
Food Standards Agency in Northern Ireland

Resource Accounts 2013/14

(For the year ended 31 March 2014)

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Chief Executive's statement



The Food Standards Agency is the Government department responsible for protecting public health and the interests of consumers in relation to food. We focus on food safety, from farm to fork, and food authenticity – making sure that food is what it claims to be.

Since we were set up in 2000 we have contributed to 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.

However, people still fall ill due to foodborne disease, unhygienic food-preparation practices in and out of the home and allergic reactions to inappropriately-labelled foods.

This year we have continued our campaign to reduce cases of foodborne disease by focusing on campylobacter. Campylobacter is a bacterium that is often present on raw poultry. It is the most common cause of food poisoning in the UK. To tackle this we are spearheading a national campaign: 'Acting on Campylobacter Together'.

The main source of campylobacter is raw and improperly-cooked chicken, so the campaign involves all sections of the poultry food chain – farmers, processors and retailers – as well as other Government departments and consumers.

Industry leaders have indicated that they are serious in their commitment to this campaign, and we will be acting to ensure that this intent is translated into an investment in solutions.

Partnership working is central to our approach. An excellent example of this is the continuing success of the Food Hygiene Rating Scheme (FHRS) in England, Wales and Northern Ireland, and the Food Hygiene Information Scheme in Scotland. Of the 406 local authorities in the UK, 402 now support the Schemes, and together they have issued ratings to almost 460,000 food businesses. We have been very pleased this year that the Welsh Government has decided to make the display of every food business's FHRS rating compulsory, so that people eating out can make an informed choice – encouraging businesses to improve their hygiene standards. The Northern Ireland Executive also agreed in December 2013 that work could begin on the drafting of a Bill to introduce a statutory scheme in Northern Ireland.

An important aspect of our work is ensuring that food safety legislation can be implemented in as straightforward a way as possible by the food industry, trading standards and environmental health officers in local authorities.

Consumers, particularly those with food allergies, will, for example, benefit from our work around the new Food Information for Consumers Regulation, which comes into force on 31 December 2014. In addition to providing food-allergic consumers with updated advice arising from the regulation, we have issued technical guidance for our local authority partners, and support materials for small and medium food businesses.

Another of our responsibilities is the safety of animal feed. Following a November 2012 review of what are called 'Official Feed Controls', we revised the feed law code of practice to increase the effectiveness of how local authorities implement food law.

Feed businesses that are members of approved assurance schemes will receive less frequent inspections. This will enable local authorities to focus their inspection resources on higher risk

premises. In tandem with this we have improved enforcement officer training and controls on the import of animal feed at ports.

FSA operations staff work in slaughterhouses and meat plants throughout England, Scotland and Wales to make sure that meat is safe to eat and that European legislation to protect consumers is complied with. In Northern Ireland this role is carried out by the Department of Agriculture and Rural Development.

Changes we have made to pig meat inspections – introducing more visual inspection of carcasses in place of routine cutting up of offal – will reduce the risk of cross-contamination.

While retaining our focus on food safety, we are also tackling consumer concerns that have arisen because of food fraud.

During the horse meat incident of 2013, we oversaw more than 50,000 local authority and industry tests for horse in meat products in the UK. Even at the height of the incident, less than 1% of products sampled contained horse meat DNA at levels of 1% or above. While this was unacceptable, as the horse DNA should not have been there at all, we were able to reassure consumers that this was not an issue of food safety.

Testing for horse meat continues and, at the request of the European Union (EU), we are participating in UK sampling of raw beef products such as mince, burgers and sausages, ready meals and canned products.

Our Board asked Professor Pat Troop to review how the FSA dealt with the incident, and in line with her recommendations we have established a new intelligence hub – a team of experts analysing data from a range of sources. We will develop our approach further in the light of recommendations made by Professor Chris Elliott, who is continuing his review of the integrity of the food chain.

To further expand our intelligence network, we have set up an imported food intelligence database and launched a National Monitoring Plan for 2014/15 for products of animal origin imported through UK border inspection posts.

Additional funding we have provided to support port and local authority sampling, as part of the 2013/14 National Co-ordinated Food Sampling Programme, will enable the targeting of a greater range of food authenticity issues. We are also carrying out a study in partnership with the Department for Environment, Food and Rural Affairs to look at the geographic origin of foods claiming to be from the UK.

