
Food Standards Agency in Scotland

Annual Report and Accounts 2014/15

(For the year ended 31 March 2015)



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Statement of Accounting Officer's responsibilities

Under the Accounts Directions issued by the Scottish Ministers under the Food Standards Act 1999, the Food Standards Agency is required to prepare, for each financial year accounts detailing the use of resources by the Department during the year. The accounts are prepared on an accruals basis and present fairly the Department's net resource outturn.

In preparing the accounts, the principal Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Scottish Ministers, 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.

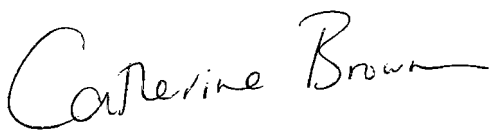
HM Treasury has appointed the Permanent Head of the Department as principal Accounting Officer of the department.

The allocation of Accounting Officer responsibilities in the department is as follows: Request for resources 1: Catherine Brown, FSA Chief Executive and Accounting Officer

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 Food Standards Agency's assets, are set out in the Accounting Officer Memorandum issued by HM Treasury and published in Government Accounting.

I am not aware of any relevant information that has not been made available to the auditors.

I have taken all necessary steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.



Catherine Brown
Chief Executive and Accounting Officer

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 website¹.
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.

¹ <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.²

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		✓

² <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.

TABLE 1: SUMMARY OF PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER’S IN 2014/15				
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
No personal data losses have been reported to the ICO during 2014/15				
Further action on information risk	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 Models³ 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.

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

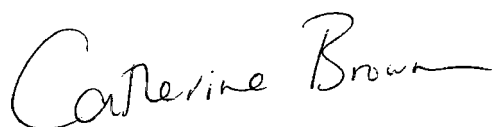
34. From the audit work performed in the year two themes have been identified. Firstly, clarification of some official control policy areas would enable a more consistent and proportionate assessment of risks to be undertaken by operational staff, however, an improvement in collaboration between Policy 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 SCOTTISH PARLIAMENT

I certify that I have audited the financial statements of the Food Standards Agency (Scotland) for the year ended 31 March 2015 under the Food Standards Act 1999. The financial statements comprise: the Summary of Resource Outturn, the Reconciliation of Net Resource Outturn to Funding from the Scottish Parliament, the Statement of Comprehensive Net Expenditure; and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Food Standards Agency (Scotland)'s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Food Standards Agency (Scotland); 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 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 the Scottish Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Scottish 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 present fairly the Food Standards Agency (Scotland) summary of Resource Outturn and net operating costs for the year ended 31 March 2015; and

- the financial statements have been properly prepared in accordance with the Food Standards Act 1999 and Scottish Ministers' directions issued thereunder.

Opinion on other matters

The information given in the Annual 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 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

Without qualifying my opinion, I draw attention to Note 1.12 of the financial statements. On 1 April 2015, the functions and staff of Food Standards Agency in Scotland and functions and staff relating to meat inspection within the Scottish boundary from Food Standards Agency Westminster were transferred to Food Standards Scotland under the Food Standards (Scotland) Act 2015. As the functions previously provided by the Food Standards Agency in Scotland will continue to be provided by another public sector entity, it remains appropriate for the financial statements for the Food Standards Agency in Scotland for the year ended 31 March 2015 to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

Sir Amyas C E Morse
Comptroller and Auditor General

10 June 2015

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

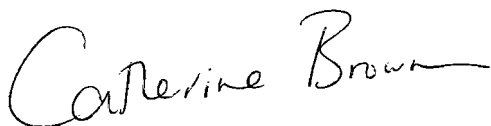
Summary of Resource Outturn

For the year ended 31 March 2015

	Estimate			Outturn		2014/15	2013/14	
	Gross Expenditure 1	A-in-A 2	Net Total 3	Gross Expenditure 4	A-in-A 5	Net Total 6	Net Total Outturn compared with Estimate Saving/(excess) 7	Prior Year Outturn 8
	£000	£000	£000	£000	£000	£000	£000	£000
Resources								
Request for Resources	10,900	-	10,900	9,703	-	9,703	1,197	9,621
Total Resources	10,900	-	10,900	9,703	-	9,703	1,197	9,621

The Summary of Resource Outturn compares the estimates of net and gross expenditure by FSA in Scotland with actual expenditure. It does not have the same function as the 'Summary of Resource Outturn', as defined by HM Treasury's Financial Reporting Manual (FRM) and does not function as an expenditure control mechanism. The specific authority of the Scottish Parliament is not required for overspends against estimate.

