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# **Food Standards Agency Westminster**

## **Annual Report and Accounts 2014/15**

**(For the year ended 31 March 2015)**

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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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This is part of a series of departmental publications which, along with the Main Estimates 2014/15 and the document Public Expenditure: Statistical Analyses 2015 present the Government's outturn for 2014/15 and planned expenditure for 2015/16.



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## Annual Report

### Strategic Report

#### Chief Executive's statement



It's been another successful year for the Food Standards Agency (FSA).

I'm particularly pleased with the progress we've made on campylobacter, which is the most common cause of food poisoning in the UK and is our number one priority.

We've worked collaboratively with industry to encourage producers and retailers to make interventions that will reduce levels of campylobacter. To maintain public interest and, therefore, industry and retailer focus, we published the results of a survey of campylobacter levels on fresh chickens sold by major retailers. This prompted additional industry

responses with, for example, Marks & Spencer implementing a five-point plan that has resulted in a significant reduction in highly contaminated birds on sale in its stores.

During Food Safety Week in June 2014, for which we are the lead partner, our messages on how to avoid campylobacter poisoning reached more than 32 million people through the TV and press and 32.6 million on twitter. Our short films on campylobacter were viewed more than 50,000 times. An evaluation of this work indicated that almost two-thirds of the population reported awareness of our 'don't wash raw chicken' message.

I'm also pleased with our achievements on allergy and intolerance. During much of the year we focused on the implementation of new allergen information rules that came into force on 13 December 2014 following the introduction of an EU Food Information for Consumers Regulation.

We issued technical guidance, developed resources for enforcement officers and provided advice for businesses and consumers on how they would be affected by the new labelling requirements. Our approach was strengthened through partnership work with more than 45 organisations, including other government departments, consumer organisations and food businesses.

There were also more than 86,000 visits to our allergy e-learning website, which contains information on the new laws.

The Food Hygiene Ratings Scheme, which provides consumers with visual displays of the hygiene ratings of restaurants, takeaways and food shops, continued to drive up standards. Business compliance has risen, particularly in Wales where mandatory display of ratings has been introduced. This is all good news in terms of consumer information and reducing public health risk.

In response to Professor Chris Elliot's review of the integrity and assurance of the food supply network, we established a Food Crime Unit towards the end of 2014, building on the Agency's existing capabilities. Amongst our successes this year was a prosecution in Bradford involving the illegal halal meat trade across the north of England. The investigation, which the FSA provided intelligence analysis to support, also led to the discovery by police of Class A drugs and illegal immigrants.

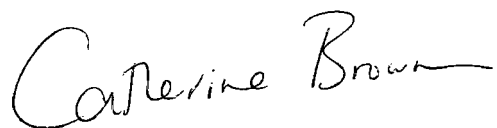
We continue to conduct checks on food hygiene and animal welfare in all abattoirs and as part of our work with industry to reduce campylobacter our meat hygiene inspectors have been involved in spreading best practice in poultry plants.

While these are only a few examples of what the FSA has achieved during the past year, the drive and determination of our people have enabled us to make progress on a wide range of areas at the same time as helping us realise efficiency savings. During the period covered by this report, the FSA delivered its function across the UK at a net cost of £112.4m.

Looking to the future, we spent considerable time this year in finalising the FSA Strategy for 2015-20 and our new Strategic Plan. These will enable us to develop approaches that will make us even more effective and efficient in our core purpose of protecting consumers' interests in relation to food. Our focus will be on ensuring that consumers have access to "food we can trust", that is safe and what it says it is.

In developing our new Strategy, we have involved consumer groups, the academic and science community, the food industry and trade bodies, non-governmental organisations, central and local government and the FSA leadership and colleagues. Everyone we spoke to emphasised the importance of us continuing to put consumers first, and provide a robust, independent, evidence based voice for consumers in the food chain.

During the past year, FSA people, our colleagues in local authorities, and many others with whom we work have continued to demonstrate great commitment to our work and to defending consumers' interests in relation to food. I would, therefore, like to thank all of my colleagues and all of those with whom we work for their efforts. We look forward to working with you over the coming year to continue to deliver benefits for consumers.



*Catherine Brown*  
Chief Executive and Accounting Officer

3 June 2015

## Our activities and performance during 2014/15

In this section of the report, we report on our key priorities for 2014/15.

<b>1. Influencing and empowering consumers and purchasers of food to make better choices</b>	
<b>Overall objective</b>	
Consumers expect to be informed about the food they eat, so that they can make healthy and safe choices. We want to take a more active approach to this challenge, so that we are influencing and empowering, not just providing information. This approach applies to all purchasers of food, including schools and other public bodies.	
<b>Objectives for 2014/15</b>	<b>Assessment of delivery in 2014/15</b>
<p>To continue to promote access to Food Hygiene Ratings Scheme (FHRS) information in England, Wales and Northern Ireland and Food Hygiene Information Scheme (FHIS) information in Scotland; supporting the roll-out of mandation in Wales and Northern Ireland (NI).</p> <p>To deliver the requirements of the Food Information Regulation, so that consumers have improved information on allergies in food, whether eating at home or eating out.</p>	<p>By the end of 2014/15, the Food Hygiene Rating Scheme for England, Wales and Northern Ireland was operating in all but one local authority Rutland, display of ratings at premises in Wales had been mandatory for over a year, and draft Food Hygiene Rating Bill for mandatory display was being considered by the Northern Ireland Assembly.</p> <p>The FSA website contains information on over 440,000 food businesses.</p> <p>In February 2015, we presented a report to the National Assembly for Wales on the first year of operation of the statutory scheme and the changes in the ratings profile over that period.<sup>1</sup></p> <p>We commissioned a major independent evaluation of the impact of FHRS and FHIS, which reported in 2014/15.</p> <p>The results of that evaluation were included in a full update for the FSA Board, which the Board considered at its meeting in March 2015.<sup>2</sup></p> <p>Implementation of the EU Food Information for Consumers Regulation meant that changes to food labelling applied from December 2014. They help provide allergen information in a clearer and more consistent way. For example, any of the 14 allergens that are on the regulatory list are emphasised on the label of a pre-packaged food if they are used as ingredients.</p>

1 <http://www.assembly.wales/laid%20documents/gen-ld10113%20-a%20report%20for%20the%20national%20assembly%20for%20wales%20review%20of%20the%20implementation%20and%20operation%20of%20the%20statutory%20food/gen-ld10113-e.pdf>

2 <http://www.food.gov.uk/sites/default/files/fsa150306.pdf>

<b>1. Influencing and empowering consumers and purchasers of food to make better choices</b>	
<p>To support delivery of improved nutrition in Scotland and Northern Ireland.</p>	<p>We worked with all our stakeholders to develop industry-led guidance to support businesses with regard to their responsibilities on provision of allergen information for foods sold prepacked and non-prepacked.</p> <p>We also produced a toolkit for local authorities to support them in promoting locally the new allergen provisions. The toolkit outlined ideas and suggestions to help local authority communications, food safety and environmental health departments to deliver outcomes together.<sup>3</sup></p> <p>As a result, the 2 million people in the UK who live with food allergies are now able to buy food and eat out with more confidence.</p> <p>In February 2015, the FSA in NI published results from the National Diet and Nutrition Survey (NDNS). For the first time, it contained figures specifically related to Northern Ireland.</p> <p>The Survey, which was co-funded by the FSA in NI, the Department of Health, Social Services and Public Safety (DHSSPS) and safefood showed the Northern Ireland population was consuming too much saturated fat, added sugars and salt – and not enough fruit, vegetables and fibre.<sup>4</sup></p> <p>FSA in Scotland funded a boost of the NDNS from years 2008-2012 to provide representative data for Scotland. The results for Scotland were released in September 2014.<sup>5</sup></p>

3 <https://www.food.gov.uk/science/allergy-intolerance>

4 <https://www.food.gov.uk/northern-ireland/news-updates/news/2015/13562/ni-ndns-results-published>

5 <https://www.food.gov.uk/scotland/researchscot/scotlandresearch/scotlandprojectlist/n10036>

<b>2. Reducing foodborne disease: campylobacter reduction</b>	
<p>Our vision for the period 2010-2015 was ‘Safer food for the nation’. Our key strategic food safety priority in 2014/15 was the reduction of the foodborne disease campylobacter – the most common cause of food poisoning in the UK. Campylobacter is a bacterium that is often present on raw poultry. Raw and improperly-cooked chicken is the main source of campylobacter.</p> <p><b>Overall objective</b></p> <p>Our ambition is to achieve the 2015 target to reduce levels of campylobacter post-slaughter, and beyond that to deliver a future where campylobacter in poultry is no longer a threat to human health in the UK. We will do this by:</p> <ul style="list-style-type: none"> <li>● bringing together the food industry – farmers, producers, retailers and caterers – to act on the level of campylobacter in the poultry it sells</li> <li>● addressing legislative barriers</li> <li>● campaigning on behalf of consumers to hold industry to account and ensure it takes concrete action at all stages of production and retail that results in a reduction in the public health risk</li> <li>● helping consumers understand the risks and their responsibility to prepare and cook poultry safely</li> </ul>	
<b>Objectives for 2014/15</b>	<b>Assessment of delivery in 2014/15</b>
<p>To get all major retailers and producers to commit publicly to a campaign pledge, and have delivered a series of events and interventions, supported by other parts of government, that capitalise on this support, building sustained and effective pressure for action by industry and recognition for those parts of industry that make material investments.</p> <p>To be recognised by Government, industry and other stakeholders as having run an effective campaign.</p> <p>To drive and co-ordinate the above through an effective and appropriately-resourced programme board and governance structure.</p>	<ul style="list-style-type: none"> <li>● We worked well with other parts of government to achieve our objectives.</li> <li>● We used our Food Safety Week public campaign to achieve significant public impact (see the section in this report on Publicity and advertising, page 34).</li> <li>● We put in place sound governance by coordinating all our work in this area within a single programme, overseen by a programme board.</li> <li>● We encouraged industry to test and adopt large scale, end of slaughter line physical interventions (e.g. Rapid Surface Chilling, Sonosteam etc.)</li> <li>● We published the cumulative results for the first nine months sampling in the retail survey, including results by major retailers, at the end of February 2015. 19% of fresh whole chickens tested had Campylobacter over 1000 cfu/g, the highest level of contamination, and more than 70% of fresh whole chickens tested positive for the presence of Campylobacter at some level. Once again we secured strong media coverage for the campaign, and industry and retailers remain focused on addressing this issue, encouraged by continuing public interest.</li> </ul>



<b>2. Reducing foodborne disease: campylobacter reduction</b>	
	<ul style="list-style-type: none"> <li>● The first major retailer (Marks &amp; Spencer) responded to our request to share with us and the public the results of their efforts on reducing Campylobacter. The preliminary results indicated a significant reduction in the number of the most highly contaminated birds, to below the 10% industry target.</li> <li>● The Acting on Campylobacter Together (ACT) Board, which replaced the previous industry/regulator Campylobacter Joint Working Group, met for the first time in February 2015 under the chairmanship of Richard MacDonald with a good level of senior representation from most major retailers and processors.</li> </ul>

<b>3. Productive relationships with others</b>	
<b>Overall objective</b>	
<p>We will only be successful if we build productive relationships with other partners. Our need to improve in this area was a finding from the 2012 capability review. We’ve made good progress since then, but we need to continue our work.</p>	
<b>(i): Preparing for the establishment of Food Standards Scotland</b>	
<b>Objectives for 2014/15</b>	<b>Assessment of delivery in 2014/15</b>
<p>To create the structures, processes and culture within the FSA to support cohesive working arrangements with Food Standards Scotland (FSS) for the benefit of UK consumers.</p> <p>To establish a clear framework for working with FSS and to facilitate a smooth transition, ensuring that working arrangements support the provision of a unified evidence base, European voice and response capability across England, Wales, Northern Ireland, and Scotland, taking account of local political and operational delivery differences.</p>	<p>We agreed formal working arrangements with FSS, including a schedule of meetings and a signed Memorandum of Understanding with protocols on incident handling, data sharing, science, evidence and analysis, and an EU and international protocol.</p> <p>The FSA delivered on its requirements to enable the launch of FSS on vesting day and Scottish FSA staff have transitioned to FSS. The functions and staff relating to meat inspection within the Scottish boundary also transferred to FSS from Food Standards Agency Westminster.</p> <p>The Chair and Chief Executive regularly engaged with Ministers and key Government officials in Northern Ireland and Wales.</p> <p>Devolved perspectives were taken into account in key strategic work programmes, including: effective policy making; regulatory strategy; incident response; information management; and the human resources strategy.</p>

### 3. Productive relationships with others

#### (ii): Local authority delivery of official controls

##### **Overall objective**

To ensure official controls for food and feed safety and authenticity are carried out appropriately across the UK, in accordance with the FSA Strategy and EU and UK law. Controls must be demonstrably effective and provide value for money.

To develop a revised approach to increase transparency and accessibility to the FSA's reporting of local authority audit findings.

##### **Objectives for 2014/15**

To support local authorities to deliver effective official controls that provide appropriate safeguards for consumers and protect the reputation of the UK food and feed industry.

##### **Assessment of delivery in 2014/15**

Provided update to the Board in November 2014 and decided to initiate a collaborative piece of work to develop and consider new approaches to delivery of official controls by local authorities as part of a new Regulatory Strategy.

In January 2015, the Board approved a new Regulatory Strategy for the FSA, which recognises the challenging landscape for local authorities and the current delivery models.

Reported on local authority food law enforcement activity within food businesses in the UK and on the checks carried out by port health authorities on food imports from countries outside the EU in 2013/14, based on the Local Authority Enforcement Monitoring System (LAEMS).

### 4. Prevention and management of food incidents: post horse meat intelligence hub and incident response

##### **Overall objective**

We deal with more than 1,000 food incidents each year. Many are small scale and have no impact on consumers. In other cases we are faced with major challenges and potential risks to public health. We need to continue to be vigilant in this area and ensure that we learn from experience, most recently the horse meat incident. We will develop improved approaches to gathering and sharing intelligence on food fraud.

