
Food Standards Agency in Wales

Annual Report and Accounts 2014/15

(For the year ended 31 March 2015)



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Contents

	Page
Annual Report	
Strategic Report	4
Chief Executive's statement	4
Our activities and performance during 2014/15	6
Principal risks and uncertainties	15
Composition of the Board and Executive Management Team	15
Formal enforcement action	16
Complaints to the Parliamentary Ombudsman	17
Sustainability Report – Wales	18
Directors' report	
Details of the Board and Directors	20
Management commentary	24
Remuneration report	33
Statement of Accounting Officer's responsibilities	39
FSA Governance Statement 2014/2015	40
Accounts	
The Certificate and Report of the Comptroller and Auditor General to the National Assembly for Wales	47
Summary of Resource and Capital Outturn	49
Statement of Comprehensive Net Expenditure	50
Statement of Financial Position	51
Statement of Changes in Taxpayers' Equity	52
Statement of Cash Flows	53
Notes to the Accounts	54

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.

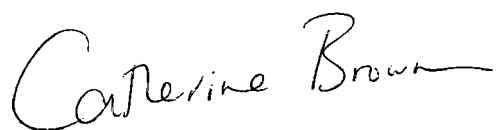
We continue to conduct checks on food hygiene and animal welfare in all abattoirs and as part of our work with industry to reduce campylobacter our meat hygiene inspectors have been involved in spreading best practice in poultry plants.

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.

1. Influencing and empowering consumers and purchasers of food to make better choices	
Overall objective	
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.	
Objectives for 2014/15	Assessment of delivery in 2014/15
<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.¹</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 2015.²</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>

1. Influencing and empowering consumers and purchasers of food to make better choices	
<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.³</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.⁴</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 2014.⁵</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>

2. Reducing foodborne disease: campylobacter reduction	
<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>Overall objective</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"> ● bringing together the food industry – farmers, producers, retailers and caterers – to act on the level of campylobacter in the poultry it sells ● addressing legislative barriers ● 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 ● helping consumers understand the risks and their responsibility to prepare and cook poultry safely 	
Objectives for 2014/15	Assessment of delivery in 2014/15
<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"> ● We worked well with other parts of government to achieve our objectives. ● We used our Food Safety Week public campaign to achieve significant public impact (see the section in this report on Publicity and advertising, page 30). ● We put in place sound governance by coordinating all our work in this area within a single programme, overseen by a programme board. ● We encouraged industry to test and adopt large scale, end of slaughter line physical interventions (e.g. Rapid Surface Chilling, Sonosteam etc.) ● 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.

2. Reducing foodborne disease: campylobacter reduction	
	<ul style="list-style-type: none"> ● The first major retailer (Marks & 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. ● 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.

3. Productive relationships with others	
Overall objective	
<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>	
(i): Preparing for the establishment of Food Standards Scotland	
<i>Objectives for 2014/15</i>	<i>Assessment of delivery in 2014/15</i>
<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	Assessment of delivery in 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.	<p>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.</p> <p>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.</p> <p>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).</p>

4. Prevention and management of food incidents: post horse meat intelligence hub and incident response
Overall objective
<p>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.</p> <p>Our objective is to protect consumers and maintain consumer confidence in the food chain. We will do this by:</p> <ul style="list-style-type: none"> ● 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.

4. Prevention and management of food incidents: post horse meat intelligence hub and incident response	
<i>Objectives for 2014/15</i>	<i>Assessment of delivery in 2014/15</i>
<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. 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>

5. Supporting growth through better, smarter regulation	
Overall objective	
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.	
Objectives for 2014/15	Assessment of delivery in 2014/15
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>

6. Improving capacity and capability – a future model of the FSA	
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.	
(i) Our People	
Overall objective	
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.	

6. Improving capacity and capability – a future model of the FSA	
<i>Objectives for 2014/15</i>	<i>Assessment of delivery in 2014/15</i>
<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 processes.</p> <p>We developed divisional Learning & Development plans and embedded the principle of staff attending 5 L&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>
(ii) Our Strategy for 2015-20	
<i>Objectives for 2014/15</i>	<i>Assessment of delivery in 2014/15</i>
<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>

6. Improving capacity and capability – a future model of the FSA	
	<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 40.