The above summary does not include Capital Expenditure of £1,130k. Expenditure for the year was consistent with the estimate.



Catherine Brown
Chief Executive and Accounting Officer

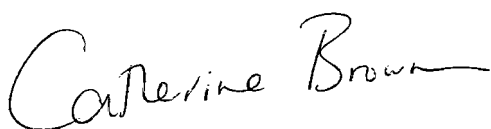
3 June 2015

Reconciliation of Net Resource Outturn to Funding from the Scottish Parliament

	Note	2014/15 £000	2013/14 £000
Net Resource Outturn		9,703	9,621
Non cash items	3	(160)	(234)
Other accruals adjustments		(269)	(144)
Capital			
Capital expenditure		1,130	666
Net Cash Requirement		10,404	9,909
Net Cash Requirement		10,404	9,909
Cash brought forward		(1,445)	(835)
Cash carried forward		1,367	1,445
Cash funding provided directly by the Scottish Parliament		10,326	10,519

FSA in Scotland has a capital budget of £1,200k included in its Scotland accounts.

Amounts issued from the Scottish Consolidated Fund for supply but not spent in year is £1,367k (2013/14: £1,445k).



Catherine Brown
Chief Executive and Accounting Officer

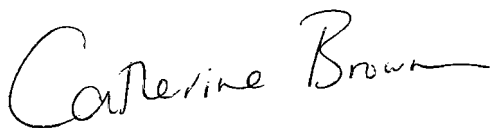
3 June 2015

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2015

	Note	2014/15 £000	2013/14 £000
Administration Costs			
Staff Costs	2.1	2,775	2,691
Other Administration Costs	3	1,799	1,539
Gross Administration Costs		4,574	4,230
Net Administration Costs		4,574	4,230
Programme Costs	3	5,129	5,391
Net Operating Cost		9,703	9,621

There was no Other Comprehensive Expenditure in 2014/15 (2013/14 – £Nil).



Catherine Brown
Chief Executive and Accounting Officer

3 June 2015

Notes to the Accounts

1 Statement of Accounting Policies

1.1 Basis of Preparation

These financial statements have been prepared in accordance with an Accounts Direction issued by the Scottish Ministers under the Food Standards Act 1999. This Direction is reproduced as an annex to the accounts. In accordance with the provisions of the Government Resources and Accounts Act 2000 and the Food Standards Act 1999, all of the accounts of the FSA are audited by the Comptroller & Auditor General of the National Audit Office.

Following the decision of HM Treasury to commit fully to full compliance with International Financial Reporting Standards (IFRS) the Agency has prepared the accounts for 2014/15 under IFRS insofar as it is applicable and appropriate to the FSA in Scotland.

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.

Subject to this requirement the accounts have been prepared on an accruals basis and in accordance with the requirements of HM Treasury's Finance Reporting Manual (FRm) insofar as it is applicable and appropriate to the FSA in Scotland.

1.3 Basis of Funding

Funding from the Scottish Parliament is provided on a basis which is intended to meet the net cash costs for the period. The reconciliation of net resource outturn to funding from the Scottish Parliament shows the adjustments necessary to the accruals based resource outturn to arrive at the cash amount which is to be funded by the Scottish Parliament.

Reconciliation of net resource outturn to funding from the Scottish Parliament therefore reflects adjustments to account for:

- a) the cash costs related to capital expenditure; and
- b) removal of non cash items such as the audit fee, which although accounted for in the resource outturn does not require a cash payment. Further details are provided at note 3 to these accounts.

