
Food Standards Agency in Wales

Annual Report and Accounts 2011/12

(For the year ended 31 March 2012)

Food Standards Agency in Wales

Annual Report and Accounts 2011/12

(For the year ended 31 March 2012)

© Crown Copyright 2012

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or e-mail: psi@nationalarchives.gsi.gov.uk

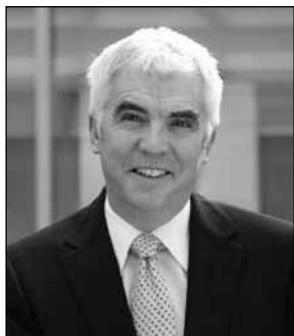
Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Printed on paper containing 75% recycled fibre content minimum.

Contents

	Page
Chief Executive's statement	4
The Food Standards Agency – who we are and what we do	7
Our activities and performance during 2011/12	9
Annual Report	18
• Complaints to the Parliamentary Ombudsman	18
• Directors' report	18
• Remuneration report	30
• Statement of Accounting Officer's responsibilities	35
• Governance statement	36
• The certificate and report of the Comptroller and Auditor General to the House of Commons	43
• Financial statements	45
• Notes to the accounts	50
• Accounts Direction given by the Welsh Assembly Government	66
• Annex A – Sustainability Report	67

Chief Executive's statement



I am pleased to lay before the Westminster Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly, the Food Standards Agency Annual Report and Consolidated Accounts. This edition covers our performance and activities in 2011/12.

Meeting new challenges

The past year has been extremely challenging for the Food Standards Agency (FSA). In line with other Government departments the FSA set out to achieve its objectives with reduced resources, fewer staff and less recourse to regulation. I am proud to say that due to the exceptional commitment of everyone at the FSA we have continued to deliver on our objective of ensuring safer food for the nation.

During the past year we accelerated the roll-out of the Food Hygiene Rating Scheme (FHRS) in England, Wales and Northern Ireland and the Food Hygiene Information Scheme (FHIS) in Scotland. These initiatives enable consumers to access information on the hygiene standards of places where they eat out or buy food. Local authority participation in the schemes gained real momentum in 2011/12 with 94% of local authorities across the UK now running the schemes in their area or making a commitment to do so.

We have continued to target campylobacter, the pathogen responsible for causing the highest incidence of food poisoning. We have worked with industry to improve hygiene on poultry farms, and new standards were adopted by the Red Tractor farm assurance scheme in April 2011. In addition, we allocated almost £1.4 million to research during 2011/12, to improve understanding of what works in reducing campylobacter levels on the farm, in the processing plant, and further down the food chain.

As a science and evidence based organisation, research is central to everything we do. In 2011/12 we allocated £25 million to research, and we are committed to maintaining the proportion of our total budget spent on research. One example of how research supports our delivery of safer food is the Second Study of Infectious Intestinal Disease in the Community, which provides evidence on the rates and patterns of intestinal disease in the UK. Further analysis will help us understand the risks presented by different pathogens in food and the actions required to reduce them.

However, not all issues of food safety can be anticipated, and one of the FSA's key roles is to respond to unexpected incidents. During 2011/12 we handled 1,787 food-safety incidents, an increase of 187 on the previous year. Six were 'high-level' incidents that had the potential to cause deaths, serious injury or generate widespread concern. Several originated outside of the UK, for example the E.coli O104 outbreaks in Germany and France linked to sprouted seeds. While the contaminated sprouted seeds were not on sale in the UK, resources were allocated to reassuring consumers about food safety and to providing best practice information on eating and handling sprouted seeds, to reduce the possibility of a similar outbreak occurring in the UK.

Always seeking improvements

To continue improvements in the enforcement of food safety regulation in the UK, we have started a major review of delivery of official controls. This will consider how local authorities and port health authorities monitor and secure business compliance with food and feed law. Stakeholders have assisted us in agreeing the principles that will drive this review and we are now developing methods for assessing how this key public health function can be made more effective for consumers and less complex for businesses and enforcers.

To ensure that the FSA remains the UK's point of reference for food safety, we have continued to test ourselves against our own and others' expectations. During 2011/12 we commissioned an internal review of our strategy, after which we added 'Enforcing food regulations fairly' as our fifth principle. We also commissioned our first Capability Review, which will be taking place through spring and early summer of 2012.

The most high profile of this year's reviews has been the Scudamore review of the FSA in Scotland, commissioned by Scottish health ministers. The review's report, *Future arrangements to secure food standards and safety in Scotland*, was published in early 2012. We will work with Scottish ministers to assist in the implementation of their decisions in response to the review. Any discussion of the implementation arrangements by the Board will be in open session, in line with our principles of openness and transparency.

Such openness and transparency has continued to be a feature of all FSA undertakings. In November 2011 we published the first Operations Group Annual Report. The report highlighted key events during 2010/11 including changes in regulations affecting meat operations delivery. Our aim is to expand it to encompass all aspects of FSA operations delivery.

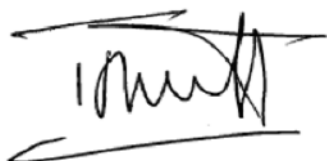
Delivering value for money

Following the integration of the Meat Hygiene Service into the FSA in 2010/11 and the formation of the Operations Group, part of our focus during 2011/12 has been to harmonise the terms and conditions of employment of all FSA staff.

Advances have been made in developing a long-term pay strategy and introducing a single performance management process and competencies framework. We have at the same time continued to make progress in meeting the Westminster Spending Review 2010 target of making by 2014/15 real-terms saving of 33% in administration and 18% in programme expenditure. By the end of 2011/12, against the 2010/11 baseline budget of £118 million, costs have been reduced by £27million. This represents cash savings of £8 million (16%) in administration and £19million (28%) in programme expenditure. The savings have been achieved through Central Government controls on marketing and consultancy and through our own internal efficiencies. These included a review of our office accommodation saving £1.4 million and improved procurement of goods and services. Since the 2009/10 financial year, FSA staff numbers across the UK organisation have been reduced by 278 (13%) through an effective reorganisation and restructuring programme and a freeze on external recruitment.

Finally, I would add that during the past 12 months, the FSA has made food-safety preparations for London 2012 a priority. A team was set up across the FSA to ensure a coordinated approach to improving food hygiene standards through the FHRS and the FSA's Safer food, better business food hygiene management system. FSA grant-funding of £1.5 million has helped local authorities undertake additional inspections and food sampling, and FSA training will ensure enforcement officers are working at the top of their game.

The activities in this report demonstrate, I believe, that the FSA continues to be both a strong individual performer and a key team player in ensuring safer food for the nation.

A handwritten signature in black ink, appearing to read 'Tim J Smith', enclosed within a rectangular box drawn with a single continuous line.

Tim J Smith
Chief Executive
Food Standards Agency
9 July 2012

The Food Standards Agency – who we are and what we do

The Food Standards Agency

The Food Standards Agency (FSA) is the UK authority responsible for ensuring your food is safe to eat. Our strategic objective is 'safer food for the nation'.

Food safety is our concern from the time ingredients come into the country, or leave the farm, right through to when food is sold to you in shops or served to you if you are eating out.

If we become aware that food has been contaminated or adulterated, contains unsafe ingredients, or is labelled in a way that makes it unsafe for some people to eat, we will have it removed from sale. We do this in conjunction with other enforcement organisations, such as port health authorities, trading standards, and environmental health.

Our Food Hygiene Rating Scheme lets you see the hygiene standards of catering establishments on our website food.gov.uk/ratings when you eat out or shop for food. These initiatives are delivered by our local authority partners. Our 'Safer food, better business' initiative makes sure that good food hygiene is central to how food businesses operate.

FSA operations staff work in slaughterhouses and meat plants throughout the UK to make sure the meat you buy is safe. We also deal with the safety of animal feed.

In the European Union, our legal experts and policy officials negotiate on behalf of the UK to make sure that EU law reflects the interests of UK consumers.

The hundreds of scientists on our staff and in our independent scientific advisory committees guarantee that all of our work – from day-to-day decision making to the assessment of emerging risks – is evidence-based.

The FSA was set up in 2000 as an independent Government department. We are governed by a Board and can publish any advice we offer to Ministers.

Since 2000, there have been real improvements in food safety in the UK. Our regular consumer surveys, workshops and focus groups suggest that these improvements have been matched by increases in people's confidence in food. Our updated Strategy makes sure that these improvements continue.

Our core principles

- putting the consumer first;
- openness and transparency;
- science and evidence-based;
- acting independently;
- enforcing food law fairly.

Our Strategy to 2015

Our updated Strategy to 2015 sets out the six outcomes we work towards to make sure that food is safe and consumers can continue to have trust and confidence in the food they buy and eat. These outcomes reflect the work of the FSA at all stages of the food supply – from when food enters the UK to when it is sold by retailers and caterers.

The outcomes we aim to deliver are:

- food produced or sold in the UK is safe to eat;
- imported food is safe to eat;
- food producers and caterers give priority to consumer interests in relation to food;
- consumers have the information and understanding they need to make informed choices about where and what they eat;
- regulation is effective, risk-based and proportionate, is clear about the responsibilities of food business operators, and protects consumers and their interests from fraud and other risks; and
- enforcement is effective, consistent, risk-based and proportionate, and is focused on improving public health.

The Strategy is written in a clear and concise way to help consumers understand it, and is shaped by our core principles of putting the consumer first, openness and transparency, and being science and evidence-based. The full text of the Strategy is available on our website **food.gov.uk**

To help measure success against our Strategy to 2015, we track a number of impact indicators. These are an integral part of our quarterly Performance Management Reports. We intend to put information from these reports into the public domain this year, starting with the quarter April–June 2012. We are also continuing to further develop existing and new indicators and these will be added to the Performance Management Reports as they are agreed.