Our objective is to protect consumers and maintain consumer confidence in the food chain. We will do this by:

- establishing an effective, fully resourced Food Crime Unit (FCU) that has support and credibility across Government, industry and stakeholders
- continuing to test, review and develop the existing FSA resilience arrangements
- ensuring effective import controls, supporting businesses exporting to the EU and third countries (non-EU countries), developing effective surveillance and monitoring systems to identify risks and issues in respect of food standards and authenticity for imported and home produced food.

<b>4. Prevention and management of food incidents: post horse meat intelligence hub and incident response</b>	
<b><i>Objectives for 2014/15</i></b>	<b><i>Assessment of delivery in 2014/15</i></b>
<p>To develop and increase our investigations, intelligence and resilience capacities in line with recommendations from the Elliot and Troop reviews.</p> <p>To establish an FCU by the end of 2014, in line with the commitment made in the Government’s response to Elliott. We will focus initially on building the intelligence and evidence picture of the risks and the nature of food fraud and food crime in the UK, and on establishing links to access and exchange intelligence and priorities with a range of Government and EU enforcement partners. Gain industry buy-in through the establishment of a safe haven to deliver intelligence to the FCU.</p> <p>To put in place robust governance for oversight of FSA resilience policy by setting up an Emergency Preparedness, Resilience and Response Board.</p> <p>To continue to develop and refine the FSA Major Incident Management plan (IMP) with key partners, which ensures the FSA’s resilience and ability to respond to business as usual, significant or major incidents.</p> <p>To develop and implement a new surveillance and sampling strategy at national, regional and local level (including imports and local authority sampling) agreeing the strategy by 1 April 2015.</p> <p>Maintenance and development of proportionate import controls.</p>	<p>We ensured that the FCU was operational in line with the Government’s commitment. Following recruitment and restructuring, the majority of staff were in post and working. We identified the unit’s priority areas for further investigation. We began mapping and analysing the paths by which intelligence and information is received into the FCU.</p> <p>FCU oversight group was established following the first meeting of the Ministerial Food Integrity and Food Crime Group, with the FSA providing the secretariat.</p> <p>We established an Emergency Preparedness, Resilience and Response Board, which has provided robust governance and reviewed our plan for 2015/16.</p>

<b>5. Supporting growth through better, smarter regulation</b>	
<b>Overall objective</b>	
Continue the removal of unnecessary burdens to help good-performing businesses to grow, while supporting local authorities to concentrate resource on higher risk areas of the food chain.	
<b>Objectives for 2014/15</b>	<b>Assessment of delivery in 2014/15</b>
To develop a regulatory strategy. To implement a new model for animal feed.	<p>We developed a new Regulatory Strategy for the FSA for 2015-20, which the Board approved in January 2015. The regulatory strategy will inform our approach to our regulatory functions and the way that we work with businesses to deliver benefits to consumers. A key objective of the strategy is to align incentives for businesses and make greater use of a wider suite of regulatory tools, in order to achieve benefits for consumers.</p> <p>We started collaborative work with the Sentencing Council, which is currently consulting on draft guidelines on food safety and hygiene offences for England and Wales, with a view to developing sanctions that act as a deterrent and are proportionate.</p> <p>Following a comprehensive review, the FSA took a number of measures to improve local authority delivery of Animal Feed Official Controls. We commissioned the National Trading Standards Board to co-ordinate official feed controls on a regional basis in England and to manage the government funding for this work, as well as to undertake a series of regional and national projects with the aim of continuous improvement of delivery.</p>

<b>6. Improving capacity and capability – a future model of the FSA</b>
We will continue to invest time in developing our people and our processes so that we can deliver our plan as effectively and efficiently as possible. We will also be developing our strategy for 2015-20.
<b>(i) Our People</b>
<b>Overall objective</b>
To be a high performing organisation with highly effective and capable employees. To recruit and retain quality people who are motivated and passionate about the Agency and what it stands for, which we will do through developing our culture, growing our capability and developing our process and structure.

<b>6. Improving capacity and capability – a future model of the FSA</b>	
<b><i>Objectives for 2014/15</i></b>	<b><i>Assessment of delivery in 2014/15</i></b>
<p>To work on our staff engagement levels, increasing staff flexibility and skill levels, investing in our management community, increasing staff involvement, and ensuring we identify and develop the skills we require for the future.</p>	<p>In the 2014 Civil Service People Survey, we increased our staff engagement index by 3% from the previous year to 53%.</p> <p>We developed a corporate action plan in response to the results of the 2014 Civil Service People Survey, supported by divisional plans with special focus where there was a low score.</p> <p>We reinvigorated and embedded learning and development and performance management process.</p> <p>We developed divisional Learning &amp; Development plans and embedded the principle of staff attending 5 L&amp;D activities per year.</p> <p>We developed a visible recognition initiative.</p> <p>We developed a 5-year diversity plan.</p> <p>We started a new programme on ‘the way we work’ to realise a vision of a vibrant, learning organisation that attracts and retains the best staff, each of whom are engaged, motivated to deliver, collaborative and well led.</p>
<b>(ii) Our Strategy for 2015-20</b>	
<b><i>Objectives for 2014/15</i></b>	<b><i>Assessment of delivery in 2014/15</i></b>
<p>To develop the FSA Strategy for 2015-20.</p> <p>To develop a strategic plan for 2015-20 to implement the new strategy.</p>	<p>Following extensive engagement with stakeholders, we developed a new strategy for the FSA for 2015-20, which the Board agreed in November 2014. The strategy focuses on why we exist – our purpose and mission, and our big objectives – and how that relates to the changing environment in which we operate. In developing the strategy we reviewed a large amount of evidence and engaged with consumers, colleagues within the FSA, and a very wide range of stakeholders (academic and scientific, consumer organisations, industry representatives, local authorities, and other government departments and NGOs), to identify the key themes that the FSA would use to inform its planning for the period 2015-2020.</p>

<b>6. Improving capacity and capability – a future model of the FSA</b>	
	<p>Following the Board agreeing the FSA's strategy for 2015-20, we developed a strategic plan, which identifies the major themes that will inform how we will set about building the organisation and its capabilities to achieve the purpose and objectives that are set out in the strategy.</p> <p>Effective use of science, evidence and information underpins all of FSA's strategic aims, as articulated in the FSA Strategy 2015-20. In March 2015, the Board agreed a framework for the FSA's Science, Evidence and Information Strategy for 2015-20.</p>

## Principal risks and uncertainties

This information is reported as part of the FSA Governance Statement 2014/15 on page 48.

## Composition of the Board and Executive Management Team

Number of persons of each sex who were directors (as of 31 March 2015):

	Male	Female
Executive members	7	4
Board members	7	3

Number of SCS staff by pay band

Pay band	Westminster	Scotland	Wales	Northern Ireland	Total
SCS1	11	0	1	1	<b>13</b>
SCS2	4	1	0	0	<b>5</b>
SCS3	1	0	0	0	<b>1</b>

## Formal enforcement action

In accordance with the requirements of the Food Standards Act 1999, we report each year on enforcement action taken. Figures reported below are consolidated figures for England, Scotland and Wales.

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 2014/15

Formal action	Number of notices 1 April 2013 to 31 March 2014	Number of notices 1 April 2014 to 31 March 2015
<b>Hygiene Emergency Prohibition Notice</b> , 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 <b>Hygiene Emergency Prohibition Order</b> which would result in an immediate cessation of business	Nil	Nil
<b>Hygiene Improvement Notice</b> served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	268	<b>147</b>
<b>Remedial Action Notice</b> served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	204	<b>120</b>

Informal action	Number of warnings notices 1 April 2013 to 31 March 2014	Number of warnings 1 April 2014 to 31 March 2015
Written warning	3352	<b>2468</b>

The reduction in the number of notices issued from 2013-14 to 2014-15 is a reflection of a steady improvement in compliance and fewer cause for concern Food Business Operators (FBOs).



## 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 2014/15, the FSA Investigations Branch accepted 82 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 2014/15 have yet to be concluded.

During the course of 2014/15, fifteen cases investigated by the FSA were concluded at court with twelve convictions secured.

## Complaints to the Parliamentary Ombudsman

Complaints to the Parliamentary and Health Service Ombudsman from members of the public must be made via an MP. During 2014, the FSA was contacted by the Ombudsman's office following receipt of two complaints about the FSA. The Ombudsman investigated the FSA's actions in relation to one of these cases. The Ombudsman found in the FSA's favour, although minor administrative failings were acknowledged by 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. 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 website<sup>6</sup>.

The FSA received nine formal complaints from members of the public and food businesses during 2014/15. Of these complaints, two have been referred to stage two, which is reviewed by the FSA Chief Executive. Of all the complaints received, four were dismissed, two were upheld, one was partially upheld and two are pending.

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<sup>6</sup> <http://www.food.gov.uk/about-us/data-and-policies/fsacomplaintsprocedure>.

## Comparison of Outturn against Estimate

### Resource Spend in 2014/15

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

	<b>Estimate £m</b>	<b>2014/15 Net Resource Outturn £m</b>
Total Westminster Funded FSA	102.4	91.6

The comparative figures for 2013/14 are shown below:

	<b>Estimate £m</b>	<b>2013/14 Net Operating Cost £m</b>
Total Westminster Funded FSA	104.5	93.2

The net cost of the FSA was £91.6m against available funding of £102.4m to 31 March 2015.

Total net expenditure was 10.5% lower than Estimate by £10.8m. The Westminster Funded FSA saving of £10.8m is due largely to a £7.0m saving on Annually Managed Expenditure (AME), mainly through built-in capacity for pension provision volatility. There was also a £3m voted non budget provision built in for possible prior year adjustments which did not materialise and a £0.5m underspend of programme expenditure.

## Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£000 2013/14	£000 2014/15
<b>Net Resource Outturn (Estimates)</b>	<b>93,181</b>	<b>91,552</b>
<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	–	–
<b>Net Operating Cost (Accounts)</b>	<b>93,181</b>	<b>91,552</b>
<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	–	–
<b>Resource Budget Outturn (Budget)</b>	<b>93,181</b>	<b>91,552</b>
<i>of which</i>		
Departmental Expenditure Limits (DEL)	89,753	88,563
Annually Managed Expenditure (AME)	3,428	2,989

## Sustainability reports<sup>7</sup>

During 2014/15, we again reduced the floor space we occupy in Aviation House, which, in turn, cut our energy consumption. Including more people in a smaller space has, because of the refurbishment required, increased our waste production and we did not meet our baselines target of 26. We plan to return to waste reduction target levels in 2015/16. We continued to raise awareness of alternatives to travel including, for example, use of the new VC facilities available in all of our offices. New 'greening' and 'travel Information' dashboards provide senior management with detailed data on flights, rail and hotel commitments, and on FSA performance against greening targets.

The following table reports greenhouse gas emissions and related expenditure in England<sup>8</sup>

Greenhouse gas emissions				
Non-Financial indicators	2011/12	2012/13	2013/14	2014/15
<b>Scope 2 (Indirect)</b>				
Electricity (kwh)	2,428,307	2,487,081	1,235,104	310,599
Gas (kwh)	583,119	803,468	652,629	411,428
Total energy consumption (kwh)	3,011,426	3,290,549	1,887,733	722,027

Financial indicators (£)				
Total energy expenditure	281,062	307,962	174,446	113,184
Carbon Reduction Commitment (CRC) expenditure	1,290	27,324	30,380	27,840

Non-Financial indicators				
<b>Scope 3<sup>9</sup> (Indirect)</b>				
Air (kms)	1,257,886	1,558,266	1,275,143	785,552
Road (Miles)	334,171	390,283	338,924	490,629
Rail (Miles)	1,854,442	1,794,855	1,715,748	2,400,061

Financial indicators (£)				
Air	227,447	294,344	272,976	184,603
Road	950,228	1,151,843	1,102,032	165,233
Rail	678,433	752,491	818,145	877,246
Government Carbon Offsetting Facility (GCOF) Expenditure	197	180	Data not available	Data not available

CO <sub>2</sub> e Tonnes				
Total energy	1,384	1,455	912	154
Air	41	58	48	110

<sup>7</sup> The above report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability reporting'

<sup>8</sup> Data relates to FSA Headquarters in England only. Data for office in York accounted for by Defra.

<sup>9</sup> UK wide data.

<b>CO<sub>2</sub>e Tonnes</b>				
Road	20	25	21	159
Rail	24	26	25	183
<b>Total (CO<sub>2</sub>e Tonnes)</b>				
Scope 2 + Scope 3	1,469	1,564	1,006	606

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

<b>Waste</b>			
<b>Non-Financial indicators (Tonnes)</b>	2012/13	2013/14	2014/15
ICT waste recycled externally	0	3	0
ICT waste reused externally	0	0	0
Waste recycled externally	20	20	17
Waste incinerated with energy recovery	14	14	16
Waste incinerated without energy recovery	1	1	1
Waste to landfill	0	0	0
Total waste	35	39	34

<b>Financial indicators (£)</b>	2012/13	2013/14	2014/15
Total waste expenditure	8,112	8,025	6,539

The following table reports water data and related expenditure.

<b>Water</b>				
<b>Non-Financial indicators (m<sup>3</sup>)</b>	2011/12	2012/13	2013/14	2014/15
Total water consumption	5,448	4,428	3,906	3,628
Total water consumption per FTEs	15	13	12	10
Benchmark	Poor practice = > 6 m <sup>3</sup> /FTE	Poor practice = > 6 m <sup>3</sup> /FTE	Poor practice = > 6 m <sup>3</sup> /FTE	Poor practice = > 6 m <sup>3</sup> /FTE

<b>Financial indicators (£)</b>				
Water expenditure	9,823	6,295	7,197	8,027

### **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, water and paper use with significant reductions shown in the tables between 2011/12 and 2014/15.