In addition to our food safety and authenticity responsibilities, the FSA in Scotland (FSAS) and Northern Ireland (FSA in NI) continue to focus on the nutritional aspects of food. (The responsibility for nutrition in England and Wales now lies with these countries' health departments.)

A new UK-wide voluntary front-of-pack labelling scheme was launched in Scotland and Northern Ireland in June 2013, and FSAS and FSA in NI also worked with Government and industry on new UK salt reduction targets for food, which were published in March 2014. A New Food Body being set up by the Scottish Government will replace the FSAS in 2015.

Our strategy to 2015, which was reviewed by our Board and executive management team in 2012, sets out five outcomes we are working 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 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 to make informed choices about where and what they eat
- business compliance is effectively supported because it delivers consumer protection. This will include a focus on effective, risk-based and proportionate regulation and enforcement.

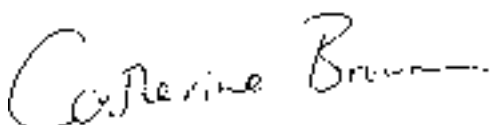
Further information on our progress in meeting these can be found on pages 8-15.

While our Strategy to 2015 and these outcomes continue to reflect the work of the FSA, our Board has begun to scope out a strategy for the years 2015-20.

The many workshops, discussions, and meetings we have had with consumers, our staff, stakeholders and experts have reflected the depth and breadth of interest in defining and protecting consumers’ interests in relation to food. Our pledge, approved by Parliament when we were established, is “to put the consumer first in everything we do” and we will be working with others as we put together our strategy for the next five years to ensure that we continue to do this effectively.

During the period covered by this Annual Report and Accounts, the FSA has delivered its functions across the UK at a net cost of £113.9m. This reflects a continuing drive to improve our efficiency so that we can provide the most effective protection to the public within our allocated budget.

The past year has also been a time during which FSA staff, our colleagues in local authorities, and many others with whom we work have demonstrated an immense level of commitment to the FSA’s work and to defending the consumer’s interests in relation to food. I would, therefore, like to conclude by thanking all of my colleagues and all of those with whom we work for their efforts. We look forward to working with you over the coming year to continue to deliver for consumers.



Catherine Brown
Chief Executive and Accounting Officer

11 June 2014

Resource Spend in 2013/14

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

	Estimate	2013/14 Net Resource Outturn
	£m	£m
FSA in Northern Ireland	<u>8.5</u>	<u>8.2</u>

The comparative figures for 2012/13 are shown below:

	Estimate £m	2011/12 Net Resource Outturn £m
FSA in Northern Ireland	<u>8.4</u>	<u>8.1</u>

The net cost of the FSA was £8.2m against available funding of £8.5m to 31 March 2014. The underspend was largely due to expenditure on nutrition being less than expected.

Reconciliation of resource expenditure

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£000 2012/13	£000 2013/14
Net Resource Outturn (Estimates)	8,146	8,173
<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)	8,146	8,173
<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	–11	–10
<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)	8,135	8,163
of which		
Departmental Expenditure Limits (DEL)	8,016	8,163
Annually Managed Expenditure (AME)	119	–

Our activities and performance during 2013/14

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.

Highlights of our activities and performance in 2013/14
<p>Foodborne Disease</p> <ul style="list-style-type: none"> • Campylobacter reduction remains our top food safety priority. Campylobacter is a bacterium that is often present on raw poultry. It is the most common cause of food poisoning in the UK and the main source of campylobacter is raw and improperly-cooked chicken. Human cases of campylobacteriosis to end of December 2013 are 11% lower than the number in the same period of 2012 (50,535 cases in 2013 down from 56,875 in 2012); while this change is encouraging, it is too soon to say if it is a trend or a random variation in reporting. • The continuing high levels of campylobacter prompted the development of a new strategic approach. Since the new strategic approach was endorsed by the Board in September 2013, bilateral discussions with senior industry leaders about business, technical and communications issues have indicated that the industry is taking its commitment to reduce Campylobacter seriously. Pressure will need to be maintained to ensure that this translates into investing in solutions throughout the food chain – from farm to processor, at retail and in communication to consumers. • Further information is available in the September 2013 Board paper ‘A refreshed strategy to reduce campylobacteriosis from poultry’¹ and the Annual Report of the Chief Scientist 2012/13.² <p>Horizon Scanning</p> <ul style="list-style-type: none"> • While retaining our focus on food safety, we are also addressing the consumer detriment that results from food fraud. We have established an intelligence hub in response to the recommendation by Professor Pat Troop in her review of the FSA response to the horsemeat incident. We will develop our approach further in the light of recommendations made by Professor Chris Elliott in his continuing review of assuring the integrity of the food chain.