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	13
SCS2	4	1	0	0	5
SCS3	1	0	0	0	1

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
Hygiene Emergency Prohibition Notice , served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006, giving a food business operator a day's notice of the intention to apply to a court for the granting of a Hygiene Emergency Prohibition Order which would result in an immediate cessation of business	Nil	Nil
Hygiene Improvement Notice served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	268	147
Remedial Action Notice served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	204	120

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	2468

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 website⁶.

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.

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

Sustainability reports – Wales

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

Greenhouse gas emissions				
Non-Financial indicators	2011/12	2012/13	2013/14	2014/15
Scope 2				
Total energy consumption (KWH)	41,639	28,064	27,792	25,902
Financial indicators (£)				
Total energy expenditure	7,368	5,912	6,014	5,009

The following table reports waste data and related expenditure

Waste				
Non-Financial indicators (Tonnes)	2011/12	2012/13	2013/14	2014/15 ¹
Recycled/reused waste	1.9	0.7	0.5	N/A
Landfill	N/A	N/A	N/A	N/A
Waste incinerated	N/A	N/A	N/A	N/A
Confidential waste	N/A	0.4	N/A	N/A
Total waste	1.9	1.1	0.5	N/A
Financial indicators (£)				
Total waste expenditure	1,095	697	460	N/A

The following table reports water data and related expenditure

Water				
Non-Financial indicators (m³)	2011/12	2012/13	2013/14	2014/15 ²
Total water consumption	N/A	N/A	N/A	N/A
Financial indicators (£)				
Water expenditure	N/A	N/A	N/A	N/A

Notes

- 1 Not measurable – tenant in a large shared building.
- 2 Separately not identifiable, part of an overall service agreement.

Forward commitments to improve performance

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

The FSA is currently on target to meet its Greening Government Commitment on electricity, gas, 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.

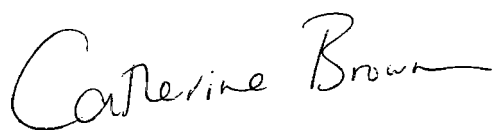
We have continued to promote the use of new video-conferencing facilities to give staff an alternative to travel.

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 FSA⁷ 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 Board⁸

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)

⁷ More information about our organisation and structure can be found on our website: <http://www.food.gov.uk/about-us/about-the-fsa>

⁸ 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 Team⁹

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.

The Welsh Food Advisory Committee¹⁰

The Welsh Food Advisory Committee provides advice and information to the Agency on its functions. It is chaired by the Welsh Board Member and the FSA Board is required by statute to take account of their advice and its work. During the year, the membership of the Welsh Food Advisory Committee was:

Dr Roland Salmon	Chair
Derek Morgan	
Dr Hugh Jones	
Susan Jones	
Dr Norma Barry	
David Peace	
Ronnie Alexander	From 1 July 2014

⁹ More information about members of the EMT can be found on our website:
<http://www.food.gov.uk/about-us/how-we-work/profiles>

¹⁰ 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>

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 engagement

The FSA in Wales had no 'off-payroll' engagements at a cost of over £58,000 per annum during 2014/15 or during 2013/14.

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.¹¹

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 Businesses¹². 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.

¹¹ <http://www.food.gov.uk/business-industry/allergy-guide/allergen-resources>

¹² <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 supports effective people management.

The Civil Service People Survey is a key tool for the FSA in understanding and improving employee engagement: all staff are invited to participate in this annual survey and contribute to follow-up action plans at both a local and organisation-wide level.

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. 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 8.5 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

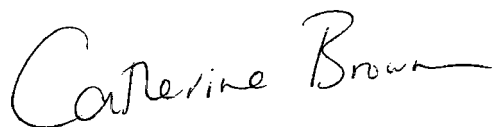
The FSA has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Reporting of personal/sensitive data losses and/or incidents

This information is provided as part of the FSA Governance Statement 2014/15 on page 40.

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.



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

Service contracts

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

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

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

This report has been prepared in accordance with guidance EPN 430. The tables in the remuneration report are subject to audit.

Salary and pension entitlements

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

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

a) Remuneration

Executive Management Team

Single total figure of remuneration										
	Salary (£000)		Bonus Payments (£000)		Benefits in kind (to nearest £100)		Pensions benefits (£000) ¹		Total (£000)	
	14/15	13/14	14/15	13/14	14/15	13/14	14/15	13/14	14/15	13/14
Steve Wearne (Director of Policy) ²	100-105	90-95	-	10-15	-	-	70-75	45-50	170-175	145-150
Nina Purcell (Director, FSA in Wales from 3/2/14)	75-80	10-15	-	-	-	-	135-140	20-25	210-215	35-40
Geoff Ogle ³	90-95	70-75	-	-	-	-	55-60	15-20	145-150	90-95

Notes

- 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.
- 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.
- 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, £75-80K for Nina Purcell 2013/14.