The Executive Management Team has signalled its support for home working, which reduces travel by staff, albeit private travel, leading to less carbon emissions globally and supporting a more flexible workforce. In 2015 we instigated a Ways of Working initiative to further embrace flexible working.

From April 2014, we introduced a cap on the use of domestic flights and issued monthly management information showing progress against the cap to help team leaders reduce the FSA's carbon emissions. This has resulted in more than a 20% reduction in flights during the year 2014/15 and we remained within our target.

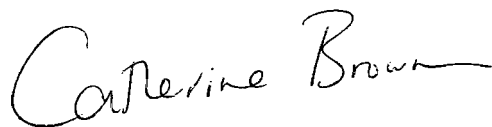
We have continued to promote the use of new video-conferencing facilities to give staff an alternative to travel.

During the year, the FSA has increased from 50% to 67% the number of 'advance' and 'saver' rail tickets purchased, realising significant savings in rail costs.

During 2014 we missed our waste-reduction targets only because of refurbishment work undertaken in Aviation House to reduce the FSA's floor space and enable additional tenants to move into the building.

The FSA's reduced footprint in Aviation House will, however, result in a significant reduction in our waste production during 2015. An accommodation project underway in Foss House, York, includes the development of additional video-conferencing facilities and should, likewise, reduce our carbon footprint.

From April 2015 we have begun to provide managers and staff with information on travel, waste, water and paper use, and greenhouse gas creation, with the aim of encouraging everyone to think more sustainably and reduce costs.



*Catherine Brown*  
Chief Executive and Accounting Officer

3 June 2015

## Directors' report

The FSA<sup>10</sup> 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 Scotland, 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, one by the Northern Ireland Health Minister and two by the Scottish 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 Scotland, 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 Board<sup>11</sup>

With the creation of FSS in April 2015, the two Board members from Scotland stepped down from the FSA Board as of vesting day. During the year, the membership of the non-executive FSA Board was:

Tim Bennett	FSA Chair (Interim)
Dr Henrietta Campbell CB	Deputy Chair (Interim) and Chair of the Northern Ireland Advisory Committee
Dr James Wildgoose	Chair of the Scottish Food Advisory Committee (until 31 March 2015)
Dr Roland Salmon	Chair of the Welsh Food Advisory Committee
Jeff Halliwell	Board member
Liz Breckenridge	Board member (until 31 March 2015)
Paul Wiles CB	Board member
Ram Gidoomal	Board member (from 1 May 2014)
Heather Peck	Board member (from 1 May 2014)
Jim Smart	Board member (from 1 May 2014)

<sup>10</sup> More information about our organisation and structure can be found on our website: <http://www.food.gov.uk/about-us/about-the-fsa>

<sup>11</sup> 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 Team<sup>12</sup>**

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

Catherine Brown	Chief Executive
Professor Guy Poppy	Chief Scientific Advisor (from 1 August 2014)
Andrew Rhodes	Chief Operating Officer (until 4 January 2015)
Jason Feeney CBE	Chief Operating Officer (from 5 January 2015)
Rod Ainsworth	Director of Regulatory and Legal Strategy
Chris Hitchen	Director of Finance and Strategic Planning
Lynne Bywater	Director of Human Resources
Stephen Humphreys	Director of Communications
Steve Wearne	Director of Policy
Maria Jennings	Director, FSA in Northern Ireland
Nina Purcell	Director, FSA in Wales
Charles Milne	Director, FSA in Scotland (until 30 June 2014)
Geoff Ogle	Portfolio Director (until 30 June 2014), then Acting Director, FSA in Scotland

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 Committees<sup>13</sup>**

During the year, the membership of the Food Advisory Committees was:

**Northern Ireland**

Dr Henrietta Campbell CB	Chair
David Lindsay	
Brian Smyth	
Christine Kennedy	
Colin Reid	
Aodhan O'Donnell	From 1 August 2014
Phelim O'Neill	From 1 August 2014
Sydney Neill	Until 7 November 2014
Dorothy Black	Until 31 July 2014

**Scotland**

Dr James Wildgoose	Chair (until 31 March 2015)
Liz Breckenridge	Deputy Chair (until 31 May 2015)
Dr Carrie Ruxton	Until 31 March 2015
Dr Lesley Stanley	Until 31 March 2015
Bernard Forteach	Until 31 March 2015
Alison Jones	Until 31 March 2015

<sup>12</sup> More information about members of the EMT can be found on our website:

<http://www.food.gov.uk/about-us/how-we-work/profiles>

<sup>13</sup> 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	
Susan Jones	
Dr Norma Barry	
David Peace	
Ronnie Alexander	From 1 July 2014

**Audit Committee until June 2014**

Membership of the FSA Audit Committee:

Non-executive members

Dr Henrietta Campbell CB	Chair (until 31 March 2014)
Paul Wiles CB	Chair (from 1 April 2014)
Dr James Wildgoose	
Liz Breckenridge	
Jeff Halliwell	Until 31 May 2014
Heather Peck	From 1 May 2014
Jim Smart	From 1 May 2014
Caroline Mawhood (Co-opted Adviser)	Until 22 June 2014

**Risk Committee until June 2014**

Membership of the FSA Risk Committee:

Non-executive members

Paul Wiles CB	Chair
Dr Roland Salmon	
Dr Henrietta Campbell CB	
Dr James Wildgoose	

Executive members

Catherine Brown  
Chris Hitchen  
Steve Wearne  
Andrew Rhodes

The Risk Committee was combined with the Audit committee from July 2014.

**Audit and Risk Assurance Committee as of July 2014**

Membership of the FSA Audit and Risk Assurance Committee:

Non-executive members

Paul Wiles CB	Chair (from July 2014)
Liz Breckenridge	(From July 2014)
Dr James Wildgoose	(From July 2014)
Jim Smart	(From July 2014)
Heather Peck	(From July 2014)

**Succession and Development Committee**

Membership of the FSA Succession and Development Committee:

Non-executive members

Liz Breckenridge	Chair (until 31 March 2015)
Dr Roland Salmon	
Jeff Halliwell	Chair (from 1 April 2015)
Ram Gidoomal	

## 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 Scotland, 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 2014/15, 98% of all invoices were paid within this target. The policy is likely to remain the same for 2015/16.

### Off-payroll engagements<sup>14</sup>

**Table 1: For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months**

	Main department
<b>No. of existing engagements as of 31 March 2015</b>	4
No. that have existed for less than one year at time of reporting	2
No. that have existed for between one and two years at time of reporting	1
No. that have existed for between two and three years at time of reporting	1
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, as 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.

<sup>14</sup> Figures are for Westminster only. There were no 'off-payroll' engagements in FSA in Northern Ireland, Wales or Scotland.

**Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months**

	<b>Main department</b>
<b>No. of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015</b>	2
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
<i>Of which</i>	
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

### **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.

### **Monitoring spending on consultancy and temporary staff**

Consultancy spend in 2014/15 was £80,681.11 relating to 5 suppliers with the greatest spend by one supplier being £50,280.00.

### **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 amongst 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

Special leave has only been recorded centrally for part of this year; since July, our employees have recorded 44.5 days of 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.

## Reporting on Better Regulation

We recognise that enabling businesses to deliver their obligations in relation to food in the least burdensome way is the best way of protecting consumers' health and other interests in relation to food. We therefore produce guidance and other material to help businesses comply with the law and promote consistency and proportionality in how official controls and enforcement are applied across the UK.

Development of the FSA's new regulatory strategy began in 2014/15. It is envisaged that it will play an important part in delivering the overall FSA Strategy 2015-20, and will develop the right blend of 'traditional' regulatory based tools, for example rules-based legislation, with communication based tools, such as campaigning and leveraging influence through others.

## One-in, one-out; one-in, two-out

Our approach is consistent with the Government's 'One-in, one-out' and 'One-in, two-out' approach to regulation.

The FSA's validated balance at 31 March 2015 for 'One-in, one-out and one-in, two-out' combined is a net reduction to business of £0.80m with further savings to business expected to be delivered in April 2015. Details are available in the UK Government's Ninth Statement of New Regulation <https://www.gov.uk/government/publications/one-in-two-out-ninth-statement-of-new-regulations>.

## **Regulatory Policy Committee**

During 1 April 2014 to 31 March 2015 the FSA made four applications to the Regulatory Policy Committee (RPC) on new regulatory measures, all of which were validated successfully. Two measures were confirmed as deregulatory by the RPC prior to consultation, and two impact assessments (IAs) received RPC validation of the Equivalent Annual Net Costs to Business (EANCB).

The FSA also re-submitted two IAs that received red (not fit for purpose) opinions, due to a lack of supporting evidence, as reported during 2013/14. Both IAs have now been approved.

## **Small business/micro moratorium**

The FSA makes every effort to minimise burdens on small and micro businesses, which make up the vast majority (generally greater than 90%) of UK food and feed businesses.

We continued to run training courses on food and feed enforcement for local authority officers during 2014/15. This training helps ensure consistent local authority enforcement action, underpinned by up-to-date knowledge of particular food sectors. More than 130 courses were held for 2,600 local authority officers across the UK, and feedback has been positive.

## **Red Tape Challenge**

The FSA has continued to progress its commitments to improve and simplify those regulations identified through the Government's Red Tape Challenge (RTC) as being the most burdensome. In particular, we have now fulfilled our commitment to consolidate UK food and feed law.

## **Alternatives to regulation**

In April 2014, the FSA introduced further earned recognition for the food and feed industry, removing unnecessary burdens on business and enabling local authorities to redirect their resources towards non-compliant and higher-risk businesses. The Feed Law Code of Practice was revised to reduce inspection frequencies for compliant members of approved assurance schemes within the feed industry. The Food Law Code of Practice was also revised to improve the effectiveness in enforcement by intervening less frequently at a number of businesses and focusing on businesses that are non-compliant with food law.

The Food Hygiene Rating Scheme (FHRS) now operates in all but one local authority in England, Wales and Northern Ireland. It provides an alternative approach to improving public health by using incentives to drive businesses to behave in ways that benefit consumers.

An independently-conducted evaluation completed this year provided firm evidence that the scheme is driving up hygiene standards. In Wales, display of FHRS is now required by law, and Northern Ireland is currently considering legislative proposals for mandatory display. A similar scheme, the Food Hygiene Information Scheme, operates in Scotland.

## **Implementation and guidance**

The FSA continues to participate in the Accountability for Regulator Impact (ARI) initiative, and is committed to consulting industry on measuring the impact of policies. We see this as good practice in policymaking. We also continue to monitor FSA guidance and our approach to engagement and consultation in relation to how we implement measures.

The FSA continues to develop guidance to help small businesses comply with food law, such as the guidance and materials to assist local authorities and food businesses in promoting, implementing and complying with the EU Food Information for Consumers Regulation<sup>15</sup>.

The FSA's Safer food, better business (SFBB) tool, aimed at small food businesses, continues to be one of the most-quoted examples of how a regulator helps businesses and supports growth. All versions of SFBB are downloadable free from the FSA website and this includes a version that can be completed electronically if the business prefers that format. In the past year, local authorities have distributed the SFBB Caterers' Pack to new food businesses in their area from allocations supplied by the FSA.

In 2014/15, all local authorities in England will have been approached and invited to participate in the FSA-funded food business compliance coaching scheme. The project, which will be rolled out across England to focus on take-away establishments with low levels of compliance, was introduced successfully in the run-up to the Olympics. By the end of 2014/15 we estimate the coaching will have been delivered to a further 1,950 businesses. This will bring to 6,659, the total number of businesses that will have received FSA-funded business compliance coaching since the scheme was first introduced.

### **Focus on enforcement**

The FSA estimates that we have saved business £11m through reforms we introduced in response to the Review on Enforcement of Regulation in Small Food Manufacturing Businesses<sup>16</sup>. This has primarily been delivered through our introduction of MyHACCP and our revised E. coli O157 cross-contamination guidance. MyHACCP is an online tool that helps small food manufacturers produce their own food safety management system based on the principles of hazard analysis and critical control points (HACCP). The E. coli O157 guidance provides further flexibility for business while ensuring that consumers continue to be protected from E. coli O157 cross-contamination.

The Fresh Produce Consortium (FPC) produced a draft report in October 2014 identifying a number of issues for the FSA to address in the application of official controls on imports of fresh produce. Issues include the costs charged to business for delivering official controls and the time taken to clear imported consignments of fresh produce for release onto the market. We have drawn up an action plan and are working closely with the FPC to address issues raised.

### **EU regulation**

We apply the principles of good regulation to all of our regulatory activities and promote the UK Government's better regulation agenda in EU negotiations – where the vast majority of food law in the UK originates.

As part of the updating of the novel foods regulation that is expected to be finalised in Spring 2015 the UK has sought to minimise burdens on business. The UK has supported the Commission proposal seeking changes to the current system, allowing a faster authorisation process for foods commonly consumed in third countries (non-EU countries) but new to the EU. We have also sought to ensure that the scope of the regulation is proportionate to the risks to be managed, while being flexible enough to respond to increasingly-changing food technologies.

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<sup>15</sup> <http://www.food.gov.uk/business-industry/allergy-guide/allergen-resources>

<sup>16</sup> <http://discuss.bis.gov.uk/focusonenforcement/review-findings/food-review-regulatory-reform-package-announced-summary/>

## 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 a working environment in which everyone is treated with dignity and respect.

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 2015, 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 (food.gov) 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 support 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.



### Performance in responding to correspondence from the public

The FSA does not record centrally all incoming and outgoing correspondence and contact with members of the public, as contact details for FSA business areas are available on the FSA website for members of the public and food businesses to call directly. During 2014, the FSA's general enquiries helpline handled 9,811 emails from members of the public and 14,278 phone calls. The FSA's Private Office team handled 159 letters and emails from MPs and Peers for reply by Department of Health Ministers and the Chair and Chief Executive of the FSA, 87% of which were replied to within our 20-day target date. Additionally, FSA officials responded to 258 items of correspondence sent by members of the public to ministers, the FSA Chair and Chief Executive, replying to 96% within target.