Our Science and Evidence Strategy

To support the delivery of the Strategy, we updated our Science and Evidence Strategy 2010 to 2015. The Science and Evidence Strategy sets out how we will use science and evidence to meet the challenges of delivering safer food for the nation. It re-iterates our commitment to using the best available science and evidence in an open and transparent manner. We will continue to be guided by independent scientific advice, and we will launch new research partnerships to further our understanding as we seek to manage risk to make sure food is safe. The full text of our Science and Evidence Strategy is available on our website **food.gov.uk**

Our activities and performance during 2011/12

Outcome: food produced or sold in the UK is safe to eat

Main priorities
Reduce foodborne disease using a targeted approach – tackling campylobacter in chicken as a priority.
Increase horizon scanning and improve forensic knowledge of, and intelligence on, global food chains to identify and reduce the impact of potential new and re-emerging risks – particularly chemical contamination.

UK Highlights of activities and performance in 2011/12
<ul style="list-style-type: none"> ● A key feature of the Foodborne Disease Strategy is the development and implementation of the Campylobacter Risk Management Programme, a 5 year programme which aims to reduce cases of campylobacter. The FSA continues to work in partnership with the British Poultry Council, the National Farmers Union, the British Retail Consortium and Defra through the Joint Working Group on Campylobacter to identify and trial new interventions to reduce contamination on chicken carcasses. The Campylobacter Risk Management work is on track and we have agreed a voluntary target with the industry to reduce the percentage of the most heavily contaminated chickens in the UK from a baseline of 27% in 2008 to 10% in 2015. If successful, it is estimated that we could see a reduction in Campylobacter food poisoning of up to 30%, equivalent to about 90,000 cases per year. ● A further important feature of the Foodborne Disease Strategy is the Listeria Risk Management Programme. This aims to reduce the number of cases of (and deaths from) listeriosis in the UK by targeting the population groups, healthcare settings and industry sectors where the risk is highest. The work is being delivered through active partnerships with other Government departments, health protection agencies, non-Governmental organisations, the NHS, local authorities and the food industry. The finalised work programme was published in October 2011 and a number of stakeholder working groups have been established to progress activities. ● Norovirus is an important foodborne pathogen, however, significant gaps in our knowledge still exist in this area. A foodborne viruses research programme has been established within the Foodborne Disease Strategy to address this. To help inform where we might most effectively target interventions in future, the research programme aims to improve our understanding of the routes of transmission for norovirus, the role that the whole food chain, including food handlers plays in UK acquired norovirus infections and the dynamics of the spread of disease. The FSA published results of a study on the prevalence, distribution and levels of norovirus in oysters at production sites in November 2011. These results, along with data generated from other research, will help build the evidence base needed to address the risks posed by norovirus in the food chain in the UK. Data from this study has also informed an EFSA scientific opinion on norovirus in oysters published in January 2012.

UK Highlights of activities and performance in 2011/12 *continued*

- The FSA’s Emerging Risk Programme aims to provide a co-ordinated approach to the collation and analysis of intelligence relating to food safety. The programme aims to provide a clearer picture of when, why and how food safety issues develop. The analyses will be used to predict new and re-emerging risks to food safety and to build knowledge of new technologies and novel foods. Following completion of the method development phase of this work programme, systems for the detection of emerging risks in food became fully operational in January 2012 as planned. A comprehensive programme of targeted stakeholder engagement has been developed at local, national and international levels to support the programme. We have convened a cross-Agency Governance Board to oversee the programme and to ensure that issues identified by the Emerging Risks Evaluation Board are appropriately progressed. Work to develop an intelligence network by integrating the emerging risks Memex database with those relating to incidents and food fraud, was completed in March 2012.
- During the last year the Agency handled 1,787 incidents. There were six high level incidents over this period, including the E.coli O104 outbreaks in Germany and France linked to sprouted seeds. Our incidents procedures are regularly reviewed in the light of experience and our Incident Response Protocol updated accordingly.

Outcome: imported food is safe to eat

Main priorities

Work internationally to reduce risks from food and feed originating in non-EU countries.

Ensure risk-based, targeted checks at ports, and local authority monitoring of imports throughout the food chain.

UK Highlights of activities and performance in 2011/12

- With an ever increasing prominence in global food supply and emerging risks originating from feed and food sourced from outside the EU, the FSA has introduced a new imports strategy, following discussions at the FSA Board meeting in September 2011. This focuses on investing in analysis and intelligence sharing approaches to develop a deeper understanding of import profiles by product, country of origin, volume and risks. The strategy will allow more effective targeting of checks at the ports and improved surveillance.
- We have co-ordinated organisation of increased controls for certain feed and food of non-animal origin, as required under Commission Regulation (EC) 669/2009.
- A number of additional safeguard measures have also been in place during the course of the year. These included measures controlling imports from Japan following the Fukushima nuclear plant explosion in March 2011 and prohibition of fenugreek seeds and bean imports from Egypt (following the E.coli O104 H4 outbreaks in Germany and France). Special conditions governing the import of particular foodstuffs from certain non-EU countries due to contamination risk by aflatoxins, have remained in place.

Outcome: consumers have the information and understanding they need to make informed choices about where and what they eat

Main priorities
Improve public awareness and use of messages about good food hygiene practice at home.
Increase provision of information to consumers on the hygiene standards of food premises when they choose where to eat out or shop for food.

Highlights of activities and performance in 2011/12

UK Highlights

- Between November 2011 and February 2012, the FSA ran a publicity campaign (press and radio) to reinforce existing food safety advice about storage, handling and cooking of food including raw soil-grown vegetables. It was run in the devolved nations for varying periods. Evaluation indicated an increase in awareness of campaign messages in Scotland and Wales compared to England, where the campaign was not run. This increase was higher in Northern Ireland but this was likely to be related to a TV-based campaign run by Safefood shortly before the FSA campaign.
- Following the Board’s conclusion that there are no food safety grounds for regulating foods from the descendants of cloned cattle and pigs, we sought the views of the public on the proposal that these foods should no longer be regarded as ‘novel’, i.e. meat and milk from these animals would not require authorisation under the EU novel foods regulation. After further consideration by the Board, the FSA announced in May 2011 that it had revised its interpretation of the legislation, aligning its interpretation with that of the European Commission. We have also undertaken some initial research into public attitudes to nanotechnology, which was published in April 2011. The research showed that participants were more accepting of nanotechnology-enabled food applications with apparent health benefits. Participants expressed general concern relating to long-term safety and environmental impact and they valued transparency; there was support for labelling of nanotechnology-enabled foods and for information about such foods on the UK market. The provision of such information was one of the recommendations of a House of Lords report in 2010 published in spring 2012.
- A new Citizens’ Forum programme was started to explore consumer views on information about food and feed business compliance. The main areas of exploration will be:
 - understanding how consumers currently use information when deciding where to eat;
 - understanding consumers’ views about openness and transparency;
 - identifying consumers’ expectations, needs and interest in relation to information about food compliance (including challenging their views about what information they actually need/use); and

Highlights of activities and performance in 2011/12 <i>continued</i>
<ul style="list-style-type: none"> - exploring views about making compliance information available to the public and how this could work in practice (including issues of accessibility; level of detail; resources; context; implications). <p>78 Local Authorities have launched the Food Hygiene Rating Scheme (FHRS) so that 69% of authorities across the three countries are now running the scheme and there are online records for an estimated 44% of businesses within scope (over 217,000). Looking forward, a further 25% of authorities are working toward launch before or just after the London 2012 Olympics and it is anticipated that 97% will have adopted the FHRS before the end of 2012. This includes all 26 district councils in Northern Ireland so that there will be a national scheme there as well as in Wales.</p> <p>Independently conducted surveys have indicated that 31% of businesses with FHRS ratings in Wales, 43% in England and 50% in NI, and 47% of those in Scotland with an FHIS pass are displaying these somewhere at their premises.</p> <p>Wales Highlights</p> <p>Consultation on the Food Hygiene Rating (Wales) draft Welsh Government Bill closed on 7 March and a summary of responses was published by Welsh Government on 30 March. Officials from the FSA Cardiff office continue to support the Welsh Government and Ministers through the legislative process.</p>

Outcome: regulation is effective, risk-based and proportionate, is clear about the responsibilities of food business operators, and protects consumers and their interest from fraud and other risks

Main priorities
Safeguard consumers by making it easier for businesses to comply with regulations, and minimise burdens on businesses.
Secure more proportionate, risk-based and effective regulation by strengthening our engagement in the EU and in international forums.
Work internationally to design a model for a new regulatory and enforcement regime for ensuring meat controls are effective.

Highlights of activities and performance in 2011/12**UK Highlights**

- The FSA Board agreed a compliance and enforcement strategy in July 2011. This aims to safeguard consumers and improve public health by improving overall business compliance. In implementing the strategy, the FSA will focus on better targeted activity; high impact interventions and ensuring compliance in high risk areas.
- The compliance and enforcement strategy recognises the importance of greater partnership with the private sector and better recognition of the part that the food industry's own audit and self-checking systems may have within the regulatory regime.
- In July 2011, the FSA introduced changes to the delivery of official controls for dairy hygiene in England and Wales. These changes provide proportionate official controls and earned recognition for the assurance provided through dairy farm membership of the Assured Dairy Farm Scheme.
- The protection of animal welfare prior to and during slaughter and killing is one of the key functions of the FSA in approved slaughterhouses in Great Britain, with the FSA carrying out this work on behalf of Defra and the Welsh and Scottish Governments. The FSA carried out a week long survey in Great Britain in September to provide assurance that food business operators were taking active steps to comply with legal requirements. The survey demonstrated that 99% of food business operators were fully compliant or demonstrated minor deficiencies with animal welfare requirements. Results are due to be presented to the FSA Board in the summer 2012 and will be used to inform implementation of new welfare at killing regulations in January 2013.
- Following advice from the FSA on consumer risks, Ministers agreed the FSA's advice to raise the BSE testing of healthy slaughter cattle from 48 to 72 months, with this change introduced in July 2011.
- The FSA set up the Future Meat Controls Research Programme in 2010 to gather evidence to support a case for regulatory change. Research has advanced well and is set to continue into 2012. Initial research findings were published in the autumn and have been used to inform the work of the European Food Safety Authority in this area; discussions with the European Commission; other Member States and international trade partners outside the EU.
- The FSA is the lead UK department contributing to the review of Regulation (EC) 882/2004. This legislation sets out the general principles that Member States must adopt when performing official controls to verify compliance with feed and food and animal health and welfare law. The European Commission is looking to address issues relating to the system for financing of official controls, controls on residues of veterinary medicines and EU border controls on live animals and products of animal origin. The Commission also plans to extend the scope of the regulation to include controls verifying compliance with plant health and seeds and propagating material rules. A draft proposal is expected in autumn 2012.
- During the year, the FSA has played a key role in the handling and investigation of food related environmental incidents, supporting Local Authorities tackling food fraud, and any deliberate illegal activity relating to the supply of food or feed.