1.4 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. This is in accordance with FRm requirements as a proxy for fair value as these assets have short useful lives or low values or both. Estimated useful lives are reviewed during the year and assets relifed where applicable:

Property, plant and equipment:

Computer equipment	5 years
Office equipment	7 – 9 years
Furniture, fixtures and fittings	3 – 7 years
Vehicles	7 years

Intangible assets:

Computer software and software licences	3 – 7 years
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Although FSA in Scotland do have non-current assets, the relevant Accounts Direction does not require a Statement of Financial Position to be published.

1.5 Research & Development Expenditure

Expenditure on research is not capitalised and is treated as an operating cost as it is incurred. Expenditure on development in connection with a product or service is capitalised if it meets those criteria specified in IAS38.

Most research projects have a retention clause to ensure the satisfactory delivery of the final report. The FSA's policy is to accrue for the final retention amount if the work has been completed at the year end.

1.6 Administration and Programme Expenditure

The statement of net comprehensive expenditure is analysed between administration and programme costs. FSA in Scotland is excluded from the Administration Budget Regime.

1.7 Pensions

FSA past and present employees are covered by the provisions of PCSPS. 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/.

1.8 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. Operating lease incentives received are recognised as a reduction in the rental expenses and are allocated over the shorter of the lease or the period in which the rental has been reduced by the lessor. The allocation is on a straight line basis.

1.9 Finance Leases

The FSA in Scotland does not currently have any finance lease liabilities.

1.10 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSA in Scotland is audited by the Comptroller and Auditor General (C&AG) of the National Audit Office. No 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. There were no other non-audit services that the FSA was charged for in the year.

1.11 Value Added Tax

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.

1.12 Going Concern

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, as a result of the Food Standards (Scotland) Act 2015. The functions and staff relating to meat inspection within the Scottish boundary also transferred to FSS from Food Standards Agency Westminster. Both elements of transfer are accounted for under Transfer by Absorption, in accordance with HM Treasury's FReM. Since the functions will continue to be provided by another public entity, these accounts have been prepared on a going concern basis.

2. Costs and number of staff

2.1 Staff Costs consist of:

	2014/15 £000	2013/14 £000
Wages and Salaries	2,155	2,044
Social Security Costs	166	157
Other Pension Costs	401	378
Sub Total	2,722	2,579
Inward Secondment	0	0
Agency Staff	53	112
Total Net Costs	2,775	2,691

No salary costs have been capitalised.

2.2 Reporting of Civil Service compensation scheme

	Number of compulsory redundancies	Number of other departures agreed	2014/15 Total number of exit packages by cost band
Exit Package cost band			
< £10,000	-	-	-
£10,000 – £25,000	-	-	-
£25,000 – £50,000	-	-	-
£50,000 – £100,000	-	-	-
£100,000 – £150,000	-	-	-
£150,000 – £200,000	-	-	-
£200,000 and above	-	-	-
Total number of exit packages	-	-	-
Total resource cost £	-	-	0

			2013/14
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	-	-	-
£25,000 – £50,000	-	1	1
£50,000 – £100,000	-	-	-
£100,000 – £150,000	-	-	-
£150,000 – £200,000	-	-	-
£200,000 and above	-	-	-
Total number of exit packages	-	1	1
Total resource cost £	-	29,221	29,221

2.3 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. These figures include those working in the FSA (including senior management) as included within the consolidated resource account.

	Permanently Employed Staff	Others	2014/15 Total	2013/14 Total
Average number of whole-time equivalent persons employed	70	2	72	69

2.4 Management Remuneration

The following notes have been prepared in accordance with guidance EPN 430.

Single total figure of remuneration										
	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pensions benefits (£'000) ¹		Total (£'000)	
	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14	14-15	13-14
Charles Milne (Director, FSA in Scotland to 30/6/14)	20-25	90-95	10-15	-	-	-	20-25	0-5*	50-55	90-95*
Geoff Ogle ² (Director, FSA in Scotland from 30/6/14)	90-95	70-75	-	-	-	-	55-60	15-20	145-150	90-95

*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.

- 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.
- 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.