### Health and Safety Reporting

Within the reporting period a number of further improvements were made to our health and safety management system, including the appointment of Health and Safety (H&S) leads in Field Operations. The leads will assist local management in ensuring compliance with H&S policies and procedures.

The Advisory Committee on Dangerous Pathogens conducted an investigation into whether additional controls were required when processing cattle that have tested positive for bovine tuberculosis. We have now received their report and are in the process of implementing their recommendations. These include health surveillance and additional personal protective equipment, at specific inspection positions.

### Reportable Incidents, Diseases and Dangerous Occurrences (RIDDOR) 2012/13 – 2014/15

RIDDOR Category	2012/13	2013/14	2014/15
Fatal	0	0	0
Major	2	0	0
<7 day	5	8	7
Disease	2	2	2
Dangerous Occurrence	0	0	0
Total	9	10	9

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, on a level of 3.2% of lost time, attributable to work-related injury or illness. The figure to March 2015 is 4% due to two cases of long-term sickness.

**Target 2** – An aspirational target of 0 (zero) RIDDOR accidents. The number of incidents for the year 2014/15 was 9, indicating a decrease of 10% from last reporting year.

**Target 3** – Maintain or improve upon a total accident incidence rate of 7,380. This was the outturn to March 2014. As a new measure for the FSA, this target covers all injury incidents, irrespective of severity. It is primarily (but not exclusively) focused on injury incidents recorded within the delivery of an official controls environment. The figure for the year 2014/15 showed a slight improvement at 7,320.

## **Publicity and advertising**

Although we have not paid for any advertising this year, our communications campaigns have been particularly successful. The costs detailed here reflect the total of contributions from England, Scotland, Wales and Northern Ireland.

### **Food Safety Week 2014**

Food Safety Week was held in June 2014 and our campaign reached more than 60m people through a combination of PR, viral social media, work with partners including local authorities, major supermarkets and industry bodies. Our tracking research shows that this piece of activity had a measurable positive effect on consumer attitudes and claimed behaviour. Its success was widely recognised and it won five awards for low-cost and social media campaigning. This was a consumer-facing element of our broader campaign to reduce the risk of campylobacter in poultry – see [food.gov.uk/actnow](http://food.gov.uk/actnow). The total budget for this piece of work was £120,000.

### **Good hygiene practice**

We ran a low-cost campaign using PR and social media to remind people about good hygiene practice when barbecuing. This gained widespread coverage and reached more than 30m people. The budget for this work was £30,000.

### **EU FIR (Food Information for Consumers Regulation)**

Our work to communicate the changes to legislation on how food businesses display information about the 14 major allergens increased levels of awareness of the allergens among the general public and significantly so among people with allergies. Again, we did not pay for advertising, but used PR, social media and partnerships with more than 40 organisations, including trade partners and representative bodies. The budget for this work was £81,200.

### **Christmas campaign 2014**

We undertook some low-key activity around Christmas that recycled old and well-loved advertisements on social media, helping people to understand the risks of not defrosting and handling turkey properly. The budget for this was £8,000.

### **Food Hygiene Rating Scheme**

Our campaign to increase the use and value of the Food Hygiene Rating Scheme on key occasions has just finished and evaluation is underway. We estimate that it reached more than 40m people through a combination of PR and social media – particularly through the use of innovative new channels targeting a younger audience. The budget for this work was £145,000.

### **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 are underwritten by HM Treasury.

## 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 £84,000. 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 2014/15.

## 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 7.7 days per employee, compared with 6.2 and 6.3 for the previous two years.

**Table 1: Sickness data by country**

	2014/15	2013/14	2012/13
Westminster	7.7	6.2	6.3
FSA in Wales	8.5	6.2	6.3
FSA in Scotland	3.6	6.2	6.3
FSA in Northern Ireland	4.0	1.6	4.4
Consolidated	7.2	6.2	6.3

**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 2014/15 on page 48.

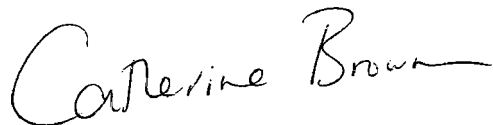
**Important events which have occurred since the end of the financial year**

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 to FSS from Food Standards Agency Westminster.

**Departmental Core Tables – Westminster only**

This information can be found on our website:

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



*Catherine Brown*

Chief Executive and Accounting Officer

3 June 2015

## 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](http://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](http://www.civilservicecommission.org.uk)

This report has been prepared in accordance with guidance EPN 430. 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 <sup>1</sup> (Interim Chair from 28 July 2013)	1 May 2012	3 years	–	–
Dr Henrietta Campbell CB	1 September 2010	3 years	1 September 2013	3 years
Dr James Wildgoose <sup>2</sup>	1 March 2011	3 years	1 March 2014	3 years
Jeff Halliwell	1 June 2012	3 years	–	–
Liz Breckenridge <sup>2</sup>	1 June 2012	3 years	–	–
Paul Wiles CB	1 June 2012	3 years	–	–
Roland Salmon	1 June 2013	3 years	–	–
Ram Gidoomal	1 May 2014	3 years	–	–
Heather Peck	1 May 2014	3 years	–	–
Jim Smart	1 May 2014	3 years	–	–
Lord Jeff Rooker	27 July 2009	4 years, left 28 July 2013	–	–
Margaret Gilmore	1 March 2008	3 years	1 March 2011	3 years, left 28 February 2014
Professor Sue Atkinson CBE	1 February 2008	2 years	1 February 2010	3 years, extended 11 months. Left 31 December 2013
John Spence	1 April 2007	3 years	1 April 2010	3 years, extended by 2 months. Left 31 May 2013

#### Notes

- 1 Tim Bennett previously served as a Board Member from 1 March 2007 to 30 April 2012
- 2 Scottish Board Members will leave the FSA Board when the Food Standards Scotland takes over its functions for Food Standards in Scotland from 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. Catherine Brown originally joined the department in October 2012 on a 3 year fixed term contract however she was offered and accepted a permanent position with effect 1st December 2014.

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) <sup>1</sup>		Total (£000)	
	14/15	13/14	14/15	13/14	14/15	13/14	14/15	13/14	14/15	13/14
Catherine Brown (Chief Executive)	145-150	140-145	10-15	10-15	3100 <sup>2</sup>	15000 <sup>3</sup>	50-55	50-55	215-220	220-225
Steve Wearne (Director of Policy)	100-105	90-95	-	10-15	-	-	70-75	45-50	170-175	145-150
Stephen Humphreys (Director Communications)	85-90	80-85	-	-	-	-	30-35	20-25	115-120	105-110
Chris Hitchen (Director Finance & Strategic Planning)	95-100	90-95	-	5-10	-	-	35-40	30-35	130-135	130-135
Lynne Bywater (Director Human Resources)	70-75	70-75	-	-	-	-	25-30	25-30*	100-105	100-105*
Andrew Rhodes (Chief Operating Officer to 31/12/14)	80-85	110-115	-	10-15	-	-	25-30	25-30	110-115	145-150
Rod Ainsworth (Director of Regulatory and Legal Strategy)	110-115	110-115	-	-	-	-	40-45	40-45	150-155	150-155
Maria Jennings (Director, FSA in Northern Ireland from 9/9/13)	70-75	40-45	10-15	-	-	-	45-50	5-10	125-130	45-50
Nina Purcell (Director, FSA in Wales from 3/2/14)	75-80	10-15	-	-	-	-	135-140	20-25	210-215	35-40
Geoff Ogle <sup>4</sup>	90-95	70-75	-	-	-	-	55-60	15-20	145-150	90-95
Charles Milne (Director FSA in Scotland to 30/6/14)	20-25	90-95	10-15	-	-	-	20-25	0-5*	50-55	90-95*
Jason Feeney CBE (Chief Operating Officer from 5/1/15)	25-30	-	-	-	-	-	10-15	-	40-45	-

Andrew Wadge (Chief Scientist to 31/1/14)	-	65-70	-	-	-	-	-	(15)-(10)	-	55-60
Gerry McCurdy (Director, FSA in Northern Ireland to 31/8/13)	-	30-35	-	-	-	-	-	(15)-(10)	-	20-25

\* Change in Pension benefits value for 13/14, restated from 13/14 accounts due to recalculation by pension's provider. Impacting Value of Pensions Benefit and Total Remuneration.

#### 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 £4900 of Catherine Brown's Benefits in Kind relates to travel undertaken in 12/13 but reimbursed in 13/14.
- 4 Geoff Ogle was Interim Director, FSA in Wales from 1st May 2013 to 2nd February 2014, Portfolio Director from 3rd February 2014 to 30th June 2014 and Director Scotland from 30th June 2014.

All starter and leaver salaries are shown for their actual periods of employment. The corresponding full year equivalent was £75-80K for Geoffrey Ogle 2013/14, £135-140K FTE for Andrew Wadge 2013/14, £80-85K for Gerry McCurdy 2013-14, £66/70K for Maria Jennings 2013/14 and £75-80K for Nina Purcell 2013/14, £110-£115K for Andrew Rhodes 2014/15, £90-£95K for Charles Milne in 2014/15 and £110-£115K for Jason Feeney CBE 2014/15.

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 in the band £50k-£55k for Guy Poppy to 31st March 2015.

#### 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.

<b>Westminster</b>	2014/15	2013/14
Band of Highest Paid Director's Total Remuneration	£165k-£170k	£150k-£155k
Median Total Remuneration	£33k	£32k
Ratio	5.14	4.74
Remuneration Range	£18k-£112k	£16k-£127k

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) <sup>1</sup>		Total (£000)	
	14/15	13/14	14/15	13/14	14/15	13/14	14/15	13/14
Tim Bennett, Deputy Chair	60-65	45-50	–	–	–	–	60-65	45-50
Dr Henrietta Campbell CB	25-30	25-30	–	–	–	–	25-30	25-30
Dr James Wildgoose	20-25	20-25	–	–	–	–	20-25	20-25
Jeff Halliwell	10-15	10-15	–	–	–	–	10-15	10-15
Liz Breckenridge	15-20	15-20	–	–	–	–	15-20	15-20
Paul Wiles CB	10-15	10-15	–	–	–	–	10-15	10-15
Roland Salmon	20-25	20-25	–	–	–	–	20-25	20-25
Ram Gidoomal	5-10	–	–	–	–	–	5-10	–
Heather Peck	5-10	–	–	–	–	–	5-10	–
Jim Smart	5-10	–	–	–	–	–	5-10	–
Professor Sue Atkinson CBE	–	5-10	–	–	–	–	–	5-10
Lord Jeff Rooker, Chair	–	15-20	–	–	–	–	–	15-20
John W Spence	–	0-5	–	–	–	2	–	5-10
Margaret Gilmore	–	5-10	–	–	–	–	–	5-10

## 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 All starter and leaver salaries are shown for their actual period of employment. The corresponding full year equivalents for 13/14 were £20-£25K for John Spence, £10-£15K for Sue Atkinson, £50-£55K for Jeffrey Rooker, £10-£15K for Margaret Gilmore and £20-£25K for Roland Salmon in 14/15 were £10-£15K for Ram Gidoomal, £10-£15K for Heather Peck and £10-£15K for Jim Smart

*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 2013/14 relate to performance in 2012/13 and bonuses reported in 2014/15 relate to performance in 2013/14.

### *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**

		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		£5,000	£2,500			
		(£000)	(£000)	(£000)	(£000)	(£000)
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	538	460	51
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, FSA in Wales	35-40 plus lump sum of 105-110	5-7.5 plus lump sum of 17.5-20	715	569	118
Maria Jennings	Director, FSA in Northern Ireland	25-30	2.5-5	373	324	30
Geoff Ogle	Director, FSA in Scotland (from 30/6/14)	30-35 plus lump sum of 100-105	2.5-5 plus lump sum of 7.5-10	557	491	40

Jason Feeny CBE	Chief Operating Officer (from 5/1/15)	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 in 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
Andrew Wadge	Chief Scientist (13/14 only)	–	–	–	960	–
Gerry McCurdy	Director, FSA in Northern Ireland (13/14 only)	–	–	–	891	–

		2013/14				
		Accrued pension at age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase in CETV
Bands		£5,000	£2,500			
		(£000)	(£000)	(£000)	(£000)	(£000)
Catherine Brown	Chief Executive	20-25	2.5-5	234	187	25
Steve Wearne	Director, Policy (from September 2013) <sup>1</sup>	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 5-7.5	475	414	32
Andrew Wadge	Chief Scientist	45-50 plus lump sum of 135-140	(2.5)-0 plus lump sum of (2.5)-0	960	914	(8)
Stephen Humphreys	Director, Communications	15-20	0-2.5	226	193	15
Chris Hitchen	Director, Finance, Procurement & IT	5-10	0-2.5	86	63	13
Lynne Bywater	Director, Human Resources	10-15	0-2.5	156	124	19
Charles Milne	Director, FSA in Scotland	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	692	644	6
Gerry McCurdy	Director, FSA in Northern Ireland (to September 2013)	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 0-2.5	891	878	1
Andrew Rhodes*	Chief Operating Officer	15-20	0-2.5	158	133	9

Rod Ainsworth	Director, Legal, International, Regulation & Audit	10-15	2.5-5	149	106	28
Nina Purcell	Director, FSA in Wales (from February 2014)	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	569	547	19
Maria Jennings	Director, FSA in Northern Ireland (from September 2013)	20-25	0-2.5	324	304	3
Geoff Ogle	Portfolio Director (from May 2013)	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	491	449	12

\* 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.

- 1 Steve Wearne was Director of FSA in Wales April 2013, Director, Food Safety from May 2013 to August 2013 and Director, Policy from September 2013 onwards

### Food Standards Agency Board

		2013/14				
<i>Bands</i>		Accrued pension and related lump sum at age 60 31 March 2014	Real increase in pension and related lump sum at age 60 31 March 2014	CETV at 31 March 2014 <sup>2</sup>	CETV at 31 March 2013	Real increase in CETV
		£5,000	£2,500			
		(£000)	(£000)	(£000)	(£000)	(£000)
John W Spence <sup>1</sup>		0-5	0-2.5	45	43	2

#### Notes

- 1 John W Spence left the FSA board on 31st May 2013.  
 2 The closing CETV quoted is at John W Spence's date of leaving 31/05/13

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 since Mr Spence left 31 May 2013.

#### Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a "final salary" scheme (**classic**, **premium**, or **classic plus**); or a "whole career" scheme (**nuvos**). 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** and **nuvos** have been increased annually in line with changes in Pensions Increase legislation.

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality “money purchase” stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are salary related and range between 1.5% and 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions applied from 1 April 2014. 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’ 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 in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated 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 was updated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for 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% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 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** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website [www.Civilservice.gov.uk/pensions](http://www.Civilservice.gov.uk/pensions)

#### *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 purchasing additional pension benefits at their own cost.

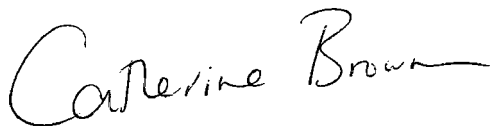
CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

*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*

There have been no leavers within the individuals reported on who received compensation for loss of office during the 2014/15 financial year.

A handwritten signature in black ink that reads "Catherine Brown". The signature is written in a cursive, flowing style.

Catherine Brown  
Chief Executive and Accounting Officer

3 June 2015

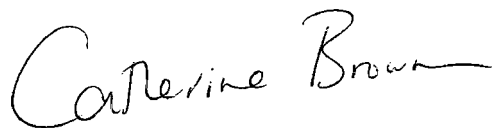
## Statement of Accounting Officer's responsibilities

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

3 June 2015

## FSA Governance Statement 2014/2015

### 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. During 2014/15 the FSA was a UK-wide non-Ministerial Government Department, and I was accountable to the Westminster Parliament and the relevant Devolved Parliament and Assemblies in Scotland, Wales and Northern Ireland through Health Ministers.
2. The FSA ceased operating in Scotland on 1 April 2015 and its functions (and staff) have been transferred to Food Standards Scotland (FSS). The FSS is a devolved body of the Scottish Government.

### Governance Structure

3. 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.
4. In May 2014 three new Board members were appointed to the FSA Board. All the new Board members undertook a comprehensive induction programme that included briefing in relation to all aspects of the FSA's governance structure and supporting processes. In December 2014 Ministers in all four administrations extended Tim Bennett's role as interim Chair and Henrietta Campbell's role as interim Deputy Chair until a substantive Chair is appointed.
5. With the creation of FSS in April 2015, the two Board members from Scotland stepped down from the FSA Board as of vesting day. The terms of office for two Board members, Paul Wiles and Jeff Halliwell, will be extended for one year as of 1 June 2015 until 31 May 2016 and Tim Bennett's substantial appointment as Deputy Chair has been extended until 31 March 2016.
6. The Board is supported and advised by Food Advisory Committees in each of the devolved countries, and a Succession and Development Committee that focuses on Board members. The Audit Committee and the Risk Committee merged in July 2014 when the newly created Audit and Risk Assurance Committee met for the first time. The terms of reference for the Succession and Development Committee, and the Audit and Risk Assurance Committee are available on our website<sup>17</sup>.
7. The Chairs of the Food Advisory Committees report formally to each Open Board meeting on issues considered. The Chair of the Audit and Risk Assurance Committee provides the FSA Board with an oral update following each meeting, and reports formally in writing annually. The Chair of the Succession and Development Committee provides the Board with a formal annual report.

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<sup>17</sup> <http://www.food.gov.uk/about-us/how-we-work/our-board/boardcommittees>



8. As Accounting Officer, I attend all Board meetings and I am invited to attend all meetings of the FSA's Audit and Risk Assurance Committee and the Succession and Development Committee.
9. Each year the Chair holds appraisal meetings with the Board members to review their effectiveness and future development as a member of the FSA Board. Records of Board member's attendance at Board meetings and at Audit Committee and Audit and Risk Assurance Committee meetings are detailed below.<sup>18</sup>

#### RECORD OF ATTENDANCE AT BOARD MEETINGS 2014/15

Board Member	11 Jun	23 Jul	10 Sep	5 Nov	28 Jan	25 Mar
Tim Bennett	✓	✓	✓	✓	✓	✓
Dr Henrietta Campbell CB	✓	✓	✓	✓	✓	X
Liz Breckenridge	✓	✓	✓	✓	✓	✓
Jeff Halliwell	✓	✓	✓	✓	✓	X
Dr Roland Salmon	✓	X	✓	✓	✓	✓
Dr James Wildgoose	✓	✓	✓	✓	✓	✓
Paul Wiles CB	✓	✓	X	✓	✓	✓
James Smart	✓	✓	✓	✓	✓	✓
Ram Gidoomal	✓	✓	✓	✓	✓	✓
Heather Peck	✓	✓	✓	✓	✓	✓

#### Audit Committee Member Attendance April 2014 – June 2014

Committee Member	23 May 2014 (Teleconference)	10 Jun 2014
Paul Wiles CB	✓	✓
Dr Henrietta Campbell CB	X	
Jeff Halliwell	✓	
Dr James Wildgoose	X	✓
Liz Breckenridge	X	✓
Jim Smart		✓
Heather Peck		✓

<sup>18</sup> <http://www.food.gov.uk/about-us/how-we-work/our-board/boardmem#>

### Audit & Risk Assurance Committee Member Attendance July 2014 – March 2015

Committee Member	22 Jul 2014	4 Nov 2014	16 Dec 2014	24 Mar 2015
Paul Wiles CB	✓	✓	✓	✓
Jim Smart	✓	✓	✓	✓
Liz Breckenridge	✓	✓	✓	✓
Dr James Wildgoose	✓	✓	✓	✓
Heather Peck	✓	✓	✓	✓
Ram Gidoomal				✓

10. A review of the outcomes from the 2013/14 governance review has been undertaken. The review looked at the actions implemented as a result of the review and whether any further changes would support the FSA to work more effectively. A review of the FSA Board's performance and effectiveness is planned during the 2015/16 financial year.
11. The Board agrees the FSA's high level budget for the following financial year at its March meeting.
12. Our Scientific Advisory Committees and General Advisory Committee on Science (GACS) continue to provide an independent challenge and assurance function.

### The Executive Management Team

13. The Executive Management Team (EMT) provides corporate leadership to the FSA and supports 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 every two weeks and more often when required.
14. Membership of the EMT is comprised of eight Directors, including a suitably qualified Finance Director and the FSA's Chief Scientific Advisor and myself.

### External Assurance Reviews

15. The FSA has supported a number of external assurance reviews which have contributed to assuring the effectiveness of our governance framework, while also identifying some opportunities for improvement.
16. Reviews in the year have included a Cabinet Office review of the Communications Directorate, a review of the charging model used to apportion costs between meat and non-meat related activities by Baker Tilly and audits performed by the Food and Veterinary Office of the EU. Additionally an IT security check by private contractors and an assessment for ISO 9001 by the British Standards Institution have been completed.

## Internal Management

### FSA risk management framework and capacity to handle risk

17. The FSA has a well-established risk management framework that is used to provide reasonable assurance to the FSA Board, the Audit and Risk Assurance Committee (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.
18. The framework is founded on a Risk Management Strategy, which outlines our plans for continuing to embed a risk management culture across the FSA and further raising the FSA's maturity in risk management as set out in HM Treasury's Risk Management Assurance Framework.
19. I commissioned an Internal Audit review of the FSA's risk management framework in 2014/15 to report on progress. The review found that the improvements we had made to our system of governance, including the amalgamation of the Audit and Risk Committees into a single Audit and Risk Assurance Committee (ARAC) from July 2014, had resulted in clearer accountability for managing risk. The review also drew attention to the improved risk management strategy and found evidence that our risk policy was promoting and supporting innovation through improved handling of opportunities and risks.
20. During the course of the year, ARAC reviewed the Agency's approach to risk management. This review resulted in the corporate-level risk register differentiating between direct risks to the consumer and risks relating to the organisation, which may then subsequently impact on consumers.
21. Following ARAC's review, the Board and EMT carried out a review of the content of the corporate-level risk register to ensure that it contained the right risks, in the light of the organisation's new strategy for 2015-20 and continuing budget reductions. The Board also reviewed their risk appetite.
22. 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 the current level within the organisation.
23. Each of the risks on the 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:
  - failure to reduce campylobacter in poultry – and hence related public health impacts – despite it being a top priority for the FSA;
  - failure to manage material incidents as effectively as possible affecting our ability to minimise consumer detriment; and
  - failure to reduce food crime as effectively as possible affecting consumers' interests in relation to food.

24. The high-level focus during the year on the corporate-level risk register is complemented by the systematic bottom up risk management already in place across the FSA. We have an established network of Risk Advisors to help consistently embed Risk Management across the FSA and help embed good risk management across the FSA.

**Director Assurance Statements**

25. 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**

**Training and Awareness**

26. All staff are required to complete the annual mandatory e-learning course “Responsible for Information security” by 31 March. This is available on Civil Service Learning. An Open University course “Introduction to Cyber Security” was also made available to all staff and promoted through Intranet and Yammer social networking site.

27. The National Archives delivered Cyber awareness training to the Executive Management Team on 24 February and to the FSA Board on 24 March.

28. A programme of Information updates and Awareness posters has been published on our Intranet throughout the year.

29. The Information Security Forum continues to meet on a quarterly basis. The forum includes representatives from all Directorates.

**Incidents**

30. There were no protected personal data incidents formally reported to the Information Commissioner’s Office (ICO) in 2014/15.

<b>TABLE 1: SUMMARY OF PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER’S IN 2014/15</b>				
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification steps</b>
No personal data losses have been reported to the ICO during 2014/15				
<b>Further action on information risk</b>	The FSA will continue to monitor and assess its information risks. All staff are required to complete the Civil Service Learning ‘Responsible for Information’ e-learning module.			

**TABLE 2: SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2014/15**

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	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1
IV	Unauthorised disclosure	6
V	Other	0

### Macpherson Review of Quality Assurance of Government models

31. In response to the Macpherson Review of Quality Assurance of Government Models<sup>19</sup> we have reviewed annually our list of business critical models, and have processes in place to quality assure their inputs, methodology and outputs. We are embedding quality assurance capacity and capability within our analytical and scientific professions, and are improving our processes related to communicating any risks or limitations across all sources of evidence, so that they are properly logged, managed and communicated to decision makers and policy makers.

### Head of Internal Audit's Opinion on the FSA's governance, management and risk control

32. 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 maintained adequate risk control and governance arrangements.
33. The results of the business audits conducted during the year found that at a high level, risks are managed with management action and decisions taken about identified risks being adequate. Financial controls remain strong with those over travel and accommodation expenses, social media, risk and project management being good. Official Controls audits found good or reasonable controls operating over dairy and egg hygiene, food chain information and the use of inspection assistants in poultry houses.

<sup>19</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/206946/review\\_of\\_qa\\_of\\_govt\\_analytical\\_models\\_final\\_report\\_040313.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206946/review_of_qa_of_govt_analytical_models_final_report_040313.pdf)

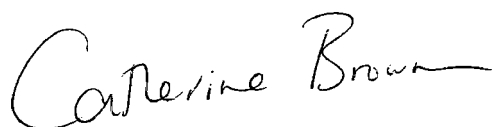
34. From the audit work performed in the year two themes have been identified. Firstly, clarification of some official control policy areas would enable a more consistent and proportionate assessment of risks to be undertaken by operational staff, however, an improvement in collaboration between Policy and Operations has been evidenced in the year. Secondly, the evaluation of policy and project outcomes does not routinely include a post implementation review to assess how well, or if, project objectives have been met. Management in both policy and project management areas have taken action to address this issue.
35. In submitting his opinion, the Head of Internal Audit has confirmed that there were no limitations placed on the scope of the Internal Audit activities during 2014/15, and that he considers the breadth of the work conducted in audits performed during the year sufficient to provide me, as the Accounting Officer, with an evaluation and opinion on the effectiveness of governance and risk management processes in those areas audited. He has also confirmed that he is satisfied that the work conducted by the Internal Audit team complies with the standards outlined in the Public Sector Internal Audit Standards.

### Looking Ahead

36. Looking ahead to 2015/16 we will continue to seek to improve the effectiveness of our governance, risk and control structures and mechanisms. In particular we will be updating our risk strategy to best support the FSA's new strategy to 2020. We will also implement the Internal Audit recommendations on risk management, ensuring risk is further embedded across the FSA. We will continue to develop our Business Committee performance reporting to support the delivery of our new strategy ensuring we prioritise activities in line with our strategy and deliver best value for money. We will also continue to improve and integrate our business planning and budgeting process to further support the delivery of the new strategy in a way which offers best value for money.

### Significant internal control weaknesses

37. I am able to report that there were no significant weaknesses in the FSA's systems of internal controls in 2014/15 which affected the achievement of the FSA's key strategic outcomes, aims, objectives and policies.
38. I can also confirm that there have been no Ministerial Directions given during the course of the year.



