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**ANNUAL REPORT AND
CONSOLIDATED ACCOUNTS 2015/16**
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Food Standards Agency

Annual Report and Consolidated Accounts 2015/16

(For the year ended 31 March 2016)

Annual Report presented to Parliament pursuant to Section 4 of the Food Standards Act 1999

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Accounts presented to the House of Lords by Command of Her Majesty

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PERFORMANCE OVERVIEW

CHIEF EXECUTIVE'S STATEMENT



This has been a good year for the Food Standards Agency (FSA). It began with the launch of our new five-year strategic plan, which will take us to 2020 and provides a real focus for the Agency and partners who have an interest in delivering 'food we can trust'.

During the year we have also put in place some of the key components necessary for delivering our long-term plan and achieving our strategic outcomes for consumers.

Our work with industry – to secure a lasting commitment to reduce *Campylobacter* on chicken so that it is no longer a significant threat to human health in the UK – has made good progress.

Our goal – shared with industry – for reducing *Campylobacter* contamination to the target level by the end of 2015, was not met. However, our publication of quarterly retail survey results, throughout 2015/16, helped maintain focus for the industry and consumers.

Furthermore, the figures in these surveys demonstrate the progress made. Our knowledge of the further interventions that are due to be implemented at scale on farm and by processors gives us confidence that this target is now within reach. We will continue to take steps over the next year to ensure that industry is effectively held accountable on an ongoing basis.

At the end of 2014, following a review by Professor Elliot, the FSA established the National Food Crime Unit (NFCU) to protect consumers from food fraud by disrupting and deterring criminal activity.

In 2015/16, the unit achieved a significant operational success, disrupting the online sale of 2,4-Dinitrophenol (DNP). DNP is an unsafe substance that cannot be legitimately sold as a food supplement, or added to a food.

As a result of an NFCU operation (which included liaison with counterparts in the US Food and Drug Administration and the World Health Organisation), several websites selling DNP as a slimming aid were closed down.

The NFCU also published the first Food Crime Annual Strategic Assessment (FCASA), which outlines our current understanding of the dimensions and nature of the food crime threat to the UK and highlights significant gaps in that understanding. Strategic assessments are the linchpin of intelligence-led policing, and we understand the FCASA to be the first food-related assessment published anywhere internationally.

The end of November marked the fifth anniversary of the launch of the Food Hygiene Rating Scheme (FHRS), with widespread media coverage, particularly local and regional, on the success

of the scheme. I am pleased to report that every Local Authority in England is now signed up to the scheme.

There was particularly good news for consumers in Northern Ireland, as the Food Hygiene Rating Bill passed through its final stage in the NI Assembly on 8 December.

All Members of the Legislative Assembly (MLAs) present supported the passing of the Bill, which completed its passage through the NI Assembly. The Food Hygiene Rating Bill received Royal Assent on 29 January 2016 and became an Act, referred to as the Food Hygiene Act. Displaying FHRs will become a legal requirement in Northern Ireland (as it already is in Wales) from 1 October 2016.

This represents a significant step towards us achieving our key strategic outcomes: of consumers having the information they need to make informed choices, and ensuring that food is safe; because, as we have previously seen in Wales, making FHRs mandatory leads to faster improvements in food hygiene standards.

As a result of this link between mandation and food safety, we are building the case for extending mandatory display to England. We have developed an impact assessment setting out the costs and potential benefits of introducing the required legislation. This has been recently issued to stakeholders for their early input.

The pace at which technology changes and the increasing amount of data we collectively produce and use, have been recognised in the FSA's delivery plan for our new Science Evidence and Information Strategy.

We will balance work, focused on our immediate priorities, with innovative and strategic projects looking to the future. The majority of our strategic work is now being managed in a new Strategic Evidence Programme, led and directed by the FSA Chief Scientific Adviser, with a focus on building strategic partnerships and future-oriented plans.

We made a call for expressions of interest for innovative research proposals in five strategic areas:

- listeriosis
- use of technology in meat operations
- next generation sequencing and other 'big data'
- use of recycled waste-derived materials, and
- optimising food sampling and analysis.

This will ensure the FSA continues to be at the forefront of new innovations and that our science will benefit consumers.

February 2016 was a particularly eventful month for the FSA, when we held two major conferences: Regulating the Future and Our Food Future.

The existing model for delivering food controls in the UK is not sustainable and does not meet the needs of the rapidly changing food landscape. We have therefore begun a fundamental redesign of the way in which food businesses are regulated.

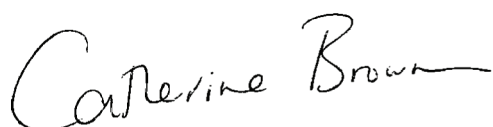
We know that the FSA cannot achieve this on our own. Instead, we are seeking a collaborative approach with local authorities, other government departments, consumer groups, business representatives and others to make the necessary changes a reality in the coming years. We were pleased that a wide range of senior stakeholders joined us at our launch conference for the Regulating the Future initiative, and we have since been building on the open and constructive discussions we had there with a range of regional conferences.

The second conference was an exciting, live-streamed event that focused on 'Our Food Future'. Over 150 experts from across the food industry, the scientific community and NGOs gathered together to discuss changes in the global food system and our latest consumer research. It was a unique opportunity to develop our shared understanding of the impact these changes could have on UK consumers, and to discuss what we could each do to work together to tackle the issues ahead. I was also particularly pleased with the very high level of public interest and engagement that the event sparked – more than 6000 people joined in the discussion on social media.

Our focus in 2015/16 has been on putting in place building blocks on which the rest of the strategic plan period will rest. I hope the examples above illustrate the direction we are taking and give a tangible sense of our ambitions for the years to come.

During the period covered by this report, the FSA delivered its function across the UK at a net cost of £94.8m.

We have embedded the core themes of the strategic plan in all the work we do. We will continue to ensure that consumers have 'food we can trust', which is at the heart of everything we do at the FSA.



Catherine Brown
Chief Executive and Accounting Officer

16 June 2016

OUR ACTIVITIES AND PERFORMANCE DURING 2015/16

The FSA's activities can be grouped into six themes as set out in our strategic plan for 2015-20. Our annual corporate business plan follows this structure¹.

In this section of the report, we report on our activities and performance for 2015/16 against these six headings.



¹ https://www.food.gov.uk/sites/default/files/FSA%20strategy%20document%202015-2020_April%202015_interactive%20%282%29.pdf

OVERALL OBJECTIVE

To protect consumers from unacceptable levels of risk



Key initiatives in this area include:

CAMPYLOBACTER CAMPAIGN

Overall objective:

To deliver a future where Campylobacter in poultry is no longer a threat to human health in the UK; and associated costs to the UK economy are reduced.

Objectives for 15/16:

To encourage industry to achieve the 2015 target to reduce the prevalence of the most contaminated chickens (greater than 1000 cfu/g) to below 10% at the end of the slaughter process, by the continuation of the Acting on Campylobacter Together (ACT) campaign; utilising incentives and interventions to encourage industry to act upon their responsibility to control Campylobacter contamination on poultry meat, including introducing appropriate new technologies and techniques.

Progress summary:

The FSA's Campylobacter campaign made good progress during 2015/16. The reduction target has been rolled over into 2016, and it is expected that the poultry industry will continue to make significant improvements. Full updates were reported to the FSA Board in July 2015² and March 2016³.

LISTERIA REDUCTION PROGRAMME

The interests of vulnerable people in relation to food.

Overall objective:

To actively reduce the cases of listeriosis in vulnerable population groups.

Objectives for 15/16:

To finalise delivery of the current workstreams in the Listeria reduction programme; review the existing programme; and put in place an appropriate follow on programme.

Progress summary:

The FSA completed its Listeria reduction programme in 2015/16. Following this, and in line with the FSA's new strategy which puts consumers first, the FSA decided to trial an approach that,

² <https://www.food.gov.uk/sites/default/files/fsa150705.pdf>

³ <http://www.food.gov.uk/sites/default/files/fsa160306.pdf>

rather than focusing on a specific pathogen, looked at all of the interests of a group of consumers in relation to food. The FSA is trialling new open policy making approaches based on consumer population segments rather than food safety risks or types of commodity. Scoping work began in 2015/16, and a workshop with the Social Science Research Committee scheduled for April 2016. We will report the results of this scoping work in 2016/17.

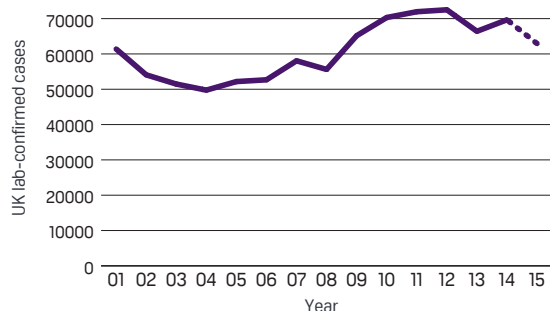
PERFORMANCE

Foodborne Disease

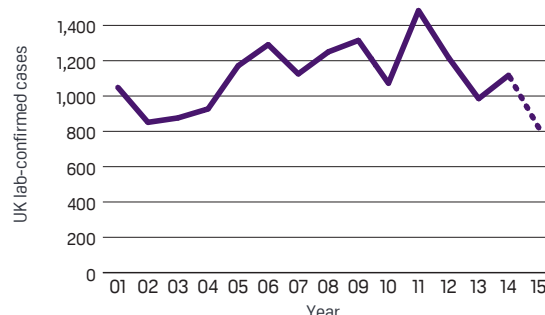
The FSA estimates that there are around 1 million cases of foodborne disease a year in the UK, costing the economy in excess of £1bn. Campylobacter is responsible for the greatest burden of foodborne disease, accounting for an estimated 280 000 cases, due to the high number of cases and the severity of the disease.

Laboratory confirmed cases in the UK 2000 to 2015 of the four major bacterial pathogens are shown in the following graphs. Only a minority of cases are reported and samples sent for laboratory analysis.

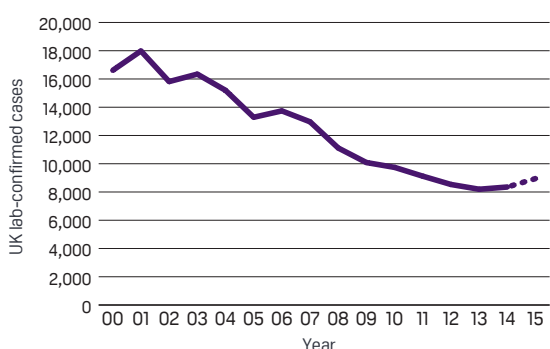
Campylobacter



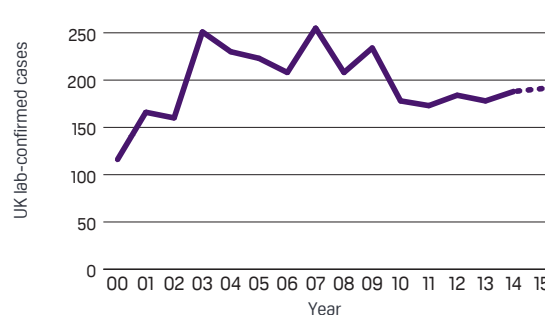
Escherichia coli 0157



Salmonella



Listeria monocytogenes



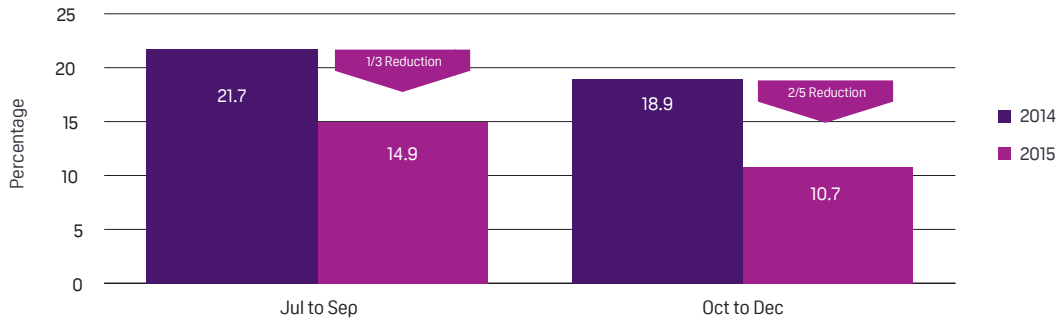
Source: Public Health England, Public Health Wales, Health Protection Scotland and Public Health Agency for Northern Ireland

Systems reporting Foodborne Disease cases generally see figures stabilise three months after the end of the reporting period. Due to changes in reporting systems for Foodborne Disease in England we believe the figures are taking longer to stabilise than expected and therefore the 2015 data is subject to change.

It is the responsibility of people producing and supplying food to ensure it is safe and what it says it is. The FSA’s multi-year Campylobacter campaign promotes industry and consumer change to reduce Campylobacter. This work includes undertaking a microbiological survey of Campylobacter contamination in fresh whole UK produced chilled chickens at retail sale.

As a result of the FSA’s retail survey, several retailers are now taking enhanced action and publicising their intentions.

Percent skin samples Over 1000 cfu/g Campylobacter



The level of Campylobacter contamination on chicken skin is measured in terms of the number of colony forming units per gram of skin (cfu/g). The primary focus of attention is on levels of Campylobacter over 1000 cfu/g. In Oct-Dec 2015 58.9% of skin samples were positive for Campylobacter and 10.7% of skin samples showed levels of Campylobacter over 1000 cfu/g.

There was a statistically significant reduction in the percentage of chickens (skin samples) with high levels of Campylobacter over (1000 cfu/g) from 18.9% in Oct-Dec 2014 to 10.7% in Oct-Dec 2015. So the prevalence of highly contaminated chickens has been significantly lower than the same time the previous year for both quarters of the current survey

Industry as a whole did not meet the target they had jointly agreed with the FSA to reduce the proportion of whole fresh chicken that were most heavily contaminated with Campylobacter to less than 10%, measured at the end of processing, by the end of 2015. However, the FSA has continued to press retailers and suppliers to meet this target at the earliest subsequent opportunity.

There is a growing list of interventions that have been developed and then implemented at scale, in different combinations, by different supply chains from farm to retail. These are having a demonstrable impact on the levels of contamination we are finding in the retail survey. In each of the last two quarters’ published data (covering chicken on retail sale between July and December 2015), the proportion of most highly contaminated chickens was around two-thirds of the equivalent figures for the same periods in 2014. This represents significant progress, and although it confirms that the target was not met at the end of 2015, our knowledge of the further interventions that are currently being implemented at scale on farm and by processors gives us renewed confidence that this target is now within reach.

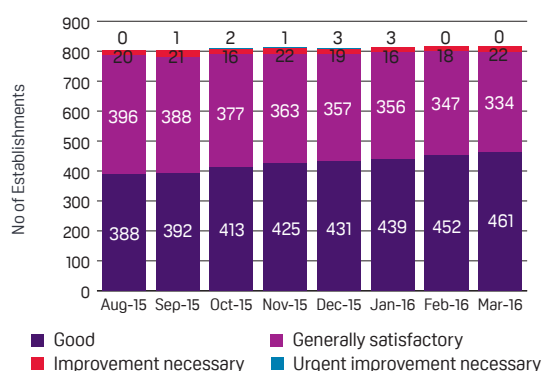
In March 2016, the FSA Board agreed that the FSA should therefore have as a corporate objective for the end of March 2017, shared with industry partners, of achieving a reduction in laboratory

confirmed cases of human Campylobacteriosis that is equivalent to 100,000 fewer estimated cases of Campylobacter per year⁴.

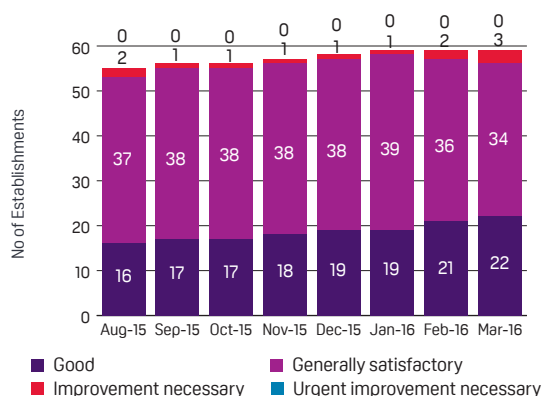
New Audit Arrangements in FSA-approved Meat Establishments

The FSA launched new audit arrangements for approved meat establishments across the UK in August 2014. The FSA Board considered an update in June 2015⁵, and by the end of Q2 15/16 the FSA had audited 100% of the operational premises in England, Wales and Northern Ireland at least once under the new system.

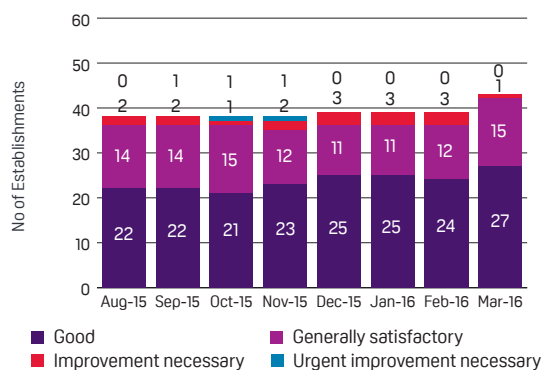
England



Wales



Northern Ireland



increase in establishments achieving 'Good'

England, Wales & Northern Ireland since Aug 2015

It is the responsibility of food business operators to comply with regulations. In addition to routine official controls and inspections, the FSA carries out audits to verify compliance and works with FBOs to identify where improvements are necessary. Where an audit finds that a food business operator is non-compliant with regulations, improvement is necessary. As part of our intervention approach, we seek improvements through education, advice and enforcement action.

4 <http://www.food.gov.uk/sites/default/files/fsa160306.pdf>

5 <http://www.food.gov.uk/sites/default/files/fsa150604.pdf>



DELIVERY

Priority milestones determined to support the delivery of **Food is Safe**, has resulted in achieving the following outputs:

Campylobacter Campaign

- The FSA ran a marketing campaign (“The Chicken Challenge”)⁶ using social media, PR and work with partnerships, including with over 150 local authorities, which was recalled by 32% of the UK adult population⁷.
- The Q4 results from the first year of the FSA’s retail survey were published in May 2015, followed by the full-year report in July 2015.
- The results of Q1 of the second year of the retail survey were published in November 2015, with the Q2 results published in February 2016.
- The FSA Board approved Phase 2 of the programme in March 2016.

Interests of vulnerable people

- We produced new guidance for healthcare and social care organisations to help them reduce the risk of vulnerable people within their care contracting listeriosis. The guidance was subject to a public consultation, the consultation comments were reviewed with publication scheduled for early 2016/17⁸.
- A workshop on the interests of older consumers in relation to food was held with the FSA Board in October 2015.
- Discussions held with other government departments regarding segmentation and policy synergy.
- The FSA invited policy approaches from third parties.

Other significant activity completed:

The FSA began work on relative measurements of risk and impact to enable us to compare and engage with consumers in comparing different forms of consumer detriment in relation to food. This work included:

- We worked with Cambridge University Centre for Science and Policy to identify key questions.
- A work plan for the understanding and ranking of risk was developed and discussed with the General Advisory Committee on Science.
- The FSA’s framework for risky foods was refined⁹, and further candidate foods to which the framework should be applied were identified.
- First phase of work was undertaken to develop estimates of the quantity and quality of life impacted by priority food pathogens.
- A new cross Scientific Advisory Committee working group was set up to provide input on development of framework for foods with a higher risk per serving.

6 <http://www.food.gov.uk/news-updates/campaigns/campylobacter/actnow/act-e-newsletter/the-chicken-challenge-campaign>

7 <https://www.food.gov.uk/enforcement/enforcework/food-safety-week-2015-1a-toolkit>

8 <http://www.food.gov.uk/news-updates/help-shape-our-policies/proposed-guidance-listeriosis#sthash.r5012JLw.dpuf>

9 <http://www.food.gov.uk/sites/default/files/fsa150904.pdf>

OVERALL OBJECTIVE

To work with industry and other authorities to identify areas of risk associated with authenticity and with food fraud and crime and agree actions to reduce them on behalf of consumers

FOOD IS
WHAT IT
SAYS IT IS

Key initiatives in this area include:

REDUCING FOOD FRAUD

Overall objective:

To protect consumers from food fraud by disrupting and deterring criminal activity.

Objectives for 15/16:

To deliver Phase 1 of the National Food Crime Unit (NFCU) capability.

Progress summary:

The FSA has made good progress with the development of the National Food Crime Unit during 2015/16. A report updating on progress of the unit and other key recommendations of the post horsemeat reviews was provided to the FSA Board in September 2015¹⁰.



PERFORMANCE

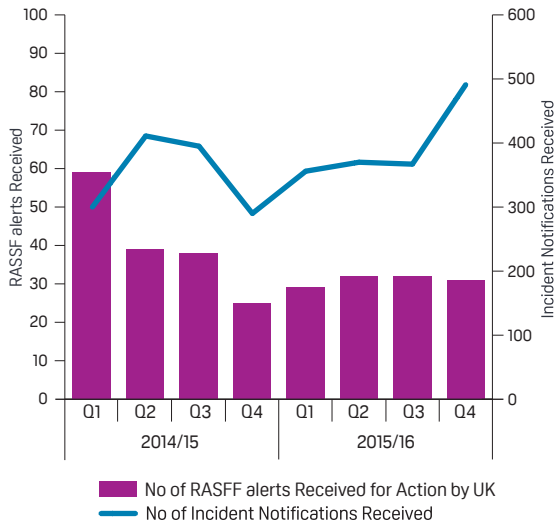
It is the responsibility of people producing and supplying food to ensure it is safe and what it says it is and the Food Standards Agency has a key leadership role in making sure they step up to that responsibility.

