convention modified to account for the revaluation of property, plant and equipment.

1.3 Going Concern

These accounts have been prepared on a going concern basis. Management's review of Seafish as a going concern is discussed further on page 17.

1.4 Property, plant and equipment

Land and buildings: the value to Seafish of land and buildings is included at fair value.

Land and buildings are valued by independent chartered surveyors every five years. A desktop valuation was last undertaken as at 31 March 2020 and a full valuation was undertaken as at 31st March 2017. The valuation of £0.860m is incorporated in these accounts.

It should be noted that the surveyors carrying out the valuation of the Edinburgh Office declared a “material valuation uncertainty” in the valuation report meaning less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. This has arisen due to the COVID19 pandemic impacting real estate markets which have experienced lower levels of transactional activity and liquidity – this is what creates the difficulties valuing the asset. This subsequently causes an element of uncertainty in Seafish’s Property, Plant and Equipment non-current asset balance in the Statement of Financial Position on page 54 and specifically in the Buildings Excluding Dwellings balance in note 5. Management acknowledge that the “material valuation uncertainty” declaration does not mean that the valuation cannot be relied upon but is to ensure transparency and to provide further insights as to the market context under which the valuation opinion was prepared. As such, management is content that the valuation provided remains the most appropriate method to value this asset.

Other categories: due to the modest effect of revaluation and the continuing fall in the price of technology equipment, Seafish adopts a depreciated historical cost basis as a proxy for fair value.

Expenditure in excess of £1,000 in respect of plant and equipment, and £800 in respect of computer costs, are capitalised. Expenditure below these levels may be capitalised if the criteria for initial capitalisation are met, that is if it is probable that the economic benefits will flow to Seafish, and that the cost of the expenditure can be reliably measured.

1.5 Depreciation

Depreciation is calculated so as to write off the cost of those assets on a straight line basis over the useful economic lives of the assets concerned. The principal useful economic lives of the assets are as follows:

	Years
Furniture and equipment	5-10
Information technology	3-4
Intangible asset – software	5
Intangible asset – websites	5

Freehold buildings are depreciated over their estimated useful economic life. The buildings were valued in March 2019 with an estimated life of 30 years so the buildings are scheduled to be fully depreciated by 2049. Freehold land is not depreciated.

1.6 Impairment

The carrying amounts of the tangible and finite-life intangible assets are reviewed at each reporting date, and the estimated recoverable amounts of the assets are compared to their carrying amounts. If the recoverable amount is less than the carrying amount then an impairment loss is immediately recognised. The recoverable amount is the greater of the fair value, less costs to sell, and the value in use. The value in

use is an estimate of the future cash flow benefits expected to derive from the asset, discounted by a rate that reflects the current market assessments of the time value for money, and the risks specific to the asset.

The carrying values of assets are reviewed for impairment if events or changes in circumstances indicate that a provision for impairment may be required. Residual values are calculated at the prices prevailing at the date of acquisition or revaluation.

1.7 Intangible assets

Intangible assets acquired by Seafish are stated at fair value. Due to the modest effect of revaluation and the continuing fall in the price of technology equipment, Seafish adopts an amortised historical cost basis as a proxy for fair value.

1.8 Operating income

Levy income is stated at gross of commission. Commission paid to agents for collecting levy income is included in other expenditure.

Revenue comprises levy income received which is raised on specified sea fish products and paid on a self-billing arrangement in arrears. Seafish recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to Seafish. In seeking to apply IFRS 15 – Revenue Recognition, Seafish recognises revenue received from customer contracts when contractual performance obligations are met. Seafish make all reasonable attempts to identify all levy receivables but acknowledge that 100% compliance is unlikely to be achievable. The income reported in these accounts does not include any estimate for levy which might be legally payable but of which Seafish has no knowledge.

1.9 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at 31 March 2020. Transactions in foreign currencies are translated at the rate ruling on the date of the transaction.

All foreign exchange differences are taken to the Statement of Comprehensive Expenditure in the year in which they arise.

1.10 Leases

Costs payable under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the lease term. There are no assets held under finance leases.

1.11 Financial instruments

Seafish has no borrowings and relies primarily on levy income for its cash requirements and is therefore not exposed to liquidity risks. Seafish has material deposits, and places funds, with the exception of daily working capital, on fixed rate deposits to minimise any interest rate risk. All material assets and liabilities are denominated in Sterling so Seafish is not exposed to currency risk. Full disclosure required by IFRS 7 and IFRS 9 is shown at note 11.

1.12 Grants receivables

Grants are of a revenue nature and are credited to income in the year in which they are receivable.

The European Union and United Kingdom Fisheries Departments reserve the right for grants to be repaid if during a period of six years from the date of final claim it is found that the conditions of grant were breached. Seafish has reviewed the need for a contingent liability in respect of grants receivable, and does not consider this necessary.