*Catherine Brown*  
Chief Executive and Accounting Officer

3 June 2015

## **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 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply 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 that is described in that report 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 Government Resources and Accounts Act 2000. 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 Annual 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 Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource), Non-Budget (Resource) and Net Cash Requirement. I am also 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 Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and

- 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 2015 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic Report and the Directors' 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 part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**10 June 2015**

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



## Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Food Standards Agency to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

### Summary of Resource and Capital Outturn 2014/15

	SoPS Note	Estimate			Outturn			2014/15 £000	2013/14 £000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate: saving / (excess)	Outturn
									Total
<b>Departmental Expenditure Limit</b>									
- Resource	2.1	89,424		89,424	88,563		88,563	861	89,753
- Capital	2.2	3,409		3,409	2,606		2,606	803	3,149
<b>Annually Managed Expenditure</b>									
- Resource	2.1	9,953		9,953	2,989		2,989	6,964	3,428
- Capital	2.2	-		-	-		-	-	-
<b>Total Budget</b>		102,786		102,786	94,158		94,158	8,628	96,330
<b>Non-Budget</b>									
- Resource	2.1	3,000		3,000	-		-	3,000	-
<b>Total</b>		<b>105,786</b>		<b>105,786</b>	<b>94,158</b>		<b>94,158</b>	<b>11,628</b>	<b>96,330</b>
Total Resource		102,377		102,377	91,552		91,552	10,825	93,181
Total Capital		3,409		3,409	2,606		2,606	803	3,149
<b>Total</b>		<b>105,786</b>		<b>105,786</b>	<b>94,158</b>		<b>94,158</b>	<b>11,628</b>	<b>96,330</b>

### Net Cash Requirement 2014/15

	SoPS Note	2014/15 £000	2014/15 £000	2013/14 £000
		Estimate	Outturn	Outturn compared with Estimate: saving / (excess)
	4	94,688	93,636	1,052
<b>Administration Costs 2014/15</b>		<b>35,911</b>	<b>35,513</b>	<b>38,374</b>

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between Estimate and Outturn are given in the Strategic Report on page 18.

## Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

### SOPS1 Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

#### SOPS1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system, and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

#### SOPS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below. A reconciliation of the department's outturn as recorded in the SoPS compared to the IFRS-based SoCNE is provided in SoPS note 3.2.

#### SOPS1.3 Capital Grants

Grant expenditure used for capital purposes are treated as capital (CDEL) items in the Statement of Parliamentary Supply. Under IFRS, as applied by the FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the Consolidated Statement of Comprehensive Net Expenditure.

**SOPS1.4 Prior Period Adjustments (PPAs)**

PPAs resulting from an error in previous recording, or from an accounting policy change initiated by the department, need to be voted by Parliament in the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years (PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment).

**SOPS1.5 Receipts in excess of HM Treasury agreement**

This applies where HM Treasury has agreed a limit to income retainable by the department, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: (i) profit/loss on disposal of assets; (ii) income generation above department Spending Review settlements; and (iii) income received above netting-off agreements.

**SOPS1.6 Provisions – Administration and Programme expenditure**

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply will differ from that reported in the IFRS-based accounts. A reconciliation is provided in SoPS note 3.2.

## SOPS2 Net Outturn

### SOPS2.1 Analysis of net resource outturn by section

	2014/15 £000										2013/14 £000
	Outturn							Estimate			Outturn
	Administration			Programme				Net Total	Estimate	Net total compared to Estimate, adjusted for virements	Total
Gross	Income	Net	Gross	Income	Net	Total					
<b>Spending in Departmental Expenditure Limit</b>											
Voted:											
A FSA Westminster (DEL)	41,656	(6,143)	35,513	84,952	(31,902)	53,050	88,563	89,424	861	861	89,753
C FSA Westminster (Non-Budget)	-	-	-	-	-	-	-	3,000	3,000	3,000	-
	41,656	(6,143)	35,513	84,952	(31,902)	53,050	88,563	92,424	3,861	3,861	89,753
<b>Annually Managed Expenditure</b>											
Voted:											
B FSA Westminster (AME)	-	-	-	2,989	-	2,989	2,989	9,953	6,964	6,964	3,428
<b>Total</b>	<b>41,656</b>	<b>(6,143)</b>	<b>35,513</b>	<b>87,941</b>	<b>(31,902)</b>	<b>56,039</b>	<b>91,552</b>	<b>102,377</b>	<b>10,825</b>	<b>10,825</b>	<b>93,181</b>

### SOPS2.2 Analysis of net capital outturn by section

	2014/15 £000							2013/14 £000
	Outturn				Estimate			Outturn
	Gross	Income	Net	Net	Net total compared with estimate	Net total compared to Estimate, adjusted for virements	Net	
<b>Spending in Departmental Expenditure Limit</b>								
Voted:								
A FSA Westminster (DEL)	2,636	(30)	2,606	3,409	803	803	3,149	
<b>Total</b>	<b>2,636</b>	<b>(30)</b>	<b>2,606</b>	<b>3,409</b>	<b>803</b>	<b>803</b>	<b>3,149</b>	

## SOPS3 Reconciliation of outturn to net operating cost and against Administration Budget

### SOPS3.1 Reconciliation of net resource outturn to net operating cost

			2014/15 £000 Outturn	2013/14 £000 Outturn
		SOPS Note	<u>          </u>	<u>          </u>
Total resource outturn in Statement of Parliamentary Supply	Budget	2.1	91,552	93,181
	Non-Budget	2.1	–	–
<b>Net Operating Costs in Statement of Comprehensive Net Expenditure</b>			<u>91,552</u>	<u>93,181</u>

### SOPS3.2 Outturn against final Administration Budget and Administration net operating cost

	2014/15 £000	2013/14 £000
	<u>          </u>	<u>          </u>
Estimate – Administration Costs limit	35,911	38,916
Outturn – Gross Administration Costs	41,656	43,476
Outturn – Gross Income relating to administration costs	(6,143)	(5,102)
Outturn – Net Administration Costs	<u>35,513</u>	<u>38,374</u>
Reconciliation to Operating Costs: Less: provisions utilised (transfer from Programme)	(96)	(34)
Administration Net Operating Costs	<u>35,417</u>	<u>38,340</u>

**SOPS4 Reconciliation of Net Resource Outturn to Net Cash Requirement**

	<b>SOPS Note</b>	<b>Estimate</b>	<b>Outturn</b>	<b>Net total outturn compared with Estimate: saving/ (excess)</b>
<b>Resource Outturn</b>	2.1	102,377	91,552	10,825
<b>Capital Outturn</b>	2.2	3,409	2,606	803
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	7-8	(1,585)	(1,366)	(219)
New provisions and adjustments to previous provisions	14	(12,530)	(8,377)	(4,153)
Prior Period Adjustments		(3,000)		(3,000)
Other non-cash items	3	(60)	(60)	0
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in debtors	12	–	206	(206)
(Increase)/decrease in creditors	13	3,500	3,687	(187)
Use of provisions	14	2,577	3,526	(949)
Cash contribution to pension deficit	14	–	1,862	(1,862)
<b>Net cash requirement</b>		<b>94,688</b>	<b>93,636</b>	<b>1,052</b>

## Statement of Comprehensive Net Expenditure

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.

### For the year ended 31 March 2015

£000			2014/15	2013/14
	Note	Staff Costs	Other Costs	Income
<b>Administration Costs:</b>				
Staff costs	2	20,995		21,907
Other costs	3		20,565	21,535
Income	6		(6,143)	(5,102)
<b>Programme expenditure:</b>				
Staff costs	2	51,918		52,222
Other costs	4		36,119	35,516
Income	6		(31,902)	(32,897)
<b>Totals</b>		<b>72,913</b>	<b>56,684</b>	<b>(38,045)</b>
<b>Net Operating Cost for the year ended 31 March 2015</b>			<b>91,552</b>	<b>93,181</b>
Total expenditure			129,597	131,180
Total income			(38,045)	(37,999)
<b>Net Operating Cost for the year ended 31 March 2015</b>			<b>91,552</b>	<b>93,181</b>
<b>Other Comprehensive Net Expenditure</b>				
Actuarial (gain)/loss	14		29,810	(13,840)
<b>Total comprehensive expenditure for the year ended 31 March 2015</b>			<b>121,362</b>	<b>79,341</b>

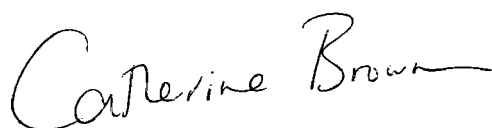
The notes on pages 67 to 96 form part of these accounts

## Statement of Financial Position

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.

as at 31 March 2015

£000	Note	2014/15	2013/14
<b>Non-current assets</b>			
Property, plant and equipment	7	4,608	3,749
Intangible assets	8	1,233	853
<b>Total non-current assets</b>		<b>5,841</b>	<b>4,602</b>
<b>Current assets</b>			
Trade and other receivables	12	4,048	3,878
Other current assets	12	6,267	6,231
Cash and cash equivalents	11	1,006	2,614
<b>Total current assets</b>		<b>11,321</b>	<b>12,723</b>
<b>Total assets</b>		<b>17,162</b>	<b>17,325</b>
<b>Current Liabilities</b>			
Trade and other payables	13	(2,520)	(4,474)
Other Liabilities	13	(12,971)	(15,092)
Provisions	14	(1,615)	(1,153)
<b>Total current liabilities</b>		<b>(17,106)</b>	<b>(20,719)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>56</b>	<b>(3,394)</b>
<b>Non-current liabilities</b>			
Net pension liability	14	(101,828)	(69,530)
Provisions	14	(6,069)	(6,030)
Other payables	13	(7,303)	(8,523)
<b>Total non-current liabilities</b>		<b>(115,200)</b>	<b>(84,083)</b>
<b>Total Assets less liabilities</b>		<b>(115,144)</b>	<b>(87,477)</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		(115,144)	(87,477)
<b>Total taxpayers' equity</b>		<b>(115,144)</b>	<b>(87,477)</b>



Catherine Brown  
Chief Executive and Accounting Officer  
3 June 2015

The notes on pages 67 to 96 form part of these accounts



## Statement of Cash Flows

For the year ended 31 March 2015

	Note	<b>2014/15</b> <b>£000</b>	<b>2013/14</b> <b>£000</b>
<b>Cash flows from operating activities</b>			
Net operating cost	SOCNE	(91,552)	(93,181)
	3, 7, 8		
Adjustment for non-cash transactions	& 14	9,973	10,144
(Increase)/Decrease in trade and other receivables	12	(206)	1,972
Increase/(Decrease) in trade and other payables	13	(5,295)	(11,183)
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	13	1,608	7,088
Use of provisions	14	(3,550)	(3,938)
Provisions not required written back	14	(115)	(87)
Cash contribution to pension deficit	14	(1,862)	(1,660)
<b>Net cash outflow from operating activities</b>		<b>(90,999)</b>	<b>(90,845)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1,999)	(2,880)
Purchase of intangible assets	8	(637)	(308)
<b>Net cash outflow from investing activities</b>		<b>(2,636)</b>	<b>(3,188)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply)		92,027	86,945
<b>Net Financing</b>		<b>92,027</b>	<b>86,945</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1,608)</b>	<b>(7,088)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	<b>2,614</b>	<b>9,702</b>
<b>Cash and cash equivalents at the end of the period</b>	11	<b>1,006</b>	<b>2,614</b>

The notes on pages 67 to 96 form part of these accounts

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2015

	Note	General Fund £000	Total Reserves £000
<b>Balance at 1 April 2013</b>		<b>(102,229)</b>	<b>(102,229)</b>
<b>Changes in taxpayers' equity for 2013/14</b>			
Actuarial gain/(loss)		13,840	13,840
Non-cash charges – auditors remuneration	3	60	60
Comprehensive net expenditure for the year		(93,181)	(93,181)
<b>Total recognised income and expense for 2013/14</b>		<b>(79,281)</b>	<b>(79,281)</b>
Net Parliamentary Funding – drawdown		86,945	86,945
Net Parliamentary Funding – deemed		9,702	9,702
Supply payable/(receivable) adjustment		(2,614)	(2,614)
		<b>94,033</b>	<b>94,033</b>
<b>Balance at 31 March 2014</b>		<b>(87,477)</b>	<b>(87,477)</b>
<b>Changes in taxpayers' equity for 2014/15</b>			
Actuarial gain/(loss)		(29,810)	(29,810)
Non-cash charges – auditors remuneration	3	60	60
Comprehensive net expenditure for the year		(91,552)	(91,552)
<b>Total recognised income and expense for 2014/15</b>		<b>(121,302)</b>	<b>(121,302)</b>
Net Parliamentary Funding – drawdown		92,027	92,027
Net Parliamentary Funding – deemed		2,614	2,614
Supply (payable)/receivable adjustment		(1,006)	(1,006)
		<b>93,635</b>	<b>93,635</b>
<b>Balance at 31 March 2015</b>		<b>(115,144)</b>	<b>(115,144)</b>

The General fund represents the net assets vested in the FSA at 1 April 2000 (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities, and the Vote funding arising since that date.

The notes on pages 67 to 96 form part of these accounts

## 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 2014/15 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM 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.

In addition to the primary statements prepared under IFRS, the FRoM also requires the Department to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the Net Resource Requirement and the Net Cash Requirement.

#### 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 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.

#### 1.4 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.

## 1.5 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.

## 1.6 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](http://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.

## 1.7 Depreciation and Amortisation

Assets are depreciated from the month following the date of being available for use. Depreciation and amortisation are applied on a straight-line basis to write off costs evenly over the asset's anticipated life. Estimated useful lives are reviewed during the year and assets relifed where applicable:

	2014/15	2013/14
Property, plant and equipment		
Computer equipment	2 – 5 years	2 – 5 years
Office machinery	2 – 10 years	2 – 8 years
Furniture, fixtures and fittings	3 – 8 years	4 – 7 years
Intangible assets:		
Computer software and software licences	2 – 7 years	2 – 7 Years

## 1.8 Inventories

The FSA does not hold any inventories.

## 1.9 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.

### **1.10 Administration and Programme Expenditure**

The Statement of Comprehensive Expenditure is analysed between administration and programme income and 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.

### **1.11 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](http://www.civilservicepensionscheme.org.uk).

There are currently 415 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 14.4.5.

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](http://www.lgps.org.uk).

The contributions to PCSPS are set out in Note 2 and the costs in relation to the LGPS scheme are in Note 14.

### 1.12 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 13. The FSA holds a significant lease for its rental of Avitaion 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.

### 1.13 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.

### 1.14 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.

### 1.15 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

### 1.16 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. These comprise:

- i) Items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental minute prior to the Department entering into the arrangement;
- ii) All items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amounts reported to

Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to Parliament.