1 www.food.gov.uk/multimedia/pdfs/board/board-papers-2013/fsa-130904.pdf

2 http://multimedia.food.gov.uk/multimedia/pdfs/publication/cstar_2013.pdf

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.

Highlights of our activities and performance in 2013/14
<ul style="list-style-type: none">• As part of the FSA's growing intelligence network, an Imported Food intelligence database has been established linking directly to the FSA's Incidents, Emerging Risks and Food Fraud databases. It will facilitate greater information and intelligence sharing on imports, helping targeting of ongoing surveillance and checks on imports.• The FSA has co-ordinated the organisation of increased controls for certain feed and food of non-animal origin, as required under Commission Regulation (EC) 669/2009. This included negotiations with the EU Commission and Member States resulting in a temporary prohibition of betel leaves from Bangladesh due to consistent finding of salmonella. Less restrictive measures for the same product were also agreed for India and Thailand.• The FSA has developed an Early Warning System for certain food of non-animal origin. This is based on an analysis of Rapid Alerts across the EU which may be deemed as an emerging or repeated risk to public health but which is not currently deemed by the EU as necessary for mandatory controls at EU borders. The FSA issues these analyses to known Food Business Organisations along with Local and Port Health Authorities to give them greater intelligence for a more targeted sampling programme. The FSA also uses this intelligence to inform on policy negotiations and Commission proposals in Brussels.• The UK is the only Member State of the EU to have all Designated Entry Points using the EU web based data collection system TRACES³ (Trade Control and Expert System) for the import of food of non-animal origin. Following training of FSA officials on the EU Better Training for Safer Food programme, the FSA initiated three courses for Port Health and Local authorities on TRACES. This has resulted in a harmonised electronic system of reporting from UK borders reducing the administrative burden for Port Health Authorities and allowing the FSA to analyse the resulting data more easily and speedily.• The FSA has launched a National Monitoring Plan for 2014/15 for products of animal origin imported through UK Border Inspection Posts (BIPs). This new work, concerning sampling at BIPs for the FSA, has enabled us to set priorities for sampling in the next reporting year but will also allow us to review this programme and review the priorities regularly allowing for a much more flexible risk based programme of checks at UK borders.

3 **TRACES**, or Trade Control and Expert System, is a web-based veterinarian certification tool used by the European Union for controlling the import and export of live animals and animal products within and without its borders. Its network falls under the responsibility of the European Commission.

Highlights of our activities and performance in 2013/14

National Co-ordinated Food Sampling Programme

Funding was increased to £2.2 million, from £1.6 million, to support ports and local authority sampling as part of the 2013/14 National Co-ordinated Food Sampling Programme, to help target a greater range of food authenticity issues in the wake of the horsemeat incident, in addition to other food safety and chemical composition issues. The priorities were set centrally by the FSA based on evidence of risks and available intelligence, in consultation with Defra and the Department for Health. This Programme has recently been reviewed and the improvements identified are being put in place.

Outcome: food producers and caterers give priority to consumer interests in relation to food

Main priorities

Increase the provision of information about allergens, including in catering establishments

Work with relevant organisations in Northern Ireland and Scotland to:

- Continue to achieve reductions in saturated fat, salt and calories in food products;
- Encourage the development, promotion and availability of healthier options when shopping and eating out; and
- Make sure that portion sizes appropriate for a healthy diet are available and promoted.