		2014/15				
Bands		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
		£5,000 (£'000)	£2,500 (£'000)	(£'000)	(£'000)	(£'000)
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
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

		2013/14				
		Accrued pension at pension 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 (£'000)	£2,500 (£'000)	(£'000)	(£'000)	(£'000)
Charles Milne	Director, FSA in Scotland (to 30/6/14)	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	692	644	6
Geoff Ogle	Director, FSA in Scotland (from 30/6/14)	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	491	449	12

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

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.

2.5 Principal Civil Service Pension Scheme

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 8.25% for **premium**, **classic plus** and **nuvos**. Increase 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 uprated 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

2.6 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.

The banded remuneration of the highest-paid director in the Food Standards Agency in Scotland in the financial year 2014/15 was £100k-£105k (2013/14 was £90k-95k).

This was 3.61 times (2013/14, 3.45 times) the median remuneration of the workforce, which was £28k (2013/14, £27k).

Remuneration ranged from £18k – £57k (2013/14 was £16k-£56k).

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.

	2014/15 <i>(£'000)</i>	2013/14 <i>(£'000)</i>
Band of highest paid Director's Total Remuneration	100–105	90–95
Median Total Remuneration	28	27
Ratio	3.61	3.45

3. Expenditure Analysis

	2014/15	2013/14
	£000	£000
Rentals under operating leases:	429	259
Non Cash Items		
Audit Fees	7	7
Provisions Created/(Written Back)	(50)	149
Depreciation/Amortisation	134	78
(Profit) / Loss on disposal of non-current assets	69	0
Total Non-Cash Items	160	234
Accommodation costs	292	259
Staff overheads	236	229
Administration costs	440	333
IT costs*	184	149
Committee Costs	58	76
Other Administration Costs	1,799	1,539
Programme Costs	5,129	5,391
	6,928	6,930

*An element of some Central IT costs are recharged to Devolved Offices from FSA Westminster.

4. 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 has had a number of transactions with other government departments and other central government bodies which are considered to be related parties, namely:

Government Department

CEFAS

Food & Environment Research Agency

Animal Health & Veterinary Laboratories Agency

The Scottish Government

Public Health England

5 Operating Leases

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

	<u>2014/15</u> <u>£000</u>	<u>2013/14</u> <u>£000</u>
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	318	259
Later than one year and not later than five years	1,600	
Later than five years	4,182	
	<u>6,100</u>	<u>259</u>

The FSA's 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). Obligation for the above building lease transferred to Food Standards Scotland on 01/04/15.

6 Other Financial Commitments

There were no other financial commitments as at 31 March 2015 (31 March 2014 – £Nil).

7 Contingent liabilities

There are no Contingent Liabilities to report.

8 Advisory Committee

In addition to the main FSA Board, the FSA has separate advisory committees to cover Scotland, Wales and Northern Ireland. The Committees act as advisory bodies to the FSA. They are chaired by Board Members and the FSA Board is required by statute to take account of their advice in its work. The Committee Members are listed below:

Scotland – Advisory Committee Members

Dr. James Wildgoose
 Dr. Carrie Ruxton
 Dr. Lesley Ann Stanley
 Bernard Forteach
 Alison Jones
 Liz Breckenridge

9 Events after the reporting period

In accordance with the requirements of IAS 10 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. 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.

10 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.

FOOD STANDARDS AGENCY SCOTLAND**DIRECTION BY THE SCOTTISH MINISTERS IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999**

1. The Food Standards Agency shall report its funding and expenditure in relation to sums paid out of the Scottish Consolidated Fund in a statement of accounts for the financial year ended 31 March 2006 and subsequent years. The statement shall comprise:
 - a summary of resource outturn;
 - an operating cost statement; and
 - a schedule reconciling the net resource outturn to the sums paid out of the Scottish Consolidated Fund.
2. The statement of accounts shall present fairly the summary of resource outturn, the net resource cost for the year, the capital expenditure for the year and reconcile the net resource outturn to the sums paid out of the Scottish Consolidated Fund for the year. Subject to these requirements the statement shall also be prepared in accordance with the requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared. A separate foreword, statement of the state of affairs at 31 March, and a statement of resources applied to objectives, recognised gains and losses, and cashflows for the year will not be required.
3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 1 October 2001 is hereby revoked.



Signed by the authority of the Scottish Ministers
17 January 2006