### **1.17 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

## 2 Staff numbers and related costs

Staff costs comprise:

### A Administration costs

	2014/15		2013/14
	£000	£000	£000
	STAFF	BOARD	TOTAL
Wages and salaries	15,692	186	15,878
Social security costs	1,348	19	1,367
Other pension costs	3,058	–	3,058
<b>Sub total</b>	<b>20,098</b>	<b>205</b>	<b>20,303</b>
Agency Staff	692	–	692
<b>Total</b>	<b>20,790</b>	<b>205</b>	<b>20,995</b>
Less recoveries in respect of outward secondments	(146)	–	(146)
<b>Total net costs</b>	<b>20,644</b>	<b>205</b>	<b>20,849</b>

No salary costs have been capitalised.

### B Programme costs

	2014/15	2013/14
	£000	£000
Wages and salaries	22,503	22,968
Social security costs	1,775	1,863
Other pension costs	3,796	3,840
Agency Staff	373	784
Contract inspectors and veterinary costs	23,471	22,767
<b>Total</b>	<b>51,918</b>	<b>52,222</b>
Less recoveries in respect of outward secondments	(43)	(16)
<b>Total net costs</b>	<b>51,875</b>	<b>52,206</b>

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](http://www.civilservice.gov.uk/pensions).

For 2014/15, employer's contributions of £4.6m (2013/14 £4.6m) were payable to the PCSPS at one of four rates in the range of 16.7 to 24.3 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 2015/16. 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 £23,964 (2013/14 £16,852) 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 £1,890 (2013/14 £985), 0.08 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 – exit packages

				<b>2014/15</b>
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	–	2	2	2
£25,000 – £50,000	–	5	5	5
£50,000 – £100,000	–	7	7	7
£100,000 – £150,000	–	1	1	1
£150,000 – £200,000	–	–	–	–
£200,000 and above	–	–	–	–
Total number of exit packages	–	15	15	
Total resource cost £	–	835,089	835,089	
				<b>2013/14</b>
Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	
< £10,000	–	6	6	6
£10,000 – £25,000	–	4	4	4
£25,000 – £50,000	–	5	5	5
£50,000 – £100,000	1	11	12	12
£100,000 – £150,000	–	4	4	4
£150,000 – £200,000	–	–	–	–
£200,000 and above	–	2	2	2
Total number of exit packages	1	32	33	
Total resource cost £	98,027	1,653,947	1,751,974	

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 was 1 early retirement on ill health grounds in 2014/15 at a cost of £9,020. In 2013/14 there were 6 early retirements on ill health grounds at a cost of £18,853.

#### **D Local Government Pension Scheme**

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 2015, contributions of £2.3m (2013/14 £2.7m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2015, this rate was 16.7% (2013/14 18.2%) of pensionable remuneration.

On the basis of the full actuarial valuation the FSA Fund deficit was £20.8m (March 2010 £23.1m). The Agency agreed to increase the funding to the scheme, payable for 12 years. For 2014/15 £1.9m was paid and for 2015/16 £1.9m 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 £100.8m as at 31 March 2015 compared with a calculated deficit of £68.6m as at 31 March 2014. 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 2015/16 to be £2.1m.

**E Average number of persons employed**

The average number of whole-time equivalent persons employed during the year 2014/15 and 2013/14 was as follows.

	Average number of persons employed	
	<b>2014/15</b>	<b>2013/14</b>
<b>Permanent staff</b>		
Private Office	16	15
Regulatory & Legal Strategy Directorate	38	37
Comms Group	29	33
Policy & Science Group	140	157
Operations	758	791
Finance Group	70	70
Human Resources	26	28
<b>Permanent staff total</b>	<b>1,077</b>	<b>1,131</b>
<b>Temporary staff</b>		
Private Office	–	1
Regulatory & Legal Strategy Directorate	–	1
Comms Group	3	–
Policy & Science Group	–	–
Operations	501	496
Finance Group	9	10
Human Resources	1	–
<b>Temporary staff total</b>	<b>514</b>	<b>508</b>
Board	8	8
<b>Total</b>	<b>1,599</b>	<b>1,647</b>

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

### 3 Other Administration Costs

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Rentals under operating leases	6,507	6,335
<b>Non-cash items:</b>		
Depreciation and impairment loss	1,044	624
Amortisation	206	183
Loss on disposal of property, plant and equipment and intangible non current assets	31	39
Auditors' remuneration and expenses	60	60
<b>Other expenditure:</b>		
Accommodation costs	3,546	3,945
Board and staff overheads	2,715	3,603
Administration costs	1,263	1,294
IT costs*	5,191	5,439
Committee costs	2	13
	<b>20,565</b>	<b>21,535</b>

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

#### 4 Other Programme Costs

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Rentals under operating leases	2	2
<b>Non-cash items:</b>		
Depreciation and impairment loss	76	69
Amortisation	41	57
Provisions	5,923	6,405
<b>Other expenditure:</b>		
Operational overheads	4,066	4,953
Official Controls	8,877	7,656
Science, Research & Local Authority support	13,934	12,546
Grants	2,677	2,682
Other expenditure	523	1,146
	<b>36,119</b>	<b>35,516</b>

For more information on the project spend in these areas please visit [www.food.gov.uk/sites/default/files/fsa150610.pdf](http://www.food.gov.uk/sites/default/files/fsa150610.pdf)

## 5 Net Costs by Group

Group	Administration		Programme		2014/15	2013/14
	Costs	Income	Costs	Income	Net operating cost	Net operating cost
	£000	£000	£000	£000	£000	£000
Private Office	1,297	–	–	–	1,297	1,422
Regulatory and Legal Strategy Directorate	2,478	4	–	–	2,474	2,469
Comms Group	1,934	49	1,282	–	3,167	3,171
Policy and Science Group	7,095	265	13,776	1,007	19,599	17,597
Operations	4,591	16	66,845	30,895	40,525	41,981
Finance Group	20,016	5,742	–	–	14,274	15,297
Human Resources	1,935	–	–	–	1,935	2,125
Centrally Managed	2,214	67	6,134	–	8,281	9,119
<b>Totals</b>	<b>41,560</b>	<b>6,143</b>	<b>88,037</b>	<b>31,902</b>	<b>91,552</b>	<b>93,181</b>

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 Directorate – Sundry services

Comms Group – Sundry services

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

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

Finance Group – 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.

## 6 Income

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

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
All operating income is included within public expenditure		
Administration income:		
From Government Departments and others	6,143	5,102
Programme income:		
Meat controls industry income	28,086	27,674
Meat Hygiene related work Government income	2,754	3,094
Milk and Dairy Hygiene – sampling	15	14
Assessments and consultations on radioactive discharges	984	2,115
Other Programme income	63	–
	<b>31,902</b>	<b>32,897</b>
<b>Total income</b>	<b>38,045</b>	<b>37,999</b>

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

	<b>2014/15</b>			<b>2013/14</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
<b>FSA</b>						
Industry	28,086	52,522	(24,436)	27,674	52,110	(24,436)
Government	2,754	2,476	278	3,094	2,943	151
Assessments and consultations on radioactive discharges	984	1,504	(520)	2,115	2,335	(220)
	<b>31,824</b>	<b>56,502</b>	<b>(24,678)</b>	<b>32,883</b>	<b>57,388</b>	<b>(24,505)</b>

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.

The FSA's financial objective is 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 £24.4m from the FSA to the meat industry, which was received by 64% of FBOs (97% of premises that slaughter and 49% of cutting premises) across GB in 2014/15. 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 2014/15 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 proposed and considered the impact of a number of options for changes to the method used to allocate discounts, arriving at a broad consensus in July 2014, which was presented to the FSA Board in September 2014. The Board accepted the proposals and asked FSA to launch a 12 week consultation. The consultation commenced on 9 March 2015. Subject to the outcome of the consultation, and the views of the Government's regulatory committees, the proposed new system would be implemented from the start of 2016/17.

The FSA has an objective of recovering its costs in full in respect of work carried out for other Government departments (in line with the principles of Managing Public Money) and charges are invoiced accordingly.

In relation to Assessments and consultations on radioactive discharges, the financial objective is to recover costs fully.



## 7 Property, plant and equipment

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
<b>Cost or valuation</b>				
Cost at 1 April 2014	1,150	168	3,432	4,750
Additions	1,095	–	904	1,999
Disposals	–	(31)	(232)	(263)
<b>At 31st March 2015</b>	<b>2,245</b>	<b>137</b>	<b>4,104</b>	<b>6,486</b>
<b>Depreciation</b>				
Cost at 1 April 2014	170	54	777	1,001
Charged in year	345	27	748	1,120
Disposals	–	(27)	(216)	(243)
<b>At 31st March 2015</b>	<b>515</b>	<b>54</b>	<b>1,309</b>	<b>1,878</b>
<b>Carrying amount at 31st March 2015</b>	<b>1,730</b>	<b>83</b>	<b>2,795</b>	<b>4,608</b>
<b>Carrying amount at 31st March 2014</b>	<b>980</b>	<b>114</b>	<b>2,655</b>	<b>3,749</b>
<b>Asset financing</b>				
Owned	1,730	83	2,795	4,608
<b>Carrying amount at 31st March 2015</b>	<b>1,730</b>	<b>83</b>	<b>2,795</b>	<b>4,608</b>
<b>Cost or valuation</b>				
Cost at 1 April 2013	227	79	1,624	1,930
Additions	950	89	1,841	2,880
Disposals	(27)	–	(33)	(60)
<b>At 31st March 2014</b>	<b>1,150</b>	<b>168</b>	<b>3,432</b>	<b>4,750</b>
<b>Depreciation</b>				
Cost at 1 April 2013	61	40	251	352
Charged in the year	126	14	552	692
Disposals	(17)	–	(26)	(43)
<b>At 31st March 2014</b>	<b>170</b>	<b>54</b>	<b>777</b>	<b>1,001</b>
<b>Carrying amount at 31st March 2013</b>	<b>980</b>	<b>114</b>	<b>2,655</b>	<b>3,749</b>
<b>Asset financing</b>				
Owned	980	114	2,655	3,749
<b>Carrying amount at 31st March 2014</b>	<b>980</b>	<b>114</b>	<b>2,655</b>	<b>3,749</b>

## 8 Intangible assets

Intangible assets comprise computer software and software licences.

	<b>Computer software and software licences £000</b>
<b>Cost or valuation</b>	
Cost at 1 April 2014	2,056
Additions	637
Disposals	(169)
<b>At 31st March 2015</b>	<b>2,524</b>
<b>Amortisation</b>	
Cost at 1 April 2014	1,203
Charged in year	246
Disposals	(158)
<b>At 31st March 2015</b>	<b>1,291</b>
<b>Carrying amount at 31st March 2015</b>	<b>1,233</b>
<b>Carrying amount at 31st March 2014</b>	<b>853</b>
<b>Cost or valuation</b>	
Cost at 1 April 2013	1,783
Additions	308
Disposals	(35)
<b>At 31st March 2014</b>	<b>2,056</b>
<b>Amortisation</b>	
Cost at 1 April 2013	976
Charged in year	240
Disposals	(13)
<b>At 31st March 2014</b>	<b>1,203</b>
<b>Carrying amount at 31st March 2014</b>	<b>853</b>

## 9 Capital and other commitments

### 9.1 Capital commitments

At 31 March 2015 there were commitments for the purchase of capital items to the value of £106k for the upgrade of the FSA's IT infrastructure (31 March 2014 £0.456m).

### 9.2 Commitments under leases

#### 9.2.1 Operating leases

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

	2014/15 £000	Restated 2013/14 £000
<b>Obligations under operating leases comprise:</b>		
Land and buildings:		
Not later than one year	8,199	7,781
Later than one year and not later than five years	18,951	27,150
Later than five years	–	–
	<b>27,150</b>	<b>34,931</b>
Other:		
Not later than one year	154	154
Later than one year and not later than five years	98	131
	<b>252</b>	<b>285</b>

The 2013/14 figures have been restated to reflect the correct rent due and change by £1.6m from the total quoted in the 2013/14 accounts.

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 Service (GDS) and Cabinet Office is given in the table below for each of the following periods.

	2014/15 £000	2013/14 £000
<b>Total future minimum lease rental income from Ofsted, MRC, GDS and Cabinet Office</b>		
Land and buildings:		
Not later than one year	4,553	3,766
Later than one year and not later than five years	8,269	5,797
Later than five years	–	–
	<b>12,822</b>	<b>9,563</b>

### 9.3 Other financial commitments

The FSA did not have any other financial commitments as at 31 March 2015.