Consumers have the right to make informed decisions about their food and this is only possible when it is correctly and accurately identified, and appropriately labelled.

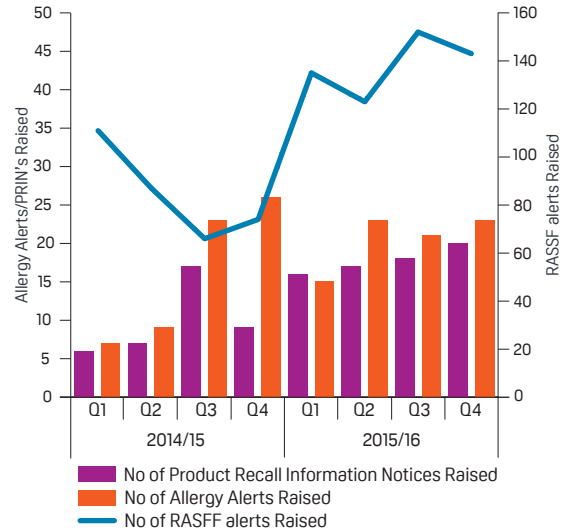
Food business operators are required, under Article 19 of European Regulation No. 178/2002, to inform the competent authorities where they have reason to believe that a foodstuff that they have imported, produced, manufactured or distributed is not in compliance with food safety requirements. In the case of the UK, the competent authorities are the Food Standards Agency and the food authorities (local and port health authorities). Food safety information is communicated between the European Commission and Member States using the Rapid Alert for Food and Feed (RASFF) system.

¹⁰ <http://www.food.gov.uk/sites/default/files/fsa150906.pdf>

Notifications Received



Alerts Raised



DELIVERY

An incident is defined by the FSA as: ‘Any event where, based on the information available, there are concerns about actual or suspected threats to the safety or quality of food and feed that could require intervention to protect consumers’ interests.’

Priority milestones determined to support the delivery of **Food is what it says it is**, has resulted in achieving the following outputs

National Food Crime Unit

- Resources for the newly established National Food Crime Unit were consolidated.
- A prioritised work plan for the unit was developed.
- Food Crime Annual Strategic Threat Assessment published March 2016¹¹.
- Preparations for the two year review of progress of the National Food Crime Unit (capability and performance) have been undertaken.
- A control strategy and intelligence requirement has been commissioned, setting out the unit’s response to the threat and gaps in its understanding.

Other significant activity completed:

- The FSA completed a review of the major cross-Government incident management exercise, Exercise Prometheus, held in March 2015 and thereafter implemented changes to its Non-Routine Incident Management Plan and associated procedures. This activity strengthened the FSA’s emergency preparedness arrangements for dealing with a food safety emergency.
- In March 2016 the FSA and Food Standards Scotland staged Exercise Joint Venture involving a simulated severe food incident during which strategic decision making, risk management and communications/briefing management were examined. This was set within the context of a

¹¹ <http://fsahome/news/events/Documents/foodcrimeannualstrategicassessment.pdf>

joint invocation of both organisation's Non-Routine Incident Management Plan. Lessons identified from this exercise are currently being assimilated.

- We developed an approach to how we work with food businesses and enforcement agencies in response to food adulteration incidents¹², and in particular how we identify thresholds for action.

¹² <http://www.food.gov.uk/sites/default/files/fsa151106.pdf>

OVERALL OBJECTIVE

To use science, evidence and information both to tackle the challenges of today, and to identify and contribute to addressing emerging risks for the future

.....
**GATHERING AND
 USING SCIENCE,
 EVIDENCE AND
 INFORMATION**

Key initiatives in this area include:

SCIENCE, EVIDENCE AND INFORMATION STRATEGY DELIVERY PROGRAMME

Overall objective:

To ensure the FSA uses science, evidence and analysis effectively, by linking with and integrating across the FSA, to underpin and support implementation, delivery and evaluation of the FSA Strategy for 2020 to deliver benefits for consumers; and to ensure we take a longer view, informing FSA strategy and developing FSA capabilities to deliver beyond 2020.

Objectives for 15/16:

To develop and agree the SEI Strategy and to complete scoping and first round of specific programme activities; and to provide the context and framework for prioritisation and funding for FSA research and other evidence gathering from 2015-20.

Progress summary:

In March 2015, the FSA Board agreed the framework for the Science, Evidence and Information Strategy¹³. A high-level delivery plan setting out the activities to support this strategy was agreed by the Board in November 2015¹⁴. In February 2016 the FSA published¹⁵ the full delivery plan¹⁶, programme of work and forward evidence plan for 2016/17.

FOOD SYSTEM PROJECT

Overall objective:

To lead a dialogue on the challenges that will face food systems supplying UK consumers and to develop an understanding of what consumers perceive as the “best food future”.

Objectives for 15/16:

To work closely with partners to organise an initial conference to explore pressures on the food system and understanding of interventions to help support consumers interests.

¹³ <http://www.food.gov.uk/sites/default/files/fsa150305.pdf>

¹⁴ <http://www.food.gov.uk/sites/default/files/fsa151104.pdf>

¹⁵ <http://www.food.gov.uk/news-updates/news/2016/14901/using-science-to-deliver-food-we-can-trust>

¹⁶ <http://www.food.gov.uk/sites/default/files/multimedia/pdfs/scistrat.pdf>

Progress summary:

The 'Our Food Future'¹⁷ event was held in London on 18 February 2016. The aim was to develop a shared understanding of the impact medium-term changes in the global food system could have on the UK consumer.

PERFORMANCE

In 2015 we and expert partners conducted a comprehensive literature review, qualitative and quantitative consumer research and iterative public dialogues (a first for the FSA) to understand how consumers might respond to medium-term changes to the food system. We used the launch of the report to bring together experts from across the food industry, science and civil society at a summit in February 2016. We used the findings to create *a short film* and live-broadcast the event itself. The *executive summary*, a summary of the summit *discussions* and the full reports are available at www.food.gov.uk/foodfuture



As well as the people at the event over 6,000 people from across the world watched the event via the Our Food Future live webcast. Over 3,000 social media posts using #OurFoodFuture were shared and retweeted 29,161 times, with an estimated reach to 4 million people. For several hours in the morning #OurFoodFuture was the 3rd highest trending topic on Twitter in the UK.

DELIVERY

Priority milestones determined to support the delivery of **Gathering and using science, evidence and information**, has resulted in achieving the following outputs.

Science, Evidence and Information Strategy delivery programme

- The Science, Evidence and Information Strategy was agreed by the FSA Board and the first round of programme activities have been determined¹⁸.
- The approach for the reviews of the Scientific Advisory Committee was agreed with the Cabinet Office and thereafter undertaken. The report of the review was agreed by the Board and Cabinet Office and published in March 2016¹⁹.

¹⁷ <http://www.food.gov.uk/news-updates/campaigns/ourfoodfuture>

¹⁸ <http://www.food.gov.uk/sites/default/files/science-evidence-info-strategy-work-programme.pdf>

¹⁹ <http://www.food.gov.uk/sites/default/files/fsa160305.pdf>

- The first wave of strategic science partnerships have been commissioned, these have included collaboration with UCL and the Alan Turing Institute.
- Programmes of work have been determined and initiated to address the key science themes:
 - risk and decisions;
 - approaches to assessing and securing impact;
 - scoping and exploiting opportunities from new technologies (rapid methods, connected systems, big data); and
 - horizon scanning and strategic analysis.
- Plans for new scientific research projects have been published for stakeholder and expert comment in preparation for 2016/17 activity²⁰.

Emerging risks and horizon scanning

- A pilot programme of food chain analyses and targeted stakeholder engagement has been undertaken to identify key markers and indicators of emerging food safety, authenticity or crime issues.
- Deliverables have been reviewed after the first quarter of returns and the approach amended as appropriate and further candidates for analysis identified.
- The report from the joint environment-food horizon scanning project has been produced and outputs from supply chain analysis projects to identify longer term impacts on supply chain vulnerabilities were aligned.
- A plan is being developed to maintain joint scanning and analysis in the food-environment space with partners in the Defra project and wider government.
- The FSA held a conference on the food system and consumers ‘Our Food Future’²¹ involving over 150 experts from across the food industry, science and research, informed by new research on people’s views, concerns and priorities in relation to the food present and the food future. Outcomes of the conference have been analysed and a programme of follow up activity developed with partners.

²⁰ <http://www.food.gov.uk/sites/default/files/forward-evidence-plan-2016-17.pdf>

²¹ <https://www.food.gov.uk/news-updates/campaigns/ourfoodfuture>

OVERALL OBJECTIVE

To support consumers to make informed decisions about the food that they eat, thus influencing the food system as well as their own well-being and that of their families and communities

EMPOWERING
CONSUMERS

Key initiatives in this area include:

OPENNESS, ENGAGEMENT, AND CAMPAIGNING

Overall objective:

To be a genuinely open and engaging organisation, empowering consumers both in our policy-making and delivery and in their relationship with the food industry.

Objectives for 15/16:

To develop the range of methods, tools and approaches which support our goal to be a genuinely open and engaging organisation.

To create the internal environment in which we feel prepared, confident and, in time, expected to use these approaches.

To activate a segment of consumers so that they are influencing the food system.

Progress summary:

The FSA continues to actively listen to, understand, inform and empower consumers and that the evidence indicates that trust in the FSA is increasing steadily. We updated the FSA Board in July 2015²² with progress on engaging with consumers and our plans to better support consumer engagement and empowerment.



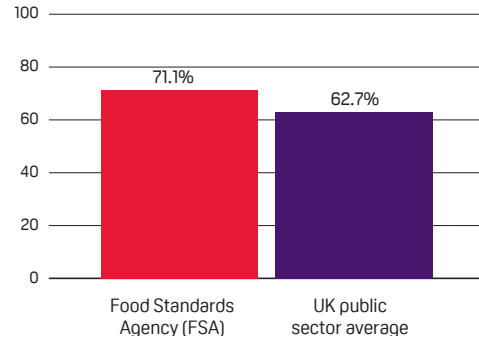
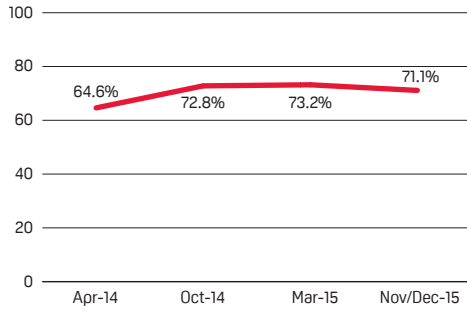
PERFORMANCE

The organisation's reputation has shown a consistent picture of strength since 2014 and brings the FSA within the top 15 of the 64 public sector organisations included in survey comparisons and continues to be significantly ahead of the UK public sector average.

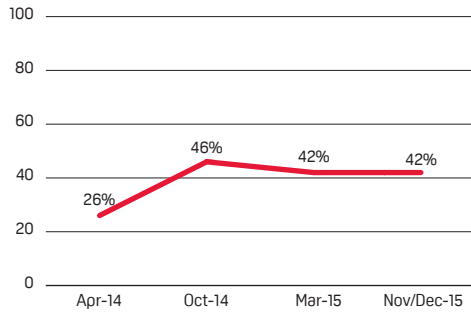
Trust has significantly increased from Nov 2013 – the time of the horsemeat incident. 64% of those aware of the FSA also trust the Agency to do its job.

²² <http://www.food.gov.uk/sites/default/files/fsa150706.pdf>

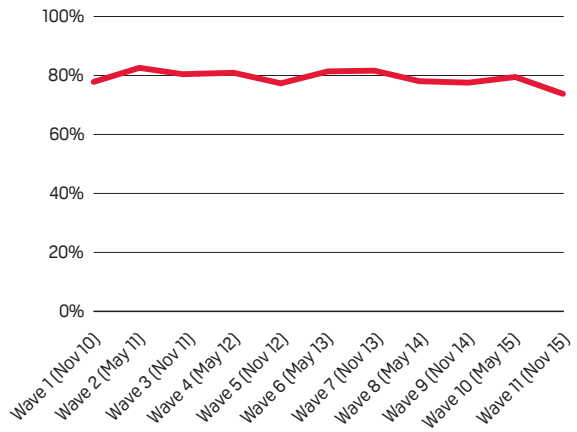
FSA's Reputation



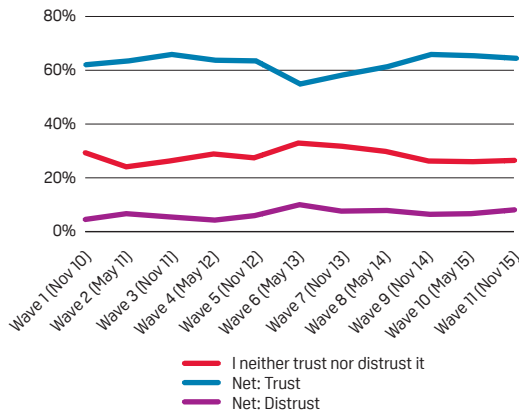
Consumers belief/acceptance of FSA's message



Public Awareness of FSA



Trust in the FSA

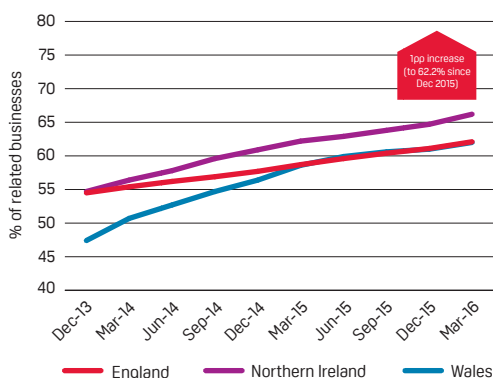


The Food Hygiene Rating Scheme helps consumers choose where to eat out or shop for food by giving them information about the hygiene standards in restaurants, takeaways and food shops. The scheme is operated in partnership with local authorities in England, Northern Ireland and Wales and used to encourage businesses to improve hygiene standards. Ratings range from 5 ('Very good') to 0 ('Urgent improvement necessary'). Ratings visits are carried out by Local Authorities.

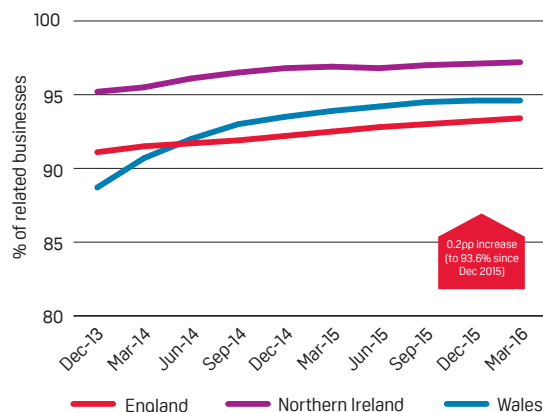
Percent of FHRs all countries



Percent of FHRs 5 Ratings

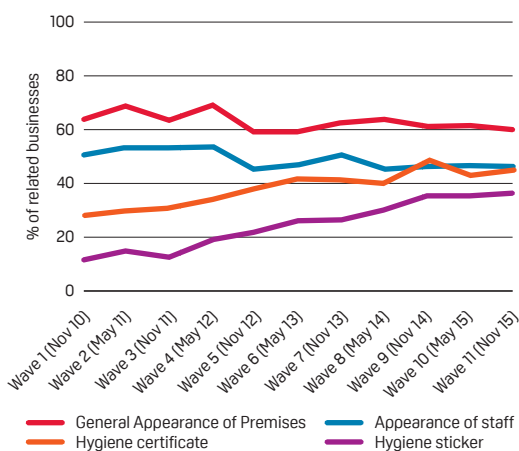


Percent of FHRs Ratings 3 and above

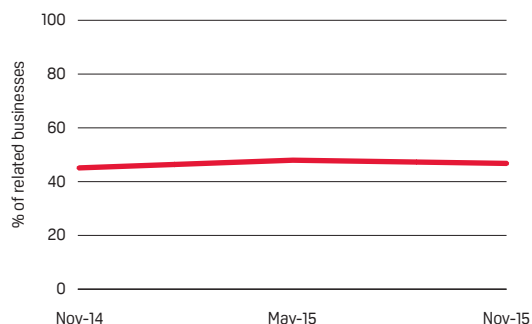


Recognition of FHRs

Ways consumers report knowing about the hygiene standards of places they eat at or buy food from (Nov 2010 – Nov 2015)



Proportion of respondents who reported that they had seen or heard of FHRs when shown the name 'Food Hygiene Rating Scheme' (up from 34%)



Base: All respondents, UK
Weighted base (W10: 2000, W1-W9: 2000), Unweighted base (W10: 2640, W1-W9: 2069-2684)



DELIVERY

Priority milestones determined to support the delivery of **Empowering Consumers**, has resulted in achieving the following outputs.

Openness, engagement and campaigning

To establish new fora for effective consumer engagement we have:

- Established a new consumer panel including an on-line panel that enables us to build a dialogue with a diverse group of consumers.
- Refreshed the FSA visual identity alongside the release of the strategic plan to 2020.
- Expanded social and digital channels and rolled out tailored support on social media for individuals and teams.
- Developed a data-led consumer segmentation.
- Determined an approach for staff advocates and started implementation.
- Identified recommendations to improve corporate openness.
- To make better use of the information we and others hold on consumers and their views on food issues we have undertaken two waves of pilots to test open and engaging approaches.
- Undertaken a research project to identify where information on consumers' interests in food issues can be actively used to influence others to deliver consumer benefits. The outcomes have been reviewed and an action plan for addressing the first priority area has been developed.

Other significant activity completed:

Food Hygiene Ratings Scheme mandatory display in England

This included:

- A strategy to work with stakeholders and key supporters of mandatory display.
- A report detailing the rates of voluntary display and survey of business attitudes.
- A study to compare impact of mandatory versus voluntary display on compliance levels.
- A consultation with interested parties to identify the costs and benefits of introducing mandatory display to inform the development of an Impact Assessment.
- FHRS consumer attitudes tracker surveys.
- Marketing campaigns to promote and increase usage of the FHRS to consumers.

OVERALL OBJECTIVE

Implementing the regulatory strategy through aligning incentives for businesses to ensure consumers' interests are protected

ALIGNING
INCENTIVES

Key initiatives in this area include:

REGULATORY STRATEGY DELIVERY

Overall objective:

To leverage business behaviour change to deliver benefits for consumers, building a regulatory toolkit and applying the toolkit effectively and to ensure longer term sustainable delivery approaches in our role as a regulator.

Objectives for 15/16:

To analyse the sanctions at our disposal and explore alternatives.

To assess the flexibility of official controls legislation, and to compare that with current activity (eg by Local Authorities and in the national control plan).

To review the role of corporate/management culture in influencing food safety/standards outcomes (inc animal welfare).

To identify areas of legislation that do not deliver consumer protection, and to develop and implement a plan for reform.

Progress summary:

The achievement of the FSA's strategic objectives will require a fundamental redesign of its regulatory role and of the way in which the regulation of food businesses is delivered. FSA cannot achieve these tasks in isolation and we therefore commenced in February 2016 the first phase of an extensive programme of consultation. The FSA Board considered the framework of principles that forms the basis for this programme in January 2016²³.



PERFORMANCE

The launch event for the Future Delivery Models Programme was held in Cardiff on 10 February 2016 with stakeholders from across industry, other regulatory partners, consumer organisations and representative bodies in recognition of the existing model not being sustainable or meeting the needs of the rapidly changing food landscape.

23 <https://www.food.gov.uk/sites/default/files/fsa-160106.pdf>



<https://registration.livegroup.co.uk/regulating-the-future/>

In addition to the 70 people who attended the event in Cardiff, seven regional events in England have been held with similar meetings taking place in Northern Ireland and Wales. We have engaged with a cross-section of our stakeholder community, expected to be over 500 people using social media blogs and discussion forums to supplement the face to face events. A programme of consumer engagement has also started to ensure the consumer voice informs what we do.

DELIVERY

Priority milestones determined to support the delivery of **Implementing the regulatory strategy**, has resulted in achieving the following outputs.

Regulatory Strategy Delivery

- Sentencing guidelines for food hygiene and food safety offences have been developed.
- The scope of a framework to enable us to more rigorously assess ‘confidence in management’ in food businesses as been developed.
- We have begun a broad based debate with local authorities, consumers, industry, and other key stakeholders about complementary or alternative delivery models including their sustainable funding – for meat and other food businesses.

Other significant activity completed:

Improvements to Local Authority framework agreement, Codes of Practice and reporting mechanisms

- Worked with Local Authorities to identify potential improvements to the framework agreement, Codes of Practice and reporting mechanisms, including how to exploit flexibilities in the legal framework for official controls
- Action plan agreed to progress prioritised improvements

Official Food and Feed Controls negotiations

This included:

- Concluded EU working group discussions.
- Actively participated in negotiations in preparation for agreement of legislation.

OVERALL OBJECTIVE

Leveraging great impact from small resources

.....
**BEING THE BEST
 ORGANISATION
 WE CAN BE**

Key initiatives in this area include:

OUR WAYS OF WORKING PROGRAMME

Overall objective:

To build a vibrant, progressive, learning organisation that attracts and retains the best staff who are engaged, motivated to deliver, collaborative and well led.

Objectives for 15/16:

To scope out the programme by gathering best practice across the public, private and voluntary sectors.