Highlights of activities and performance in 2011/12 *continued*

Wales Highlights

- Legislation is now in place which extends the use of remedial action notices to non-approved establishments from 1 May 2012.

Outcome: secure effective enforcement and implementation of policies within the UK to protect consumers from risks related to food and from fraudulent or misleading practices, targeting the areas where there is highest risk

Main priorities

Secure effective enforcement and implementation of policies within the UK to protect consumers from risks related to food and from fraudulent or misleading practices, targeting the areas where there is highest risk.

Strengthen the delivery of official controls.

Develop our knowledge of what works in driving up business compliance with regulations.

UK Highlights of activities and performance in 2011/12

- The FSA Board commissioned a review of the delivery of official controls in January 2011. Progress reports were considered by the FSA Board in July 2011 and March 2012. A governance structure has been established to ensure the integrity of this key review. An External Advisory Group is in place to ensure there is independent challenge to the review. A Consultative Group, made up of representatives from 30 organisations across the UK, is providing specialist knowledge and expertise on the review.
- At its meeting in March 2012, the FSA Board Meeting agreed to a separate review of the delivery of official controls for feed and this has now been commissioned. This will follow the same principles as the wider official controls delivery review. Options for future delivery of controls for feed will be presented to the Board later in 2012.
- The FSA provided a report on enforcement of food law by UK Local Authorities, based on the local authority Enforcement Monitoring System (LAEMS) food hygiene, food standards and imported food returns and on the FSA's local authority audit activity in 2010/11, to the FSA Board meeting in November 2011. These returns demonstrated an improvement in food business compliance levels from greater targeting of high risk establishments and increased formal actions by Local Authorities. However, there were variations between Local Authorities, with a number reporting declines in staffing levels. These returns are being used to inform the FSA's planned audits of Local Authorities in 2012/13.

UK Highlights of activities and performance in 2011/12 *continued*

- In October 2009, the FSA launched an initiative to improve levels of compliance in a small proportion of FSA approved meat establishments identified as a cause for concern. This initiative has contributed to a significant improvement in overall food business operator compliance in the meat sector since its introduction. The number of broadly compliant businesses in the meat sector has increased from 64% in 2009 to 81% at the end of March 2012, with a reduction in the proportion of cause for concern establishments from 9% to 2.3% in the same period. As part of the FSA's commitment to openness and transparency, the FSA started publishing audits of FSA approved meat establishments on the FSA website in January 2012, along with details of establishments identified as a cause for concern. The FSA has a wide body of research ongoing and evidence gathering to improve our understanding of what works in driving up business compliance with regulations. Current research includes an analysis of the regulatory decisions taken by local authority officers, segmentation of SME and micro food business populations, and the development of a tool to assist regulators in diagnosing food safety compliance cultures in food business operators.

Formal enforcement action

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

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

Formal and informal enforcement action taken during 2011/12

Formal action	Number of notices 1 April 2010 to 31 March 2011	Number of notices 1 April 2011 to 31 March 2012
Hygiene Emergency Prohibition Notice , served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006, giving an 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	133	182
Remedial Action Notice served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	97	96

Informal action	Number of warnings 1 April 2010 to 31 March 2011	Number of warnings 1 April 2011 to 31 March 2012
Written warning	2,103	1,991

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 and some animal by-product and TSE cases where Defra or the Welsh Government is the prosecuting authority. In Scotland, the prosecutor is the relevant Procurator Fiscal.

Referrals for possible prosecution 2011/12 in the UK

Legislation	Number of referrals
Food Hygiene/Safety	121
Transmissible Spongiform Encephalopathies	26
Animal Welfare	11
Animal By-Products	2
Total	160

The timescales for prosecutions means 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 referrals investigated in 2011/12 have yet to be concluded, while some investigations undertaken in 2010/2011 were finalised in 2011/12.

However, it is possible to report on all those cases that were concluded during 2011/12. Overall, 17 cases (comprising a total of 174 individual charges) were brought before the courts by the FSA, Defra, or Procurators Fiscal during the year. The charges laid in these cases covered a total of 46 separate referrals. Convictions were secured in 14 of the cases. Proceedings were withdrawn in two cases and were stayed in a third.

Annual Report

Complaints to the Parliamentary Ombudsman

Complaints to the Parliamentary Ombudsman from members of the public must be made via a Member of Parliament. During 2010/11, the latest year for which FSA statistics are available, the Ombudsman received eight complaints about the Agency. Of these eight cases, none was accepted by the Ombudsman for formal investigation and therefore no action was required by the FSA. The Ombudsman does not accept complaints where the complainant has not first used the complaints process of the public body concerned, or the Ombudsman may conclude that, after an initial assessment, there is no case to answer.

The FSA aims to resolve any complaints quickly and as close as possible to the point of service. If, however, a complainant is not satisfied with the response received from the FSA, he or she can make a formal complaint, using the FSA's two-stage complaints process. At the first stage, formal complaints are generally investigated by the FSA's Complaints Co-ordinator. The FSA received ten formal complaints from members of the public, food business operatives and other stakeholders during 2010/11. Four of these complaints progressed to stage two of the FSA's procedure, which is usually a referral to the FSA's Chief Executive. During 2011/12, the FSA received 13 formal complaints, some of which were in the process of investigation at the end of the financial year. To date, eight complaints progressed to stage two of the procedure.

The complaints range from failure to respond to correspondence within our service standards to criticism of enforcement at meat plants or during food incidents. During 2010/11 no complaints were upheld. In 2011/12, one complaint was upheld and two were partially upheld.

Directors' report

The FSA 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 were appointed by the Secretary of State for Health, Scottish Ministers, the National Assembly for Wales and Minister for Health, Social Services and Public Safety in NI on behalf of that Department. Two of the Board members are appointed by Scottish Ministers, one by Welsh Ministers, and one by the Minister for Health, Social Services and Public Safety in NI on behalf of that Department. The other eight members were appointed by the Secretary of State for Health.

The Board is responsible for the FSA's overall strategic direction, for ensuring that legal obligations are fulfilled, and for ensuring that decisions and actions take proper account of scientific advice as well as the interests of consumers and other stakeholders.

Day to day management of the FSA is exercised through the Executive Management Board (EMB). 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. More information about our organisation and structure can be found on our website at food.gov.uk

Details of Board members and Directors

The FSA Board

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

Lord Jeff Rooker	FSA Chair
Dr. Ian Reynolds	FSA Deputy Chair (to 19 May 2011)
Tim Bennett	Additional responsibility as Interim Deputy Chair (from July 2011)
Dr. David Cameron	Chair of the Scottish Food Advisory Committee (to August 2011)
Dr. James Wildgoose	Additional responsibility as Interim Chair of the Scottish Food Advisory Committee (from September 2011)
John W Spence	Chair of the Welsh Food Advisory Committee
Dr. Henrietta Campbell CB	Chair of the Northern Ireland Food Advisory Committee
Clive Grundy	
Professor Sue Atkinson CBE	
Michael Parker CBE	
Nancy Robson	
Margaret Gilmore	

Executive Management Board (EMB)

During the year, the membership of the EMB was:

Tim Smith	Chief Executive
Dr. Andrew Wadge	Chief Scientist
Alison Gleadle	Director, Food Safety
Andrew Rhodes	Director, Operations
Terrence Collis	Director, Communications, Planning, Security, and Estates
Rod Ainsworth	Director of Legal, International, Regulation, and Audit
Chris Hitchen	Director, Finance
Lynne Bywater	Director, Human Resources
Charles Milne	Director, FSA in Scotland
Gerry McCurdy	Director, FSA in Northern Ireland
Steve Wearne	Director, FSA in Wales

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 EMB are disclosed in the Remuneration Report.

FSA advisory committees

During the year, the membership of the Wales Food Advisory Committee was:

John W Spence, Chair

Kate Hovers

Andrew Johnson – Up to June 2011

Katie Palmer

Dr. Louise Fielding

Steve Bolchover

Derek Morgan

Dr. Hugh Jones

Susan Jones

Parallel committees operate in Scotland and Northern Ireland.

Audit Committee

The Audit Committee advises the Accounting Officer and Board about issues of control, governance, and assurance. The Chair of the Committee produces an annual report to the FSA Board on the work of the Audit Committee, and reports regularly throughout the year.

During the year, the membership of the Audit Committee was:

Michael Parker CBE – Chair

Tim Bennett

Margaret Gilmore

Clive Grundy

Dr. David Cameron – To August 2011

Dr. James Wildgoose – From August 2011

Risk Committee

The Risk Committee seeks to establish improved risk modelling and management across the organisation. This committee is chaired by a Board member, and includes a mix of executive and non-executive staff as members. The Chair of the Committee reports annually to the FSA Board on the work of the Risk Committee.

During the year, the membership of the Risk Committee was:

Non-executive Board members:

Margaret Gilmore – Chair

Tim Bennett

Dr. Henrietta Campbell CB

Michael Parker CBE

Nancy Robson

Dr. David Cameron – To August 2011

John W Spence – From March 2012

Executive members:

Tim Smith

Chris Hitchen

Terrence Collis

Andrew Wadge

Management commentary

Preparation of accounts

The FSA in Wales accounts have been prepared in accordance with the direction given by the Welsh Assembly Government under Section 39(7) and Schedule 4 of the Food Standards Act 1999.

Supplier payment policy

It is FSA policy to pay all invoices not in dispute within five working days of receipt. During 2011/12, 87% of all invoices were paid within this target.

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.