1.13 Provisions

A provision is recognised where there is a legal or constructive obligation arising from past events, it is probable that Seafish will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Future estimated costs are only discounted if material.

1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, Seafish discloses for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote – unless disclosure of those remote liabilities is itself believed likely to increase the possibility of the liability being accrued or the value of these remote liabilities is not material. At 31 March 2020, Seafish had no contingent liabilities (31 March 2019: nil).

1.15 Corporation tax and Value Added Tax

Under a specific agreement with the HM Revenue & Customs, the liability of Seafish for corporation tax is limited to the total of its net investment income (which excludes interest arising from loans to the industry) and its chargeable gains.

Seafish is unable to recover Value Added Tax on the majority of its purchases. Expenditure shown in the accounts is therefore inclusive of this Value Added Tax.

1.16 Staff costs

Holiday pay accrued by employees, but not taken by 31 March is provided for and included in the costs of the period.

1.17 Pensions

Seafish operates both defined benefit and contribution schemes for the benefit of employees.

i. Defined Benefit Schemes

For the defined benefit scheme, the cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period to which they relate in other comprehensive income. The expected return on investment assets and the interest on liabilities are included in the finance charge and shown in the Statement of Comprehensive Net Income. The current service costs are shown as the IAS 19 pension adjustment under Expenditure in the Statement of Comprehensive Net Expenditure.

It should be noted that the outbreak of Covid-19 and subsequent global pandemic has given rise to significant uncertainty in the valuation of property assets and privately held equity assets that form part of

the pension scheme asset balance. The value of the scheme assets as at 31st March 2020 was £39.069m, of which 16% or £6.251m was in the form of property or unquoted investments. The valuation that West Yorkshire Pension Fund received for these assets was mainly from fund managers and their external valuers (CBRE). The issue with the valuation for the property assets and unquoted investments in particular is that less weight could be attached to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the impact of COVID-19 means that external valuers were faced with an unprecedented set of circumstances on which to base a judgement. Where CBRE's valuation were used these were therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation of these assets than would normally be the case.

This uncertainty in the valuation of assets held by the WYPF introduces a material level of uncertainty into the valuation of scheme assets in Seafish's funded pension in note 9 and the actuarial loss on pension scheme assets and obligations in the Statement of Comprehensive Net Expenditure on page 53. Management acknowledge that the "material valuation uncertainty" declaration does not mean that the valuations obtained by the WYPF cannot be relied upon but is to ensure transparency and to provide further insights as to the market context under which the valuation opinion was prepared. As such, management is content that the valuation provided remains the most appropriate method to value these assets.

More detailed information can be found in note 9 to the accounts.

ii. Defined Contribution Schemes

Employees that joined Seafish after 1 April 2006 are eligible to join the defined contribution scheme administered by Legal and General Group. The amount charged as expenditure for this scheme represents the contributions payable by Seafish for the relevant accounting period.

1.18 Adoption of new and revised standards

No new standards have been adopted within the year since 1st April 2019.

1.19 Impending application of newly issued accounting standards not yet effective

Published standards adopted by the 2019/20 FReM have been adopted in these financial statements. Specific interpretations and adaptations included within the FReM have been considered and followed.

Seafish has reviewed the IFRSs in issue but not yet effective, to determine if there is a requirement to make any disclosures.

IFRS 16 – Leases originally came into effect for reporting periods beginning on or after 1st January 2019. Per FReM, IFRS 16 adoption was planned for 2020-21 with detailed disclosures about the impact required for 2019-20. However, following COVID19 pressures, HM Treasury and the Financial Reporting Advisory Board (FRAB) have decided that IFRS 16 implementation in the public sector will be delayed a further two years. Seafish now plans to adopt this from 1st April 2022 with detailed disclosures about the impact required in 2021-22. As shown in note 10, Seafish currently have £30k of operating leases under commitment of greater than one year. This figure may rise if additional leases are signed throughout the

next financial year, however, £30k is the minimum amount that Seafish's balance sheet liabilities are expected to increase by due to IFRS 16. It is expected to be an immaterial change to the accounts.

2. Income

Detailed in note 2(a) below is the revenue from contracts with customers, assessed against IFRS 15. Each income stream and contract has been reviewed in line with the 5 step model. Please note that Seafish's main source of income, levy, is included within this section as IFRS 15 has been expanded by the FReM to include legislation which provides the ability for the entity to impose a charge.

Where the income has been assessed as falling outside the scope of the IFRS 15, this has been reported in note 2(b).