To carry out a project to set the baseline of current practice and identify clearly desired outcomes.

To deliver a number of agreed 'quick wins' for staff, in order to establish the programme, dispel staff suspicion and build momentum.

To increase the staff engagement index.

To develop the programme blueprint and supporting delivery plan.

To develop a confident, engaged and skilled management community.

Progress summary:

A blueprint and supporting delivery plan for the programme was developed and Phase 1 has been delivered. This includes; successfully engaging staff in a "give it a go" phase which resulted in obtaining 100s of examples of new innovative ways of working; developing three people offers incorporating pledges to staff and our expectations for new ways of working; increasing collaboration and opportunities for networking across the management community; developing a physical spaces strategy and communicating potential new office locations; launching a toolpack developed to direct staff to tools they can use to support new ways of working, delivery of consultation sessions for 300 people across the organisation to get feedback on the people offer and location options; developing a model to forecast costs of total programme; and an increase in the staff engagement index. The blueprint has been reviewed in preparation for the second phase of the programme.

IT INFRASTRUCTURE

Overall objective:

To put in place a new IT infrastructure to improve efficiency, resilience, flexible working capability, and support delivery of the FSA's strategy to 2020.

Objectives for 15/16:

Develop an IT transformation programme that supports 'Our Ways of Working' programme and delivery of the FSA's Strategy to 2020.

To finalise the revision of the business case for 15/16 to ensure all the work in IT transformation will deliver best value for money for the FSA.

To set out a vision of how the Agency can make more effective use of its information assets (in particular data). This includes transition to a single network so that there is interoperability across all parts of the organisation.

To review and implement improvements for plant-based services including network as a service.

Progress summary:

The IT Transformation Programme scope was reviewed and replaced with the IT Technical Refresh to continue critical work on risk mitigation. The primary focus has been to remove of end of life/end of support hardware and software from the FSA IT Estate. A number of areas of work are well underway or complete. An IT Strategy to enable the delivery of the FSA Strategy, providing modern technology, post the Capita contract expiry has been produced.

To support the OWOW programme and provide additional functionality essential email services are being upgraded. The majority of this work has been completed within 2015/16, and the majority of works regarding server rationalisation and consolidation mitigates risks associated with old equipment ensures security requirements for remote access to IT systems are met. Cardiff and Belfast Branch office work-streams to mitigate the risks were also completed in 2015-16.

The projects to mitigate the risks to field based systems are nearing completion. Further projects will take place in 2016-17

INFORMATION MANAGEMENT

Overall objective:

To support delivery of the FSA strategy by improving how we manage information. To ensure that an appropriate Information Governance Framework is in place and that the Agency understands the role of information, and particularly data, in delivering the Agency's 2015-2020 strategy.

Objectives for 15/16:

To review policies and procedures within Information Governance, conduct a skills audit and deliver training to make any required improvements. To engage with the Board on the role of data within the organisation and to initiate work to plan and implement a data strategy to support delivery of the organisations strategic objectives.

Progress summary:

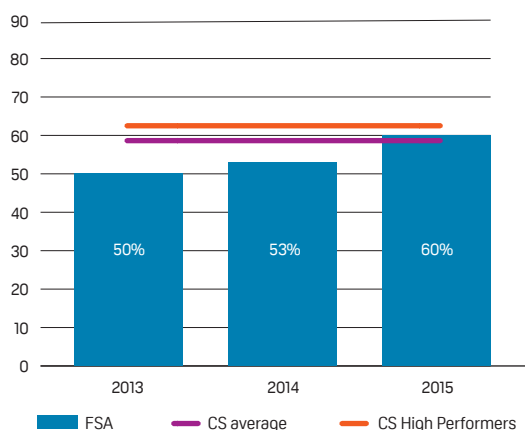
Following an extensive programme of work the Agency’s information governance programme was overhauled. This included an external consultation on changes and putting in place revised processes and procedures to make the framework more efficient. In excess of 300 staff have been trained in the new procedures and the changes ensure that consumers are at the heart of information decisions.

In January the Board discussed ‘A data driven FSA’ and as a consequence work has begun to develop an ‘open by default’ approach to Agency data.

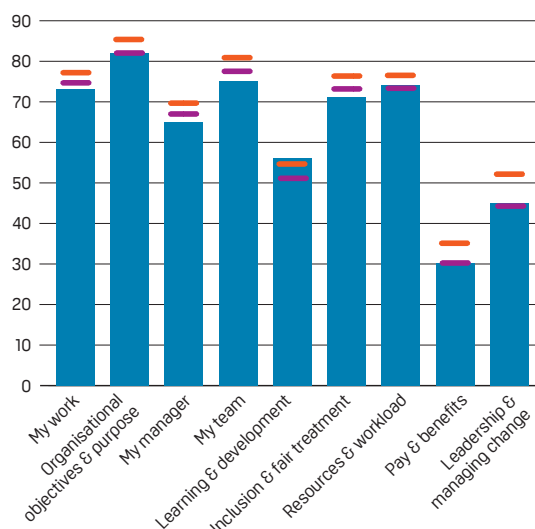
PERFORMANCE

We are using the People Survey scores for Civil Service High Performer (CSHP) as a benchmark of high engagement, but testing and prioritising activity as a result of this survey against our strategic priorities and existing programmes, to ensure consistent messaging.

Overall Engagement Index



2015 Theme Scores

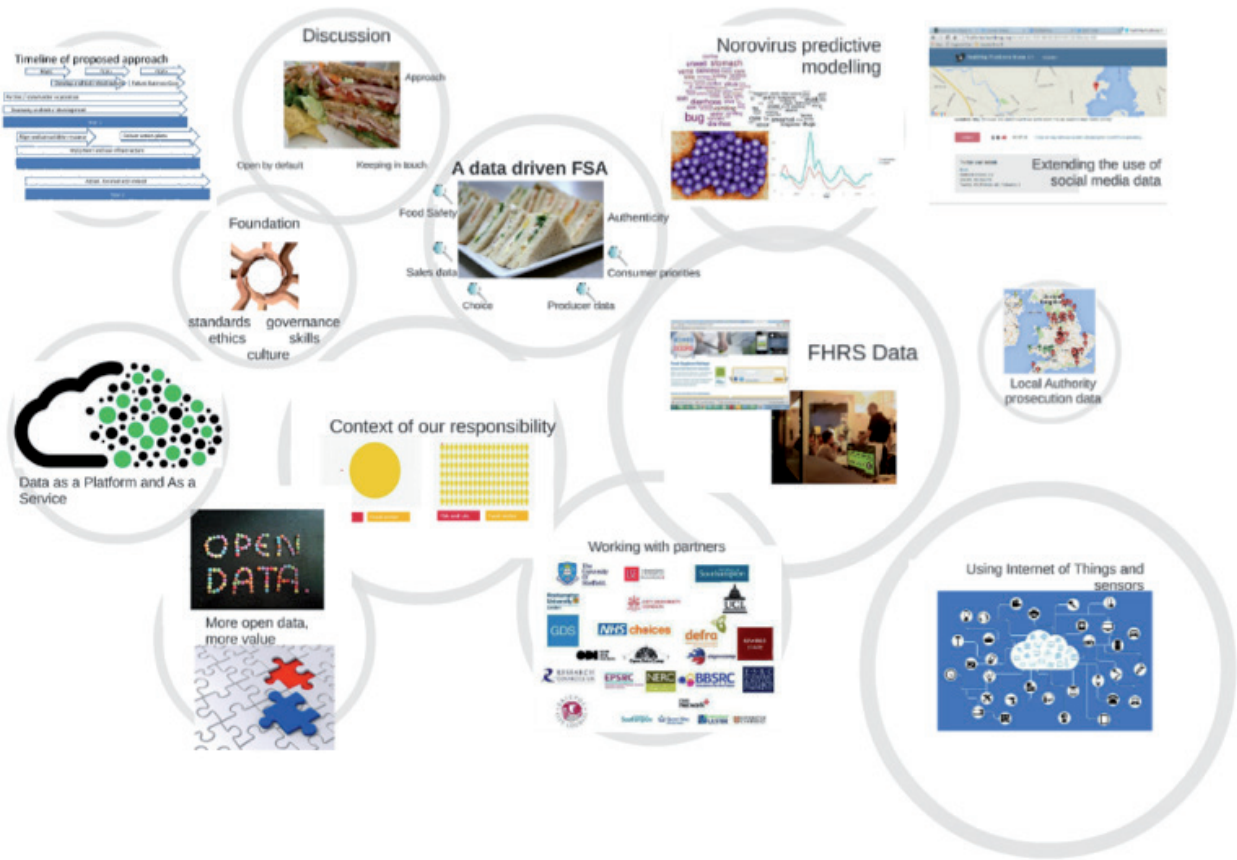


Our People Survey scores and feedback gave cause for celebration this year, with increased scores in every area, and an uplift of 7% in our overall Engagement Score. High engagement is a key element of being the best organisation we can be, and this increase reflects the level of focus and effort put into improving employees’ level of engagement with the FSA. We are currently 3% below the overall CSHP engagement score, although exceeding the CSHP scores in Learning and Development.

An ambitious programme to deliver a step-change in how the Agency uses data was agreed by the FSA Board in January 2016²⁴. The approach is for the FSA to move from an organisation that has some good examples of data use to an organisation that systematically makes best use of data.

24 <http://www.food.gov.uk/sites/default/files/fsa160104.pdf>

The Board were introduced to a presentation²⁵ that outlined: the progress to date, examples of the current initiatives, how this fits within a wider data ecosystem and the approach to the development of an information infrastructure.



DELIVERY

Priority milestones determined to support the delivery of **Being the best organisation we can be**, has resulted in achieving the following outputs.

Our Ways of Working Programme

- The programme blueprint and delivery plan was agreed.
- Staff monthly 1:1s with their manager was introduced and a management community development plan was rolled out.
- People survey corporate action plan based on 2014 feedback was implemented in advance of the 2015 Survey.
- A strategy for physical spaces has been developed.
- Career development conversation were introduced for senior managers.

²⁵ <https://prezi.com/zbzdczunpvsu/a-data-driven-fsa/>

IT infrastructure

- Technical Refresh Programme has been established.
- Essential risk mitigation work has been identified and a delivery plan developed.
- Implementation of the delivery plan has started.

Information Management

- An information assurance framework was developed.
- A discussion was held with the FSA Board to seek input to an approach and associated work regarding 'A Data Driven FSA'²⁶.
- Delivery plans for FSAs open data as part of the Data Strategy have been developed.
- A training programme has been rolled out to support data protection, subject access requests and data sharing across the business.

²⁶ <https://www.food.gov.uk/sites/default/files/fsa160104.pdf>

PRINCIPAL RISKS AND UNCERTAINTIES

This information is reported as part of the FSA Governance Statement 2015/16 on page 56.

WHISTLEBLOWING ARRANGEMENTS

This information is reported as part of the FSA Governance Statement 2015/16 on page 56.

PERFORMANCE ANALYSIS

FORMAL ENFORCEMENT ACTION

In accordance with the requirements of the Food Standards Act 1999, we report each year on enforcement action taken.

Statutory notices may be served for failures in hygiene, unsatisfactory structural matters, to stop the use of particular types of equipment, to impose conditions on the meat production process, to close down the operation completely, or to stop a particular practice that contravenes the hygiene provisions of the legislation. Statutory notices must accurately reflect the non-compliance, refer correctly to the relevant legislation, and be clearly legible and unambiguous, to be legally valid.

Formal and informal enforcement action taken during 2015/16

Formal action	Number of notices 1 April 2014 to 31 March 2015	Number of notices 1 April 2015 to 31 March 2016
Hygiene Emergency Prohibition Notice , served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006, giving a food business operator a day's notice of the intention to apply to a court for the granting of a Hygiene Emergency Prohibition Order which would result in an immediate cessation of business	Nil	Nil
Hygiene Improvement Notice served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	147	123
Remedial Action Notice served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	120	83

Informal action	Number of warnings notices 1 April 2014 to 31 March 2015	Number of warnings 1 April 2015 to 31 March 2016
Written warning	2,468	1,766

The reduction in the number of notices issued from 2014-15 to 2015-16 is a reflection of a steady improvement in Food Business Operator compliance due to fewer Urgent Improvement and Improvement Necessary premises being identified following audit. Scotland becoming an independent body has also had an impact on this enforcement data as it is now based on England and Wales only.

Formal enforcement action in Northern Ireland

In accordance with the requirements of the Food Standards Act 1999, we report each year on enforcement action taken.

Statutory notices may be served for failures in hygiene, unsatisfactory structural matters, to stop the use of particular types of equipment, to impose conditions on the meat production process, to close down the operation completely, or to stop a particular practice that contravenes the hygiene provisions of the legislation. Statutory notices must accurately reflect the non-compliance, refer correctly to the relevant legislation, and be clearly legible and unambiguous, to be legally valid.

Formal and informal enforcement action taken during 2015/16

Formal action	Number of notices 1 April 2014 to 31 March 2015	Number of notices 1 April 2015 to 31 March 2016
Hygiene Emergency Prohibition Notice , served under the Food Hygiene Regulations (Northern Ireland) 2006, giving a food business operator a day's notice of the intention to apply to a court for the granting of a Hygiene Emergency Prohibition Order which would result in an immediate cessation of business	Nil	Nil
Hygiene Improvement Notice served under the Food Hygiene Regulations (Northern Ireland) Regulations 2006	13	11
Remedial Action Notice served under the Food Hygiene Regulations (Northern Ireland) 2006	3	9

Informal action	Number of warnings notices 1 April 2014 to 31 March 2015	Number of warnings 1 April 2015 to 31 March 2016
Written warning	104	52

The increase in the number of RANs served is a result of specific issues in three establishments during the reporting period. These issues were addressed through the audit of Food Business Operator compliance and the associated Intervention Protocol.

Reduction in informal actions largely a result of improved compliance levels by Food Business Operators.

Prosecutions

Following an investigation referral, prosecutions are taken by the relevant enforcement authority. In England and Wales, they are taken by the FSA except in animal welfare, animal by-products and some transmissible spongiform encephalopathy (TSE) cases where the Crown Prosecution Service (acting on behalf of the Department for Environment, Food & Rural Affairs) or the Welsh Government is the prosecuting authority. In Scotland, the prosecutor for all matters is the relevant Procurator Fiscal. In 2015/16, the FSA Criminal Investigations Branch accepted sixty referrals from Operations Group for investigation with a view to prosecution.

The timescales for prosecutions mean that it is rare for a case to progress from referral to a final court hearing within the same reporting year. Therefore, many of the cases referred for investigation in 2015/16 have yet to be concluded.

During the course of 2015/16, nine cases investigated by the FSA were concluded at court with seven convictions secured. A further fifteen cases are currently being prosecuted.

There were 82 recorded investigation referrals during 2014/15. The outcomes or current status of those referrals are as follows:

Outcomes/current status	Number of referrals
Convictions	7
Official Cautions	2
Warning Letters issued	11
Ongoing Prosecutions in Court	14
No Prosecution Taken	48

COMPLAINTS TO THE PARLIAMENTARY OMBUDSMAN

Complaints to the Parliamentary and Health Service Ombudsman (PHSO) from members of the public must be made via an MP. In the most recent report published by the Ombudsman's office, for the period 2014-15²⁷, one complaint was accepted for investigation. While the Ombudsman found that the FSA had acted reasonably in respect of the substantive issue raised in the complaint, the complaint was partially upheld in respect of a number of administrative failings by the FSA. In 2015, the FSA is aware of one enquiry from a complainant about the FSA to the Ombudsman's office. As the complainant had not exhausted the FSA's complaints handling process, PHSO referred the complainant back to the FSA.

The FSA aims to resolve any complaints quickly and as close as possible to the point of service. Complaints are, therefore, handled initially at a local service level and attempts are made to resolve the complaint. If, however, a complainant is not satisfied, he or she can make a formal complaint, using the FSA's two-stage complaints process. Information on how to make a formal complaint is set out on the FSA's website²⁸.

The FSA received 20 formal complaints from members of the public and food businesses during 2015 at stage 1 of the process. Of these complaints, one was upheld in full, four were partially upheld and fourteen were dismissed. One complaint originally submitted in 2014 and five cases submitted in 2015 were referred to stage two, which is a review by the FSA Chief Executive. One case was upheld and four were dismissed. One case is pending.

Where possible, the FSA learns from complaints and reviews or amends processes and procedures in the light of issues identified through the complaints process. During 2015, this ranged from tightening up administrative processes to improving guidance and information for food businesses.

In addition to complaint handling processes, the FSA also has appeals processes in place for food businesses who disagree with regulatory actions taken by the FSA in respect of official controls where the FSA is the enforcement body, including meat, dairy hygiene, wine standards and classification of shellfish harvesting areas. Further details are available on the FSA website: <http://www.food.gov.uk/business-industry/how-to-make-an-appeal/appeal-fsa-decision-or-complain>

²⁷ <http://www.ombudsman.org.uk/reports-and-consultations/reports/parliamentary/complaints-about-uk-government-departments-and-agencies,-and-some-uk-public-organisations-2014-15/8>

²⁸ <http://www.food.gov.uk/about-us/fsacomplaintsprocedure>

COMPARISON OF OUTTURN AGAINST ESTIMATE

Resource Spend in 2015/16

The comparison of actual resource expenditure to Estimate is shown below:

	2015/16	
	Estimate	Net Resource Outturn
	£m	£m
Total Westminster Funded FSA	93.1	83.1
FSA in Wales	3.4	3.3
FSA in Northern Ireland	8.6	8.4
Total FSA	105.1	94.8

The comparative figures for 2014/15 are shown below:

	2014/15	
	Estimate	Net Operating Cost
	£m	£m
Total Westminster Funded FSA	102.4	91.6
FSA in Scotland	10.9	9.7
FSA in Wales	3.2	3.2
FSA in Northern Ireland	8.2	8.0
Total FSA	124.7	112.5

The net cost of the FSA was £94.8m against available funding of £105.1m to 31 March 2016.

Total net expenditure was 9.8% lower than Estimate by £10.4m. The Westminster funded saving of £10m is largely due to a £9.1m saving on Annually Managed Expenditure (AME), mainly through built in capacity for pension provision volatility.

RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ESTIMATES, ACCOUNTS AND BUDGETS

RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ESTIMATES, ACCOUNTS AND BUDGETS (WESTMINSTER ONLY)

	£000 2014/15	£000 2015/16
Net Resource Outturn (Estimates)	91,552	83,104
<i>Adjustments to remove:</i>		
Provision voted for earlier years	–	–
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS	–	–
Consolidated Fund Extra Receipts in the OCS	–	–
Reductions in planned spend unable to be included in the Estimate	–	–
Other adjustments	–	–
Net Operating Cost (Accounts)	91,552	83,104
<i>Adjustments to remove:</i>		
Capital grants to local authorities	–	–
Capital grants financed from the Capital Modernisation Fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	–	–
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	–	–
Resource consumption of non-departmental public bodies	–	–
Unallocated resource provision	–	–
Other adjustments	–	–
Resource Budget Outturn (Budget)	91,552	83,104
<i>of which</i>		
Departmental Expenditure Limits (DEL)	88,563	82,609
Annually Managed Expenditure (AME)	2,989	495

RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ESTIMATES, ACCOUNTS, AND BUDGETS (NORTHERN IRELAND ONLY)

The comparison of actual resource expenditure to Estimate is shown below:

	2015/16	
	Estimate	Net Resource Outturn
	£m	£m
FSA in Northern Ireland	8.6	8.4

The comparative figures for 2014/15 are shown below:

	2014/15	
	Estimate	Net Resource Outturn
	£m	£m
FSA in Northern Ireland	8.2	8.0

The FSA in Northern Ireland resource spend for the period was £8,431,000 compared to the estimate of £8,633,000. The underspend was largely due to expenditure on Standards & Dietary Health being less than expected.

RECONCILIATION OF RESOURCE EXPENDITURE

	£000 2014/15	£000 2015/16
Net Resource Outturn (Estimates)	7,986	8,431
<i>Adjustments to remove:</i>		
Provision voted for earlier years	–	–
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS	–	–
Consolidated Fund Extra Receipts in the OCS	–	–
Reductions in planned spend unable to be included in the Estimate	–	–
Other adjustments	–	–
Net Operating Cost (Accounts)	7,986	8,431
<i>Adjustments to remove:</i>		
Capital grants to local authorities	–	–
Capital grants financed from the Capital Modernisation Fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	-10	-13
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	–	–
Resource consumption of non-departmental public bodies	–	–
Unallocated resource provision	–	–
Other adjustments	–	–
Resource Budget Outturn (Budget)	7,976	8,418
<i>of which</i>		
Departmental Expenditure Limits (DEL)	7,976	8,426
Annually Managed Expenditure (AME)	–	-8

SUSTAINABILITY DEVELOPMENT

During 2015/16, FSA has made significant progress on sustainability²⁹. The FSA reduced its footprint in 2015/16 in Aviation House from 2014/15's total of 34 tonnes to 29 tonnes, but didn't meet the baseline target of 26 tonnes.

The end of the work to reduce the FSA footprint in AVH has also seen a reduction in energy usage and a corresponding fall in Greenhouse Gas Emissions. The additional tenants and number of staff in AVH has resulted in an increase in water usage.




FSA's now embedded travel Information dashboards provide senior management with detailed data on flights and our performance against greening targets. This year has seen a dramatic reduction in the number of domestic flights mainly due to the end of the Food Standards Scotland project in the year to March 2015 where an unusually high level of flights to Aberdeen supported the FSS set up.