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.

Wales	2014/15	2013/14
Band of Highest Paid Director's Total Remuneration	£75k-£80k	£75k-£80k
Median Total Remuneration	£31k	£30k
Ratio	2.53	2.55
Remuneration Range	£18k-£64k	£16k-£66k

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.

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)
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
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
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				
Bands		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
		£5,000	£2,500			
		(£000)	(£000)	(£000)	(£000)	(£000)
Steve Wearne	Director, Policy (from September 2013) ¹	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 5-7.5	475	414	32
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
Geoff Ogle	Portfolio Director (from May 2013) ²	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	491	449	12

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.

2 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.

* 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.

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 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

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.

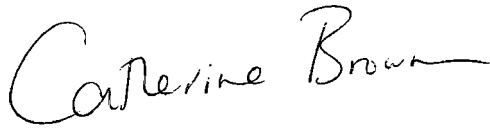
CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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 style with a long horizontal flourish at the end.

Catherine Brown
Chief Executive and Accounting Officer

3 June 2015

Statement of Accounting Officer's responsibilities

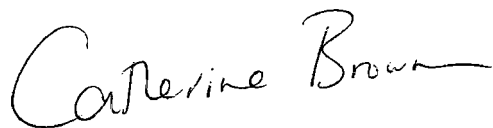
Under the Accounts Directions issued by the Welsh Assembly Government under the Food Standards Act 1999, the Welsh Assembly Government has directed the Food Standards Agency in Wales (FSAiW) to prepare, for each financial year, accounts detailing the resources acquired, held or disposed of during the 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 FSAiW 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 website¹³.
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.

¹³ <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.¹⁴

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	✓	✓	✓	✓	✓	✗
Liz Breckenridge	✓	✓	✓	✓	✓	✓
Jeff Halliwell	✓	✓	✓	✓	✓	✗
Dr Roland Salmon	✓	✗	✓	✓	✓	✓
Dr James Wildgoose	✓	✓	✓	✓	✓	✓
Paul Wiles CB	✓	✓	✗	✓	✓	✓
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	✗	
Jeff Halliwell	✓	
Dr James Wildgoose	✗	✓
Liz Breckenridge	✗	✓
Jim Smart		✓
Heather Peck		✓

¹⁴ <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 Models¹⁵ 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.

¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206946/review_of_qa_of_govt_analytical_models_final_report_040313.pdf

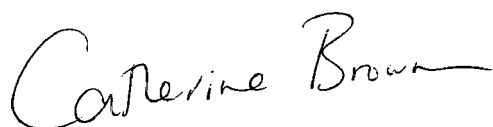
34. From the audit work performed in the year two themes have been identified. Firstly, clarification of some official control policy areas would enable a more consistent and proportionate assessment of risks to be undertaken by operational staff, however, an improvement in collaboration between Policy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

I certify that I have audited the financial statements of the Food Standards Agency (Wales) for the year ended 31 March 2015 under the Food Standards Act 1999. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report 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 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 (Wales)'s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Food Standards Agency (Wales); 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 National Assembly for Wales 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 National Assembly for Wales 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 affairs of the Food Standards Agency (Wales) 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 Food Standards Act 1999 and the Welsh Assembly Government 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 the Welsh Assembly Government directions made under the Food Standards Act 1999; 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 the Welsh Assembly Government'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

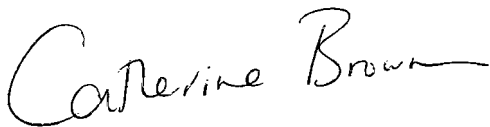
Summary of Resource and Capital Outturn

For the period ended 31 March 2015

	Budget 2014/15 Net expenditure £000	Outturn 2014/15 Net expenditure £000	Outturn compared with Budget Variance £000	Outturn 2013/14 Net expenditure £000
Programme Resources	3,158	3,153	5	2,911
Capital	84	84	–	123
Total	3,242	3,237	5	3,034

The FSA in Wales resource spend for the year was £3,153k compared to the resource budget of £3,158k. Expenditure in the year was consistent with the resource budget for the period. The variance between budget and outturn is due to slower recruitment than planned resulting in reduced programme and administration costs against budget.

FSA in Wales has not been given a Net Cash Requirement.