(a) Analysis of revenue from contracts with customers

	2019-20	2018-19
	£000	£000
Levy Income		
Levies collected under the Fisheries Act 1981	7,804	8,345
	<u>7,804</u>	<u>8,345</u>
Sale of goods and services		
Project income - EU	17	17
Project income - Non EU	556	615
Commercial income	721	752
	<u>1,294</u>	<u>1,384</u>
Other income		
VAT recovery	19	6
Service charges	9	18
	<u>28</u>	<u>24</u>
Total	<u>9,126</u>	<u>9,753</u>

Significant Estimates and Judgements

Seafish have made estimates and judgements in two key areas; judging when the timing of performance obligations being met and estimating the transaction price once the obligation is met. For levies collected under the 1981 Fisheries Act, Seafish have looked at the legislation to support our decision making. For all other revenue from contracts with customers, the contract itself has been used to support decision making. Generally Accepted Accounting Principles have been followed.

i. Judging the timing of performance obligations being met

The Fisheries Act 1981 states that Seafish is to impose a levy on “sea fish or sea fish products landed in the United Kingdom or trans-shipped within British fisheries limits”. This means that a debt is due to Seafish by the first purchaser of home landed or imported sea fish, or Seafish products, as soon as goods are purchased. Therefore, Seafish have determined IFRS 15 payment obligation to be met on the purchase of the goods.

ii. Transaction price once the obligation is met

Levies collected under the 1981 Fisheries Act require a significant estimate to evaluate the outstanding debt of the period between latest submission and year end. The averaging of prior period submissions along with the number of days between latest submission and year end is used to estimate this figure. It is included as Levy accrued income in note 7.

For all revenue from customer contracts aside from levy, the transaction price is the value agreed on a contract or invoice.

b) Analysis of other operating income

The following income, having been assessed against the criteria for IFRS 15, is deemed to be not revenue from contracts with customers, and is therefore recorded as other operating income.

	2019-20	2018-19
	£000	£000
Current Grant Income		
Grant income - EU	926	671
Grant income - Non EU	714	565
Total	<u>1,640</u>	<u>1,236</u>

3. Other Expenditure

Seafish expenditure, excluding staff costs, is made up as follows:

	2019-20	2018-19
	£000	£000
Project Activities		
EU	1,218	963
Non EU	<u>3,329</u>	<u>2,862</u>
	<u>4,547</u>	<u>3,825</u>
Commercial Activities		
EU	12	1
Non EU	<u>252</u>	<u>263</u>
	<u>264</u>	<u>264</u>
Location costs	485	449
Professional fees	173	86
Motor vehicle costs	100	80
Other administration costs	143	142
Travel and subsistence	176	178
Staff training and recruitment	179	264
Consultancy spend	24	30
Repairs and maintenance	18	29
Computing costs	224	122
Increase/ (decrease) in bad debt provision	0	(4)
Auditors remuneration ⁵	62	40
Operating lease rental	190	175
Taxation	<u>8</u>	<u>8</u>
	<u>1,782</u>	<u>1,599</u>
Non-cash items		
Depreciation and amortisation	120	113
Restructuring Costs	<u>150</u>	<u>0</u>
	<u>270</u>	<u>113</u>
Total other expenditure	<u>6,863</u>	<u>5,801</u>

⁵ The audit fee for 2019/20 was £53k. The 2019/20 figure above includes an additional £9k that relates to an increase in in the audit fee for 2018/19 which was agreed post certification.

4. Staff Costs

Employment costs for the year, including Board Members, were as follows:

	2019-20 £000	2018-19 £000 (Restated ⁶)
Gross salaries	3,691	3,310
Social security costs	493	448
Agency staff costs	157	96
Defined contribution scheme costs	201	171
Defined benefit scheme costs	331	349
	<u>4,873</u>	<u>4,374</u>

The salaries of the non-executive directors are paid by Defra and are not included in the table above. The amount paid by Defra during the year to 31 March 2020 amounted to £0.068m (2019: £0.051m) as stated in the Remuneration Report on page 41.

5. Property, Plant and Equipment

	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation					
At 1 April 2019	180	730	321	391	1,622
Revaluations	0	(50)	0	0	(50)
Additions	0	0	0	36	36
Disposals	0	0	0	(1)	(1)
At 31 March 2020	<u>180</u>	<u>680</u>	<u>321</u>	<u>426</u>	<u>1,607</u>
Depreciation					
At 1 April 2019	0	0	246	354	600
Revaluations	0	(15)	0	0	(15)
Charge for year	0	15	12	24	51
Disposals	0	0	0	(1)	(1)
At 31 March 2020	<u>0</u>	<u>0</u>	<u>258</u>	<u>377</u>	<u>635</u>
Net book value					
At 31 March 2020	<u>180</u>	<u>680</u>	<u>63</u>	<u>49</u>	<u>972</u>

⁶ Prior year restatement is the reclassification of the defined benefit scheme costs which were previously accounted for within gross salaries. The total staff costs remain unchanged.