Sustainability

The FSA is committed to reducing the amount of waste we generate by 25% from a 2009/10 baseline. Our zero waste to landfill target has already been met as since April 2010 all our general waste is sent to incineration. We have a target to reduce our paper use by 10% in 2011/12 and all FSA printers are set to print double-sided black and white at 300dpi. Recycling facilities are available across the Agency's estate along with a desk top recycling facility. Recycling facilities are available across the Agency's estate along with a desk top recycling facility. Where possible redundant ICT equipment is recycled/reused and we continue to publicise recycling to staff and to provide advice on ways to reduce waste. We work closely with our waste contractor to make efficiencies.

Sustainability reports – Wales

The FSA is committed to cutting our GHG emissions by 25% from a 2009/10 baseline from the estate and business travel. We continue to take part in two major Government initiatives to offset our GHG emissions – the Carbon Reduction Commitment (CRC) offsets our carbon emissions from energy supplies and the Government Offsetting Facility (GCOF) offsets our carbon emissions from air travel. Both initiatives are UK-wide. We also have a Travel Policy which encourages staff to think about sustainability options when travelling on business and also advocates alternatives to travel such as teleconferencing and videoconferencing.

Food Standards Agency in Wales Sustainability Report 2011/12¹

Waste					
Non Financial indicators (Tonnes)	2007/8	2008/9	2009/10	2010/11	2011/12
Total waste	-	-	-	-	-
Recycled/reused waste	-	-	-	1.4	1.9
Landfill	-	-	-	-	-
Waste incinerated	-	-	-	-	-
Confidential waste	-	-	-	-	-
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Total disposal costs	236.56	656.4	69.47	770.15	1094.68
Waste to landfill	-	-	-	-	-
Waste recycled/reused	-	-	-	-	-
Waste incinerated	-	-	-	-	-
Confidential waste	-	-	-	-	-
Finite resource consumption: water					
Non financial indicators (cubic metres)	2007/8	2008/9	2009/10	2010/11	2011/12
Total water consumption supplied (office estate)	-	-	-	-	-
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Total costs	-	-	-	-	-
GHG Emissions: energy (Scope 2)					
Non financial indicators (KWH)	2007/8	2008/9	2009/10	2010/11	2011/12
Electricity	-	91,023	42,969	38,522	41,639
Gas	-	-	-	-	-
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Energy expenditure	-	6,058.00	6,461.00	7,218.00	7,368.00

Adapting to climate change

The Agency's report 'Food and climate change: A review of the effects of climate change on food within the remit of the Food Standards Agency' was published on 21 October 2010.² The FSA continues to monitor food safety risks and has mechanisms in place to detect changes that may arise as a result of climate change and to respond to protect public health. In particular, the incidence of foodborne infections may be affected by climate change; FSA continues to monitor incidence and advise on outbreaks, and to explore new ways of managing them, working with Welsh Government, Public Health Wales and others. This year the Agency has increased its capability in horizon scanning by joining up with other Government departments in a programme run at the University of Cranfield in the Centre for Environmental

1 The above report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability reporting' published at www.financial-reporting.gov.uk

2 <http://www.food.gov.uk/science/research/supportingresearch/strategievidenceprogramme/strategievidenceprogramme/x02projlist/x02001/>

Risks and Futures. The FSA is contributing, with other Departments, to the Government's Climate Change Risk Assessment (led by Defra) and will contribute to the National Adaptation Plan that will be informed by the CCRA.

Environmental incidents

Since 2007, the FSA has produced annual reports of incidents, in line with our policy of openness and transparency. These reports showcase the FSA's work responding to food and environmental contamination incidents in the UK. The latest annual report of incidents covering the 2010 calendar year was published in May.³ In Appendix 1 to the report there is a 'statistics' section which includes a breakdown of various incident categories, including 'environmental contamination' (pages 27–28 refer). All the FSA annual reports of incidents are available via our website. Our next annual report of incidents is scheduled for publication in May 2012.

Reporting on Regulation

Alternatives to regulation

As part of the continuing roll-out of the Food Hygiene Rating Scheme (FHRS), in September 2011 the FSA reached agreement with Transparency Data, who ran the 'Scores on the Doors' scheme, to acquire the existing Scores on the Doors contracts and software, and to work with the firm to encourage remaining Local Authorities to transfer to the FHRS. The agreement enables the FSA to move towards publishing ratings in a single format for thousands more businesses across England, Wales and Northern Ireland.

In August 2011 the FSA produced a DVD⁴ for those working in butchers' shops to encourage them to think about the type of food safety risks they face in their business and how they should control them. It features three butchers talking about the steps they have taken to reduce food safety risks. The DVD was produced as part of the FSA's response to addressing the recommendations of the Public Inquiry into the serious outbreak of *E.coli* O157 in Wales in 2005.

EU legislation

The FSA has been pressing for a review of existing food hygiene legislation, so as to promote improved public health outcomes and achieve significantly reduced costs and burdens on business. Proposals for the review are now expected by summer 2012; the FSA is working closely with the Commission and like-minded Member States to influence and shape the proposals.

3 <http://www.food.gov.uk/multimedia/pdfs/publication/annualreportofincidents2010.pdf>

4 'E.coli O157 – A butcher's guide to staying safe' can be viewed at <http://www.youtube.com/watch?v=pMQoFpH5WiU>

Miscellaneous Reporting

Numbers of senior civil service staff by payband across the UK

Pay Band	Headcount	FTE	Notes
SCS3	1	1.00	
SCS2	8	7.60	1 SCS in Pay Band 2 is 0.60 FTE
SCS1	13	13.00	1 starter (wef 1/8/11) 1 leaver (wef 31/12/11) in SCS Pay Band 1
	22	21.60	(See note below)

FTE adjusted for days in post in year:	21.02
---	--------------

Recruitment practice

The FSA Recruitment Policy is based on the principles of appointment on merit following open and fair competition in line with the Civil Service Recruitment Principles. The FSA's recruitment policy and process are in place to ensure high calibre individuals are recruited to the FSA through a transparent process which promotes equality and diversity. An annual audit of the FSA's compliance with the Civil Service Recruitment Principles is carried out by DLA Piper on behalf of the Office of Civil Service Commission. The FSA is currently rated as low risk for non-compliance.

Performance in responding to correspondence from the public

FSA officials responded to 353 'treat officials' letters and emails sent by members of the public to Ministers, the FSA Chair and Chief Executive, replying to 92% within our target date. In addition, the FSA received 435 letters sent by members of the public as part of organised campaigns and responded to 99% within target.

Health and safety reporting

The FSA advanced a number of key objectives in 2011/12 including the introduction of a single health and safety management system, continuing work in emphasising the application of our zero tolerant approach to bullying and harassment, new measures to control the occupational road risks associated with driving at work including the grey-fleet and achieving Accreditation by Food and Drink Qualifications to deliver 'Principles of the Safe Use of Knives in Meat Inspection' Level 2 training.

We continued to direct most of our resources toward ensuring the health and safety of our meat inspection teams. However, preparatory work to assess and manage the risks associated with dairy hygiene and shellfish monitoring activity was also undertaken. Challenges remain including a fluctuating injury-incident profile, the need to remain vigilant to the risk of escaped animals and the importance of ensuring that any review of FSA resources deployed within an approved premises is, where relevant, informed by a suitable risk assessment. To this end, in 2011/12 the FSA adopted the HSE's Assessment of Repetitive Tasks Tool (ART) as its principal risk assessment methodology.

In 2010/11 lost time caused by work-related injury and illness reached some of the lowest levels ever recorded by the FSA (measured as a percentage of all lost time), and throughout 2011/12 we maintained this position returning a per quarter average performance of <7%.

RIDDOR (Reportable Incidents, Diseases and Dangerous Occurrences) 2010/11 – 2011/12 across the UK

RIDDOR Category	No. of Incidents 2010/11	No. of Incidents 2011/12
Fatal	0	0
Major Injury	1	2
Over 3 Day Injury	15	15
Disease	2	1
Dangerous Occurrence	0	0
Total	18	18

Health and Safety Strategic Targets

This year saw the FSA Executive Management Board agree the introduction of three strategic health and safety performance targets (*actual performance YTD shown in brackets*).

- **Target 1 – Per annum, maintain or improve upon the average percentage of all lost time due to work-related injury and illness recorded over the eight quarter periods April 2009 – March 2011 (7.1%).** This target reflects our ambition to at least maintain, and if not improve upon, the record low levels of lost time recorded in the preceding two years. (*Average for preceding 4 quarters ending Dec 2011 equals 6.9% of all lost time*).
- **Target 2 – By March 2014 achieve an annual ‘RIDDOR incidence rate of 950.00 (1257.00 – note, this indicator will be amended to reflect changes to RIDDOR w/e 06.04.2012).**
- **Target 3 – By March 2014 achieve an annual ‘work-related ill health incidence rate’ of 800.00 (698.00).**

Publicity and advertising

In November and December 2011, the Agency ran a campaign in Wales, Scotland and Northern Ireland, highlighting the food safety practices associated with the storage and preparation of raw food, including vegetables. The campaign activity was considered necessary in light of outbreaks of the verocytotoxin – producing *Escherichia coli* (E.coli) in Germany, France and the UK. The outbreaks which were linked to various types of vegetables highlighted the need to alert consumers to the proper food safety practices associated with the handling of raw food. The Agency carried out pre and post campaign tracking to assess the impact of the campaign. Recognition of the campaign was higher in Scotland (19%) than Wales (13%) although to a certain extent this in line with initial targeted reach of the campaign in each country. Campaign recognition was much higher in Northern Ireland (39%) than the other countries. The impact of the campaign was strongest on its key behavioural message of washing or peeling vegetables and when directly questioned, the majority of those who saw the FSA campaign said that the advertisements will have some influence on the care they take when preparing and storing raw vegetables. The total cost of the campaign was £340,000.

Two campaigns were run in Wales to promote awareness of the Food Hygiene Rating Scheme at a total cost of £200,000. Both campaigns used outdoor posters and advertising in local and national newspapers and magazines as well as digital media such as Google and Facebook.