In 2015/16 the FSA has supported all staff focus on the value for money of their travel through the provision of the travel dashboards. FSA continued to raise awareness of alternatives to travel including, for example, use of the high definition VC facilities available in all of its offices. Many colleagues have held successful 4-way VC meetings which have removed the need, specifically, for travel from Belfast helping to reduce flights.



²⁹ The above report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability reporting'

The following table reports greenhouse gas emissions and related expenditure in England³⁰




Greenhouse gas emissions

	Non-Financial indicators – Scope 2 (Indirect)			
	2012/13	2013/14	2014/15	2015/16
 Electricity (kwh)	2,487,081	1,235,104	923,975	830,427
 Gas (kwh)	803,468	652,629	366,900	446,139
 Total energy consumption (kwh)	<u>3,290,549</u>	<u>1,887,733</u>	<u>1,290,875</u>	<u>1,276,566</u>

Financial indicators (£)

	2012/13	2013/14	2014/15	2015/16
 Total energy expenditure	<u>307,962</u>	<u>174,446</u>	<u>113,184</u>	<u>111,264</u>
 Carbon Reduction ³¹ Commitment (CRC) expenditure	27,324	30,380	27,840	33,078

Non-Financial indicators





	Scope 3 ³² (Indirect)			
	2012/13	2013/14	2014/15	2015/16
 Air (kms)	1,558,266	1,275,143	965,552	829,879
 Road (Miles)	1,811,030	2,351,905	2,270,101	2,023,777
 Rail (Miles)	1,794,855	1,715,748	2,400,061	2,269,356

³⁰ Data relates to FSA Headquarters in England only. Data for office in York accounted for by Defra.






³¹ The CRC Phase 1 Allowance Payments are paid a years in arrears.

³² UK wide data.

Financial indicators (£)

	2012/13	2013/14	2014/15	2015/16
 Air	294,344	272,976	184,603	106,475
 Road	727,234	922,527	873,453	773,250
 Rail	752,491	818,145	877,246	782,271
 Government Carbon Offsetting Facility (GCOF) Expenditure	180	Data not available	Data not available	Data not available








CO₂e Tonnes

	2012/13	2013/14	2014/15	2015/16
 Total energy	<u>1,173</u>	<u>629</u>	<u>448</u>	<u>424</u>
 Air	262	215	163	140
 Road	517	671	648	578
 Rail	131	125	175	166
 Total (CO ₂ e Tonnes) Scope 2 + Scope 3	<u>2,083</u>	<u>1,640</u>	<u>1,434</u>	<u>1,308</u>


The following table reports waste data and related expenditure
(we re-baselined in 2012/13 due to a new system for collecting waste)

Waste

Non-Financial indicators (Tonnes)




	2012/13	2013/14	2014/15	2015/16
 ICT waste recycled externally	0	3	0	4
 ICT waste reused externally	0	0	0	0
 Waste recycled externally	20	20	17	12
 Waste incinerated with energy recovery	14	14	16	12
 Waste incinerated without energy recovery	1	1	1	1
 Waste to landfill	0	0	0	0
 Total waste	<u>35</u>	<u>39</u>	<u>34</u>	<u>29</u>


Financial indicators (£)

	2012/13	2013/14	2014/15	2015/16
 Total waste expenditure	<u>8,112</u>	<u>8,025</u>	<u>6,539</u>	<u>6,004</u>

The following table reports water data and related expenditure

Water

	Non-Financial indicators (m)			
	2012/13 ⁱ	2013/14 ⁱ	2014/15 ⁱ	2015/16 ⁱ
 Total water consumption	<u>4,428</u>	<u>3,906</u>	<u>3,628</u>	<u>4,054</u>
 Total water consumption per FTE	<u>13</u>	<u>12</u>	<u>10</u>	<u>11</u>
 Benchmark	Poor practice = > 6 m ³ /FTE	Poor practice = > 6 m ³ /FTE	Poor practice = > 6 m ³ /FTE	Poor practice = > 6 m ³ /FTE


	Financial indicators (£)			
	2012/13	2013/14	2014/15 ⁱ	2015/16
 Water expenditure	<u>6,295</u>	<u>7,197</u>	<u>8,027</u>	<u>7,743</u>


Notes

i Separately not identifiable, part of an overall service agreement.

The following table reports greenhouse gas emissions and related expenditure in Northern Ireland

Greenhouse gas emissions






	Non-Financial indicators – Scope 2			
	2012/13	2013/14	2014/15	2015/16
 Total energy consumption (KWH)	<u>123,435</u>	<u>116,522</u>	<u>120,225</u>	<u>119,284</u>

	Financial indicators (£)			
	2012/13	2013/14	2014/15 ⁱ	2015/16
 Total energy expenditure	<u>11,759</u>	<u>13,323</u>	<u>15,040</u>	<u>13,698</u>


The following table reports waste data and related expenditure

Waste

Non-Financial indicators (Tonnes)

	2012/13	2013/14	2014/15	2015/16
 Recycled/reused waste	2.6	3.5	2.55	0
 Landfill	0.8	0.7	0.18	0.18
 Waste incinerated	0	0	0	0
 Confidential waste	0.8	0.6	1.65	0.62
 Total waste	<u>4.2</u>	<u>4.8</u>	<u>4.38</u>	<u>0.80</u>


Financial indicators (£)

	2012/13	2013/14	2014/15	2015/16
 Total waste expenditure	<u>1,042</u>	<u>1,124</u>	<u>2,297</u>	<u>595</u>


The following table reports water data and related expenditure

Water

Non-Financial indicators (m)

	2012/13	2013/14	2014/15	2015/16
 Total water consumption	<u>145</u>	<u>173</u>	<u>175</u>	<u>100</u>

Financial indicators (£)

	2012/13	2013/14	2014/15	2015/16
 Water expenditure	<u>722</u>	<u>751</u>	<u>(74)*</u>	<u>476</u>

* Negative expenditure due to rebate of costs overcharged since 2011. Actual spend in 2014/15 was £640.


The following table reports greenhouse gas emissions and related expenditure in Wales

Greenhouse gas emissions

Non-Financial indicators – Scope 2

	2012/13	2013/14	2014/15	2015/16
 Total energy consumption (KWH) ⁱⁱ	<u>28,064</u>	<u>27,792</u>	<u>25,902</u>	<u>20,993</u>

Financial indicators (£)





	2012/13	2013/14	2014/15	2015/16
 Total energy expenditure	5,912	6,014	5,009	2,487

ii Electricity only. No gas supply.


The following table reports waste data and related expenditure

Waste

Non-Financial indicators (Tonnes)

	2012/13	2013/14	2014/15 ⁱⁱⁱ	2015/16 ⁱⁱⁱ
 Recycled/reused waste	0.7	0.5	N/A	N/A
 Landfill	N/A	N/A	N/A	N/A
 Waste incinerated	N/A	N/A	N/A	N/A
 Confidential waste	0.4	N/A	N/A	N/A
 Total waste	<u>1.1</u>	<u>0.5</u>	<u>N/A</u>	<u>N/A</u>

Financial indicators (£)

	2012/13	2013/14	2014/15	2015/16
 Total waste expenditure	<u>697</u>	<u>460</u>	<u>N/A</u>	<u>N/A</u>

iii Not measurable – tenant in a large shared building.

The following table reports water data and related expenditure

Water

Non-Financial indicators (m)

	2012/13 ^{iv}	2013/14 ^{iv}	2014/15 ^{iv}	2015/16
 Total water consumption	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Financial indicators (£)

	2012/13	2013/14	2014/15	2015/16
 Water expenditure	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

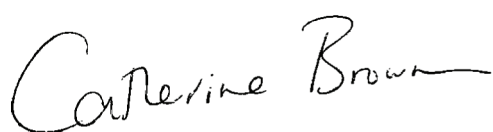
iv Separately not identifiable, part of an overall service agreement.

Forward commitments to improve performance

The FSA continues to support staff with information and training to ensure sustainable development is taken into account in all that we do.

The FSA is currently on target to meet its Greening Government Commitment on electricity, gas, and paper use with significant reductions shown in the tables between 2012/13 and 2015/16. The pressure on these issues will continue into 2016/17 and beyond.

The Executive Management Team has signalled its support for new ways of working including piloting remote working which reduces travel by staff, both commuting to work as well as travelling on business, leading to less carbon emitted globally and supporting a more flexible workforce.



Catherine Brown

Chief Executive and Accounting Officer

16 June 2016

DIRECTORS' REPORT

The FSA³³ is a non-Ministerial Government Department. Staff are accountable through a Chief Executive to the Board, rather than directly to ministers. The Board consists of a Chair, Deputy Chair and up to 12 members. The Chair and Deputy Chair are appointed by the Secretary of State for Health in agreement with health ministers in Wales and Northern Ireland. The Board is mainly appointed by the Secretary of State for Health, with one member appointed by the Welsh Health Minister and one by the Northern Ireland Health Minister.

The Board is responsible for the overall strategic direction of the FSA, ensuring that it fulfils its legal obligations so that its decisions or actions take proper account of scientific advice, the interests of consumers and other relevant factors. Day-to-day management of the FSA is delegated to officials through the chief executive. In addition to the FSA Board, the FSA has advisory committees, chaired by Board members, in Wales and Northern Ireland. The role of the committee in each country is to advise the Board. The Board is required by statute to take account of their advice in its work.

DETAILS OF BOARD MEMBERS AND DIRECTORS

The FSA Board³⁴

During the year, the membership of the non-executive FSA Board was:

Tim Bennett ¹	FSA Chair
Heather Hancock LVO ²	Deputy Chair
Dr Henrietta Campbell CB ³	Deputy Chair (Interim) and Chair of the Northern Ireland Advisory Committee
Dr Roland Salmon	Chair of the Welsh Food Advisory Committee
Jeff Halliwell	Board member
Paul Wiles CB	Board member
Ram Gidoomal CBE	Board member
Heather Peck	Board member
Jim Smart	Board member

Notes

1. Tim Bennett served as Interim Chair from 28 July 2013 to 13 September 2015 and as Chair from 14 September 2015 to 31 March 2016. From 1 April 2016 Tim remained on the Board as Deputy Chair of the FSA Board.
2. Heather Hancock LVO served as Deputy Chair from 14 September 2015 to 31 March 2016. From 1 April 2016 Heather began her first term as Chair of the FSA Board.
3. Dr Henrietta Campbell CB served as Interim Deputy Chair from 10 September 2013 – 13 September 2015.

³³ More information about our organisation and structure can be found on our website:
<http://www.food.gov.uk/about-us/about-the-fsa>

³⁴ More information about our Board members can be found on our website:
<http://www.food.gov.uk/about-us/how-we-work/our-board/boardmem>

Executive Management Team³⁵

During the year, the membership of the Executive Management Team was:

Catherine Brown	Chief Executive
Professor Guy Poppy	Chief Scientific Advisor
Jason Feeney CBE	Chief Operating Officer
Rod Ainsworth	Director of Regulatory and Legal Strategy
Chris Hitchen	Director of Finance and Performance
Lynne Bywater	Director of Human Resources (until 31 July 2015)
Stephen Humphreys	Director of Communications (until 31 August 2015)
Julie Pierce	Director of Openness, Data and Digital (from 1 September 2015)
Steve Wearne	Director of Policy
Maria Jennings	Director, Northern Ireland & Organisational Development
Nina Purcell	Director, Wales & Local Delivery

All senior officials have been appointed under the rules laid down by the Civil Service Commissioners. Salary and pension details of the Board and the EMT are disclosed in the Remuneration Report.

FSA advisory committees³⁶

During the year, the membership of the food advisory committees was:

Northern Ireland	
Dr Henrietta Campbell CB	Chair
David Lindsay	
Dr Brian Smyth	
Dr Christine Kennedy	
Colin Reid	
Aodhan O'Donnell	
Dr Liz Mitchell	
Phelim O'Neill	

³⁵ More information about members of the EMT can be found on our website:
<http://www.food.gov.uk/about-us/chief-executive-senior-fsa-staff>

³⁶ More information about the Committees of the FSA Board can be found on our website:
<http://www.food.gov.uk/about-us/how-we-work/our-board/boardcommittees>

Wales	
Dr Roland Salmon	Chair
Derek Morgan	
Dr Hugh Jones	
Susan Jones	
Dr Norma Barry	
David Peace	
Ronnie Alexander	

Audit and Risk Assurance Committee

Membership of the FSA Audit and Risk Assurance Committee:

Non-executive members	
Paul Wiles CB	Chair
Ram Gidoomal CBE	
Jim Smart	
Heather Peck	

Succession and Development Committee

Membership of the FSA Succession and Development Committee:

Non-executive members	
Jeff Halliwell	Chair
Roland Salmon	
Ram Gidoomal CBE	

MANAGEMENT COMMENTARY

Directors' report – business review

The following management commentary discloses the matters required to be disclosed in the business review under section 417 of the Companies Act 1968.

Preparation of accounts

The Consolidated Resource Accounts have been prepared in accordance with the direction given by HM Treasury. They are presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000. The costs of FSA offices in Wales, and Northern Ireland are funded through the relevant devolved authority.

Supplier payment policy

It is FSA policy to pay all invoices not in dispute within five days of receipt. During 2015/16, 98% of all invoices were paid within this target. The policy is likely to remain the same for 2016/17.

Financial instruments

The FSA has no borrowings. It relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits. All material assets and liabilities are in sterling, so the FSA is not exposed to interest rate risk or currency risk.

Bringing sustainable development, adapting to climate change and rural proofing into the mainstream of our work

Sustainable development is taken into account in FSA policy through the Government mandated Impact Assessment process. This includes assessing the impact on businesses including those in rural locations. The impact on nature and the potential to influence and mitigate climate change are also considered along with, as a matter of course, equality and diversity. Stakeholders are engaged throughout the policy-making process to ensure the best possible information and data are collected to inform our policies.

We continue to monitor and manage the potential impact of our work on climate change, and to assess how we may need to adapt our work in response to the effects of climate change. For example, the pattern and incidence of foodborne infections may be affected by increasing ambient temperatures. We also scan for emerging risks, including those resulting from climate change or from measures to mitigate or adapt to climate change. Our work is aligned with the National Adaptation Plan, in collaboration with other departments and agencies.

Social and community issues

The FSA seeks to support employees who wish to contribute to the wider community and is committed to assist employees in undertaking volunteering activities. This is facilitated through the provision of paid special leave at individual and team level.

Our Special Leave Policy supports employees who want to contribute and participate in civic and/or public duties. Special leave in the form of time off with pay can be granted to staff who undertake one or more of the following roles among others:

- a magistrate/JP
- a local councillor
- a school governor
- a member of any statutory tribunal e.g. an Employment Tribunal or The Children's Panel

Special leave with pay can also be granted to allow employees to take part in activities that support voluntary organisations that make an impact on local and national communities, as well as:

- to Reservists (for both training and mobilisation), Cadet forces, and Special Constabulary training
- to staff who are summoned to attend court for a non-work-related matter
- to staff required to provide jury service

Our employees have engaged in volunteering, with a range of activities including public duties, and community work such as gardening for a care home, and bus-washing and maintenance for an accessible transportation charity. We would anticipate an increase in the level of volunteering in the next financial year, as we continue to encourage individuals and teams to participate.

Performance in responding to correspondence from the public

The FSA does not centrally record all incoming and outgoing correspondence and contact with members of the public. Contact details for FSA business areas are available on the FSA website for members of the public and food businesses to contact directly. During 2015, the FSA's general enquiries helpline handled 8,519 emails from members of the public and 14,371 phone calls. The FSA's Private Office team handled 99 letters and emails from MPs and Peers for reply by Department of Health Ministers and the Chair and Chief Executive of the FSA, 91% of which were replied to within our 20-day target date. The FSA Private Office team also dealt with 48 letters from senior stakeholders that required a response, of which 33 (69%) were answered within target. Additionally, FSA officials responded to 283 items of correspondence sent by members of the public to Ministers, the FSA Chair and FSA Chief Executive, replying to 95% within target.

Health and Safety Reporting

Following recommendations made by the Advisory Committee on Dangerous Pathogens regarding additional controls in abattoirs when processing cattle that have tested positive for bovine tuberculosis, we worked collaboratively with HSE, industry and our delivery partners via Joint Working Party arrangements to consider how the controls should be implemented. We provided technical expertise to ensure the additional controls were practicable, deliverable and effective within the abattoir environment. We fully implemented the additional controls in February 2016. The Field Operations Health and Safety leads played an active role in supporting the roll out of these additional controls and the Health and Safety leads also championed positive health and safety culture in approved premises.

We benchmarked widely with other Government Departments via several Health, Safety and Wellbeing Cross Government groups. This enabled us to support the development of the CS-wide Wellbeing Service, share health safety and wellbeing expertise across Civil Service and ensured we obtained best value from our Occupational Health and Employee Assistance programme providers.

RIDDOR (Reportable Incidents, Diseases and Dangerous Occurrences) 2014/15-2015/16

RIDDOR Category	2013/14	2014/15	2015/16
Fatal	0	0	0
Major	0	0	1
<7 day	8	6	4
Disease	2	2	3
Dangerous Occurrence	0	0	0
Total	10	8	8

Health and Safety Strategic Targets

The H&S Strategic Targets were reviewed following the completion of the three year cycle to 2014. The Targets for the reporting period 2014 -17 are as follows;

- Target 1 – Maintain or improve upon a level of 3.2% of lost time being attributable to work-related injury or illness. The amount of lost time for the 2015/16 was 4.3%. The increase was attributable to the major injury referred to in RIDDOR summary above.
- Target 2 – An aspirational target of 0 (zero) RIDDOR accidents. The number of RIDDOR incidents for the 2015/16 period was eight.
- Target 3 – to March 2016, maintain or improve upon the total accident incidence rate of 7380 from 2014/15. This target covers all injury incidents irrespective of severity. It is primarily, but not exclusively, focused on injury incidents recorded within the delivery of the official controls environment. The figure for the year 15/16 was 4,571.

Publicity and advertising

The costs detailed here reflect the total of contributions from England, Wales and Northern Ireland.

Chicken Challenge 2015

Food Safety Week was held in w/c 18th May 2015. The week focused on the safe preparation of chicken and saw the launch of the Chicken Challenge 2015. Campaign messages reached more than 30 million people through a combination of PR, social media, work with partners including local authorities, major supermarkets and industry bodies. This campaign was extended over the summer using PR and social media to remind people how to keep safe in the summer. The budget FSW 2016 was £46,500 and the summer extension £25,000.

In August 2015 there was a further £40,000 contribution from NI and £6,900 from England for a TV pilot in Northern Ireland. This ran in the last three weeks of August, in order to test the impact of a full-weight TV campaign

Christmas campaign 2015

We undertook some low-key activity around Christmas helping people plan the preparation and cooking of their Christmas meal effectively and safely. The budget for this was £8,000.

Food Hygiene Rating Scheme

FSA carried out two bursts of activity on FHRS during 2015/16. In November 2015 the Agency celebrated the 5th Anniversary of the scheme. In February 2016 the 'Where's the sticker?' campaign was designed to promote consumer awareness, usage and value; encourage consumers to look for the sticker and ask if they didn't see it; and reinforce among businesses that that good food hygiene is good for business. The combined cost of these activities was £88,500. Awareness of the scheme has increased from 55% (Feb 2015) to 71% (March 2016) which is now on a level with Wales (74%) and NI (72%).

Our Food Future

In February 2016 the FSA hosted an event entitled Our Food Future. The event brought together over 150 experts and stakeholders from across the food industry, science and civil society to discuss the issues facing consumers in the food system of the future. Over 6,000 people watched the event online. #OurFoodFuture was the 3rd highest trending topic on twitter in the UK, with posts shared over 29,000 times, reaching about 4 million people. The cost of the event and promotion was £98,000.

Consultancy

Consultancy spend in 2015/16 was £158,553 relating to six suppliers with the greatest spend with one supplier being £118,954.

Details of paid sponsorship agreements over £5,000

We have not secured any paid-for sponsorship deals, preferring to work with partners who can offer help for free through their own channels and networks.

Going concern

The FSA has significant net liabilities relating to the pension liabilities of staff who are members of the Local Government Pension Scheme (LGPS). The accounts, however, are prepared on a going concern basis since, as a government department, all liabilities will be met by future funding from Parliament.

Pensions

FSA employees are civil servants. Most are members of the Principal Civil Service Pension Scheme (PCSPS). This is a central government unfunded pension scheme. Pension payments are made through the PCSPS resource account. Board members are not civil servants, therefore they are not members of the PCSPS. However, some have similar pension arrangements independent of the PCSPS. Some employees are members of the LGPS. This is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 1995. It is administered by the London Pension Fund Authority (LPFA), whose financial statements are prepared for the whole LGPS.

Disclosure of Board members' interests

Board members are appointed to act collectively in the public interest, not to represent specific sectors. Provisions for declaration of interests and withdrawal from meetings are intended to prevent the Chair, Deputy Chair, and members being influenced or appearing to be influenced, by their private interests in the exercise of their collective public duties.

All personal or business interests which may, or in the judgement of the member may, be perceived by a reasonable member of the public to influence their judgement, should be declared. Such interests include, but are not limited to, involvement in the agriculture, food, and related industries. The Code of Conduct for Board members includes a guide to the categories of interest that must be declared.

Details of Board members, their register of interests, and the Code of Conduct are on our website: <http://www.food.gov.uk/about-us/how-we-work/our-board/>

Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with Schedule 4 of the Food Standards Act 1999. The audit fee for all the FSA's accounts for the year was £85,000. I have taken all necessary steps to make myself aware of relevant audit information and to ensure that information is made available to the auditors.

No payments were made to the auditors for non-audit work in 2015/16.