Seafish land and buildings are offices in Edinburgh. The office was surveyed and valued by Cushman and Wakefield, independent Chartered Surveyors as at 31 March 2020 in accordance with the RICS Appraisal and Valuation Manual. This valuation at fair value is incorporated in Seafish accounts.

It should be noted that the surveyors carrying out the valuation of the Edinburgh Office declared a “material valuation uncertainty” in the valuation report meaning less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Further information on this matter is disclosed in note 1.4.

Continuing annual financial commitments in respect of short leaseholds are disclosed in note 10. Improvements, which include buildings on leased sites, are capitalised and are normally written off over the life of the leases as permitted under IAS 16.

	Land £000	Buildings Excluding Dwellings £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation					
At 1 April 2018	170	700	319	372	1,561
Revaluations	10	30	0	0	40
Additions	0	0	2	19	21
Disposals	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassification	0	0	0	0	0
At 31 March 2019	180	730	321	391	1,622
Depreciation					
At 1 April 2018	0	0	232	333	565
Revaluation	0	(22)	0	0	(22)
Charge for year	0	22	14	24	60
Disposals	0	0	0	(3)	(3)
Impairments	0	0	0	0	0
Reclassification	0	0	0	0	0
At 31 March 2019	0	0	246	354	600
Net book value					
At 31 March 2019	180	730	75	37	1,022

6. Intangible Assets

	Software £000	Websites £000	Total £000
Cost or valuation			
At 1 April 2019	475	92	567
Additions	0	83	83
Disposals	0	0	0
At 31 March 2020	<u>475</u>	<u>175</u>	<u>650</u>
Amortisation			
At 1 April 2019	286	10	296
Charged in year	45	24	69
Disposals	0	0	0
At 31 March 2020	<u>331</u>	<u>34</u>	<u>365</u>
Net book value at 31 March 2020	<u><u>144</u></u>	<u><u>141</u></u>	<u><u>285</u></u>

Intangible assets comprise software licenses and intranet, all of which are owned by Seafish.

	Software £000	Websites £000	Total £000
Cost or valuation			
At 1 April 2018	419	24	443
Additions	56	68	124
Disposals	0	0	0
Reclassification	0	0	0
At 31 March 2019	<u>475</u>	<u>92</u>	<u>567</u>
Amortisation			
At 1 April 2018	240	3	243
Charged in year	46	7	53
Disposals	0	0	0
Reclassification	0	0	0
At 31 March 2019	<u>286</u>	<u>10</u>	<u>296</u>
Net book value at 31 March 2019	<u><u>189</u></u>	<u><u>82</u></u>	<u><u>271</u></u>

7. Trade Receivables and Other Current Assets

	31 March	31 March
	2020	2019
	£000	£000
Amounts falling due within one year		
Trade receivables	161	101
Levy receivables	413	236
Levy accrued income	1,558	1,905
Provision for impairment of levy accrued income	(56)	0
Prepayments	267	343
Non levy accrued income	333	207
EU accrued income	782	707
	<u>3,458</u>	<u>3,499</u>

Seafish has evaluated its exposure to credit losses of the receivables that are classified as financial instruments. Trade Receivables have the highest level of exposure, however, this exposure is deemed to be low as the majority of Seafish's larger contracts are with other government bodies leaving only a very immaterial value at risk and no provision provided for. A small exposure also arises from Levy Receivables. This is considered to be even smaller than that of Trade Receivables due to the nature of levy submissions. The risk is that a levy payer becomes unable to meet the obligation due to financial difficulties, however, it is highly unlikely that a levy payer would submit a levy submission if they were in these circumstances. This risk has increased due to the impact COVID19 has had on the UK seafood industry. Levy accrued income is estimated based on levy payer's historical levy submissions. COVID19 brings a significant increase in risk that these estimates are overstated due to adverse industry market conditions. Seafish are closely monitoring this risk and have introduced a provision to provide for this.

An analysis of the ageing of the unimpaired trade receivables is shown below:

	31 March	31 March
	2020	2019
	£000	£000
Trade receivables		
Less than one month	126	59
More than one month less than three months	32	41
More than three months	3	1
	<u>161</u>	<u>101</u>

There are no trade receivables due after more than one year.

8. Trade Payables and Other Current Liabilities

	31 March 2020	31 March 2019
	£000	£000
Amounts falling due within one year		
Trade payables and accruals	1,305	851
Deferred income	163	226
PAYE and social security	(1)	90
VAT	5	19
Corporation tax	8	8
Pensions contributions payable	24	21
Restructuring provision	150	0
	<u>1,654</u>	<u>1,215</u>

There are no payables due after more than one year.