Details of sponsorship agreements over £5,000

In December 2011 the FSA sponsored the 4Food section of Channel 4's website. The FSA used the sponsorship to communicate some of the key food safety messages associated with the safe preparation of Christmas meals, particularly the safe cooking and preparation of turkeys. The sponsorship took the form of 'home page takeover', display advertising (linking through to FSA website), editorial and link to FSA 'Turkey tussle' advert. The campaign generated 37,708 clicks through to **food.gov.uk** with a cost per click of £1.17. The total cost of the sponsorship was £49,605.

Financial Review

Resource Spend in 2011/12

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

	Estimate	2011/12 Net Operating Cost
	£m	£m
Total Wales Funded FSA	3.2	2.9

The comparative figures for 2010/11 are shown below:

	Estimate	2010/11 Net Operating Cost
	£m	£m
Total Wales Funded FSA	3.4	2.9

The net cost of the FSA in Wales was £2.9m against available funding of £3.2m to 31 March 2012. The notes to the accounts provide a breakdown of the FSAs in Wales expenditure. The £0.3m underspend was largely due to slower recruitment than planned resulting in reduced programme and administration costs against budget.

Reconciliation of resource expenditure

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

	£000 2010/11	£000 2011/12
Net Resource Outturn (Estimates)	2,924	2,949
<i>Adjustments to remove:</i>		
Provision voted for earlier years	–	–
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS	–	–
Consolidated Fund Extra Receipts in the OCS	–	–
Reductions in planned spend unable to be included in the Estimate	–	–
Other adjustments	–	–
Net Operating Cost (Accounts)	2,924	2,949
<i>Adjustments to remove:</i>		
Capital grants to local authorities	–	–
Capital grants financed from the Capital Modernisation Fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	–	–
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	–	–
Resource consumption of non departmental public bodies	–	–
Unallocated resource provision	–	–
Other adjustments	–	–
Resource Budget Outturn (Budget)	2,924	2,949
<i>of which</i>		
Departmental Expenditure Limits (DEL)	3,418	3,242
Annually Managed Expenditure (AME)	–	–

Significant remote contingent liabilities

The FSA has no significant remote contingent liabilities.

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 the 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 **food.gov.uk**

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 the Welsh accounts for the year was £8,000. I have taken all necessary steps to make myself aware of relevant audit information and to establish that the auditors are aware of that information.

Reporting of sickness absence data

The provisional figure for staff absence as a result of physical and mental illness including injuries, disability, or other health problems is approximately 6.3 days per employee, compared with 5.9 and 5.8 for the previous two years.

Public sector information

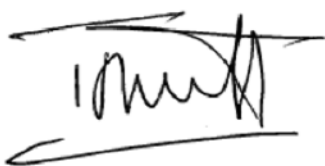
The FSA has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Reporting of personal/sensitive data losses and/or incidents

The FSA has reported one personal data loss to the Information Commissioners Office who subsequently investigated the loss, and has undertaken two information leak investigations in conjunction with the Cabinet Office. The FSA continues to have in place systems to minimise the risk of loss of this type, and the issue is discussed regularly at the Audit Committee.

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

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



Tim J Smith

Chief Executive and Accounting Officer
9 July 2012

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

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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.

The tables in the remuneration report are subject to audit.

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

*a) Remuneration***Executive Management Board**

		2011/12			2010/11
		Total Remuneration	Of Which Bonuses	Benefits in Kind	Total Remuneration
Bands		£5,000	£5,000	£1,000	£5,000
		(£000)	(£000)	(£000)	(£000)
Steve Wearne	Director, FSA Wales	90-95	-	-	105-110

	2011/12	2010/11
Band of Highest Paid Director's Total Remuneration	90-95	105-110
Median Total Remuneration	26	26
Ratio	3.54	4.15

Remuneration

Remuneration includes gross salary; performance pay or bonuses; 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.

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. The above payments relate mostly to transport or accommodation costs reimbursed to the Board members.

*(b) Pension benefits***Executive Management Board**

		2011/12					
Bands		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2012	Total accrued lump sum at age 60 31 March 2012	CETV at 31 March 2012	CETV at 31 March 2011*	Real increase in CETV
		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Steve Wearne	Director, FSA Wales	(0-2.5)	25-30	75-80	393	364	(3)

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

		2010/11					
Bands		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2011	Total accrued lump sum at age 60 31 March 2011	CETV at 31 March 2011	CETV at 31 March 2010	Real increase in CETV
		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Steve Wearne	Director, FSA Wales	0-2.5	20-25	70-75	328	288	14

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium**, or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** have been increased annually in line with changes in the Retail Prices Index (RPI) up to March 2011 but from April 2011 will be increased in line with the Consumer Prices Index (CPI).

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 set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. 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 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 RPI up to March 2011 but will be uprated in line with the Consumer Prices Index (CPI) from April 2011. 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-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Food Standards Agency in the financial year 2011/12 was £90–95k (2010/11, £105–110k). This was 3.54 times (2010/11, 4.15) the median remuneration of the workforce, which was £26k (2010/11, £26k).

Remuneration ranged from £12k to £64k (2010/11 £11–£70k).

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

A handwritten signature in black ink, appearing to read 'Tim J Smith', enclosed within a rectangular box drawn with two horizontal lines.

Tim J Smith

Chief Executive and Accounting Officer
9 July 2012

Statement of Accounting Officer's responsibilities

Under the Accounts Directions issued by the Welsh Assembly Government under the Food Standards Agency 1999, HM Treasury has directed the Food Standards Agency to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the FSA and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Chief Executive as principal Accounting Officer of the FSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, and for safeguarding the FSA's assets, are set out in *Managing Public Money* published by the HM Treasury.



Tim J Smith

Chief Executive and Accounting Officer
9 July 2012

The Governance Statement

The Food Standards Agency (FSA) is an independent non-ministerial government department and as such does not have the board structure of a conventional ministerial government department. The Food Standards Agency governance structure was created under the Food Standards Act 1999⁵ and functions in line with the Corporate Governance Code.

Governance of the Food Standards Agency

The FSA is an independent non-ministerial government department set up by an Act of Parliament in 1999 to protect the public's health and consumer interests in relation to food. The FSA is accountable to Parliament through health ministers, and to the devolved administrations in Scotland, Wales and Northern Ireland for its activities within their areas.

Rather than led directly by ministers, the FSA is led by a non-executive Board, recruited through open competition. Under the Food Standards Act 1999, the FSA 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 the consumer and other relevant factors. The Chief Executive, as the Accounting Officer, and his Executive Management Board are responsible for the delivery of that strategy and the FSA's resources, both financial and people.

The FSA Board holds its decision-making meetings in public. As part of its policy of openness of decision making, the agendas, papers and minutes of public Board meetings are accessible through the FSA website. The Board takes its decisions in accordance with its *Strategic Plan to 2015*⁶. The six outcomes the FSA aims to deliver are:

- foods produced or sold in the UK are safe to eat;
- imported food is safe to eat;
- food producers and caterers give priority to consumer interests in relation to food;
- consumers have the information and understanding they need to make informed choices about where and what they eat;
- regulation is effective, risk-based and proportionate, is clear about the responsibilities of food business operators, and protects consumers and their interests from fraud and other risks;
- enforcement is effective, consistent, risk-based and proportionate and is focused on improving public health.

Composition of the FSA Board

As directed by the Corporate Governance Code, the FSA Board comprises a Chair, Deputy Chair and between eight and twelve other members, of whom:

- one is appointed by the Minister for Health and Social Services in Wales;
- one is appointed by the Minister for Health, Social Services and Public Safety in Northern Ireland;
- two are appointed by the Minister for Public Health in Scotland;

5 <http://www.legislation.gov.uk/ukpga/1999/28/contents>

6 <http://www.food.gov.uk/aboutus/publications/busreps/strategicplan/>

- the remainder are appointed by the Secretary of State for Health in England.

As required by the Corporate Governance Code, Board members are required to act in the public interest, not to represent particular sectors. All appointments to the Board are overseen by the Office of the Commissioner for Public Appointments. The Board is supported by a dedicated Secretariat.

There were six scheduled Board meetings that took place in the financial year 2011/12 (May, July, September, November 2011 and January, March 2012). There was one Board Retreat (October 2011). Attendance at these sessions averaged at 96% over the year. Copies of the Board's attendance records and its register of interests are published on the FSA website <http://www.food.gov.uk/aboutus/ourboard/boardmem/>.

The standing orders and code of conduct for Board members can be found on the FSA website <http://www.food.gov.uk/aboutus/ourboard/wayboardworks/>.

Food advisory committees.

The FSA has a food advisory committee (FAC) in each of the devolved countries. FACs were established under the Food Standards Act 1999 to give advice or information to the Board on matters connected with the FSA's functions, particularly such matters affecting or relating to their countries. Each committee is chaired by the Board member for that country and has between six and eight members appointed through open competition. The FSA takes the advice of the advisory committees into account when carrying out its functions or advising ministers. Since the FSA has responsibility for nutrition as well as food safety in the Scotland and Northern Ireland those FACs continue to cover this issue in their advice to the Board. The FACs are committed to acting in an open and transparent way and will publish the advice they provide to the FSA on food policy and its implementation.

Committees of the FSA Board

The Board has three committees.

- **Audit** – The Audit Committee provides assurance that all aspects of the FSA's policies, procedures, internal controls and governance are effective and appropriate to deliver the FSA's statutory responsibilities and strategic objectives. Its terms of reference can be found on the FSA website at <http://www.food.gov.uk/aboutus/ourboard/boardcommittees/auditcommittee/>
- **Risk** – The Risk Committee is responsible for assuring the Board that all aspects of the FSA's risk management policies and procedures are effective and appropriate. Its terms of reference can be found on the FSA website <http://www.food.gov.uk/aboutus/ourboard/boardcommittees/riskcommittee/>
- **Succession and Development** – The Succession and Development Committee advises on all matters relating to the recruitment of the Chair, Deputy Chair and Board Members. It is also responsible for the recruitment and selection procedures for new appointments to the Board and the food advisory committees and the effective induction and development of Board members. Its terms of reference can be found on the FSA website <http://www.food.gov.uk/aboutus/ourboard/boardcommittees/riskcommittee/>

Each committee reports to the FSA Board in open session on an annual basis. In May 2012 the report from the Chair of the Audit Committee included a summary of the assurance levels given to various groups after internal audit findings and noted that the Annual Report and Accounts

2010/11 were unqualified by NAO and produced in line with Treasury's faster closing timetable.