Catherine Brown
Chief Executive and Accounting Officer

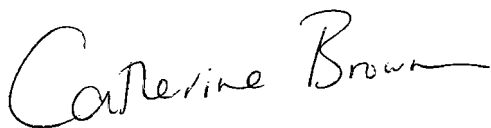
3 June 2015

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2015

	Note	£000	2014/15 £000	2013/14 £000
Administration Costs				
Staff Costs	2 a)	1,256		1,225
Other Administration Costs	3	682		477
Gross Administration Costs			1,938	1,702
Net Administration Costs			1,938	1,702
Programme Costs	3		1,215	1,209
Net Operating Cost			3,153	2,911

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



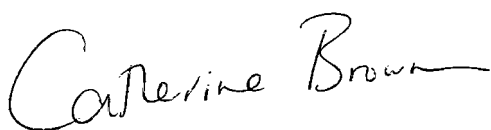
Catherine Brown
Chief Executive and Accounting Officer

3 June 2015

Statement of Financial Position

For the period ended 31 March 2015

	Note	2014/15 £000	2013/14 £000
Non-current assets			
Property, plant and equipment	4	165	113
		165	113
Current assets			
Trade and other receivables	6	7	2
Other current assets	6	52	24
Cash and cash equivalents	7	7	197
Total current assets		66	223
Total assets		231	336
Current Liabilities			
Trade and other payables	8	(23)	(136)
Provisions	9	0	(25)
Other Liabilities	8	(434)	(490)
Total current liabilities		(457)	(651)
Non-current assets plus/less net current assets/ liabilities		(226)	(315)
Total non-current liabilities		0	0
Assets less liabilities		(226)	(315)
Taxpayers' equity			
General fund		(226)	(315)
Total taxpayers' equity		(226)	(315)



Catherine Brown
Chief Executive and Accounting Officer

3 June 2015

The notes on pages 54 to 65 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the period ended 31 March 2015

	Note	General Fund £000
Balance at 1 April 2013		(337)
Changes in taxpayers' equity for 2013/14		
Non-cash charges – Auditors Remuneration	3	7
Net operating cost for the year		(2,911)
Total recognised income and expense for 2013/14		(2,904)
Net Welsh Government Funding -drawdown		3,213
Net Welsh Government Funding – deemed		(90)
Funding Payable/(Receivable) adjustment		(197)
		2,926
Balance at 31 March 2014		(315)
Changes in taxpayers' equity for 2014/15		
Non-cash charges – Auditors Remuneration	3	7
Net operating cost for the year		(3,153)
Total recognised income and expense for 2014/15		(3,146)
Net Welsh Government Funding -drawdown		3,045
Net Welsh Government Funding – deemed		197
Funding Payable/(Receivable) adjustment		(7)
		3,235
Balance at 31 March 2015		(226)

The notes on pages 54 to 65 form part of these accounts

Statement of Cash Flows

For the period ended 31 March 2015

		2014/15 £000	2013/14 £000
Cash flows from operating activities	Note		
Net operating cost		(3,153)	(2,911)
Adjustment for non-cash transactions	3	39	18
(Increase)/Decrease in trade and other receivables	6	(33)	83
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	6	–	(90)
Increase/(Decrease) in trade and other payables	8	(169)	356
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	7	190	(197)
Use of provisions	9	(25)	(62)
Net cash outflow from operating activities		(3,151)	(2,803)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(84)	(123)
Purchase of intangible assets		–	–
Net cash outflow from investing activities		(84)	(123)
Cash flows from financing activities			
Financing via Welsh Government – Direct funding		3,045	3,213
Net Financing		3,045	3,213
Net increase/(decrease) in cash and cash equivalents in the period		(190)	287
Cash and cash equivalents at the beginning of the period	7	197	(90)
Cash and cash equivalents at the end of the period	7	7	197
		(190)	287

The notes on pages 54 to 65 form part of these accounts

Notes to the Accounts

1 Statement of Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared in accordance with the Accounts Direction issued by the Welsh Government 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

1.2 Accounting Convention

The accounts have been prepared under the historic cost convention to fairly present the summary of resource outturn, the net resource cost for the financial year, the capital expenditure for the year and to reconcile the net resource outturn to the sums paid out of the Consolidated Fund for Wales for the financial year.

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

1.3 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 delivery) 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.

1.4 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 Financial Reporting Manual 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.

1.5 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.