9. Pension Scheme Arrangements**(a) Information on the Schemes****West Yorkshire Pension Fund (WYPF)**

Seafish are a member of a pension scheme providing defined benefits for employees based on final pensionable salary. The assets and liabilities of the scheme are held within the West Yorkshire Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

The scheme is split into:

i.) Funded

Seafish contributes in respect of the pension obligations to employees employed before 1 April 2006 when the scheme was closed to new entrants. The contribution rates are advised by independent actuaries and the fund is actuarially valued every three years. The total provision in respect of this part of the scheme is shown as pension liabilities, under non-current liabilities in the Statement of Financial Position.

ii.) Non-funded: West Yorkshire Pension Fund (WYPF)

Provision is made, on actuarial advice, in respect of obligations arising for supplemental commitments and indexation thereon of certain categories of ex-employees of Seafish. The total of provision in respect of this liability is included in Provisions – non-funded pension liabilities, under non-current liabilities in the Statement of Financial Position.

The latest formal triennial actuarial valuation of Seafish's liabilities took place as at 31 March 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The defined benefits obligation represents the amount of money that needs to be set aside now to meet the benefits that the employer is committed to provide for service up to the 31 March 2020 on the basis of the assumptions used.

Details of the benefits earned over the period covered by this disclosure are set out in "The Local Government Pension Scheme Regulations 2013" and "The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014". The unfunded pension arrangements relate to termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme under the Local Government (Early Termination of Employment)(Discretionary Compensation)(England and Wales) Regulations [and Teachers' Pension Scheme].

The Fund Administering Authority, City of Bradford Metropolitan District Council, is responsible for the governance of the Fund.

The assets shown are an estimate of Seafish's notional share of the total fund assets as at 31 March 2020. Seafish's notional share of assets is assumed to be invested in the same proportion as the Fund as a whole within the different asset classes. Seafish employs a building block approach in determining a rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2020.

There are no unusual, entity-specific or plan-specific risks to note, nor are there any significant concentrations of risk within the scheme.

It should be noted that the outbreak of Covid-19 and subsequent global pandemic has caused there to be a "material uncertainty disclosure" accompanying the scheme assets. Further information on this matter is disclosed in note 1.17.

Seafish Pension and Life Assurance Fund (SPLAF)

In addition to the WYPF, Seafish provisionally operated an independently invested and administered scheme on behalf of the former Herring Industry Board employees: the Seafish Pension and Life Assurance Fund (SPLAF). This scheme was closed to new members, was fully paid up, and was formally wound up on 31 May 1999. The annuities that had been established to cover the basic pension rights of the existing pensioners will be met by Aviva. Seafish will continue to meet the indexation costs associated with basic pension rights. The total of provision in respect of this liability is included in Provisions – non-funded pension liabilities, under non-current liabilities in the Statement of Financial Position.

The reporting of the pension adjustments below refers to the above categories as Funded, Non-funded, and SPLAF.

9. Pension Scheme Arrangements (continued)**(b) Amounts Charged to Statement of Comprehensive Net Expenditure**

	Funded	Non- funded	SPLAF	Total
	2020	2020	2020	2020
	£000	£000	£000	£000
Interest cost	(1,173)	(86)	(4)	(1,263)
Expected return on plan assets	1,033	0	0	1,033
Financing expense on pension scheme assets	(140)	(86)	(4)	(230)
Current service cost	(417)	0	0	(417)
Past service cost	0	0	0	0
Total expense recognised in SoCNE	(557)	(86)	(4)	(647)

	Funded	Non- funded	SPLAF	Total
	2019	2019	2019	2019
	£000	£000	£000	£000
Interest cost	(1,230)	(93)	(6)	(1,329)
Expected return on plan assets	1,092	0	0	1,092
Financing expense on pension scheme assets	(138)	(93)	(6)	(237)
Current service cost	(411)	0	0	(411)
Past service cost	(62)	0	0	(62)
Total expense recognised in SoCNE	(611)	(93)	(6)	(710)

9. Pension Scheme Arrangements (continued)**(c) Amounts Charged to Other Comprehensive Expenditure**

	Funded	Non- funded	SPLAF	Total
	2020	2020	2020	2020
	£000	£000	£000	£000
Actuarial gains on liabilities	3,264	285	11	3,560
Remeasurement losses on assets	(4,057)	0	0	(4,057)
	<u>(793)</u>	<u>285</u>	<u>11</u>	<u>(497)</u>
	Funded	Non- funded	SPLAF	Total
	2019	2019	2019	2019
	£000	£000	£000	£000
Actuarial losses on liabilities	(2,058)	(125)	39	(2,144)
Remeasurement gains on assets	1,689	0	0	1,689
	<u>(369)</u>	<u>(125)</u>	<u>39</u>	<u>(455)</u>