The Chair of the Risk Committee reported in May 2012. This included updates on the progress made in year: implementation of a new risk management policy, supporting guidance and regular updates with the Chief Executive and other directors to ensure emerging risks are well managed.

The report from the Succession and Development Committee in January 2012 noted the appointment of new Board members and the implementation of a new Board Member appraisal system, introduced as part of the Agency's cost saving drive.

The latest annual reports of Committees can be found on our website at the following links:

Annual Report from the Chair of the Audit Committee – May 2012 <http://www.food.gov.uk/multimedia/pdfs/board/fsa120510.pdf>

Annual Report from the Chair of the Risk Committee – May 2012 <http://www.food.gov.uk/multimedia/pdfs/board/fsa120509.pdf>

Annual Report from the Chair of the Succession and Development Committee – January 2012 <http://www.food.gov.uk/multimedia/pdfs/board/fsa120109.pdf>

The FSA Board's performance

As the FSA Board takes all its policy decisions in the open and the meetings are webcast live with papers published before the meetings, this allows for full scrutiny of the Board's actions. The FSA Board also holds a live question and answer session immediately after each open meeting, where it can be held to account for its decisions by the public. In 2011 an internal review of the Board's working practices was undertaken and its objectives were to:

- ensure that the Board is appropriately supported by the Executive of the FSA to protect public health from risk that may arise in connection with the consumption of food, and otherwise protect the interests of UK consumers in relation to food;
- ensure that effective and clear governance arrangements are in place within the FSA;
- ensure that there is a high level of openness and transparency in internal working relationships between the Board and the Executive of the FSA;
- strengthen the level of trust necessary to ensure good working relationships between the Board and the Executive of the FSA.

Executive Management Board

The Executive Management Board (EMB) supports the Chief Executive, who is the FSA's Accounting Officer, in ensuring the effective corporate governance of the FSA, and in particular:

- to provide a senior forum at official level for discussion of strategic policy issues, especially those that cross-internal organisation boundaries;
- to ensure and oversee the effective implementation of the strategy set by the Board;
- to provide, where necessary, a forum for corporate decision-making at official level within the policies/strategies agreed by the Board;
- to address strategic management issues including:

- arrangements for managing and reviewing business risks;
 - business planning and review systems;
 - the maintenance of effective financial control;
 - resource allocation;
 - the consideration of internal audit reports where these raise issues of general concern;
 - pay and personnel management strategy;
 - IT strategy;
- to help ensure that the Chief Executive and Directors receive proper feedback on the views of staff.

Membership of the EMB includes a suitably qualified finance director, with separate directors having responsibility for audit and risk respectively.

Executive Management Board's performance

In 2012 the Chief Executive initiated an internal Capability Review of the FSA. The effectiveness of the EMB in delivering the strategic objectives of the FSA and ensuring resources are correctly accounted for and allocated will be considered as part of the review.

In addition to the FSA Annual Report and the Chief Scientist's Annual Report in 2011 EMB agreed the FSA Operations Group should also publish an annual report. This was published in November 2011 and further demonstrates the FSA's commitment to openness, transparency and external scrutiny of its performance.

Head of Internal Audit's opinion on the FSA's systems of governance, management and risk control

Based on the results of the audit work completed during the year and his understanding of the Agency's control environment, the Head of Internal Audit's opinion was that the FSA had effective systems of governance, management and risk control. This assessment is supported by the following evidence:

- A revised risk management policy and related procedures have been implemented. This has improved the visibility and communication to the Board of risks faced by the agency as a whole and how well they are being managed.
- Implementation of a revised Corporate Strategy and integrated business planning and budgeting process with regular performance reports to EMB and the FSA Board.
- There were regular performance management meetings between the CE and individual directors
- There were no significant control issues arising from internal audit or external assurance reports presented to the Audit Committee during the year.
- An increased proportion of internal audit reports were classified as "substantial", the highest rating for audit purposes. There was also a significant reduction in the number of audit recommendations where management action was reported as overdue.
- Improved controls in relation to the tendering, award of contracts and procurement processes have been reported to the Audit Committee.

- Improved financial forecasting processes brought about by restructuring of the Finance function have also been reported to the Audit Committee. This has improved transparency and management control in relation to spending forecasts.
- New contracts and delivery arrangements for official controls and IT services aimed at improving efficiency and effectiveness of key agency activities have been implemented.

Finance and the Agency's use of resources

At the start of the financial year directors receive a budget delegation from the Accounting Officer. As part of this, directors agree to operate an adequate system of internal controls, 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 within their division. In completing the assurance statement for their areas of work, directors will look at the scope of responsibility, the capacity to handle risk, review of the effectiveness of the controls in place and whether there are any internal control problems.

On a monthly basis, finance business partners work with groups, divisions and branches to monitor expenditure and produce accurate financial forecasts. Detailed financial results are reported to the Executive Management Board on a monthly basis and are a standing item for discussion and decision.

Directors attend quarterly reviews with me as the Accounting Officer and performance is monitored against budgets, previous forecasts and business plans.

FSA risk management framework and the capacity to manage risk

The FSA Risk Management Policy forms part of the internal control and governance arrangements for the organisation and is based on elements of HMT guidelines (the 'Orange book') and ISO 31000 (the new international standard on risk management). Its purpose is to provide reasonable assurance to the FSA Board and the Executive Management Board that risks to achieving business objectives are being effectively controlled and that all involved are clear as to their roles and responsibilities.

The FSA Executive Management Board has incorporated risk management and internal controls into the organisation's approach to business planning. Risk owners formally review risks at least once a quarter ahead of a Risk Committee meeting which in turn reports to the FSA Board through an annual report.

The responsibility for managing the principal risks on a day-to-day basis is assigned to senior managers and they are required to ensure that adequate attention is given to this task.

The Agency also sits on the Treasury led Risk Improvement Group, which meets once a quarter and shares good practice and lessons learned in other departments. The FSA approach to risk management is being implemented across the organisation. The main processes in place for identifying, evaluating and managing risks are:

- **High level risks:** these are identified and defined in a risk register and are monitored quarterly by the Executive Management Board. Each risk is owned by a Director who is responsible for implementing countermeasures and contingencies to manage the likelihood and/or impact of the risk.

- **Group level risks:** these are identified and defined in a risk register and are monitored regularly by directors and their senior management teams. Directors are accountable for risk management within their groups and, where appropriate, for escalating risks to the high level risk register.
- **Major project risks:** these are identified and defined in a risk register and are monitored by project teams. The FSA adopts PRINCE 2 project management methodology for IT and other major projects.

Escalation and de-escalation of risk

The FSA's effective risk management process ensures that risks are dealt with at the appropriate level, this being done via escalation and de-escalation of risks between risk registers. Escalation is the mechanism to ensure that more senior colleagues are involved when needed, i.e. the ability to manage the risk in question is effectively beyond your control. Whilst de-escalation simply reverses the process, with a decision being taken that a risk can now be managed at a lower level and that the intervention of more senior colleagues is not required anymore.

Current high level risk register

At the end of the financial year, the principal risks on the FSA's High Level Risk Register based on their RAG status were:

- the Olympics;
- local authorities;
- public health;
- meat charging;
- meat controls.

Of these, preparing for the Olympics, potential resource issues for local authorities enforcing food and feed legislation and the creation of Public Health England are the most immediate on our radar and effective contingencies and countermeasures have been put in place to mitigate against the threat escalating.

Summary of major issues relating to data security

The following issues relating to data security have arisen this year.

- There has been a leak investigation into how the Aberdeen Press & Journal obtained information contained in a personal letter written by a senior member of the FSA Board. The paper published details of the letter, which were then subsequently picked up by a number of other papers. A Cabinet Office leak investigator was appointed and despite exhaustive attempts we did not identify the perpetrator of the leak and the investigation has now been officially closed.
- In June 2011, the loss of an individual's personal data was reported to the Information Commissioners Office (ICO). The ICO case worker has reviewed the circumstances surrounding the loss and has decided to take no further action. The ICO caseworker commented that he was impressed with the amount of awareness and training the FSA is carrying out on information security and data protection.

- A leak investigation into unauthorised disclosure of legally privileged information to an independent body has so far failed to identify the source. A number of issues and recommendations are being addressed.

The FSA continues to give importance to data security. A dedicated team is in place to review and implement policies to mitigate the risk of any loss of information.

A handwritten signature in black ink, appearing to read 'Tim J Smith', enclosed within a rectangular box drawn with two horizontal lines.

Tim J Smith

Chief Executive and Accounting Officer
9 July 2012

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 2012 under the Food Standards Act 1999. These comprise the Summary of Resource Outturn, the Reconciliation of Net Resource Outturn to Funding from the National Assembly for Wales, the Statement of Comprehensive Net Expenditure, the Statements of Financial Position, Cash Flows, Changes in Taxpayers' Equity, the Statement of Changes in and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Food Standards Agency's (Wales) 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Food Standards Agency (Wales)'s affairs as at 31st March 2012 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with 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 HM Treasury directions made under the Food standards Act 1999; and
- the information given in the Director's Report, Details of Board Members and Directors and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

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

11 July 2012

Summary of Resource Outturn

for the year ended 31 March 2012

	Budget 2011/12	Outturn 2011/12	Outturn compared with Budget	Outturn 2010/11
	Net expenditure £000	Net expenditure £000	Variance £000	Net expenditure £000
Programme Resources	3,242	2,949	293	2,924
Total Resource Requirement	3,242	2,949	293	2,924

The FSA in Wales resource spend for the year was £2,949k compared to the resource budget of £3,242k. 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.