1.6 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 FReM 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:

	2014/15	2013/14
Property, plant and equipment:		
Computer servers and computer equipment	2 – 4 years	2 – 4 years
Office machinery	2 – 8 years	2 – 8 years
Furniture, fixtures and fittings	4 – 7 years	7 years

1.7 Early Departure Costs

Early departure cost refers to liabilities to staff for early retirement. The FSA in Wales (FSAiW) meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The FSAiW provides for this in full when the early retirement becomes binding on the department by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.3% (2013/14 1.8%) in real terms.

1.8 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 which is to be supplied on a full cost recovery basis 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.

1.9 Administration and Programme Expenditure

The FSA in Wales is excluded from the administration budget regime.

1.10 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/.

1.11 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. The FSA does not currently have any finance lease liabilities.

1.12 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSAiW 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.

1.13 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.

1.14 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, the department discloses, for 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 National Assembly for Wales 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 FRM 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 National Assembly for Wales separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to National Assembly for Wales.

1.15 Financial Assets and Liabilities

The FSAiW holds the following financial assets and liabilities:

- 1) Assets
 - Cash and cash equivalents
 - Trade Receivables – current
 - Trade Receivables – non-current
- 2) Liabilities
 - Trade and other payables
 - Other payables > 1 year
 - Provisions arising from contractual arrangements

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 FSAiW's bank account. The FSAiW does not currently have cash equivalents. Trade receivables have been measured at amortised cost using an effective interest method 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.

Cash balances are recorded at current values. Account balances are set-off only where there is a formal agreement with the bank to do so. All other financial instruments are held for the sole purpose of managing the cash flow of the FSAiW on a day to day basis or arise from the operating activities of the FSAiW.

2 Staff numbers and related costs

a) Staff costs comprise of:

	2014/15	2013/14
	£000	£000
Wages and Salaries	968	960
Social Security Costs	79	78
Other Pension Costs	185	183
Sub Total	1,232	1,221
Agency Staff	24	4
Total Net Costs	1,256	1,225

No salary costs have been capitalised during the year.

b) 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 FSAiW (including senior management) as included within the consolidated resource account.

Permanently Employed Staff	Others	2014/15 Total	2013/14 Total
30	1	31	31

c) Exit Packages

Reporting of Civil Service compensation scheme

Exit Package cost band	2014/15		
	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
£25,000 – £50,000	2	–	2
£50,000 – £100,000	–	1	1
£100,000 – £150,000	–	–	–
£150,000 – £200,000	–	–	–
£200,000 and above	–	–	–
Total number of exit packages	2	3	5
Total resource cost £	59,000	97,198	156,198

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

There were no paid exit packages in 2013/14. There were no early retirements on ill health grounds in 2014/15 or 2013/14.

3 Expenditure Analysis

	2014/15 £000	2013/14 £000
Rentals under operating leases:		
Hire of Plant and Machinery	5	12
Building Leases	69	68
Non-cash items:		
Audit Fees	7	7
Depreciation	32	11
Loss from Disposal of Assets	-	-
Total non-cash items	39	18
Accommodation costs	92	108
Staff overheads	274	66
Administration costs	63	64
IT costs*	107	107
Committee Costs	33	34
Other Administration Costs	682	477
Programme costs	1,215	1,209
	1,897	1,686

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

4 Property, plant and equipment

	Fixtures and Fittings £000	Office Equipment £000	IT equipment £000	Total £000
Cost or valuation				
At 1 April 2014	40	9	83	132
Additions	41	–	43	84
Disposals		(9)		(9)
At 31 March 2015	81	–	126	207
Depreciation				
At 1 April 2014	–	9	10	19
Charged in year	9	–	23	32
Disposals	–	(9)	–	(9)
At 31 March 2015	9	–	33	42
Carrying value at 31 March 2015	72	–	93	165
Carrying value at 31 March 2014	40	–	73	113
Asset financing:				
Owned	72	–	93	165
Carrying value at 31 March 2015	72	–	93	165

	Fixtures and Fittings £000	Office Equipment £000	IT equipment £000	Total £000
Cost or valuation				
At 1 April 2013	–	9	–	9
Additions	40	–	83	123
Disposals	–	–	–	–
At 31 March 2014	40	9	83	132
Depreciation				
At 1 April 2013	–	8	–	8
Charged in year	–	1	10	11
Disposals	–	–	–	–
At 31 March 2014	–	9	10	19
Carrying value at 31 March 2014	40	–	73	113
Carrying value at 31 March 2013	–	1	–	1
Asset financing:				
Owned	40	–	73	113
Carrying value at 31 March 2013	40	–	73	113

5 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 normally 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, currency, interest rate or market risk.