(d) Movements in the Fair Value of Scheme Assets

	Funded	Non- funded	SPLAF	Total
	2020	2020	2020	2020
	£000	£000	£000	£000
At 1 April 2019	43,942	0	0	43,942
Expected return on scheme assets	1,033	0	0	1,033
Contributions by the employer	441	216	17	674
Contributions by participants	90	0	0	90
Remeasurement losses on assets	(4,057)	0	0	(4,057)
Benefits/transfers paid	(2,380)	(216)	(17)	(2,613)
At 31 March 2020	<u>39,069</u>	<u>0</u>	<u>0</u>	<u>39,069</u>
	Funded	Non- funded	SPLAF	Total
	2019	2019	2019	2019
	£000	£000	£000	£000
At 1 April 2018	42,812	0	0	42,812
Expected return on scheme assets	1,092	0	0	1,092
Contributions by the employer	419	217	16	652
Contributions by participants	93	0	0	93
Remeasurement gains on assets	1,689	0	0	1,689
Benefits/transfers paid	(2,163)	(217)	(16)	(2,396)
At 31 March 2019	<u>43,942</u>	<u>0</u>	<u>0</u>	<u>43,942</u>

9. Pension Scheme Arrangements (continued)**(e) Movements in the Present Value of Defined Benefit Obligation**

	Funded	Non- funded	SPLAF	Total
	2020	2020	2020	2020
	£000	£000	£000	£000
At 1 April 2019	50,011	3,704	194	53,909
Current service cost	417	0	0	417
Past service cost	0	0	0	0
Interest cost	1,173	86	4	1,263
Contributions by participants	90	0	0	90
Actuarial (gains)/losses on experience	(1,640)	(98)	1	(1,737)
Actuarial (gains)/losses on financial assumptions	48	(1)	0	47
Actuarial (gains)/losses on demographics	(1,672)	(186)	(12)	(1,870)
Benefits/transfers paid	(2,380)	(216)	(17)	(2,613)
At 31 March 2020	46,047	3,289	170	49,506

	Funded	Non- funded	SPLAF	Total
	2019	2019	2019	2019
	£000	£000	£000	£000
At 1 April 2018	48,320	3,703	243	52,266
Current service cost	411	0	0	411
Past service Cost	62	0	0	62
Interest cost	1,230	93	6	1,329
Contributions by participants	93	0	0	93
Actuarial losses on experience	85	11	(45)	51
Actuarial gains on financial assumptions	1,973	114	6	2,093
Actuarial gains on demographics	0	0	0	0
Benefits/transfers paid	(2,163)	(217)	(16)	(2,396)
At 31 March 2019	50,011	3,704	194	53,909

9. Pension Scheme Arrangements (continued)**(f) Analysis of the Movement of the Deficit in the Year**

	Funded	Non- funded	SPLAF	Total
	2020	2020	2020	2020
	£000	£000	£000	£000
Deficit at the start of the year	(6,069)	(3,704)	(194)	(9,967)
Contributions by the employers	441	216	17	674
Current service cost	(417)	0	0	(417)
Past service cost	0	0	0	0
Actuarial gains/(losses)	(793)	285	11	(497)
Interest cost	(1,173)	(86)	(4)	(1,263)
Expected return on scheme assets	1,033	0	0	1,033
Benefits/transfers paid	0	0	0	0
Total	(6,978)	(3,289)	(170)	(10,437)

	Funded	Non- funded	SPLAF	Total
	2019	2019	2019	2019
	£000	£000	£000	£000
Deficit at the start of the year	(5,508)	(3,703)	(243)	(9,454)
Contributions by the employers	419	217	16	652
Current service cost	(411)	0	0	(411)
Past service cost	(62)	0	0	(62)
Actuarial gains/(losses)	(369)	(125)	39	(455)
Interest cost	(1,230)	(93)	(6)	(1,329)
Expected return on scheme assets	1,092	0	0	1,092
Benefits/transfers paid	0	0	0	0
Total	(6,069)	(3,704)	(194)	(9,967)

9. Pension Scheme Arrangements (continued)**(g) Assumptions**

The adoption of the CPI rather than the RPI as the basis for calculating future pension payment increases has been used as one of the principal assumptions to calculate different scheme liabilities from 1 April 2011 onwards. This is in accordance with IAS 19 and as required by HM Treasury. The accounting treatment was adopted by all central Government entities where RPI had been used for inflation indexing for many years.