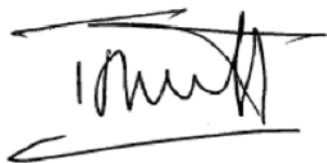


Tim J Smith
Chief Executive and Accounting Officer
9 July 2012

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2012

	Note	<u>£000</u>	<u>2011/12</u> <u>£000</u>	<u>2010/11</u> <u>£000</u>
Administration Costs				
Staff Costs	2 a)	900		1,051
Other Administration Costs	4	<u>554</u>		<u>594</u>
Gross Administration Costs			<u>1,454</u>	<u>1,645</u>
Net Administration Costs			1,454	1,645
Programme Costs	4		1,495	1,279
Net Operating Cost			<u>2,949</u>	<u>2,924</u>



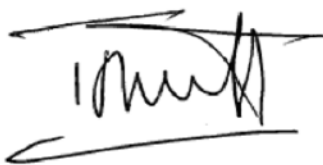
Tim J Smith
Chief Executive and Accounting Officer
9 July 2012

Statement of Financial Position

as at 31 March 2012

	Note	£000	2011/12 £000	Restated 2010/11 £000
Non-current assets				
Property, plant and equipment	6	17		31
Intangible assets	6	–		–
			17	31
Current assets				
Trade and other receivables	8	10		2
Other current assets	8	80		77
Cash and cash equivalents	9	–		944
Total current assets			90	1,023
Total assets			107	1,054
Current Liabilities				
Trade and other payables	10	(108)		(120)
Provisions	11	(31)		(26)
Other Liabilities	10	(118)		(1,315)
Total current liabilities			(257)	(1,461)
Non-current assets plus/less net current assets/ liabilities			(150)	(407)
Non-current liabilities				
Provisions	11	(81)		(111)
Other payables		–		–
Total non-current liabilities			(81)	(111)
Assets less liabilities			(231)	(518)
Taxpayers' equity				
General fund			(231)	(518)
Total taxpayers' equity			(231)	(518)

The 2010/11 balance sheet has been restated due to the outstanding provision balances being both current and non-current liabilities and thus being reported so.



Tim J Smith
Chief Executive and Accounting Officer
9 July 2012

The notes on pages 50 to 65 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2012

	Note	General Fund £000	Total Reserves £000
Balance at 1 April 2010		(138)	(138)
Changes in taxpayers' equity for 2010/11			
Non-cash charges – Auditors Remuneration		10	10
Net operating cost for the year		(2,924)	(2,924)
Total recognised income and expense for 2010/11		(2,914)	(2,914)
Net Welsh Government Funding – drawdown		3,852	3,852
Net Welsh Government Funding – deemed		(374)	(374)
Funding Payable/(Receivable) adjustment		(944)	(944)
		2,534	2,534
Balance at 31st March 2011		(518)	(518)
Changes in taxpayers' equity for 2011/12			
Non-cash charges – Auditors Remuneration	4	8	8
Net operating cost for the year		(2,949)	(2,949)
Total recognised income and expense for 2011/12		(2,941)	(2,941)
Net Welsh Government Funding – drawdown		2,233	2,233
Net Welsh Government Funding – deemed		944	944
Funding Payable/(Receivable) adjustment		51	51
		3,228	3,228
Balance at 31st March 2012		(231)	(231)

The notes on pages 50 to 65 form part of these accounts

Statement of Cash Flows

For the year ended 31 March 2012

	Note	2011/12 £000	2010/11 £000
Cash flows from operating activities			
Net operating cost		(2,949)	(2,924)
Adjustment for non-cash transactions	4	22	23
(Increase)/Decrease in trade and other receivables	8	(11)	302
Increase/(Decrease) in trade and other payables	10	(1,209)	872
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	9	944	(944)
Use of provisions	11	(25)	137
Net cash outflow from operating activities		(3,228)	(2,534)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets		-	-
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Financing via Welsh Government – Direct funding		2,233	3,821
Financing via Welsh Government – Indirect funding		-	31
Net Financing		2,233	3,852
Net increase/(decrease) in cash and cash equivalents in the period		(995)	1,318
Net increase/(decrease) in cash and cash equivalents in the period		(995)	1,318
Cash and cash equivalents at the beginning of the period	9	944	(374)
Cash and cash equivalents at the end of the period	9	(51)	944
		(995)	1,318

The notes on pages 50 to 65 form part of these accounts

NOTES TO THE ACCOUNTS

1 Statement of Accounting Policies

1.1 Basis of Preparation

The Food Standards Agency (FSA) is a non-Ministerial Government Department established by the Food Standards Act 1999. The FSA has responsibility to protect public health from risks which arise in the consumption of food, and otherwise to protect the interests of consumers in relation to food throughout the UK. Its headquarters are in London and the FSA also operates in Northern Ireland, Wales and Scotland through its three devolved offices.

These financial statements report the Summary of Resource Outturn, Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity and Cash Funding of the Food Standards Agency in Wales' (FSAiW's) operations. The financial statements account for the FSAiW's activities in Wales, which are funded separately by sums voted by the National Assembly for Wales. The accounts for 2011/12 have been prepared in accordance with the FReM insofar as is applicable to the FSAiW.

Separate accounts are also produced for the activities of the FSA in Scotland and Northern Ireland and a consolidated account is also produced reporting on the activities of the FSA as a whole. A set of accounts is also prepared for the Westminster Funded FSA.

These financial statements have been prepared in accordance with an 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 and Auditor General.

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 FReM, insofar as it is applicable and appropriate to the FSAiW.

1.3 Revaluation of Non-Current Assets

These accounts have been prepared under the historic cost convention. From 1 April 2009 newly capitalised assets consist only of non-current assets with an individual purchase cost in excess of £5,000 (including irrecoverable VAT and delivery).

Consequently, the revaluation adjustments are immaterial and for this reason, we have decided to discontinue revaluations and also write back all previous revaluations. As permitted by the 'FReM, 6.2.8, h) and j)', depreciated historical cost is now used as a proxy for current value on the basis that this realistically reflects consumption of the asset.

Under IAS16, the FSA value non-current assets using historic cost accounting. Therefore, non-current assets are no longer revalued as under modified historic cost accounting (MHCA). This change brings the FSA's fixed asset policy in line with the International Financial Reporting

Standards which do not use MHCA. This will provide relative comparative figures which are more reliable and easily understood.

1.4 Property, Plant and Equipment

Property, plant and equipment which individually cost less than £5,000 were capitalised until 31 March 2009 if they collectively constituted a group asset (for example, computers, fixtures and fittings).

The FSA does not currently own any land or buildings.

Assets under construction are not depreciated until they are brought into use.

All property, plant and equipment assets are carried at fair value.

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.

1.6 Depreciation and Amortisation

Freehold land and assets in the course of construction are not depreciated. All other assets are depreciated from the month following the date of acquisition. Depreciation and amortisation are at the rates calculated to write-off the valuation of property, plant and equipment and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives:

	2011/12	2010/11
Property, plant and equipment	4 years	4 years
Computer servers and computer equipment	7 years	7 years
Office machinery	7 years	7 years
Furniture, fixtures and fittings	4 years	4 years
Vehicles		
Intangible assets:		
Computer software and software licences	Life of licence or 7 years if in perpetuity	7 Years

1.7 Research and Development Expenditure

Expenditure on research is not capitalised. 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 IAS 38. Other development expenditure is capitalised if it meets the criteria specified in the FReM which are adapted from the IAS 38 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Expenditure on research and development has been treated as an operating cost in the year in which it incurred.

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 had been completed at the year end.

1.8 Administration and Programme Expenditure

The statement of comprehensive net expenditure is analysed between administration and programme costs. The FSAiW is excluded from the administration budget regime.

1.9 Pensions

Principal Civil Service Pension Scheme (PCSPS) is a multi-employer, unfunded, contributory defined benefit scheme accounted for under the Civil Service Superannuation Estimate. It is not possible to separately identify the FSA's share of assets and liabilities in the scheme. FSAiW present and past employees are covered by the provisions of PCSPS. FSAiW recognises the expected cost of providing pensions 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, FSAiW 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.Civilservice-pensions.gov.uk

1.10 Early Departure Costs

Early departure cost refers to liabilities to staff for early retirement. The FSA meets the additional costs of benefits beyond the normal PCSPS 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 FSA 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 2.8% (2010/11 2.9%) in real terms.

1.11 Operating Leases

Operating leases are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the lease.

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 Audit General (C&AG). 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 IAS 37, the Department discloses for National Assembly 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 the National Assembly for Wales by Departmental minute prior to the Department entering into the arrangement; and
- 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 Financial Reporting Manual to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the National Assembly for Wales separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.15 Financial Assets and Liabilities

The FSA 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 FSA's bank account. The FSA 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. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest Receivable' and 'Interest Payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate. All other financial instruments are held for the sole purpose of managing the cash flow of the FSA on a day-to-day basis or arise from the operating activities of the FSA.

2 Staff numbers and related costs

a) Staff costs comprise of:

	2011/12 £000	2010/11 £'000
Wages and Salaries	710	801
Social Security Costs	57	60
Other Pension Costs	133	153
Sub Total	900	1,014
Inward Secondment	0	31
Agency Staff	0	6
Total	900	1,051
Less recoveries in respect of outward secondments	0	0
Total Net Costs	900	1,051

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 2011/12 and 2010/11 was as follows. These figures include those working in the FSAiW (including senior management) as included within the consolidated resource account.

1. Food Standards Agency in Wales

Permanently Employed Staff	Others	2011/12 Total	2010/11 Total
23	0	23	31

c) Management Remuneration

Bands	2011/12			2010/11
	Total Remuneration	Of Which Bonuses	Benefits in Kind	Total Remuneration
	£5,000 (£'000)	£5,000 (£'000)	£1,000 (£'000)	£5,000 (£'000)
Steve Wearne – Director, FSA in Wales	90–95	–	–	105–110

Bands		2011/12					
		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2012	Total accrued lump sum at age 60 31 March 2012	CETV at 31 March 2012	CETV at 31 March 2011*	Real increase in CETV
		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Steve Wearne	Director, FSA Wales	(0–2.5)	25–30	75–80	393	364	(3)

This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

* CETV is Cash Equivalent Transfer Value of pension entitlement.

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 spouses' 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 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 within the guidelines and framework prescribed by the Institute of Faculties and Actuaries and do not take account of any potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

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.

d) Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30th 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 are increased annually in line with changes in the Retail Prices Index (RPI). 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 set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. 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 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 31st March the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with RPI. 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).