6 Trade receivables and other current assets

	2014/15	2013/14
	£000	£000
Amounts falling due within one year:		
Trade Receivables	–	–
VAT recoverable	3	2
Other receivables	4	–
	<u>7</u>	<u>2</u>
Other current assets :		
Prepayments	52	24
Amounts issued from the Welsh Government but not received at year end	–	–
	<u>52</u>	<u>24</u>
Total	<u>59</u>	<u>26</u>

b) Intra-Government Balances

	Amounts falling due within one year	
	2014/15	2013/14
	£000	£000
Balances with other central government bodies	3	2
Balances with local authorities	23	–
Balances with NHS bodies	–	–
Balances with public corporations and trading funds	–	–
Subtotal: intra-government balances	<u>26</u>	<u>2</u>
Balances with bodies external to government	33	24
Total receivable at 31 March 2015	<u>59</u>	<u>26</u>

7 Cash and cash equivalents

	2014/15	2013/14
	£000	£000
Balance at 1 April	197	(90)
Net changes in cash balances	(190)	287
Balance at 31 March	<u>7</u>	<u>197</u>
The following balances at 31 March are held at:		
Government Banking Service	7	197
	<u>7</u>	<u>197</u>

8 Trade payables and other current liabilities

	2014/15	2013/14
	£000	£000
Amounts falling due within one year		
Taxation	0	24
Trade Payables	23	92
Other Payables	0	20
	<u>23</u>	<u>136</u>
Other current liabilities :		
Accruals	427	293
Amounts issued from the Welsh Government but not spent at year end	7	197
	<u>434</u>	<u>490</u>
	<u>457</u>	<u>626</u>

b) Intra-Government Balances

	Amounts falling due within one year	
	2014/15	2013/14
	£000	£000
Balances with other central government bodies	20	246
Balances with local authorities	38	97
Balances with NHS bodies		-
Balances with public corporations and trading funds		-
Sub-total intra-government balances	<u>58</u>	<u>343</u>
Balance with bodies external to government	399	283
Total payables at 31 March	<u>457</u>	<u>626</u>

9 Provisions for liabilities and charges

Early Departure costs

	2014/15 £000	2013/14 £000
Balance at 1 April	25	87
Provided in year	–	–
Provisions not required written back		(30)
Provisions utilised in the year	(25)	(34)
Borrowing costs (unwinding of discounts)		2
Balance at 31 March	0	25

Analysis of expected timing of discounted flows

	2014/15 £000	2013/14 £000
Not later than one year	0	25
Later than one year and not later than five years		
Later than five years		–
Balance at 31 March	0	25

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 Treasury discount rate of 1.3% (2013/14 1.8%) in real terms.

10 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 FSAiW has had a number of transactions with other government departments and other central government bodies, including Department of Health and CEFAS, which are considered to be related parties.

11 Operating leases

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

	2014/15 £000	2013/14 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	53	53
Later than one year and not later than five years	212	159
Later than five years	181	–
	446	212

12 Other Financial Commitments

The FSAiW has not entered into any financial commitments which are not operating leases.

13 Contingent liabilities

There are no Contingent Liabilities to report.

14 Losses and Special Payments

There were no special payments during the year.

15 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:

Wales – Advisory Committee Members

Dr Roland Salmon (Chairman)
 Ronnie Alexander (from 1st July 2014)
 David Peace
 Dr Hugh Jones
 Derek Morgan
 Sue Jones
 Dr Norma Barry

16 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. There are no post balance sheet events.

17 Capital Commitments

At 31 March 2015 there were no commitments for the purchase of capital items (31 March 2014 £nil).

18 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 WALES

ACCOUNTS DIRECTION GIVEN BY THE WELSH ASSEMBLY GOVERNMENT IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999

1. The Food Standards Agency Wales shall prepare accounts for the financial year ended 31 March 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ("the FReM") issued by HM Treasury which is in force for that financial year.
2. The accounts shall be prepared so as to:
 - a. give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, cash flows and changes in taxpayers' equity for the financial year then ended; and
 - b. provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Welsh Assembly Government or material transactions that have not conformed to the authorities which govern them.
3. 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 both with 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 the Welsh Assembly Government.

Martin Sollis
Deputy Director of Finance
Welsh Assembly Government

19 April 2011