The most recent actuarial valuation of the fund was to March 2020. The principal assumptions used by the independent qualified actuary in updating this valuation were:

31 March 2020	Funded	Non-funded	SPLAF
Rate of inflation (RPI)	0.0%	0.0%	0.0%
Rate of inflation (CPI)	2.1%	2.1%	2.1%
Rate of increase in salaries	3.35%	N/A	N/A
Rate of increase in pensions	2.1%	2.1%	2.1%
Discount rate	2.3%	2.3%	2.3%
Mortality tables	1992 (PMA and PFA)		
31 March 2019	Funded	Non-funded	SPLAF
Rate of inflation (RPI)	3.3%	3.3%	3.3%
Rate of inflation (CPI)	2.2%	2.2%	2.2%
Rate of increase in salaries	3.45%	N/A	N/A
Rate of increase in pensions	2.2%	2.2%	2.2%
Discount rate	2.4%	2.2%	2.4%
Mortality tables	1992 (PMA and PFA)		

9. Pension Scheme Arrangements (continued)**(g) Assumptions (continued)**

Scheme assets 31 March 2020	Funded	Non-funded	SPLAF	Total
Equities	77.5%	77.5%	N/A	77.5%
Government bonds	9.6%	9.6%	N/A	9.6%
Other bonds	5.1%	5.1%	N/A	5.1%
Property	4.5%	4.5%	N/A	4.5%
Cash/liquidity	1.9%	1.9%	N/A	1.9%
Other	1.4%	1.4%	N/A	1.4%

Scheme assets 31 March 2019	Funded	Non-funded	SPLAF	Total
Equities	74.0%	74.0%	N/A	74.0%
Government bonds	11.2%	11.2%	N/A	11.2%
Other bonds	4.0%	4.0%	N/A	4.0%
Property	4.7%	4.7%	N/A	4.7%
Cash/liquidity	2.3%	2.3%	N/A	2.3%
Other	3.8%	3.8%	N/A	3.8%

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. The assumed future life expectancies are as follows:

	Funded WYPF		Unfunded WYPF		SPLAF	
	31-Mar-20 Years	31-Mar-19 Years	31-Mar-20 Years	31-Mar-19 Years	31-Mar-20 Years	31-Mar-19 Years
Male currently aged 65	21.8	22.2	21.8	22.2	21.8	22.2
Female currently aged 65	24.6	25.4	24.6	25.4	24.6	25.4
Male currently aged 45	22.5	23.2	n/a	n/a	n/a	n/a
Female currently aged 45	25.7	27.2	n/a	n/a	n/a	n/a

(h) Sensitivity Analysis

IAS 1 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out on the following page. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

9. Pension Scheme Arrangements (continued)

Change in Assumption	Approximate % increase in employer liability	Approximate monetary amount (£'000)
0.1% decrease in discount rate	1.6%	714
One year increase in member life expectancy	-3.3%	1,514
0.1% increase in salary increase rate	0.1%	55
0.1% increase in pension increase rate	1.5%	710

i) Maturity Profile

	Funded £000	Non- funded £000	SPLAF £000	Total £000
Expected benefit payments made during 2020/21	2,432	221	17	2,670
Expected benefit payments made during 2021/22	2,486	226	18	2,730
Expected benefit payments made during 2022/23	2,541	231	18	2,790
Expected benefit payments made during 2023/24	2,596	236	19	2,851
Expected benefit payments made during 2024/25	2,654	241	19	2,914
Expected benefit payments 2025/26 to 2029/30	14,170	1,286	101	15,557

10. Commitments Under Leases**Operating Leases**

Total future minimum lease payments under operating leases are given in the table below analysed according to the period in which the lease expires. Seafish currently have no contingent rent, no terms for renewal and no restrictions imposed by the lease arrangements for the below, such as those concerning dividends, additional debt, and further leasing.

	31 March 2020	31 March 2019
	£000	£000
Buildings:		
Not later than one year	18	18
Later than one year and not later than five years	5	5
Later than five years	0	0
	<u>23</u>	<u>23</u>
Motor Fleet:		
Not later than one year	69	122
Later than one year and not later than five years	25	126
Later than five years	0	0
	<u>94</u>	<u>248</u>

11. Financial Instruments

IFRS 7 requires disclosures in the financial statements of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Seafish has adopted IFRS 9 from 1 April 2018. Current year and comparative data are both presented in line with the standard. Financial instruments have been categorised appropriately and further disclosures around the associated risks are provided.

Cash and cash equivalents, levy receivables, trade receivables and trade payables have been categorised as financial assets measured at amortised costs. The values of these as at 31st March 2020 are disclosed within note 7, 8 and 12, along with comparative data. There have been no additional financial instruments added in the year to 31 March 2020.

The exposure to credit losses for levy receivables and trade receivables is discussed under note 7 and cash and cash equivalents exposure to credit loss is considered under Exposure to Risk in this note.