Highlights of our activities and performance in 2013/14

Allergens

- FSA is working on the implementation of the allergen labelling requirements in the Food Information for Consumers Regulation 1169/2011. We published technical guidance on the allergen aspects of the regulation, together with short leaflets for SMEs to support compliance with the new legal requirements that come into force on 13 December 2014. We have delivered training workshops for Local Authority enforcement officers, working in collaboration with the Chartered Institute of Environmental Health (CIEH), Trading Standards Institute (TSI) and Campden BRI. We also re-issued our advice for food allergic consumers following the new rules due to come into force at the end of 2014 working closely with Allergy UK, the Anaphylaxis Campaign, British Dietetic Association, British Retail Consortium, British Nutrition Foundation, Coeliac UK and the Food and Drink Federation.
- FSA has conducted a series of workshops to update local authorities on the requirements of EU Food Information for Consumers Regulation No. 1169/2011 (EU FIC). In addition to this FSA in NI recently updated and reissued the Northern Ireland Food Standards Training Manual bringing it in line with the requirements of EU FIC. The manual, developed by FSA in NI is a comprehensive tool for Environmental Health Officers acting as a reference document for food standards legislation.

Highlights of our activities and performance in 2013/14

- FSA in NI has also delivered a series of presentations on EU FIC/Allergens to staff at the College of Agriculture, Food and Rural Enterprise, catering managers in the education sector, industry stakeholders and health trust dieticians.
- FSA in NI also worked closely with *safefood* to evaluate the dining out experiences of people with a food allergy in NI. Similar reports exist for the Republic of Ireland and the island of Ireland as a whole. The report will be published in September 2014 to coincide with NI Food Allergy Awareness Week.

Nutrition

- FSA in NI and FSAS worked with officials across Government, industry, non-governmental organisations (NGOs) and stakeholders on new UK salt reduction targets for food categories. The new targets set for achievement in 2017, were agreed by the FSA Board and Ministers in Scotland and Northern Ireland and published in March 2014. A urinary sodium survey is now underway which will provide updated population salt intakes for Scotland and Northern Ireland and assess progress toward the recommended average intake of no more than 6g per day.
- FSA in NI and FSAS have worked with major out of home businesses to ensure that calorie labelling is provided in Scotland and Northern Ireland for consumers. FSA in NI has run a pilot calorie labelling scheme and nine businesses participated in the independent evaluation of the pilot. The final report has been published in December and the key findings have been presented at the *safefood* Obesity Forum in Dublin. FSA in NI are planning to launch a regional scheme later in 2014.

Front of Pack nutrition labelling

- A new UK-wide voluntary scheme was launched in Northern Ireland and Scotland in June 2013 and has been adopted by all the major retailers and some of the large manufacturers (together accounting for 2/3 of pre-packaged food on the UK market), as well as some smaller companies. FSAS and FSA in NI continue to actively encourage food and drink businesses to introduce the scheme as part of the wider EU FIC labelling changes through bilateral meetings and industry fora.
- FSA continue to work with DH to counter concerns from some MS, European MEPs and the food industry to the UK-wide scheme. Key industry and NGO partners are supporting the UK position in Europe.

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 hygiene standards of food premises.
Work with relevant organisations in Northern Ireland and Scotland to improve public awareness and use of messages about healthy eating.

Highlights of our activities and performance in 2013/14
<ul style="list-style-type: none"> • Extensive press and social media activity during food safety week (FSW) in June resulted in record high levels of coverage for Kitchen Check. The communication activity was led by the FSA at a national level and in partnership with local authorities and others to deliver food safety messages locally, supported by activity in national and regional media, social media as well as bespoke resources to support partnership work. FSA provided a communication toolkit, including a template press release and social media messages to key partners along with a leaflet, poster and activities for young people. 136 partner organisations participated in FSW. • The results of communication activity for FSW 2013 were drawn from a number of sources including an online survey of local authorities, analysis of PR coverage and social media metrics. FSW 2013 achieved 350 news items including 23 pieces of national coverage, of which 96% was positive – a 50% increase on the previous year. On social media, there were around 2,000 tweets during FSW from individuals, local authorities and civil society organisations, resulting in 3.8 million opportunities to see messages about FSW on Twitter. There was a 12-fold increase on our average activity on Facebook. We also shared images and video created especially for the activity. • The Food Hygiene Rating (Wales) Act 2013 and associated Regulations came into force on 28 November. The legislation makes it compulsory for businesses registered in Wales to display their food hygiene rating in a prominent position at their premises. • Agreement was given in December by the Northern Ireland Executive to begin drafting a Bill to introduce a statutory scheme in Northern Ireland. • As of the end of March 2014, uptake of FHRS or FHIS increased to 402 local authorities (out of a possible 406 local authorities in the UK). A programme of communications activity was undertaken to promote FHRS and FHIS in the run up to Christmas. This included supplying a communications toolkit to local authorities that included posters, web banners, template press releases and tweets, as well as a programme of paid-for advertising that varied from country to country. The campaign had the strap line ‘recipe for a great meal out’ and aimed to encourage consumers to consider hygiene standards as part of planning and booking Christmas parties and meals.