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

3 Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	2011/12 £000	2010/11 £000
Net cash requirement	(3,228)	(2,534)
From the Welsh Assembly Government (Supply) – current year	2,233	3,821
From the Welsh Assembly Government (Supply) – prior year		31
Increase/(decrease) in cash held	(995)	1,318
Add – Increase/(decrease) in cash held by arms length bodies	–	–
Net Increase/(decrease) in cash held	(995)	1,318

4 Expenditure Analysis

	2011/12 £000	2010/11 £000
Rentals under operating leases:		
Hire of Plant and Machinery	4	4
Other operating leases	130	61
Non-cash items:		
Audit Fees	8	10
Depreciation	12	13
Loss from Disposal of Assets	2	–
Total non-cash items	22	23
Accommodation costs	159	64
Staff overheads	58	262
Administration costs	32	28
IT costs*	108	108
Committee Costs	41	44
Other Administration Costs	554	594
Programme costs	1,495	1,279
	2,049	1,873

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

£98k was paid in Grants in 2011/12, all of which were to Public Sector organisations and come under Programme Costs.

5 Analysis of Net Operating cost by spending body

Spending body:	2011/12 £000	2010/11 £000
FSA – Wales	2,851	2,865
Grants paid to Local Authorities	98	59
	2,949	2,924

6 Property, plant and equipment

	Fixtures and Fittings £000	Office Equipment £000	Total £000
Cost or valuation			
At 1 April 2011	66	31	97
Additions	–	–	–
Revaluation and indexation	–	–	–
Disposals	(4)	(14)	(18)
At 31 March 2012	62	17	79
Depreciation			
At 1 April 2011	42	24	66
Charged in year	9	3	12
Revaluation and indexation	–	–	–
Disposals	(3)	(13)	(16)
At 31 March 2012	48	14	62
Carrying value at 31 March 2012	14	3	17
Carrying value at 31 March 2011	24	7	31
Asset financing:			
Owned	14	3	17
Carrying value at 31 March 2012	14	3	17

7 Financial Instruments

'IFRS7 – Financial Instruments' requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Agency is financed by the Government and therefore it is not exposed to the risk faced by business entities. Also financial instruments play no role in creating or changing risk unlike that which would be typical of the listed companies to which IFRS 7 mainly applies. The Agency does not have any powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Agency in undertaking its activities.

The FSA does not make use of derivatives or other financial instruments. All existing contractual arrangements have been reviewed for embedded derivatives, with no evidence found.

FSA holds the following financial assets and liabilities:

1) Assets

- Cash and cash equivalents (Note 9)
- Trade Receivables – current (Note 8)
- Trade Receivables – non-current (Note 8)

2) Liabilities

- Trade and other payables (Note 10)
- Other payables > 1 year (Note 10)
- Provisions arising from contractual arrangements (Note 11)

The financial assets and liabilities are measured at fair value which are not materially different from their carrying value.

Liquidity risk

The Agency finances its capital expenditure from funds made available from the Government therefore there is no exposure to liquidity risk.

Currency risk

The Agency does not have any transactions outside of the UK and therefore has no exposure to currency rate fluctuations.

Credit risk

The Agency has no long term debt and both debtors and creditors predominantly fall within one year. The Agency has income from both Other Government Departments and industry. The vast majority of industry income is raised through the provision of statutory inspection charges. The provision of a statutory service is not contingent on a satisfactory credit check.

The maximum exposure as at 31 March 2012 is in receivables from customers disclosed in the trade receivables note (Note 8).

Interest rate risk

The Agency has no borrowings nor interest bearing deposit accounts. The Agency's financial assets and liabilities carry nil rates of interest. The Agency is not, therefore exposed to interest-rate risk.

8 Trade receivables and other current assets

	2011/12 £000	2010/11 £000
Amounts falling due within one year:		
Trade Receivables	-	-
VAT recoverable	10	2
Other receivables	-	-
	<u>10</u>	<u>2</u>
Other current assets:		
Prepayments and accrued income	29	77
Amounts issued from the Welsh Government but not received at year end	51	-
	<u>80</u>	<u>77</u>

b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Balances with other Central Government bodies	10	2		
Balances with local authorities		44		
Balances with NHS bodies				
Balances with public corporations and trading funds				
Subtotal: intra-Government balances	<u>10</u>	<u>46</u>	<u>0</u>	<u>0</u>
Balances with bodies external to Government	29	33		
Total receivable at 31 March 2012	<u>39</u>	<u>79</u>	<u>0</u>	<u>0</u>

9 Cash and cash equivalents

	2011/12 £000	2010/11 £000
Balance at 1 April	944	(374)
Net changes in cash balances	(995)	1,318
Balance at 31 March	(51)	944

The following balances at 31 March are held at:

Office of HM Paymaster General	(51)	443
Commercial banks and cash in hand	0	501
	(51)	944

10 Trade payables and other current liabilities

	2011/12 £000	Restated 2010/11 £000
Amounts falling due within one year		
Bank Overdraft	51	–
Other taxation and social security	18	18
Trade Payables	26	88
Other Payables	13	14
	108	120
Other current liabilities:		
Accruals and deferred income	118	371
Amounts issued from the Welsh Government but not spent at year end	–	944
	118	1,315
Provisions:	31	26
	257	1,461
Amounts falling due after more than one year:		
Other payables, accruals and deferred income	81	111
	81	111

b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2011/12 £000	2010/11 £000	2011/12 £000	2010/11 £000
Balances with other Central Government bodies	63	131	81	111
Balances with local authorities	11			
Balances with NHS bodies				
Balances with public corporations and trading funds				
Intra-Government balances	74	131	81	111

11 Provisions for liabilities and charges

	2011/12 £000	Restated 2010/11 £000
Early Departure costs		
Balance at 1 April 2011	137	0
Provided in year	0	155
Provisions not required written back	0	0
Provisions utilised in the year	(31)	(3)
Borrowing costs (unwinding of discounts)	6	(15)
Balance at 31 March 2012	112	137

Analysis of expected timing of discounted flows

	2011/12 £000	2010/11 £000
Not later than one year	31	26
Later than one year and not later than five years	81	111
Later than five years	–	
Balance at 31 March 2012	112	137

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 2.8% (2010/11 2.9%) in real terms.

12 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, which are considered to be related parties.

Government Department	Paid in 2011/12 £000
Animal Health & Veterinary Laboratories Agency	103
COI	505
Department of Health	245
National School of Government	1
Welsh Government	367

13 Operating leases

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

	2011/12 £000	2010/11 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	60	126
Later than one year and not later than five years	25	175
Later than five years	-	-
	85	301
Other:		
Not later than one year	5	3
Later than one year and not later than five years	2	-
Later than five years	-	-
	7	3

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

14 Other Financial Commitments

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

15 Contingent liabilities

There are no Contingent Liabilities to report.

16 Losses and Special Payments

There were no special payments during the year.

17 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

John W Spence (Chairman)
Andrew Johnson (up to 30th June 2011)
Kate Hovers
Dr. Louise Fielding
Katie Palmer
Steve Bolchover
Dr. Hugh Jones
Derek Morgan
Susan Jones

18 Post Balance Sheet Events

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.

19 Capital Commitments

At 31 March 2012 there were no commitments for the purchase of capital items (31 March 2011 nil).

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

IAS 8, accounting policies, changes in accounting estimates and errors, require disclosures in respect of new IFRS's, amendments and interpretations that are, or will be applicable after the accounting period. There are a number of IFRS's, amendments and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this accounting period. The following have not been adopted early by the FSA:

- IFRS 7 Financial Instruments: Disclosures Amendment to allow for better comparisons between financial statements. The effective date is for accounting periods beginning on or after 1 January 2013. Also an amendment to improve the disclosure requirements in relation to transferred financial assets which is effective for accounting periods beginning on or after 1 July 2011.
- IFRS 9 Financial Instruments A new standard intended to replace IAS39. The effective date is for accounting periods beginning on, or after 1 January 2015.
- IFRS 13 Fair Value Measurement IFRS 13 applies when other IFRS's require or permit fair value measurements. The new requirements are effective for accounting periods beginning on, or after 1 January 2013.
- IAS 1 Presentation of Financial Statements Amendment to the existing standard to improve disclosures to users of the accounts. The effective date is for accounting periods beginning on, or after 1 June 2012.
- IAS 19 Employee Benefits The amendments will improve the recognition and disclosure requirements for defined benefit plans and modify the accounting for termination benefits. The new requirements are effective for accounting periods beginning on or after 1 January 2013.
- IAS 32 Offsetting Financial Assets and Financial Liabilities Amendments to clarify the application of offsetting requirements. The amendments are effective for accounting periods beginning on or after 1 January 2014.

None of these new or amended standards and interpretations are likely to be applicable or are 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

Annex A

**Food Standards Agency Sustainability Report for the year ended
31 March 2012 – Wales**

Waste					
Non-financial indicators (tonnes)	2007/8	2008/9	2009/10	2010/11	2011/12
Total waste	/	/	/	/	/
Recycled/reused waste	/	/	/	1.4	1.9
Landfill	/	/	/	/	/
Waste incinerated	/	/	/	/	/
Confidential waste	/	/	/	/	/
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Total disposal costs	236.56	656.4	69.47		1094.68
Waste to landfill	/	/	/	/	/
Waste recycled/reused	/	/	/	/	/
Waste incinerated	/	/	/	/	/
Confidential waste	/	/	/	/	/
Finite resource consumption: water					
Non-financial indicators (cubic metres)	2007/8	2008/9	2009/10	2010/11	2011/12
Total water consumption supplied (office estate)	/	/	/	/	/
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Total costs	/	/	/	/	/
GHG emissions: energy (Scope 2)					
Non-financial indicators (kWh)	2007/8	2008/9	2009/10	2010/11	2011/12
Electricity	/	91,023	42,969	38,522	41,639
Gas	/	/	/	/	/
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Energy expenditure	/	10,774.00	6,461.00	7,218.00	7,368.00

The above report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability reporting' published at www.financial-reporting.gov.uk