Public sector information

The FSA has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Reporting of personal/sensitive data losses and/or incidents

This information is provided as part of the FSA Governance Statement 2015/16 on page 56.

Important events which have occurred since the end of the financial year

No events have occurred since the end of the financial year.

Departmental Core Tables – Westminster only

This information can be found on our website:

<http://www.food.gov.uk/about-us/publications/busreps/annualreport/>

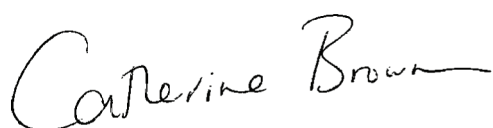
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under section 5(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the Food Standards Agency (FSA) to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the FSA and of its net resource outturn, resources applied to objectives, 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 HM 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; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Chief Executive as principal Accounting Officer of the FSA. 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 FSA's assets, are set out in *Managing Public Money* published by the HM Treasury.



Catherine Brown
Chief Executive and Accounting Officer

16 June 2016

GOVERNANCE STATEMENT 2015/16

Introduction

1. As Accounting Officer for the Food Standards Agency (FSA) I am responsible for ensuring that the Department has an effective governance framework in place to support the delivery of the FSA's strategy, ensure value for money, manage risks and ensure effective organisational performance. The FSA is a non-Ministerial Government Department, and I am accountable to the Westminster Parliament and the Devolved Assemblies in Wales and Northern Ireland through Health Ministers.

Governance Structure

2. As a non-Ministerial Government Department, the FSA is led by a non-Executive Board which complies with the relevant requirements of the Corporate Governance Code. In line with the FSA's culture of openness the Board holds its decision-making meetings in public, and they are broadcast live via the FSA's website. The agendas, papers and minutes of Board meetings are also published. More information about the FSA Board including an overview of our members can be found at the website³⁷.
3. On 14 September 2015 Tim Bennett was appointed Chair of the FSA Board until 31 March 2016. From 1 April 2016 Tim remained on the Board as Deputy Chair of the FSA Board. This appointment ends on 31 March 2017. Heather Hancock was appointed Deputy Chair from 14 September 2015 until 31 March 2016. Heather was put forward as the Government's preferred candidate for Chair from 1 April 2016, subject to a pre-appointment hearing held on 5 January 2016 by the Health Committee along with the Environment, Food and Rural Affairs Committee³⁸. Heather's appointment as Chair was confirmed by the Department of Health on 4 March 2016³⁹ with effect from 1 April 2016, for 3 years.
4. Heather undertook a comprehensive induction programme that included briefing in relation to all aspects of the FSA's governance structure and supporting processes. The pre-appointment hearing took place on 5 January 2016 and the Health Select Committee was joined by the Environment, Food and Rural Affairs Select Committee. On 8 January 2016, the Health Committee reported that during the hearing Heather had satisfied them that she had the professional competence and personal independence required of the Chair. On 4 March 2016 Heather was formally appointed Chair of the FSA as of 1 April 2016 until 31 March 2019.

³⁷ <http://www.food.gov.uk/about-us/our-board/boardmem>

³⁸ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/health-committee/news-parliament-2015/food-standards-chair-appointment-evidence-15-16/>

³⁹ <https://www.gov.uk/government/publications/dh-non-executive-appointments/appointments-made-april-2015-to-march-2016>

5. The terms of office for two Board members, Paul Wiles and Jeff Halliwell, came to an end on 31 May 2016. A campaign to recruit up to four FSA Board members was conducted between September and November 2015. David Brooks and Rosie Glazebrook were appointed to the FSA Board as of 1 April 2016 until 31 March 2019. Stewart Houston and Paul Williams were appointed to the FSA Board as of 1 June 2016 until 31 May 2019.
6. The term of office for the FSA Board member for Wales and Chair of the Welsh Food Advisory Committee (WFAC) came to an end on 31 May 2016. A campaign to recruit the FSA Board member for Wales and Chair of WFAC began in January 2016 and was ongoing as of April 2016.
7. The term of office for the FSA Board member and Chair of the Northern Ireland Food Advisory Committee (NIFAC) will come to an end on 31 August 2016. As of April 2016 a campaign to recruit the FSA Board member for Northern Ireland and Chair of NIFAC was being undertaken.
8. In addition to the Food Advisory Committees in each of the devolved countries, the Board is supported and advised by a Succession and Development Committee (S&D Committee) that focuses on Board members and the Audit and Risk Assurance Committee (ARAC). The terms of reference for the S&D Committee and ARAC are available on our website⁴⁰.
9. The Chairs of the Food Advisory Committees report formally to each open Board meeting on issues considered. The Chair of ARAC provides the FSA Board with an oral update following each meeting, and reports formally in writing annually. The Chair of the S&D Committee provides the Board with a formal annual report.
10. As Accounting Officer, I attend all Board meetings and I am invited to attend all meetings of the FSA's ARAC and S&D Committee.

FSA Board Performance & Effectiveness Review

11. The Chair held appraisal meetings with the FSA Board members to review their effectiveness and future development as members of the Board during the 2015/16 financial year.
12. A review of the FSA Board's performance and effectiveness also took place during the 2015/16 financial year.
13. The Board agreed the FSA's high level budget for the financial year 2016/17 at its March 2016 meeting.
14. Our Scientific Advisory Committees (SACs) and General Advisory Committee on Science (GACS) continued to provide an independent challenge and assurance function. The FSA's SACs were subject to Triennial Review under the Public Bodies review programme led by Cabinet Office. The Report from the Triennial Review was published on 24 March 2016 and the recommendations were due to be discussed at the FSA Board's May 2016 meeting.

Attendance at Board and ARAC Meetings 2015/16

15. Records of each Board member's attendance at Board meetings and at ARAC meetings are detailed below.

⁴⁰ <http://www.food.gov.uk/about-us/our-board/boardcommittees>

RECORD OF ATTENDANCE AT BOARD MEETINGS 2015/16

Board Member	3 June	15 Jul	9 Sept	18 Nov	28 Jan	16 Mar
Tim Bennett	✓	✓	✓	✓	✓	✓
Heather Hancock LVO				✓	✓	✓
Dr Henrietta Campbell CB	✓	✓	✓	✓	✓	X
Jeff Halliwell	✓	X	✓	✓	✓	✓
Dr Roland Salmon	✓	✓	✓	✓	✓	✓
Paul Wiles CB	✓	✓	✓	✓	✓	✓
Jim Smart	✓	✓	✓	✓	✓	✓
Ram Gidoomal CBE	✓	✓	✓	✓	✓	✓
Heather Peck	✓	✓	✓	✓	✓	✓

RECORD OF ATTENDANCE AT ARAC MEETINGS 2015/16

	22 May 2015 (TC)	2 June 2015	8 Sept 2015	17 Nov 2015	15 March 2016
Paul Wiles	✓	✓	✓	✓	X
Jim Smart	✓	✓	✓	✓	✓
Heather Peck	✓	✓	✓	X	✓
Ram Gidoomal CBE		✓	✓	✓	✓

The Audit and Risk Assurance Committee

16. ARAC has considered a range of issues in the year including: the FSA's consolidated accounts for 2014/15; the National Audit Office's (NAO) draft Audit Completion Report; the Head of Internal Audit's 2014/15 opinion; a review of the assurance framework; various key audit reports (details of which are outlined in the Chair's Annual Report); and the Audit Plan for 2015/16. In undertaking its activities, it has also sought to comply with the requirements of HM Treasury's Audit & Risk Assurance Committee Handbook. Committee members had bilateral meetings with representatives of the FSA's external auditors, the NAO, and with the Head of Internal Audit to ensure a clear understanding of expectations and current issues.
17. During the year members completed a self-assessment of their activities and performance in the year, based on the current self-assessment tool produced by the NAO. The findings of the self-assessment were discussed by the Committee and action points arising are being implemented. In the annual report to the FSA Board, the ARAC Chair concludes that risk, control and governance arrangements in place during the year were satisfactory and should continue to improve.

18. Ram Gidoomal joined the ARAC in June 2015, Paul Wiles ceased to be ARAC Chair in March 2016 with Jim Smart appointed as the ARAC Chair from 16 March 2016.

The Leadership Team

19. The Executive Management Team (EMT) provided corporate leadership to the FSA and supported me, as the FSA's Accounting Officer, in delivering the FSA strategy, directing the day-to-day business of the FSA and championing the values of the FSA. The EMT meets in person three times over the course of every two months and meets via teleconference weekly in between the face to face meetings.
20. On 1 April 2015 membership of the EMT comprised of nine Directors, including a suitably qualified Finance Director and the FSA's Chief Scientific Advisor and myself.
21. The Executive team have continued to develop the FSA's performance & resource reporting throughout the year, including the integration of the FSA's operational performance into the report. The FSA's performance is discussed by the Executive and Board members in public at the Business Committee meeting which gives assurance over the FSA's delivery of the strategic plan, key objectives and value for money.

External Assurance Reviews

22. The FSA has supported six external assurance reviews which have contributed to assuring me on the effectiveness of our governance framework, while also identifying some opportunities for improvement.
23. Reviews in the year have included an Information Commissioner's Office report on data protection compliance, an IT security check by external subject matter experts, and an assessment of network security by the Public Sector Network (PSN) Authority. Additionally, six audits have been performed by the Food and Veterinary Office of the EU.

INTERNAL MANAGEMENT

FSA risk management framework and capacity to handle risk

24. The FSA has a well-established risk management framework that is used to provide reasonable assurance to the FSA Board, ARAC and me as Accounting Officer that risks to achieving business objectives are being effectively identified and managed and that those involved understand their roles and responsibilities.
25. The framework is founded on a Risk Management Strategy, which outlines our plans for continuing to embed a risk management culture across the FSA. Good progress was made during the year to raise further the FSA's maturity in risk management as set out in HM Treasury's Risk Management Assurance Framework. In particular, progress was made in relation to using risk appetite to improve the handling of opportunities and risks and in aligning risk registers across the organisation to ensure that risks are managed at the most appropriate level, supporting innovation.

26. This was the first year of the organisation working towards the FSA's strategy for 2015-20, and I gained assurance from a number of reviews. EMT carried out a thorough review of the corporate risk register to ensure that it aligned to the new strategy. EMT's regular discussions of risk clearly drive mitigating actions that reduce the level of risk. ARAC reviewed progress in September 2015, and there was a joint Board and Executive workshop which reviewed the FSA's risk appetite in January 2016.
27. As Accounting Officer I am also working with the Executive to ensure the high-level focus during the year by EMT and Board members on the corporate-level risk register was complemented by systematic risk management at different levels across the FSA. We have an established network of Risk Advisors who engage with cross-Government risk management networks and who share best practice and help ensure that good risk management practice and processes are consistently embedded across the FSA.
28. In order to support successful risk management we have been clear that Corporate-level risks are defined by the FSA as those which:
- materially alter our ability to achieve our strategic outcomes; and/or
 - fundamentally damage the ability of the FSA to operate (including reputational risks); and/or
 - cannot be managed or mitigated at a lower level within the organisation.
29. As Accounting Officer I have overall responsibility for risk management, each of the risks on the corporate risk register has an executive "owner" and a mitigation plan. At the end of the financial year, the risks on the FSA's corporate level risk register included:
- the risk of failing to protect consumers' wider interests in a complex and dynamic food system or not anticipating or responding adequately to changing or new food risks;
 - the risk of failing to provide an adequate response to food crime affecting consumers' interests in relation to food;
 - the risk of failing to manage material incidents as effectively as possible affecting our ability to minimise consumer detriment; and
 - the risk of the current delivery model between the Competent Authority and Local Authorities becoming unsustainable leading to a collapse in arrangements for consumer protection.

Director Assurance Statements

30. At the start of the financial year, Directors agree to operate an adequate system of internal controls over a budget delegation received from me as Accounting Officer, including forecasting, managing risk and ensuring adequate segregation of duties. As part of the year end process Directors complete an assurance statement setting out how an effective system of internal controls has been maintained. I have reviewed all of the statements produced by my Directors and can confirm that no serious issues have been reported in relation to the effectiveness of our internal controls.

Information Security

31. As Accounting Officer I have given the FSA's Director of Openness, Data and Digital the Senior Information Risk Owner (SIRO) role to ensure the FSA oversee our approach to information. Information Security continues to be important for the UK Government and the FSA and the SIRO oversees our taking a proportionate view of the threat to our Organisation based on the nature of our business, the information we handle, our risk appetite and our approach to data. To support the FSA's Information Security a quarterly paper is produced for ARAC which includes information on data incidents and a cyber security paper was presented at the November 2015 committee meeting.
32. All staff are required to complete the Responsible for Information e-learning course annually which is provided by Civil Service Learning.
33. The FSA invited the Information Commissioner's Office to carry out a voluntary audit following which we improved our policies and procedures. We have a mandatory data protection training course and further training for all line managers and specific parts of our business which handle sensitive personal data. We have also run an engagement programme throughout the year to raise awareness and promote our security culture. This has included a range of posters and articles published on our intranet and social media site Yammer.
34. There were no protected personal data incidents formally reported to the Information Commissioner's Office (ICO) in 2015/16.

TABLE 1: SUMMARY OF PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S IN 2015/16

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
No personal data losses have been reported to the ICO during 2015/16				
Further action on information risk	We will continue to monitor and assess our information risks. All staff are required to complete the Civil Service Learning 'Responsible for Information' e-learning course and data protection training.			

TABLE 2: SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2015/16

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	1
V	Other	2

Effectiveness of the FSA whistleblowing and raising a concern policy

35. As Accounting Officer I am keen to ensure that the FSA's whistleblowing and raising a concern policy provides a framework within which staff are encouraged to raise their concerns about any serious wrongdoing or breach of the Civil Service Code within the FSA; affirm the FSA's commitment to investigating and responding to any such issues raised; and offer protection to staff who do raise concerns from any detrimental treatment or victimisation on the grounds of them doing so.
36. The FSA revised its policy on 1st April 2015 to reflect and incorporate recommendations from the Public Accounts Committee, including signposting support and advice, providing a clear process outlining the appropriate routes for reporting concerns and providing timely feedback to whistleblowers. In addition, the FSA also took the opportunity to strengthen internal support and co-ordination arrangements through the appointment of an internal Nominated Officer. The role of the Nominated Officer, who is the FSA's Complaints Co-ordinator, includes: advising on the interpretation of the Civil Service Code; supporting whistleblowers and managers in dealing with a concern or potential concern, acting as central point of contact for the whistleblower and any investigation; re-assuring whistleblowers of the importance of raising concerns internally and the protection available from following the Whistleblowing procedure; and maintaining records of approaches.
37. Until January 2015, no referrals had been received in recent years under the FSA's Whistleblowing and Raising a Concern policy. Since January 2015, there have been three referrals. Two of these concerned the recording of data in meat plants. Following the referrals, the Operations Head Veterinarian wrote to Operations officials involved in inspection to clarify the process to be followed for recording contamination data, while an ongoing review of the FSA's approach to recording hygiene verification at abattoir level is completed. The third case raised a potential conflict of interest. All cases raised under the whistleblowing policy were and will continue to be investigated according to policy.

38. The FSA is further reviewing the FSA's Whistleblowing and Raising a Concern policy in the light of its experience in handling these recent referrals. The revised policy, which will also incorporate further adjustments to the policy recommended by the Civil Service Employment Policy, will be implemented in June 2016.

Macpherson Review of Quality Assurance of Government models

39. In line with the recommendations of the Macpherson Review of Quality Assurance of Government⁴¹ we maintain an up-to-date list of business critical models, and have processes in place to quality assure their inputs, methodology and outputs.

Head of Internal Audit's Opinion

40. Based on the results of the audit work completed during the year and understanding the Agency's control environment, the Head of Internal Audit's opinion is that the FSA has improved its risk control and governance arrangements.
41. Improvements in risk management and discussion of risk appetite, especially at a corporate level, have been evidenced in the year. The process and evidence of Executive identification of risks, as well as decisions about actions to be taken has been clearer. In addition, alignment of directorate-level risk registers with the corporate risk register has improved, enabling tracking of risks between the directorate and corporate risk registers. The FSA Board risk workshop involved the Board in discussing risk appetite with the executive team.
42. The main theme identified by audit work performed in the year is that priorities for official control policy areas is an area requiring further work. Clarity would enable consistent and proportionate targeting of risks by those delivering official controls.
43. External reports and assessments have also been consistent: the Food and Veterinary Office (FVO) reports generally report no major concerns; the Annual Report and Accounts were issued quickly and with an unqualified opinion last year.

Looking Ahead

44. As Accounting Officer I have worked with the Executive on plans to continue to improve our risk and governance across the FSA. We will embed the new risk strategy and policy and continue our work on the risk framework. The FSA will also continue to expand the reach of its performance management framework across the organisation to support the delivery of its strategy and business plan and value for money.
45. We will continue to improve the integration of the business planning and budgeting process and to continue to build the link to risk management all of which will support the delivery of the strategy within the FSA's Spending Review settlement to March 2020.

⁴¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206946/review_of_qa_of_govt_analytical_models_final_report_040313.pdf

Significant internal control weaknesses

46. I am able to report that there were no significant weaknesses in the FSA's systems of internal controls in 2015/16 which affected the achievement of the FSA's key strategic outcomes, aims, objectives and policies.
47. I can also confirm that there have been no Ministerial Directions given during the course of the year.

Impact of the EU Referendum

48. At this stage there is no reason to expect significant changes to the FSA's status, operations or funding in the near term as a result of the referendum vote. Whilst the FSA does implement EU policy in relation to inspections of businesses involved in meat production and other food related matters, the key elements of these regulations are also enshrined in UK law and in the short and medium term the relevant activities would continue following a vote to leave the EU.

REMUNERATION REPORT

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

This report has been prepared in accordance with guidance EPN 452. The tables in the remuneration report are subject to audit.

Service contracts for Board members are listed below:

Name	1st Term of Appointment	Duration of 1st Term Contract	2nd Term of Appointment	Duration of 2nd Term of Contract
Tim Bennett Deputy Chair ¹	1 May 2012 ²	3 years (extended to 13 September 2015)	1 April 2016 ³	1 year
Tim Bennett Chair	14 September 2015	6 months (to 31 March 2016)		
Heather Hancock LVO Deputy Chair ⁴	14 September 2015	6 months	1 April 2016	3 years
Dr Henrietta Campbell CB	1 September 2010	3 years	1 September 2013	3 years
Jeff Halliwell	1 June 2012	3 years	1 June 2015	1 year
Paul Wiles CB	1 June 2012	3 years	1 June 2015	1 year
Dr Roland Salmon	1 June 2013	3 years		
Ram Gidoomal CBE	1 May 2014	3 years		
Heather Peck	1 May 2014	3 years		
Jim Smart	1 May 2014	3 years		
Rosie Glazebrook				
David Brooks				
Dr James Wildgoose ⁵	1 March 2011	3 years	1 March 2014	3 years
Liz Breckenridge ⁵	1 June 2012	3 years		

Notes

1. Tim Bennett served Interim Chair 28 July 2013 – 13 September 2015.
2. Tim Bennett previously served as a Board Member from 1 March 2007 – 30 April 2012.
3. Tim Bennett serves a second term as Deputy Chair from 1 April 2016.
4. Heather Hancock serves as Chair from 1 April 2016.
5. Scottish Board Members left the FSA Board when Food Standards Scotland took over its functions from Food Standards Agency in Scotland 1st April 2015.

Board members may serve a maximum of two terms, and length of term may vary.

All members of the Executive Management Team are permanent members of staff.

There is no provision made for compensation relating to the early termination of any board or executive management team members.

Salary and pension entitlements

The annual increase in Board members' remuneration is based on that recommended for office holders by the Senior Salaries Review Body. Senior Civil Service (SCS) staff salaries are uplifted in line with the central (Cabinet Office) SCS performance based pay and review system.

Full details of the remuneration and pension interests of Board members and the Executive Management Team are detailed below and are subject to audit.

a) Remuneration

Executive Management Team

Single total figure of remuneration										
	Salary (£000)		Bonus Payments (£000)		Benefits in kind (to nearest £100)		Pensions benefits (£000) ¹		Total (£000)	
	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15
Catherine Brown (Chief Executive)	155–160	145–150	10–15	10–15	–	3100 ²	60–65	50–55	230–235	215–220
Steve Wearne (Director of Policy)	100–105	100–105	5–10	–	–	–	80–85	70–75	195–200	170–175
Chris Hitchen (Director Finance & Performance)	95–100	95–100	–	–	–	–	35–40	35–40	130–135	130–135
Jason Feeney CBE (Chief Operating Officer from 1/1/15)	110–115	25–30	–	–	–	–	65–70	10–15	180–185	40–45
Rod Ainsworth (Director of Regulatory and Legal Strategy)	110–115	110–115	–	–	–	–	40–45	40–45	155–160	150–155
Maria Jennings (Director, Northern Ireland & Organisational Development)	80–85	70–75	–	10–15	–	–	125–130	45–50	205–210	125–130
Nina Purcell (Director, Wales & Local Delivery)	80–85	75–80	5–10	–	–	–	110–115	135–140	200–205	210–215
Stephen Humphreys (Director Communications to 31/08/15)	35–40	85–90	–	–	–	–	15–20	30–35	50–55	115–120

Single total figure of remuneration										
	Salary (£000)		Bonus Payments (£000)		Benefits in kind (to nearest £100)		Pensions benefits (£000) ¹		Total (£000)	
	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15
Lynne Bywater (Director Human Resources to 31/07/15) ³	25–30	70–75	–	–	–	–	10–15	25–30	35–40	100–105
Julie Kettell (Director of Openness, Data and Digital from 1/09/15) (aka Pierce)	60–65	–	–	–	–	–	20–25	–	85–90	–
Andrew Rhodes (Chief Operating Officer to 31/12/14)	–	80–85	–	–	–	–	–	25–30	–	110–115
Geoff Ogle ⁴	–	90–95	–	–	–	–	–	55–60	–	145–150
Charles Milne (Director FSA in Scotland to 30/06/14)	–	20–25	–	10–15	–	–	–	20–25	–	50–55

Notes

1. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
2. Catherine Brown's Benefits in Kind relate to her fixed term contract period of employment.
3. Lynne Bywater left on secondment to ACAS from 1st August 2015
4. Geoff Ogle was Portfolio Director from 3rd February 2014 to 30th June 2014 and Director Scotland from 30th June 2014. He transferred to Food Standards Scotland when it took over functions from Food Standards Agency in Scotland 1st April 2015.