Significant estimate and judgements

Due to the simple nature of Seafish's financial instruments there have been few significant estimates and judgements. Categorising the financial instruments as financial assets measured at amortised cost has been decided through the IFRS 9 business model assessment, whereby it has been deemed that all instruments:

- future cash flows are considered to be solely principal, and
- that the financial instruments are being "held to collect contractual cash flows only".

Seafish's receivables are short in nature with only £1k older than three months old, as disclosed in note 7. This means that Seafish is able to adopt a simple model of estimating expected credit losses by creating a provision for individual trade debtors who may fail to meet the contractual obligations.

Exposure to Risk

Because of the nature of Seafish activities and the way it is financed, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Seafish's expected purchase and usage requirements and Seafish is therefore exposed to little credit, liquidity or market risk.

Seafish has no borrowings and relies primarily on levy for its cash requirements and is therefore not exposed to the degree of financial risk faced by business entities. Financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing Seafish in undertaking their activities. The following paragraphs provide an overview of the major financial risks for Seafish and how they are managed at the individual level.

Liquidity Risk

Seafish has no borrowings and relies primarily on levy for its cash requirements and is therefore not exposed to any significant liquidity risks.

Interest Rate Risk

Seafish has material deposits, and places funds, with the exception of daily working capital on fixed rate deposits to minimise any interest rate risk. All material assets and liabilities are denominated in sterling so Seafish is not exposed to currency risk.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to Seafish. Credit risk arises from deposits with banks as well as credit exposures to Seafish trade debtors. Surplus operating cash is only invested with banks that are rated independently with a minimum rating of A1, P1, F1 or A+. Cash assets are held with Clydesdale Bank and the Royal Bank of Scotland.

Foreign Currency Risk

Seafish has no foreign currency income or foreign currency expenditure other than in very immaterial values in Euros and Danish and Norwegian Kroner. All material assets and liabilities are denominated in Sterling. Seafish is therefore not exposed to any significant foreign currency risk.

12. Cash and Cash Equivalents

	31 March 2020	31 March 2019
	£000	£000
Balance at 1 April	7,107	7,475
Net change in cash and cash equivalent balances	(1,121)	(368)
Balance at 31 March	5,986	7,107
The following balances at 31 March were held at:		
Commercial banks and cash in hand	2,483	3,107
Short term investments	3,503	4,000
Balance at 31 March	5,986	7,107

The short term investments represent funds placed on fixed deposit for 95 days.

13. Related Party Transactions

Seafish is an Executive NDPB of Defra which is regarded as a related party. During the year Seafish has had a number of material transactions with other entities for which the Department is regarded as the parent Department, such as the Marine Management Organisation.

In addition, Seafish has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Scottish Government, Welsh Government and the Department of Agriculture and Rural Development (in Northern Ireland).

Seafish was involved in the following related party transactions during the year. All payments were made by 31 March 2020 unless otherwise stated:

Board Member James Buchan is:

- Chief Executive of Scottish Seafood Association which was paid £35,572 by Seafish and from which Seafish received £12,960.
- A Director of Amity Fish Co Ltd from whom Seafish received £11.

Board Member Mike Mitchell is:

- A Trustee of Fisheries Innovation Scotland which was paid £25,241 by Seafish.
- A President of Shellfish Association of Great Britain which was paid £648 by Seafish.

Board Member Jonathan Shepherd is:

- A Trustee of the Fishermen's Mission which was paid £990 by Seafish.

Board Member Alison Austin is:

- A consultant of Seafish which was paid £15,000 by Seafish.

Board Member Nathan De Rozarieux

- A Trustee of the Fishermen's Mission which was paid £990 by Seafish

Panel Chair Jonathan Parker is:

- A Director of Camnesa Consulting Ltd which was paid £8,086 by Seafish.

Chief Executive Marcus Coleman is:

- A Director of Fisheries Innovation Scotland which was paid £25,241 by Seafish.

14. Events After the Reporting Period

Issue of Accounts

In accordance with the requirements of IAS 10, events after 31 March 2020 are considered up to the date on which the accounts are authorised for issue. The authorised for issue date is the date of the Comptroller and Auditor General's audit report.

Material Events

The global pandemic that is Covid-19 has brought a challenging and dynamic situation to all within the seafood industry. The lockdown measures and subsequent virus containment restrictions will have an impact on the volume of first hand sales of seafood in the UK, the transaction which levy is collected on. Seafish are closely monitoring key market metrics to understand the impact this will have on the value of levy in 2020/21 and will take the appropriate action that is required. Seafish have revised their expectations for the income accrual in respect of uncollected levy as at 31st March 2020 to reflect the challenging economic environment for levy payers.