



## CEFAS TECHNOLOGY

The Centre for Environment Fisheries and Aquaculture Science is an executive agency of the Department for The Environment Food and Rural Affairs. CEFAS has an annual turnover of approximately £40 million. Two thirds is generated through a memorandum of understanding with DEFRA. The remainder comes from contracts with: the European Union; the Food Standards Agency; other government departments and foreign governments. The majority of its wider markets activity (i.e. non-DEFRA related work) takes the form of consultancy work. In its 7-8 years as an agency commercial activity has grown from £200,000 to £10,000,000 per annum. As a net cost agency there exists 'an array of hindrances' to commercial activity. Particularly they relate to the annual limits imposed by government accounting rules. CEFAS work within the resource accounting guidelines but have found that a spin-off company, CEFAS Technology Limited, which was created to deal with an early alliance, has also enabled limited risk management on one contract by providing more flexibility across year ends. This company is 100 per cent owned by the Secretary of State, with the shares held in trust by the Chief Executive of CEFAS. CEFAS believes that participation in the Wider Markets Initiative has brought the changes described below:

- n Better utilisation of assets – By commercially exploiting assets which are not being fully used, CEFAS has reduced the cost of providing core services to a level which DEFRA can afford.
- n Changed staff behaviour – While there has been some resistance from longer service employees, many new hires more readily accept the concept of commercial activity. The activity has had a positive effect on staff skills. Exposure to contract based work has improved skills generally and in particular meeting obligations and budgeting.

**Source : NAO**

## CASE STUDY

### WIDER MARKETS

*The Centre for Environment Fisheries and Aquaculture Science is an example of a public body successfully addressing a decline in the funding of its core activity through wider markets activity.*

- NAO