All starter and leaver salaries are shown for their actual periods of employment. The corresponding full year equivalent for 14/15 was £110–£115K for Andrew Rhodes, £90–£95K for Charles Milne and £110–£115K for Jason Feeney and in 15/16 was £85–£90K for Stephen Humphreys, £75–£80K for Lynne Bywater and £110–£115K for Julie Kettell.

In addition to these members of the Executive Management Team, Guy Poppy has been in the position of Chief Scientific Adviser since 1st August 2014, on secondment from Southampton University. The FSA has been recharged salary costs by the university in the band £90k–£95k for Guy Poppy to 31st March 2016.

Pay Multiples

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.

Consolidated FSA	2015/16	2014/15
Band of Highest Paid Director's Total Remuneration	£170k-£175k	£165k-£170k
Median Total Remuneration	£33k	£32k
Ratio	5.18	5.17
Remuneration Range	£18k-£114k	£18k-£112k

Westminster	2015/16	2014/15
Band of Highest Paid Director's Total Remuneration	£170k-£175k	£165k-£170k
Median Total Remuneration	£33k	£33k
Ratio	5.17	5.14
Remuneration Range	£18k-£114k	£18k-£112k

Wales	2015/16	2014/15
Band of Highest Paid Director's Total Remuneration	£95k-£100k	£75k-£80k
Median Total Remuneration	£34k	£31k
Ratio	2.85	2.53
Remuneration Range	£22k-£54k	£18k-£64k

Northern Ireland	2015/16	2014/15
Band of Highest Paid Director's Total Remuneration	£85k-£90k	£80k-£85k
Median Total Remuneration	£33k	£32k
Ratio	2.69	2.54
Remuneration Range	£18k-£64k	£20k-£61k

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

This is different to the total remuneration reported for Executive Management Team members which includes a pension benefit valuation. This is to allow like for like comparison of average staff and highest paid director remuneration.

Food Standards Agency Board

Single total figure of remuneration								
	Salary (£000)		Benefits in kind (to nearest £100)		Pensions benefits (£000) ¹		Total (£000)	
	15/16	14/15	15/16	14/15	15/16	14/15	15/16	14/15
Heather Hancock LVO Deputy Chair	10–15	–	–	–	–	–	10–15	–
Tim Bennett, Chair	60–65	60–65	–	–	–	–	60–65	60–65
Dr Henrietta Campbell CB	25–30	25–30	–	–	–	–	25–30	25–30
Jeff Halliwell	10–15	10–15	–	–	–	–	10–15	10–15
Paul Wiles CB	10–15	10–15	–	–	–	–	10–15	10–15
Dr Roland Salmon	25–30	20–25	–	–	–	–	25–30	20–25
Ram Gidoomal CBE	10–15	5–10	–	–	–	–	10–15	5–10
Heather Peck	10–15	5–10	–	–	–	–	10–15	5–10
Jim Smart	10–15	5–10	–	–	–	–	10–15	5–10
Dr James Wildgoose	–	20–25	–	–	–	–	–	20–25
Liz Breckenridge	–	15–20	–	–	–	–	–	15–20

Notes

1. No FSA board members are in a pension scheme contributed to by FSA therefore there are no pension costs to report.
2. All starter and leaver salaries are shown for their actual period of employment. The corresponding full year equivalents for 14/15 were £10-£15K for Ram Gidoomal, £10-£15K for Heather Peck and £10-£15K for Jim Smart and for 15/16 was £20-£25K for Heather Hancock.

Salary

Salary includes gross salary; overtime; reserved rights to London Weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the department and thus recorded in these accounts.

Bonuses

A Pay Committee is set up each year to assess implementation of pay awards including bonus payments in line with guidance provided by the Cabinet Office. Membership of the Pay Committee is made up of directors and one independent member. Pay recommendations are considered on the basis of review of individual performance against objectives as well as overall consistency.

The Committee provides a breakdown of awards to the Cabinet Office, covering performance group distribution, analysis of bonuses awarded and feedback on the operation of the system. The bonuses reported in 2014/15 relate to performance in 2013/14 and bonuses reported in 2015/16 relate to performance in 2014/15.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

(b) Pension benefits

Executive Management Team

		2015/16				
		Accrued pension at pension age as at 31/3/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2016	CETV at 31 March 2015	Real increase in CETV
		£5,000	£2,500			
		(£000)	(£000)	(£000)	(£000)	(£000)
Catherine Brown	Chief Executive	25-30	2.5-5	347	278	21
Steve Wearne	Director, Policy	35-40 plus lump sum of 100-105	2.5-5 plus lump sum of 5-7.5	628	522	54
Chris Hitchen	Director, Finance & Performance	10-15	0-2.5	143	110	12
Jason Feeney CBE	Chief Operating Officer	45-50 plus lump sum of 140-145	2.5-5 plus lump sum of 10-12.5	951	820	59
Rod Ainsworth	Director, Regulatory and Legal Strategy	15-20	2.5-5	245	189	28
Maria Jennings*	Director, Northern Ireland & Organisational Development	30-35	5-7.5	495	373	84
Nina Purcell	Director, Wales & Local Delivery	40-45 plus lump sum of 125-130	5-7.5 plus lump sum of 15-17.5	876	716	101
Stephen Humphreys*	Director, Communications	15-20	0-2.5	289	263	11
Lynne Bywater	Director, Human Resources (to 31/7/15)	15-20	0-2.5	201	187	5
Julie Kettell (aka Pierce)	Director Openness, Data & Digital (from 1/9/15)	20-25	0-2.5	317	287	17

		2014/15				
		Accrued pension at pension age as at 31/3/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase in CETV
Bands		<i>£5,000</i>	<i>£2,500</i>			
		<i>(£000)</i>	<i>(£000)</i>	<i>(£000)</i>	<i>(£000)</i>	<i>(£000)</i>
Catherine Brown	Chief Executive	20-25	2.5-5	278	228	25
Steve Wearne	Director, Policy	30-35 plus lump sum of 90-95	2.5-5 plus lump sum of 10-12.5	522**	447**	50**
Stephen Humphreys*	Director, Communications	15-20	0-2.5	263	226	20
Chris Hitchen	Director, Finance & Strategic Planning	10-15	0-2.5	110	84	13
Lynne Bywater	Director, Human Resources	10-15	0-2.5	187	153	15
Andrew Rhodes*	Chief Operating Officer (to 31/12/14)	15-20	0-2.5	182	158	11
Rod Ainsworth	Director, Regulatory and Legal Strategy	10-15	2.5-5	189	145	26
Nina Purcell	Director, Wales & Local Delivery	35-40 plus lump sum of 105-110	5-7.5 plus lump sum of 17.5-20	716**	569	118
Maria Jennings*	Director, Northern Ireland & Organisational Development	25-30	2.5-5	373	324	30
Geoff Ogle	Director, FSA Scotland (from 30/6/14)	30-35 plus lump sum of 100-105	2.5-5 plus lump sum of 7.5-10	558	491	40
Jason Feeney CBE	Chief Operating Officer (from 30/6/14)	40-45 plus lump sum of 130-135	0-2.5 plus lump sum of 0-2.5	820	782	11
Charles Milne	Director, FSA Scotland (to 30/6/14)	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 2.5-5	734	692	17

* As Premium PCSPS Scheme members, staff can choose, within a predetermined range, how their accumulated pension benefits are split between lump sum and annual pension.

** Figures restated by MyCSP after review identified miscalculations in CETV figures.

Food Standards Agency Board

A number of former FSA Board members benefit from a by-analogy pension scheme similar to the PCSPS. The scheme is now closed to new members and there are no active scheme members.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 is higher). From that date all newly appointed civil servants and the majority of those already in service, joined **alpha**. Prior to the date, civil servants participated in the Principle Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and 1 providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **Classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS, who were within 10 years of their normal pension age on 1 April 2012, remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch to **alpha** sometime between 1 June 2015 and 1 February 2022.

All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figures quoted is the combined value of their benefits in the two schemes.) Members joining from October 2012 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contributions (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for member of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**.

Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**.

In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension provider chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figure has benefits in both the PCSPS and alpha and the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's 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 benefits accrued in their 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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

Stephen Humphreys left under Voluntary Exit terms on 31 January 2016. He received a compensation payment of £35,000-£40,000.

Lynne Bywater left under Voluntary Redundancy terms on 31 May 2016. She received a compensation payment of £50,000-£55,000. Although this payment was made in 16/17, it has been reported in the 15/16 report for transparency as Lynne left FSA in July 2015.

STAFF REPORT

Number of SCS staff by pay band

Pay band	Westminster	Wales	Northern Ireland	Total
SCS1	7	0	0	7
SCS2	5	1	1	7
SCS3	1	0	0	1

Number of persons of each sex (as of 31 March 2016):

	Male	Female
Executive members	5	4
Board members	6	3
Other employees	728	351

Recruitment practice

The FSA recruitment policy follows the Civil Service recruitment principles, and is based on appointment of the best candidate on merit, identified through a process of open and fair competition. The recruitment policy is set out on our intranet site and followed to provide a transparent approach that identifies high calibre individuals and promotes equality and diversity. All external recruitment is currently subject to the restrictions of the Civil Service recruitment freeze, and approved by the FSA Chief Executive by exception.

Diversity and employment of disabled persons

The FSA maintains its commitment to providing equality of opportunity to all (including disabled persons) and is working to eliminate all forms of discrimination, harassment and bullying, to create a diverse workforce and an inclusive working environment in which everyone feels involved, respected and valued. The FSA's vision is for a workplace in which everyone feels:

- we can be ourselves
- our unique contribution is recognised and respected
- achieving a healthy balance between work and the rest of our lives is valued
- we can find meaning in our work
- we belong and there is space for us to grow
- we serve each part of the community in a way that reflects its needs

Further information on the FSA's approach in this area can be found in the FSA Diversity Report for 2016, at: <http://www.food.gov.uk/about-us/data-and-policies/equality/diversity-report>

Employee involvement

The FSA provides employees with relevant information, and we invite responses and feedback through our intranet site (FoodWeb) and through Yammer, an internal social media network. Our external website (www.food.gov.uk) provides information on the Agency, including performance related and financial information. The FSA is committed to maintaining effective employee relations with staff and their trade union representatives. The FSA's Recognition and Facility Agreement looks to maintain effective arrangements for formally and informally communicating, consulting and negotiating with staff and/or their union representatives. The FSA Staff Group is a consultative group that forms a link between staff and directors on a wide range of issues; and the Policy Advisory Group is a consultative group that helps to ensure that human resources policies reflect the structures, processes and culture within the FSA and supports effective people management. The Civil Service People Survey is a key tool for the FSA in understanding and improving employee engagement: all staff are invited to participate in this annual survey and contribute to follow-up action plans at both a local and organisation-wide level. In 2015, 92% of staff participated in the survey, providing a valuable insight into employee engagement and experience of working for the FSA, with engagement increasing 7 points to 60%.

Off-payroll engagements

Table 1: For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for longer than six months

	Main department	Agencies	ALBs
No. of existing engagements as of 31 March 2016	0		
Of which...			
No. that have existed for less than one year at time of reporting.	0		
No. that have existed for between one and two years at time of reporting.	0		
No. that have existed for between two and three years at time of reporting.	0		
No. that have existed for between three and four years at time of reporting.	0		
No. that have existed for four or more years at time of reporting.	0		

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months

	Main Department	Agencies	ALBs
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	0		
No. for whom assurance has been requested	0		
Of which...			
No. for whom assurance has been received	0		
No. for whom assurance has not been received	0		
No. that have been terminated as a result of assurance not being received.	0		

Table 3: For any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2015 and 31 March 2016 departments must also disclose:

	Main department	Agencies	ALBs
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	0		
No. for whom assurance has been requested	0		
Of which...			
No. for whom assurance has been received	0		
No. for whom assurance has not been received	0		
No. that have been terminated as a result of assurance not being received.	0		

Reporting of sickness absence data

The provisional figure for staff absence as a result of physical and mental illness including injuries, disability or other health problems is approximately 6.2 days per employee, compared with 7.2 and 6.2 for the previous 2 years.

Table 1: Sickness data by country

	2015/16	2014/15	2013/14
Westminster	7.4	7.7	6.2
FSA in Wales	7.0	8.5	6.2
FSA in Northern Ireland	3.2	4.0	1.6
Consolidated	6.2	7.2	6.2

STAFF NUMBERS & COSTS

Staff Report

A Administration costs

					2015/16 £000	2014/15 £000
	FSA WESTMINSTER		SUB- TOTAL	DEVOLVED OFFICES	TOTAL	TOTAL
	STAFF	BOARD				
Wages and salaries	15,562	198	15,760	2,413	18,173	20,302
Social security costs	1,296	25	1,321	198	1,519	1,717
Other pension costs	3,197	–	3,197	501	3,698	3,881
Sub total	20,055	223	20,278	3,112	23,390	25,900
Agency Staff	590	–	590	23	613	775
Total	20,645	223	20,868	3,135	24,003	26,675
Less recoveries in respect of outward secondments	(85)	–	(85)	–	(85)	(146)
Total net costs	20,560	223	20,783	3,135	23,918	26,529

No salary costs have been capitalised.

B Programme costs

	2015/16 £000	2014/15 £000
Wages and salaries	21,535	22,503
Social security costs	1,665	1,775
Other pension costs	3,810	3,796
Agency Staff	209	373
Contract inspectors and veterinary costs	21,567	23,471
Total	48,786	51,918
Less recoveries in respect of outward secondments	–	(43)
Total net costs	48,786	51,875

Programme wages and salaries includes the cost of employed meat hygiene inspectors, veterinary managers and Operations support staff.

C Principal Civil Service Pension Scheme

The Principal Civil Service Pension Schemes (PCSPS) is an unfunded multi-employer defined benefit scheme but the FSA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at www.civilservice.gov.uk/pensions.

For 2015/16, employer's contributions of £5.5m (2014/15 £5.4m) were payable to the PCSPS at one of four rates in the range of 20.0 to 24.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The Government Actuary's Department carried out an actuarial valuation of the PCSPS as at 31 March 2012 and the contribution rates will range from 20.0 to 24.5 per cent for 2016/17 with some small movements in the salary bands (<http://civilservicepensionscheme.org.uk/employers/employer-contribution-rates/>). The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £28,423 (2014/15 £23,964) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. The FSA as an employer also matches employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,343 (2014/15 £1,890 at 0.08 per cent), 0.05 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Reporting of Civil Service compensation scheme

	2015/16		
Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	–	5	5
£10,000 – £25,000	2	5	7
£25,000 – £50,000	–	5	5
£50,000 – £100,000	2	3 ¹	5
£100,000 – £150,000	–	–	–
£150,000 – £200,000	–	–	–
£200,000 and above	–	0	–
Total number of exit packages	4	18	22
Total resource cost £	184,208	436,685	620,893

1 The amount for one exit package within this bracket has not been included in the above totals.

	2014/15		
Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	–	–	–
£10,000 – £25,000	–	4	4
£25,000 – £50,000	2	5	7
£50,000 – £100,000	–	9	9
£100,000 – £150,000	–	1	1
£150,000 – £200,000	–	–	–
£200,000 and above	–	–	–
Total number of exit packages	2	19	21
Total resource cost £	59,000	993,040	1,052,040

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. All costs in relation to exit packages were not over the contractual amounts payable.

There were 4 early retirement on ill health grounds in 2015/16 at a cost of £36,949. In 2014/15 there was 1 early retirement on ill health grounds at a cost of £9,020.

D Local Government Pension Scheme

The Local Government Pension Scheme is a defined benefit scheme which is administered by the London Pensions Fund Authority and governed by the Local Government Pension Scheme Regulations 1995. For the year ended 31 March 2016, contributions of £2.0m (2014/15 £2.3m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2016, this rate was 16.7% (2014/15 16.7%) of pensionable remuneration.

On the basis of the full actuarial valuation as the FSA Fund deficit at 31 March 2013 was £20.8m (March 2010 £23.1m). The Agency agreed to increase the funding to the scheme, payable for 12 years from 2014. For 2015/16 £1.9m was paid and for 2016/17 £1.8m will be paid.

The next full actuarial review of the scheme will show the position at 31 March 2016. This triennial valuation process will be carried out in the summer of 2016 and will determine the FSA's employer contribution rate for a three year period starting 1 April 2017, including the deficit payment.

An updated valuation, under IAS19 criteria, resulted in a calculated deficit of £77.4m as at 31 March 2016 compared with a calculated deficit of £100.8m as at 31 March 2015. The projected unit method of valuation has been used to calculate the service cost under IAS19.

E Average number of persons employed

The average number of whole-time equivalent persons employed during the year 2015/16 and 2014/15 was as follows.

	Average number of persons employed	
	2015/16	2014/15
Westminster – permanent staff		
Private Office	16	16
Regulatory & Legal Strategy Directorate	43	38
Comms	–	29
Policy & Science Directorate	149	140
Operations	643	758
Finance & Performance	69	70
Human Resources	–	26
Organisational Development	14	–
Openess, Data and Digital	39	–
Local Delivery	41	–
Westminster – permanent staff total	1,014	1,077
Westminster – temporary staff		
Private Office	–	–
Regulatory & Legal Strategy Directorate	1	–
Comms	–	3
Policy & Science Directorate	3	–
Operations	482	501
Finance & Performance	7	9
Human Resources	–	1
Organisational Development	–	–
Openess, Data and Digital	4	–
Local Delivery	2	–
Westminster – temporary staff total	499	514
Board	9	8
Devolved Offices – permanent staff	69	138
Devolved Offices – temporary staff	2	4
Total	1,593	1,741

Temporary staff include contractors, agency staff, consultants, casuals and staff on fixed term contracts.

PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

Fees and Charges

An analysis of material programme income from services provided to external and public sector customers is as follows:

	2015/16			2014/15		
	£000	£000	£000	£000	£000	£000
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
Industry	24,733	48,981	(24,248)	28,086	52,522	(24,436)
Other Government Departments	2,457	2,551	(94)	2,754	2,476	278
Meat Hygiene inspection in Northern Ireland	3,385	6,053	(2,668)	3,557	6,019	(2,462)
Assessments and consultations on radioactive discharges	1,237	1,558	(321)	984	1,504	(520)
	31,812	59,143	(27,331)	35,381	62,521	(27,140)

The above information is provided to meet the Fees and Charges disclosure requirements of the FReM and has not been provided for Segmental Analysis purposes under IFRS 8.

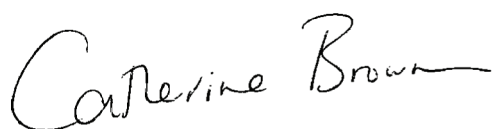
HM Treasury's financial expectation is for government departments to recover costs fully. There currently remains a shortfall between the costs for the FSA of delivering meat official controls and the income received from Food Business Operators (FBOs) for these services. This is effectively a subsidy of £24.2m from the FSA to the meat industry. It should be noted that this figure includes some costs which are not included in the hourly charge rates for meat official controls because they are not included in the budget that is used to calculate the charge rates. This is because the FSA does not include certain costs in its budgeting, such as severance costs for operational staff, even though they are costs of meat official controls. Discounts on charges were received by 67% of FBOs (98% of premises that slaughter and 51% of cutting premises) across England & Wales in 2015/16. EU regulations make provision for member states to take small/rural establishments into consideration when collecting fees and charges. However, the current system provides a level of subsidy to FBOs over and above that required by EU regulations. As a consequence some FBOs need to be invoiced supplementary charges to bring the overall level of charge up to the EU minimum or the full costs of official controls; the FSA can charge no more than the full cost. Invoices for the supplementary charges are issued after six, nine and twelve months of the financial year.

At its September 2012 meeting the FSA Board asked the meat industry to work with the FSA to develop a new discount system for meat official control charges that promotes efficiency, supports improving compliance (within a de-regulatory remit), appropriately supports Small and Medium Enterprises and provides a balanced discount arrangement that seeks to achieve a more balanced and more equitable system.

During 2015/16 the Steering Group on Meat Charging has continued to take forward work on the reform of the current discounts on meat official controls charges. The Steering Group is made up of industry stakeholders, led by an independent chair and supported by FSA staff. The Steering Group developed new discount arrangements which have been implemented with effect from the start of 2016/17. The Steering Group has started a new phase of its work to create a sustainable funding model for meat official controls.

Remote Contingent Liabilities

There were no remote contingent liabilities (2014/15 nil). Non remote Contingent Liabilities are disclosed in note 14.