## 10 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.

## 11 Cash and cash equivalents

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	2,614	9,702
Net changes in cash and cash equivalents	(1,608)	(7,088)
<b>Balance at 31 March</b>	<b>1,006</b>	<b>2,614</b>

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
The following balances at 31 March were held at:		
Government Banking Service	1,006	2,614
<b>Balance at 31 March</b>	<b>1,006</b>	<b>2,614</b>

## 12 Trade receivables, financial and other current assets

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	1,839	1,547
VAT recoverable	2,087	2,189
Other receivables	122	142
	<u>4,048</u>	<u>3,878</u>
Other current assets:		
Prepayments and accrued income	6,267	6,231
Amounts due from the Consolidated Fund in respect of supply	–	–
	<u>6,267</u>	<u>6,231</u>
	<b><u>10,315</u></b>	<b><u>10,109</u></b>

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

**12.1 Intra-Government Balances**

	<b>2014/15</b> <b>£000</b>	<b>2013/14</b> <b>£000</b>
	Amounts falling due within one year	Amounts falling due within one year
Balances with other central government bodies	3,183	2,955
Subtotal: intra-government balances	3,183	2,955
Balances with bodies external to government	7,132	7,154
<b>Total balances payable at 31 March</b>	<b>10,315</b>	<b>10,109</b>

**13 Trade payables and other current liabilities**

	<b>2014/15</b> <b>£000</b>	<b>2013/14</b> <b>£000</b>
<b>Amounts falling due within one year</b>		
Other taxation and social security	4	1,144
Trade payables	2,508	2,706
Other payables	8	624
	<u>2,520</u>	<u>4,474</u>
Other current liabilities :		
Accruals and deferred income	11,965	12,478
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,006	2,614
	<u>12,971</u>	<u>15,092</u>
	<b><u>15,491</u></b>	<b><u>19,566</u></b>
<b>Amounts falling due after more than one year</b>		
Lease adjustment as per IAS 17	7,303	8,523
	<b><u>7,303</u></b>	<b><u>8,523</u></b>

### 13.1 Intra-Government Balances

	2014/15		2013/14	
	£000	£000	£000	£000
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
Balances with other central government bodies	3,100	–	6,716	–
Balances with local authorities	1,309	–	1,181	–
Balances with NHS bodies	–	–	125	–
Balances with public corporations and trading funds	–	–	116	–
Subtotal: intra-government balances	4,409	–	8,138	–
Balances with bodies external to government	11,082	7,303	11,428	8,523
<b>Total balances payable at 31 March</b>	<b>15,491</b>	<b>7,303</b>	<b>19,566</b>	<b>8,523</b>

## 14 Provisions for liabilities and charges

### Pension provisions

	2014/15		2013/14	
	Board Pension	LGPS Pension	Board Pension	LGPS Pension
Net pension liability at 1 April	921	68,609	865	79,480
Total service and interest costs	38	6,866	36	7,411
Employer contributions	(81)	(2,473)	(34)	(2,728)
Deficit payment	–	(1,862)	–	(1,660)
Actuarial (gain)/loss	117	29,693	54	(13,894)
<b>Net pension liability at 31 March</b>	<b>995</b>	<b>100,833</b>	<b>921</b>	<b>68,609</b>

## Early departure and other provisions

	2014/15 £000			2013/14 £000		
	Early departure	Legal claims	Dilapidations	Early departure	Legal claims	Dilapidations
Balance at 1 April	4,098	350	2,735	4,562	576	1,642
Provided in the year	282	881	449	437	136	1,093
Provisions not required written back	(49)	(66)	–	(25)	(62)	–
Provisions utilised in the year	(885)	(87)	–	(983)	(300)	–
Borrowing costs (unwinding of discount)	74	–	(98)	107	–	–
<b>Balance at 31 March</b>	<b>3,520</b>	<b>1,078</b>	<b>3,086</b>	<b>4,098</b>	<b>350</b>	<b>2,735</b>

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

	2014/15 £000			
	Early departure	Legal claims	Dilapidations	Total
within one year	537	1,078	–	<b>1,615</b>
<b>Total current provisions liability</b>	<b>537</b>	<b>1,078</b>	–	<b>1,615</b>
between one and five years	1,532	–	3,086	<b>4,618</b>
between five and ten years	666	–	–	<b>666</b>
thereafter	785	–	–	<b>785</b>
<b>Total non-current provisions liability</b>	<b>2,983</b>	–	<b>3,086</b>	<b>6,069</b>
<b>Provisions balance at 31 March 2015</b>	<b>3,520</b>	<b>1,078</b>	<b>3,086</b>	<b>7,684</b>

The aforementioned respective provisions for early departure, pension, onerous leases, 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.

### 14.1 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 1.3% (2013/14 1.8%) in real terms.

## 14.2 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 (1.5)%.

## 14.3 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 2015 is £995,000 (2013/14 £921,000).

The disclosure includes a £67,000 entry, relating to the changes in the actuarial assumptions underlying the scheme liabilities. This increase in liabilities has come about due to the effect of the change to the financial assumptions. There has been no change to the base mortality assumptions since last year's assessment. This remains consistent with the assumptions underlying the most recent actuarial valuation of the main PCSPS.

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:

	<u>31/03/15</u>	<u>31/03/14</u>
Discount rate	3.55%	4.35%
Rate of increase in salaries	4.2%	4.5%
Rate of increase in pensions in payment	2.20%	2.50%
CPI inflation assumption	2.20%	2.5%

## 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.

	<u>31 March 15</u>		<u>31 March 14</u>	
	Males	Females	Males	Females
Current Pensioners	24.2 years	26.4 years	24.1 years	26.2 years
Future Pensioners	26.9 years	29.0 years	26.8 years	28.9 years

## Present value of scheme liabilities

	<u>Value at 31.03.15 £000</u>	<u>Value at 31.03.14 £000</u>	<u>Value at 31.03.13 £000</u>	<u>Value at 31.03.12 £000</u>	<u>Value at 31.03.11 £000</u>
Liability in respect of					
Active members	–	–	(52)	(42)	(98)
Deferred pensioners	(199)	(228)	(196)	(231)	(207)
Current pensioners	(796)	(693)	(617)	(421)	(318)
	<u>(995)</u>	<u>(921)</u>	<u>(865)</u>	<u>(694)</u>	<u>(623)</u>

## Analysis of movement in scheme liability

	<u>2014/15 £000</u>	<u>2013/14 £000</u>
<b>Scheme liability at 1 April</b>	(921)	(865)
<b>Movement in the year:</b>		
Current service cost (net of employee contributions)	–	(1)
Interest cost	(38)	(35)
Actuarial (Loss) / Gain	(117)	(54)
Benefits paid	81	34
<b>Net pension liability at 31 March</b>	<u>(995)</u>	<u>(921)</u>

**Analysis of amount charged to operating profit**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Current service cost (net of employee contributions)	–	(1)
Interest cost	(38)	(35)
	<u>(38)</u>	<u>(36)</u>

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

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Experience (losses)/gains arising on the scheme liabilities	(50)	8
Changes in financial assumptions underlying the present value of scheme liabilities	(67)	(62)
Net total actuarial (loss)/gain recognised in the statement of changes in taxpayers' equity	<u>(117)</u>	<u>(54)</u>

**History of experience gains and losses**

	<b>2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
Experience (losses)/gains on scheme liabilities:				
Amount (£000)	(50)	8	(119)	(34)
Percentage of scheme liabilities	5.0%	0.9%	(13.8%)	(4.9%)

**14.4 Provision for pension liability**

**14.4.1** 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 2015, contributions of £2.5m (2013/14 £2.7m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2015, this rate was 16.7% (2013/14 18.2%) 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 2014/15 £1.9m was paid and for 2015/16 £1.9m 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 £100.8m as at 31 March 2015 compared with a calculated deficit of £68.6m as at 31 March 2014.

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 2015/16 to be £2.1m.

## 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:

	<u>31/03/15</u>	<u>31/03/14</u>
Inflation/Pension increase rate (RPI)	3.2%	3.6%
Inflation/Pension increase rate (CPI)	2.4%	2.8%
Salary Increases	4.2%	4.6%
Pension Increases	2.4%	2.8%
Discount Rate	3.3%	4.5%

## 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.

	<u>31/03/15</u>		<u>31/03/14</u>	
	Males	Females	Males	Females
Retiring today	22.1	24.8	22.0	24.7
Retiring in 20 years	24.4	27.1	24.3	27.0

## Movement in liabilities

	<u>2014/15</u>	<u>2013/14</u>
	<u>£000</u>	<u>£000</u>
<b>Opening Defined Benefit Obligation</b>	204,436	209,246
Current service cost	3,671	3,573
Interest cost	9,080	9,107
Change in financial assumptions	32,709	2,910
Change in demographic assumptions	0	(1,577)
Experience loss/(gain) on defined benefit obligation	(4)	(14,336)
Estimated benefits paid net of transfers in	(6,150)	(5,440)
Past service costs, including curtailments	0	238
Contributions by Scheme participants	931	873
Unfunded pension payments	(160)	(158)
<b>Closing Defined Benefit Obligation</b>	<u>244,513</u>	<u>204,436</u>

**Movement in assets**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Fair Value of Employer's Assets</b>	135,827	129,766
Interest on assets	6,089	5,702
Return on assets less interest	3,012	(1,063)
Other actuarial gains/(losses)	0	1,954
Administration expenses	(204)	(195)
Contributions by Employer including unfunded	4,335	4,388
Contributions by Scheme participants	931	873
Estimated benefits paid plus unfunded net of transfers in	(6,310)	(5,598)
<b>Closing Fair Value of Employer Assets</b>	<b>143,680</b>	<b>135,827</b>

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

	<b>Value at</b>		<b>Value at</b>	
	<b>31.03.2015</b>	<b>% at</b>	<b>31.03.2014</b>	<b>% at</b>
	<b>£000</b>	<b>31.03.2015</b>	<b>£000</b>	<b>31.03.2014</b>
Equities	62,337	43%	71,988	53%
LDI/Cashflow matching	10,785	8%	8,150	6%
Target return portfolio	41,536	29%	40,748	30%
Infrastructure	7,118	5%	5,433	4%
Commodities	1,337	1%	1,358	1%
Property	4,071	3%	4,075	3%
Cash	16,496	11%	4,075	3%
Market value of assets	143,680	100%	135,827	100%
Present value of scheme liabilities	(244,513)		(204,436)	
Net pension liability	(100,833)		(68,609)	

**14.4.2 Movement in deficit during the year**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Scheme liability at 1 April	(68,609)	(79,480)
Service cost	(3,671)	(3,811)
Administration expenses	(204)	(195)
Employer contributions	2,473	2,728
Payment of deficit	1,862	1,660
Other finance net interest charged (note 14.4.3)	(2,991)	(3,405)
Actuarial (loss)/gain (note 14.4.4)	(29,693)	13,894
Net pension liability	<u>(100,833)</u>	<u>(68,609)</u>

**14.4.3 Analysis of the amount charged to operating deficit**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Service cost	3,671	3,811
Administration expenses	204	195
	<u>3,875</u>	<u>4,006</u>
Employer contributions to be set off	(2,473)	(2,728)
Amount (credited)/charged to operating cost	<u>1,402</u>	<u>1,278</u>

**Analysis of the net amount charged to operating cost**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Net interest on the defined liability/(asset)	<u>2,991</u>	<u>3,405</u>

**14.4.4 Analysis of amount recognised in Statement of Changes in Taxpayers' Equity**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Actual return less expected return on pension scheme assets	3,012	2,468
Experience gains and losses arising on the scheme liabilities	4	14,336
Changes in financial assumptions underlying the present value of scheme liabilities	<u>(32,709)</u>	<u>(2,910)</u>
Actuarial gain/(loss) recognised in the Statement of Changes in Taxpayers' Equity	<u>(29,693)</u>	<u>13,894</u>

**14.4.5 Sensitivity Analysis**

	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of Total Obligation	240,134	244,513	248,976
Projected Service Cost	3,933	4,020	4,109
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of Total Obligation	245,149	244,513	243,880
Projected Service Cost	4,022	4,020	4,018
Adjustment to pension increases and deferred valuation	+0.1%	0.0%	-0.1%
Present value of Total Obligation	248,374	244,513	240,724
Projected Service Cost	4,107	4,020	3,934
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of Total Obligation	236,657	244,513	252,368
Projected Service Cost	3,896	4,020	4,144

## 15 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 £391,000. No provision has been made for these cases, however, a provision of £120,000 has been made for personal injury claims where liability has been admitted.

The FSA has contingent liabilities of £3.99m made up of various potential legal claims including FBO charges, disputed supplier payments and a potential claim from HMRC in respect of underpaid VAT from prior years.

The total contingent liabilities are £4.38m (2013/14 £667,700)

## 16 Losses and Special Payments

The FSA made 11 special payments amounting to £201,319 in 2014/15 (2013/14: 9 payments, £37,572). The majority of the cases refer to compensation and personal injury claims. The FSA have also written off £1,997 of bad debts, all of which relate to the income from meat hygiene inspections.

An analysis by category is shown below.

	No of cases	Value £000
Cash losses	–	–
Store losses	–	–
Fruitless payments	–	–
Constructive losses	–	–
Claims waived and abandoned	–	–
Special payments	11	201

## 17 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, Department of Health, FERA, AHVLA, LPFA, MRC and Ofsted.

Details of remuneration provided to Senior Civil Servants and Board Members can be seen in the Remuneration Report on page 37.

## 18 Entities within the Departmental Boundary

The FSA has no other entities within the Departmental Boundary.

## 19 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.

## **20 Early adoption of IFRSs, amendments and interpretations**

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

## **21 IFRSs, amendments and interpretations in issue but not yet effective, or adopted**

The IASB have issued an amended standard (IFRS 13) which affects the fair value measurement of assets. This standard was adopted by EU in January 2013 and will be incorporated into the FReM in 2015-16. It is not likely to be applicable or anticipated to have future material impact on the financial statements of the FSA.



## **Accounts Direction given by the Treasury in accordance with Section 5(2) of the Government Resources and Accounts Act 2000**

1. This direction applies to those government departments and pension schemes listed in the attached appendix.
2. These departments and pension schemes shall prepare resource accounts for the year ended 31 March 2015 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury (“the FReM”) which is in force for 2014-15.
3. If the Treasury has made an order for the year under section 4A(3) and (4) of the Government Resources and Accounts Act 2000, a department must detail the same information for each body designated in the Order under its name. This means that the department must also detail in its accounts the resources acquired, held or disposed of during the year by each of its designated bodies, and each such body’s use of resources during the year.
4. The Treasury made the following designation order for financial year 2014-15: the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2014 (S.I. 2014/531). The list of bodies designated in the Schedules to that Order are amended by the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2014 (S.I. 2014/3314). The amendments designate additional bodies, change the names of some designated bodies and remove some bodies from being designated.
5. The accounts of Government departments, with the details outlined above (for itself and its designated bodies) shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2015 and of the net resource outturn, the application of resources, changes in taxpayers’ equity and cash flows for the financial year then ended;
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
6. The accounts for pension schemes shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2015 and of the net resource outturn, changes in taxpayers’ equity and cash flows for the financial year then ended;
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them; and
  - (c) demonstrate that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.
7. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, 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.

*Ross Campbell*

Deputy Director, Government Financial Reporting  
Her Majesty's Treasury

18 December 2014