Catherine Brown

Chief Executive and Accounting Officer

16 June 2016

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Food Standards Agency for the year ended 31 March 2016 under the Food Standards Act 1999. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report, Staff Report and Parliamentary Accountability disclosures that is described in those reports and disclosures as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Food Standards Act 1999. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Food Standards Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Performance Report and the Accountability Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Food Standards Agency's affairs as at 31 March 2016 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Food Standards Act 1999 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration Report, Staff Report and Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Food Standards Act 1999; and
- the information given in the 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 Remuneration Report, Staff Report and Parliamentary Accountability disclosures 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.

Sir Amyas C E Morse
Comptroller and Auditor General
 National Audit Office
 157-197 Buckingham Palace Road
 Victoria
 London
 SW1W 9SP

Date: 28.06.16

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2016

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values on non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

On the 1 April 2015 the functions and staff relating to meat inspection within the Scottish boundary transferred to Food Standards Scotland, a devolved body of the Scottish Government. The accounting for this transfer can be seen in note 2.

	Note	2015/16 £000	2014/15 £000
Income from sale of goods and services	5	–	–
Other operating income	5	(38,580)	(41,740)
Total operating income		(38,580)	(41,740)
Staff costs	4	72,789	78,593
Purchase of goods and services	4	20,810	30,739
Depreciation and impairment charges	4	2,051	1,668
Provision expense	4	4,315	5,874
Other operating expenditure	4	33,432	37,260
Total operating expenditure		133,397	154,134
Net operating expenditure		94,817	112,394
Net (gain)/loss on transfer by absorption	2	(10,918)	
Net operating expenditure for the year		83,899	112,394
Other comprehensive net expenditure			
– Actuarial (gain)/loss on pension scheme liabilities	13	(15,801)	29,810
Net operating expenditure at year end		68,098	142,204

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

This statement presents the financial position of the Food Standards Agency. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	2015/16 £000	2014/15 £000
Non-current assets:			
Property, plant and equipment	6	3,514	5,786
Intangible assets	7	1,580	2,395
Total non-current assets		5,094	8,181
Current assets			
Trade and other receivables	11	5,344	4,784
Other current assets	11	6,010	7,035
Cash and cash equivalents	10	1,341	2,802
Total current assets		12,695	14,621
Total assets		17,789	22,802
Current Liabilities			
Trade and other payables	12	(1,628)	(3,386)
Provisions	13	(681)	(1,768)
Other liabilities	12	(15,479)	(17,643)
Total current liabilities		(17,788)	(22,797)
Total assets less current liabilities		1	5
Non-current liabilities			
Provisions	13	(4,184)	(6,075)
Other payables	12	(5,621)	(7,456)
Net pension liability	13	(78,201)	(101,828)
Total non-current liabilities		(88,006)	(115,359)
Total Assets less total liabilities		(88,005)	(115,354)
Taxpayers' equity and other reserves			
General fund		(88,005)	(115,354)
Total taxpayers' equity		(88,005)	(115,354)

Catherine Brown
Chief Executive and Accounting Officer

June 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

		2015/16 £000	2014/15 £000
Cash flows from operating activities	Note		
Net operating cost	SOCNE	(94,817)	(112,394)
Adjustment for non-cash transactions	4 & 13	10,300	10,170
(Increase)/Decrease in trade and other receivables	11	139	(153)
Increase/(Decrease) in trade and other payables	12	(2,400)	(5,260)
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	12	94	1,878
Transfer of functions to FSS	2	21	–
Use of provisions	13	(3,926)	(3,718)
Provisions not required written back	13	(1,787)	(49)
Cash contribution to pension deficit	13	(1,946)	(1,862)
Net cash outflow from operating activities		(94,322)	(111,388)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(286)	(2,854)
Purchase of intangible assets	7	(754)	(1,001)
Net cash outflow from investing activities		(1,040)	(3,855)
Cash flows from financing activities			
From the UK Consolidated Fund (Supply)		83,762	92,027
From Northern Ireland Assembly		8,216	7,968
From Scottish Parliament		–	10,325
From National Assembly for Wales		3,290	3,045
Net Financing		95,268	113,365
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(94)	(1,878)
Cash and cash equivalents at the beginning of the period	10	2,802	4,680
Cash and cash equivalents at the end of 2014/15 relating to FSA Scotland	10	1,367*	
Cash and cash equivalents at the end of the period	10	1,341	2,802

* The cash held by FSA Scotland at the end of 2014/15 was not transferred, but was retained to pay down FSA Scotland's payables which were also not transferred.

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the year ended 31 March 2016

This statement shows the movement in the year on the different reserves held by the Food Standards Agency, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Total Reserves £000
Balance at 31 March 2014		(88,478)	(88,478)
Net Parliamentary Funding		115,244	115,244
Comprehensive net expenditure for the year		(112,394)	(112,394)
Auditors remuneration	4	84	84
Actuarial gain/(loss)	13	(29,810)	(29,810)
Balance at 31 March 2015		(115,354)	(115,354)
Net Parliamentary Funding		95,362	95,362
Comprehensive net expenditure for the year		(94,817)	(94,817)
Auditors remuneration	4	85	85
Transfer by absorption	2	11,290	11,290
Transfer of functions to FSS		(372)	(372)
Actuarial gain/(loss)	13	15,801	15,801
Balance at 31 March 2016		(88,005)	(88,005)

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

1 Statement of Accounting Policies

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the 2015/16 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Food Standards Agency (FSA) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the FSA are described below. They have been applied consistently in dealing with items which are considered material to the accounts.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities where material.

1.3 Basis of Consolidation

These accounts comprise the consolidation of the core FSA (Westminster funded) and results from the FSA devolved offices in Northern Ireland and Wales for 2015/16 and onwards. Scotland was also consolidated prior to this and therefore form part of the numbers in the 2014/15 comparative figures. These are funded directly by the Northern Ireland Assembly and National Assembly for Wales respectively. The Westminster funded FSA and Food Standards Agency in Northern Ireland each produce and publish their own annual accounts. The FSA also prepares accounts for its activities which are funded by the National Assembly for Wales.

1.4 Significant Accounting Policies and Material Judgements

Estimates and the underlying assumptions are reviewed on a regular basis by the Department's senior management. Areas of significant judgement made by management are:

IAS37 Provisions – judgement is made on the best estimate of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

IAS36 Impairments – Management make judgement on whether there are any indications of impairments to the carrying amounts of the Department's non-current assets.

1.5 Non-Current Assets

Non-current assets are items of the Agency's property that have a value greater than or equal to £5,000 (inclusive of irrecoverable VAT) and have a useful life of greater than one year. The capitalisation policy applies to all construction, capital improvements which enhance the functionality of a building, major equipment purchases and other capital projects totalling £5,000 or more. This also applies to multiple low cost items of a similar nature which are functionally interdependent or collectively improve efficiency within the FSA. When consolidated, these create an asset to the Agency. If these collectively have a cost in excess of £5,000 and an intended useful period in excess of a year then the items are usually consolidated as one asset.

1.6 Property, Plant and Equipment

The FSA does not currently own any land or buildings. All property, plant and equipment assets are carried at depreciated historic cost as a proxy for fair value. This is in accordance with FReM requirements as these assets have short useful lives or low values or both. Assets under construction are not depreciated until the month after they are brought into use. All assets are owned.

1.7 Intangible Assets

Computer software and software licences with a purchase cost in excess of £5,000 (including irrecoverable VAT and delivery) are capitalised at cost and amortised over the life of the licence, or over 7 years if the licence is bought in perpetuity. Intangible assets under construction are not amortised until the month after they are brought into use. The FSA has developed an external facing website (www.food.gov.uk) primarily for the promoting and advertising of its own services. This website will not generate future economic benefits and consequently all expenditure incurred on developing it is recognised as an expense as it occurs and is not capitalised.

1.8 Depreciation and Amortisation

Assets are depreciated from the month following the date of acquisition. Depreciation and amortisation are at the rates calculated to write-off the valuation of property, plant and equipment and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives. Estimated useful lives are reviewed during the year and assets relined where applicable. The below information shows the useful lives of the assets currently on the non-current asset register.

	2015/16	2014/15
Property, plant and equipment		
Computer servers and computer equipment	2 – 5 years	2 – 5 years
Office machinery	4 – 10 years	2 – 10 years
Furniture, fixtures and fittings	2 – 8 years	3 – 8 years
Intangible assets:		
Computer software and software licences	2 – 7 years	2 – 7 years

1.9 Inventories

FSA does not hold any inventories.

1.10 Operating Income

Operating income is income which relates directly to the operating activities of the FSA. Income for the year is recognised on an accruals basis reflecting the value of the work undertaken and is shown net of Value Added Tax. The FSA has income from meat official controls and related work, milk and dairies sampling and from assessments and consultations on radioactive discharges.

Income from meat official controls and related work is recognised as time recorded by staff multiplied by charging rates and invoiced to both industry and government customers. For the majority of meat industry customers discounts are applied to charges.

Income from milk and dairies sampling work is based on invoiced amounts raised by the FSA for the testing of raw cows' drinking milk. Income from assessments and consultations on radioactive discharges is recognised on the basis of work done against a series of Service Level Agreements (SLAs). In addition, staff time in relation to any work with regards to these SLAs is recorded and charged accordingly.

1.11 Administration and Programme Expenditure

The classification of expenditure and income as administration and programme follows the definition of administration costs set out in Consolidated Budgeting Guidance by HM Treasury.

1.12 Pensions

FSA past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme. The defined benefit scheme is unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the scheme, the Department recognises the contributions payable for the year. Further details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at www.civilservicepensionscheme.org.uk.

There are currently 345 FSA employees who are active members of the Local Government Pension Scheme (LGPS). LGPS is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 2005, and administered by London Pension Fund Authority. The scheme is subject to regular valuations by an independent, professionally qualified actuary. These determine the level of contributions required to fund future benefits. The LGPS changed to a career average revalued earnings basis as of 1 April 2014 with a change of retirement age from 65 to that of the individual member's state pension age. All pensions in payment or built up before April 2014 are protected.

Pension assets and liabilities attributable to the FSA in the LGPS are recorded in line with IAS19 with a valuation undertaken annually to measure the value of pension assets and liabilities at the Statement of Financial Position date, determining the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is included within interest receivable/payable. The change in value of assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position. The IAS19 valuation includes sensitivity analysis and the potential impact and this information can be found in Note 13.4.5.

Pension liabilities in the Board Pension Scheme are calculated by the Government Actuary's Department and a valuation is undertaken annually. The change in value of pension liabilities arising from changes in benefits or actuarial assumptions is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability is shown in the Statement of Financial Position.

Further details about LGPS pensions can be found at the website www.lgps.org.uk.

The contributions to PCSPS are set out in the Accountability Report and the costs in relation to the LGPS scheme are in Note 13.

1.13 Operating Leases

All operating leases are accounted for under IAS17 Leases. Classification is made at the inception of the relevant lease.

Operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease as in Note 12. The FSA holds a significant lease for its rental of Aviation House, intending to vacate at a break point in February 2018. FSA sublets areas of the building to tenants including other government departments. Operating lease incentives received are recognised as a reduction in the rental expenses and are allocated over the lease term on a straight-line basis. The FSA does not currently have any finance lease liabilities.

1.14 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSA is audited by the Comptroller and Auditor General (C&AG) of the National Audit Office. No cash charge by the C&AG is made for this service but a non-cash charge representing the cost of the audit is included in the accounts. The C&AG did not provide any non-Audit services to the FSA during the year.

1.15 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Her Majesty's Revenue and Customs is shown as a receivable or payable on the Statement of Financial Position. Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, or if it is incurred on the purchase of a non-current asset, it is capitalised in the cost of the asset.

1.16 Provisions

Provisions are recognised in accordance with IAS37. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation, arising from a past event, at the Statement of Financial Position date.

The Early Retirement and Westminster Dilapidation provision have been discounted at the rates set by HM Treasury. Other provisions have not been discounted as the resulting adjustments are not considered material to these accounts.

1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, the department discloses, for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. The rules for notifying liabilities to parliament are:

- there is no need to tell parliament about:
 - new liabilities arising under statutory powers unless the legislation calls for it;
 - liabilities taken on in the normal course of business, except for those not in standard form and above £300,000;
- Departments should notify Parliament of:
 - statutory liabilities, in the form expected by the legislation;
 - any liability outside the normal course of business and above £300,000;
 - any liability of a non-standard kind undertaken in the normal course of business;
 - any liability which is novel, contentious or significant in relation to the organisation's (of the particular programme) expenditure, which is large and unquantifiable.

1.18 Financial Assets and Liabilities

The FSA holds the following financial assets and liabilities:

1) Assets

- Trade and other receivables
- Other current assets
- Cash and cash equivalents

2) Liabilities

- Trade and other payables
- Other Liabilities
- Provisions

Financial Assets and Liabilities are accounted for under IAS32, Financial Instruments: Presentation, IAS39 Financial Instruments: Recognition and Measurement and IFRS7 Financial Instruments: Disclosure.

Cash balances are measured as the amounts received in FSA's bank account. The FSA does not currently have cash equivalents. Trade receivables are measured at fair value with an impairment review carried out on a monthly basis. Trade and other payables are measured at fair value, with use of agreed invoiced amount, or management estimate in the case of accrued expenditure, forming the basis for valuation.

1.19 Food Standards Scotland

On the 1 April 2015, the activities of the Food Standards Agency in Scotland (FSAS) ceased operating and its functions and staff transferred to Food Standards Scotland, a devolved body of the Scottish Government. The functions and staff relating to meat inspection within the Scottish boundary also transferred from Food Standards Agency Westminster. This has been accounted for under the transfer by absorption method and the impact on the financial statements is outlined in Note 2. The accounting treatment for the Westminster transfer is under the Absorption basis as it is a transfer from a Central Government body to a devolved body and results in a loss/gain below operating costs (reserve movement) for the transfer of the assets/liabilities but no restatement of prior year comparatives in the 2015/16 accounts for FSA Westminster or Consolidated FSA. This has been agreed by HM Treasury.

Any FSAS brought forward balances from 2014/15 have been removed from the applicable SoFP sections and can be seen in the supporting notes to the Financial Statements.

2 Creation of Food Standards Scotland and the Transfer by Absorption from Westminster

On the 1 April 2015, the Food Standards Agency in Scotland (FSAS) ceased operating and its functions and staff transferred to Food Standards Scotland, a devolved body of the Scottish Government. The functions and staff relating to meat inspection within the Scottish boundary also transferred from Food Standards Agency Westminster.

2.1 Assets and Liabilities transferred to Food Standards Scotland

The information below details the assets and liabilities controlled by Westminster and FSA Scotland at 31 March 2015 that were transferred to Food Standards Scotland on 1 April 2015.

	Note	Closing amount as at 31.03.15 £000	Transfer amount as at 01.04.15 £000	Amount remaining in Westminster at 01.04.15 £000
Non-current assets				
Property, plant and equipment	6	5,786	914	4,872
Intangible assets	7	2,395	1,162	1,233
		8,181	2,076	6,105
Current assets				
Trade & Other Receivables	11	4,784	225	4,559
Prepayments and Accrued Income	11	7,035	106	6,929
		11,819	331	11,488
Current Liabilities				
Trade & Other Payables	12	(3,386)	(838)	(2,548)
Accruals and deferred income	12	(14,841)	(1,025)	(13,816)
		(18,227)	(1,863)	(16,364)
Non-current liabilities				
Lease adjustment as per IAS 17	12	(7,456)	(153)	(7,303)
Early Departure Provision	13	(3,560)	(297)	(3,263)
LGPS Pension liability	13	(100,833)	(10,844)	(89,989)
Board Pension liability	13	(995)	(168)	(827)
		(112,844)	(11,462)	(101,382)
Totals		(111,071)	(10,918)	(100,153)

2.1.1 Non-current assets

The £2,076k transfer is the carrying amount of assets that were owned by FSAS at 31.03.15 but transferred ownership to Food Standards Scotland on 01.04.15. The £2,076k is made up of:

Property, plant and equipment

– £764k Furniture and Fittings

- £86k Office Equipment
- £23k Computer Equipment
- £41k Vehicles

Intangible assets

- £1,162k Software and Software Licences

2.1.2 Current Assets

The current assets of £331k at 31.03.15 and transferred by absorption to Food Standards Scotland are made up of the following amounts:

- £3k Trade Receivables
- £222k VAT receivable
- £86k Prepayments
- £20k Annual leave receivable accrual.

2.1.3 Current Liabilities

The current liabilities of £1,863k at 31.03.15 and transferred by absorption to Food Standards Scotland are made up of the following amounts:

- £838k Trade Payables
- £956k Accrued expenditure
- £69k Annual leave payable accrual

2.1.4 Non-current Liabilities

The £11,462k includes £153k lease adjustment value required under IAS17 which is for the property now occupied by Food Standards Scotland. The remaining £11,309k transferred to Food Standards Scotland relates to pensions and early departures for individuals who were meat inspection staff who worked at FBOs based in Scotland and Scotland board members.

2.2 Income and Expenditure

The breakdown of Expenditure and Income in Notes 4 and 5 respectively is not wholly comparable from 2014/15 to 2015/16 due to the transfer being carried out by the absorption method. In 2014/15 £14.67m of expenditure (note 4) and £3.25m of income (note 5) was reported in the Consolidated accounts in relation to functions in Scotland; the comparable figures for 2015/16 will be reported in the accounts of Food Standards Scotland. As of 1 April 2015, Staff costs (including Contract Vets and Meat Hygiene Inspectors) and Income from Food Business Operators located in Scotland will no longer form part of the FSA Consolidated or Westminster accounts due to the transfer of functions to Food Standards Scotland.

3 Net Costs by Group

Group	2015/16					Restated 2014/15
	Administration		Programme		Net operating cost	Net operating cost
	Costs	Income	Costs	Income		
	£000	£000	£000	£000	£000	£000
Private Office and Board	1,331	–	–	–	1,331	1,297
Regulatory and Legal Strategy	2,816	43	–	–	2,593	2,474
Openness, Data and Digital	7,669	150	1,122	–	8,641	9,120
Policy and Science	7,760	174	12,789	1,300	19,075	19,599
Operations	901	1	53,817	27,273	27,444	31,957
Finance and Performance	14,440	6,088	–	–	8,352	8,321
Organisational Development	1,268	1	–	–	1,267	1,935
Local Delivery	2,192	2	5,216	–	7,586	8,568
Centrally Managed	2,851	50	4,014	–	6,815	8,281
Westminster Totals	41,228	6,509	76,958	28,573	83,104	91,552
Devolved Authorities						
Scotland						9,703
Wales	2,033	–	1,249	–	3,282	3,153
Northern Ireland	2,327	–	9,650	3,546	8,431	7,986
Totals	45,588	6,509	87,857	32,119	94,817	112,394

The FSA identifies reportable segments, Groups and Devolved Authorities, that reflect the organisational structure. The financial system also reflects the organisational structure and enables income and expenditure to be analysed and reported by segment. Segmental operating results are reviewed every month by the FSA Executive Management Team to make decisions on segmental resources and assess performance.

Groups derive income from the following activities or services;

Regulatory and Legal Strategy – Sundry services

Openness, Data and Digital – Sundry services and secondments

Policy and Science – Assessments/consultations on radioactive discharges and Integrated Advice for Consumers

Operations and Local Delivery – Meat hygiene inspections, approvals and delivery of official controls, testing and sampling

Finance and Performance – Sub-letting of accommodation, recovered court costs and sundry services

Centrally Managed – Recovered court costs and fees

Inter-segmental transactions are accounted for within the financial system by way of journal between the relevant segments.

The groups under which spend is reported have changed since the 2014/15 Annual Report and Accounts due to reorganisation within the Agency. The 2014/15 figures have been restated accordingly.

4 Expenditure

	2015/16 £000	Restated 2014/15 £000
Staff Costs		
Wages and salaries	39,708	42,805
Social security costs	3,184	3,492
Other pension costs	7,508	7,677
Agency Staff	822	1,148
Contract inspectors and veterinary costs	21,567	23,471
	72,789	78,593
Goods and services	20,810	30,739
	20,810	30,739
Depreciation and impairment charges: Non-cash		
Depreciation	1,644	1,288
Amortisation	369	280
Loss on disposal of property, plant and equipment	38	100
	2,051	1,668
Provision expense	4,315	5,874
	4,315	5,874
Other operating expenditure		
Rentals under operating leases	7,016	7,138
ICT outsourcing, maintenance and support of networks and systems*	5,186	5,830
Travel & Subsistence, Hospitality and Conference costs	2,718	3,402
Accommodation costs including rates, estate management and security	3,885	4,315
Operational costs (laundry, sampling and equipment)	1,868	2,218
Grants	2,643	2,677
Research and Development expenditure	6,763	7,809
Training and Development	419	624
Legal costs	577	238
HR, Payroll and Pension services	366	255
Stationery, Printing and Postage	211	236
Welfare costs	86	144
Other	1,609	2,290
Non-cash items: Auditors' remuneration and expenses	85	84
	33,432	37,260
	133,397	154,134

* Relevant Central IT costs are recharged to Devolved Offices from FSA Westminster

The breakdown of expenditure is not wholly comparable from 2014/15 to 2015/16 due to the transfer being carried out by the absorption method (see Note 2). The comparable expenditure for activities remaining in FSA is £139,464.

The categories of spend reported have changed since the 2014/15 Annual Report and Accounts due to reporting requirements in the FReM. The 2014/15 figures have been restated accordingly.

5 Income

Operating income, analysed by classification and activity, is as follows:

	2015/16 £000	2014/15 £000
Income for official controls charged to industry	28,118	31,643
Income for sub-letting of accommodation space	6,066	5,553
Income for meat hygiene work charges to other government departments	2,457	2,754
Assessments and consultations on radioactive discharges	1,237	984
Secondment income	85	146
Milk and Dairy Hygiene – sampling	28	15
Other income	589	645
Total income	38,580	41,740

The breakdown of income is not wholly comparable from 2014/15 to 2015/16 due to the transfer being carried out by the absorption method (see Note 2). The comparable income for activities remaining in FSA in 2014/15 is £38,490k.

6 Plant and equipment

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Vehicles £000	Total £000
Cost or valuation					
Cost at 1 April 2015	3,241	463	4,360	48	8,112
Transfer of functions to FSS	(852)	(283)	(32)	(48)	(1,215)
Adjusted cost at 1 April 2015	2,389	180	4,328	–	6,897
Additions	134	–	152	–	286
Disposals	–	–	–	–	–
At 31 March 2016	2,523	180	4,480	–	7,183
Depreciation					
Cost at 1 April 2015	654	282	1,383	7	2,326
Transfer of functions to FSS	(88)	(197)	(9)	(7)	(301)
Adjusted cost at 1 April 2015	566	85	1,374	–	2,025
Charged in year	623	31	990	–	1,644
Disposals	–	–	–	–	–
At 31 March 2016	1,189	116	2,364	–	3,669
Carrying amount at 31 March 2016	1,334	64	2,116		3,514
Carrying amount at 31 March 2015	2,587	181	2,977	41	5,786
Asset financing					
Owned	1,334	64	2,116		3,514
Carrying amount at 31 March 2016	1,334	64	2,116		3,514

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Vehicles £000	Total £000
Cost or valuation					
Cost at 1 April 2014	1,379	458	3,745	48	5,630
Additions	1,862	45	947	–	2,854
Disposals	–	(40)	(332)	–	(372)
At 31 March 2015	3,241	463	4,360	48	8,112
Depreciation					
Cost at 1 April 2014	250	258	815	–	1,323
Charged in the year	404	60	817	7	1,288
Disposals	–	(36)	(249)	–	(285)
At 31 March 2015	654	282	1,383	7	2,326
Carrying amount at 31 March 2015	2,587	181	2,977	41	5,786
Asset financing					
Owned	2,587	181	2,977	41	5,786
Carrying amount at 31 March 2015	2,587	181	2,977	41	5,786

7 Intangible assets

	Computer software and software licences £000
Cost or valuation	
Cost at 1 April 2015	3,742
Transfer of functions to FSS	(1,218)
Adjusted cost at 1 April 2015	2,524
Additions	754
Disposals	(38)
At 31 March 2016	3,240
Amortisation	
Cost at 1 April 2015	1,347
Transfer of functions to FSS	(56)
Adjusted cost at 1 April 2015	1,291
Charged in year	369
Disposals	–
At 31 March 2016	1,660
Carrying amount at 31 March 2016	1,580
Carrying amount at 31 March 2015	2,395
Cost or valuation	
Cost at 1 April 2014	2,910
Additions	1,001
Disposals	(169)
At 31 March 2015	3,742
Amortisation	
Cost at 1 April 2014	1,226
Charged in year	279
Disposals	(158)
At 31 March 2015	1,347
Carrying amount at 31 March 2015	2,395

8 Capital and other commitments

8.1 Capital commitments

At 31 March 2016 there were commitments for the purchase of capital items to the value of £504k for the upgrade of the FSA's IT infrastructure and systems (31 March 2015 £106k).

8.2 Commitments under leases

8.2.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2015/16 £000	2014/15 £000
Obligations under operating leases comprise:		
Land and buildings:		
Not later than one year	9,408	8,570
Later than one year and not later than five years	9,808	20,763
Later than five years	127	4,363
	19,343	33,696
Other:		
Not later than one year	120	154
Later than one year and not later than five years	99	98
	219	252

The FSA lease arrangements do not contain any contingent rents payable, terms of renewal or purchase options, escalation clauses or any imposed restrictions (such as those concerning dividends, additional debt or further leasing)

Total future minimum lease rental income from Ofsted, Medical Research Council (MRC), Government Digital Services (GDS), Cabinet Office and Oil and Pipelines Agency is given in the table below for each of the following periods.

	2015/16 £000	2014/15 £000
Total future minimum lease rental income from Ofsted, MRC, GDS and Cabinet Office		
Land and buildings:		
Not later than one year	5,351	4,553
Later than one year and not later than five years	4,891	8,269
Later than five years	–	–
	10,242	12,822

8.3 Other financial commitments

The FSA have no other financial commitments at 31 March 2016 (31 March 2015 – £Nil).

9 Financial Instruments

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

10 Cash and cash equivalents

	2015/16 £000	2014/15 £000
Balance at 1 April	2,802	4,680
Net changes in cash and cash equivalents	(1,461)	(1,878)
Balance at 31 March	1,341	2,802

	2015/16 £000	2014/15 £000
The following balances at 31 March were held at:		
Government Banking Service	1,341	2,802
Balance at 31 March	1,341	2,802

11 Trade receivables, financial and other current assets

	2015/16 £000	2014/15 £000
Amounts falling due within one year:		
Trade receivables	2,667	1,981
VAT recoverable	2,574	2,678
Other receivables	103	125
	5,344	4,784
Other current assets:		
Prepayments and accrued income	6,010	7,035
	6,010	7,035
	11,354	11,819

The FSA had no amounts falling due after more than one year at 31 March 2015.

12 Trade payables and other current liabilities

	2015/16 £000	2014/15 £000
Amounts falling due within one year		
Other taxation and social security	5	4
Trade payables	1,611	3,375
Other payables	12	7
	1,628	3,386
Other current liabilities:		
Accruals and deferred income	14,138	14,841
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,341	2,802
	15,479	17,643
	17,107	21,029
Amounts falling due after more than one year		
Lease adjustment as per IAS 17	5,621	7,456
	5,621	7,456

13 Provisions for liabilities and charges

Pension provisions

	2015/16 £000			2014/15 £000		
	Board Pension	LGPS Pension	Total	Board Pension	LGPS Pension	Total
Net pension liability at 1 April	995	100,833	101,828	921	68,609	69,530
Transfer of functions to FSS (Note 2)	(168)	(10,844)	(11,012)	–	–	–
Total service and interest costs	29	7,278	7,307	38	6,866	6,904
Employer contributions	(31)	(2,144)	(2,175)	(81)	(2,473)	(2,554)
Deficit payment		(1,946)	(1,946)	–	(1,862)	(1,862)
Actuarial (gain)/loss	(10)	(15,791)	(15,801)	117	29,693	29,810
Net pension liability at 31 March	815	77,386	78,201	995	100,833	101,828

Early departure and other provisions

	2015/16 £000			2014/15 £000		
	Early departure	Legal claims	Dilapidations	Early departure	Legal claims	Dilapidations
Balance at 1 April	3,560	1,078	3,205	4,192	350	2,999
Transfer of functions to FSS (Note 2)	(40)	–	–	–	–	–
Westminster transfer by absorption (Note 2)	(257)	–	–	–	–	–
Provided in the year	219	628	18	287	881	449
Provisions not required written back	(89)	(401)	(1,305)	(49)	(66)	(56)
Provisions utilised in the year	(528)	(1,238)	–	(945)	(87)	(89)
Borrowing costs (unwinding of discount)	43	–	(28)	75	–	(98)
Balance at 31 March	2,908	67	1,890	3,560	1,078	3,205

Analysis of expected timing of discounted flows (excluding LGPS and Board pension provisions)

	2015/16 £000			Total
	Early departure	Legal claims	Dilapidations	
within one year	614	67	–	681
Total current provisions liability	614	67	–	681
between one and five years	1,164	–	1,761	2,925
between five and ten years	526	–	129	655
thereafter	604	–	–	604
Total non-current provisions liability	2,294	–	1,890	4,184
Provisions balance at 31 March 2015	2,908	67	1,890	4,865

The aforementioned respective provisions for early departure, pension, dilapidations, personal injury and legal claims have all been reviewed for the overall purpose of meeting reporting requirements outlined within IAS37 Provisions, Contingent Liabilities and Contingent Assets.

As a result it was confirmed that, under the existing accounting policy for Provisions, the appropriate recognition criteria and measurement bases are already being applied and that sufficient information has been disclosed.

13.1 Early departure costs

Early departure cost refers to liabilities to staff for early retirement. The FSA meets the additional costs of benefits beyond the normal PCSPS and LGPS benefits in respect of employees who retire early by paying the required amounts annually to the pension fund over the period between early departure and normal retirement date. The FSA provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments discounted by the HM Treasury discount rate of 1.37% (2014/15 1.3%) in real terms.

13.2 Other

Legal Claims

A provision has been created to cover legal issues affecting the FSA. The different elements to this are described below.

The FSA holds a provision for personal injury claims to cover the estimated amounts required to settle the claims and costs for which the FSA has admitted liability. Claims against the FSA where liability has been denied are not included. There is also a provision for a potential claim from HMRC in respect of underpaid VAT from prior years.

Dilapidations

A provision has been created in respect of estimated dilapidation costs for Aviation House in London. The provision has been created based on independent survey carried out by a third party and is discounted by the HM Treasury rate of (1.55)%.

13.3 FSA Board Pension Provision

The FSA board pension provision relates to the by-analogy pension scheme with the Principal Civil Service Pension Scheme (PCSPS) that applies to current and former FSA board members' pension arrangements. The pension arrangements are unfunded with benefits being paid as they fall due and are guaranteed by the FSA. There is no fund and therefore no surplus or deficit. The payments are inflation-linked and are expected to be made over the remaining lifetimes of the current scheme members. The methodology and results of the assessment were undertaken by the Government Actuary's Department (GAD) and is in accordance with IAS19 and the FReM governing UK Accounting for Departments/NDPBs.

The capitalised value of the pension benefits payable by the FSA's Pension Schemes as at 31 March 2016 is £815,000 (2014/15 £995,000).

Changes to the actuarial assumptions accounts for a reduction in the liabilities of £24,000. This is a result of a £7,000 decrease from changes to the financial assumptions and a £17,000 decrease due to changes in the demographic assumptions (i.e. the change in future mortality improvements).

It is likely that the current scheme liabilities will gradually decrease over time, as the expected pension payments are made to the scheme members.

In the short-term changes in the scheme liability may be primarily driven by the assumptions used for future assessments (particularly the financial assumptions prescribed by HM Treasury).

Financial assumptions

Liabilities are valued on an actuarial basis using the Projected Unit Method. The main actuarial assumptions are as follows:

	31/03/16	31/03/15
Discount rate	3.60%	3.55%
Rate of increase in salaries	4.20%	4.20%
Rate of increase in pensions in payment	2.20%	2.20%
CPI inflation assumption	2.20%	2.20%

Mortality

Life expectancy is based on the actuarial PA92-10 tables. Based on these assumptions, the average life expectancies at age 65 are summarised below.

	31/03/16		31/03/15	
	Males	Females	Males	Females
Current Pensioners	23.9 years	25.7 years	24.2 years	26.4 years
Future Pensioners	26.5 years	28.3 years	26.9 years	29.0 years

Present value of scheme liabilities

	Value at 31/03/16 £'000	Value at 31/03/15 £'000	Value at 31/03/14 £'000	Value at 31/03/13 £'000	Value at 31/03/12 £'000
Liability in respect of					
Active members	–	–	–	(52)	(42)
Deferred pensioners	(197)	(199)	(228)	(196)	(231)
Current pensioners	(618)	(796)	(693)	(617)	(421)
	(815)	(995)	(921)	(865)	(694)

Analysis of movement in scheme liability

	2015/16 £'000	2014/15 £'000
Scheme liability at 1 April	(995)	(921)
Movement in the year:		
Current service cost (net of employee contributions)	–	–
Interest cost	(29)	(38)
Actuarial (Loss)/Gain	10	(117)
Benefits paid	31	81
Net settlement in relation to FSS	168	–
Net pension liability at 31 March	(815)	(995)

Analysis of amount charged to operating profit

	2015/16 £'000	2014/15 £'000
Current service cost (net of employee contributions)	–	–
Interest cost	(29)	(38)
	(29)	(38)

Analysis of amounts to be recognised in Statement of Changes in Taxpayers' Equity

	2015/16 £'000	2014/15 £'000
Experience (losses)/gains arising on the scheme liabilities	(14)	(50)
Changes in financial assumptions underlying the present value of scheme liabilities	24	(67)
Net total actuarial (loss)/gain recognised in the statement of changes in taxpayers' equity	10	(117)

History of experience gains and losses

	2015/16	2014/15	2013/14	2012/13
Experience (losses)/gains on scheme liabilities:				
Amount (£000)	(14)	(50)	8	(119)
Percentage of scheme liabilities	-1.7%	5.0%	0.9%	-13.8%

13.4 Provision for pension liability

13.4.1 The impact of the Machinery of Government change regarding Food Standards Scotland can be seen in Note 2. The Local Government Pension Scheme is a defined benefit scheme which is administered by London Pensions Fund Authority and governed by the Local Government Pension Scheme Regulations 1995. For the year ended 31 March 2016, contributions of £2.1m (2014/15 £2.5m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2016, this rate was 16.7% (2014/15 16.7%) of pensionable remuneration.

On the basis of the full actuarial valuation the FSA Fund deficit at March 2013 was £20.8m (March 2010 £23.1m). The Agency agreed to increase the funding to the scheme, payable for 12 years. For 2015/16 £1.9m was paid and for 2016/17 £1.8m will be paid.

The next full actuarial review of the scheme will show the position at 31 March 2016. This triennial valuation process will be carried out in the summer of 2016 and will determine the FSA's employer contribution rate for a three year period starting 1 April 2017, including the deficit payment.

An updated valuation, under IAS19 criteria, resulted in a calculated deficit of £77.4m as at 31 March 2016 compared with a calculated deficit of £100.8m as at 31 March 2015.

The projected unit method of valuation has been used to calculate the service cost under IAS19.

The actuary has estimated the employer's contributions for 2016/17 to be £1.8m.

Financial Assumptions

The major financial assumptions used by the actuary when providing the assessment of the accrued liabilities as at the following dates for the Resource Accounting assessments were:

	31/03/16	31/03/15
Inflation/ Pension increase rate (RPI)	3.3%	3.2%
Inflation/ Pension increase rate (CPI)	2.4%	2.4%
Salary Increases	4.2%	4.2%
Pension Increases	2.4%	2.4%
Discount Rate	3.7%	3.3%

Mortality

The post retirement mortality is based on the Club Vita mortality analysis. Based on these assumptions, the average life expectancies at age 65 are summarised below.

	31/03/16		31/03/15	
	Males	Females	Males	Females
Retiring today	22.1	24.9	22.1	24.8
Retiring in 20 years	24.5	27.2	24.4	27.1

Movement in liabilities

	2015/16 £'000	2014/15 £'000
Opening Defined Benefit Obligation	244,513	204,436
Current service cost	3,912	3,671
Interest cost	7,080	9,080
Change in financial assumptions	(15,786)	32,709
Change in demographic assumptions	–	0
Experience loss/(gain) on defined benefit obligation	(5,189)	(4)
Liabilities assumed/(extinguished) on settlements	(27,825)	0
Estimated benefits paid net of transfers in	(5,353)	(6,150)
Past service costs, including curtailments	242	0
Contributions by Scheme participants	806	931
Unfunded pension payments	(138)	(160)
Closing Defined Benefit Obligation	202,262	244,513

Movement in assets

	2015/16	2014/15
	£'000	£'000
Opening Fair Value of Employer's Assets	143,680	135,827
Interest on assets	4,172	6,089
Return on assets less interest	(5,184)	3,012
Other actuarial gains/(losses)	–	–
Administration expenses	(216)	(204)
Contributions by Employer including unfunded	4,090	4,335
Contributions by Scheme participants	806	931
Estimated benefits paid plus unfunded net of transfers in	(5,491)	(6,310)
Settlement prices received/(paid)	(16,981)	–
Closing Fair Value of Employer Assets	124,876	143,680

The assets in the scheme and the expected rate of return were:

	Value at	%	Value at	%
	31/03/16	at 31/03/16	31/03/15	at 31/03/15
	£000		£000	
Equities	58,010	46%	62,337	43%
LDI/Cashflow matching	12,659	10%	10,785	8%
Target return portfolio	26,563	21%	41,536	29%
Infrastructure	6,841	5%	7,118	5%
Commodities	558	1%	1,337	1%
Property	4,456	4%	4,071	3%
Cash	15,789	13%	16,496	11%
Market value of assets	124,876	100%	143,680	100%
Present value of scheme liabilities	(202,262)		(244,513)	
Net pension liability	(77,386)		(100,833)	

13.4.2 Movement in deficit during the year

	2015/16	2014/15
	£000	£000
Scheme liability at 1 April	(100,833)	(68,609)
Service cost	(3,912)	(3,671)
Administration expenses	(216)	(204)
Employer contributions	2,144	2,473
Payment of deficit	1,946	1,862
Past service cost	(242)	–
Other finance net interest charged (note 13.4.3)	(2,908)	(2,991)
Actuarial (loss)/gain (note 13.4.4)	15,791	(29,693)
Net settlement in relation to FSS	10,844	–
Net pension liability	(77,386)	(100,833)

13.4.3 Analysis of the amount charged to operating deficit

	2015/16 £000	2014/15 £000
Service cost	3,912	3,671
Administration expenses	216	204
Past service cost	242	–
	4,370	3,875
Employer contributions to be set off	(2,144)	(2,473)
Amount (credited)/charged to operating cost	2,226	1,402

	2015/16 £000	2014/15 £000
Analysis of the net amount charged to operating cost		
Net interest on the defined liability/(asset)	2,908	2,991

13.4.4 Analysis of amount recognised in Statement of Changes in Taxpayers' Equity

	2015/16 £000	2014/15 £000
Actual return less expected return on pension scheme assets	(5,184)	3,012
Experience gains and losses arising on the scheme liabilities	5,189	4
Changes in financial assumptions underlying the present value of scheme liabilities	15,786	(32,709)
Actuarial gain/(loss) recognised in the Statement of Changes in Taxpayers' Equity	15,791	(29,693)

13.4.5 Sensitivity Analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of Total Obligation	198,478	202,262	206,121
Projected Service Cost	3,247	3,322	3,398
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of Total Obligation	202,752	202,262	201,774
Projected Service Cost	3,324	3,322	3,320
Adjustment to pension increases and deferred valuation	+0.1%	0.0%	-0.1%
Present value of Total Obligation	205,676	202,262	198,917
Projected Service Cost	3,398	3,322	3,248
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of Total Obligation	208,414	202,262	196,296
Projected Service Cost	3,407	3,322	3,239

14 Contingent liabilities

The Department has the following contingent liabilities:

There are a number of claims being made by employees and others for injuries sustained in the workplace totalling £310k. No provision has been made for these cases, however, a provision of £34k has been made for personal injury claims where liability has been admitted.

The FSA has a contingent liability of £160k due to a dispute on employee holiday pay.

The FSA has contingent liabilities of £4.4m made up of various potential legal claims including FBO charges and disputed supplier payments.

The total contingent liabilities are £5.165m (2014/15 £4.38m)

15 Related-Party Transactions

None of the Board Members, key managerial staff or related parties have undertaken any material transactions with the FSA during the year.

The FSA had a number of significant transactions with other Government Departments and other central Government bodies including Public Health England, Defra, CEFAS, Cabinet Office and its public bodies and agencies, Department of Health, APHA, LPFA, MRC and Ofsted.

Details of remuneration provided to Senior Civil Servants and Board Members can be seen in the Remuneration Report on page 65.

16 Entities within the Departmental Boundary

The FSA has no other entities within the Departmental Boundary.

17 Events after the reporting period

In accordance with the requirements of IAS10 'Events after the Reporting Period', post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

There are no reported events after the reporting period.

18 Early adoption of IFRSs, amendments and interpretations

The FSA have not adopted any IFRSs, amendments or interpretations early.

19 IFRSs, amendments and interpretations in issue but not yet effective, or adopted

The IASB have issued amended standards IFRS 9 concerning Financial Instruments and IFRS 15 concerning Revenue from Contracts with Customers. These standards are expected to be adopted by FReM in 2016/17. Neither of these standards are likely to be applicable or are anticipated to have future material impact on the financial statements of the FSA.

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH PARAGRAPH 4(2) OF SCHEDULE 4 TO THE FOOD STANDARDS ACT 1999

1. This Accounts Direction applies to the consolidated accounts of the Food Standards Agency prepared in accordance with Schedule 4, section 1 of the Food Standards Act 1999 (“the Act”). These consolidated accounts report spending approved by the House of Commons under section 39 of the Act; the sums paid by the Welsh Assembly Government under section 39(3)(a) of the Act; the sums paid out of the Scottish Consolidated Fund under section 39(3)(b) of the Act; and the sums appropriated by an Act of the Northern Ireland Assembly under section 39(3)(c) of the Act.
2. The Foods Standards Agency shall prepare consolidated accounts (excluding the Statement of Parliamentary Supply and supporting notes) for the year ended 31 March 2013 and all subsequent years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury (“the FReM”), which is in force for that year.
3. The consolidated accounts shall be prepared so as to:
 - (a) give a true and fair view at 31 March of its income and expenditure and its overall state of affairs for that financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by, or material transactions that have not conformed to, the authorities which govern them.
4. Compliance with the requirements of the FReM as far as is consistent with the preparation of Consolidated Accounts will be necessary for the accounts to give a true and fair view. If compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. This Accounts Direction supersedes the Accounts Direction issued by HM Treasury on 14 November 2007.

Karen Sanderson
Deputy Director, Government Financial Reporting
HM Treasury
21 February 2013