Highlights of our activities and performance in 2013/14

- After the launch of the UK-wide front of pack labelling scheme (FoP), FSA in NI and Scotland have worked closely with Department of Health (DH) and industry to develop a set of consistent messages launched by the British Retail Consortium (BRC) and the Food and Drink Federation (FDF) to be used with industry and consumers to communicate the scheme across the UK.
- Consumer research has been undertaken with the final report due imminently. FSA in NI and FSAS will consider the key findings with a view to improve awareness of the scheme.
- FSA in NI and FSAS have worked with major out of home businesses to ensure that calorie labelling is provided in Scotland and Northern Ireland for consumers. FSA in NI has run a pilot calorie labelling scheme and nine businesses participated in the pilot and a number of UK multiples have provided input into the independent evaluation of the pilot. The final report has been published in December and the key findings have been presented at the *safe*food Obesity Forum in Dublin. FSA in NI continues to work collaboratively with the Food Safety Authority of Ireland on feasibility of all island schemes and the final proposal on a regional roll out of the scheme is being finalised.
- The findings of the feasibility study of the Northern Ireland District Council Nutrition Award have been presented to Chief Environmental Health Officers and the decision has been made to postpone further development of the Award until the Local Government Reform process is complete.
- The Eatwell every day resource has undergone consumer testing with a report received on recommendations for improvement. FSAS is now working on updating the resource with a view to having this completed by the end of August 2014.
- Work has been commissioned by the social science research unit to conduct secondary analysis on data from the Food and You Surveys from Northern Ireland and Scotland. This project will consider whether, and what type of, relationships exist between food safety and nutrition practices. FSA in NI continues to work in partnership with other organisations under the auspices of the NI Food in Schools Forum in advocating a 'whole school approach' to all food provided and consumed in school, as well as developing the skills and knowledge to encourage and support healthy eating and lifestyles. This work ensures children and young people receive a consistent message not only in what they are taught in the classroom about healthy eating, but also in the food that is available to them in the canteen, vending machines and tuck shops within their schools.

Outcome: Business compliance is effectively supported because it delivers consumer protection. This includes a focus on effective, risk-based and proportionate regulation and enforcement

Main priorities
Safeguard consumers by making it simpler for businesses to comply with regulations.
Support economic growth by removing unnecessary burdens on businesses and performing our export assurance functions effectively.
Use our knowledge of what works in driving up business compliance, and in particular empower consumers to become more informed and influential in the market place.
Help compliant businesses to thrive by focusing intervention on non compliant businesses, ensuring the non compliant do not benefit at the expense of the compliant.
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, risk based and proportionate.

Highlights of our activities and performance in 2013/14
<p>Provided for improved LA delivery of food law enforcement by:</p> <ul style="list-style-type: none"> ● Providing 101 food law enforcement training courses for 2338 local authority officers on 19 key areas of food law. ● Introducing more risk based frequencies for LA food law inspections by revising the LA Food Law Code of Practice to provide for more frequent inspections of businesses with persistent or serious non-compliances and less frequent inspections of broadly compliant businesses. ● Introducing a web based version of the Food Law Code of Practice giving easier and remote access to the code for enforcement officers. <p>Provided for improved LA delivery of animal feed law enforcement by:</p> <ul style="list-style-type: none"> ● Introducing a more risk based and efficient approach to animal feed inspections by revising the Feed Law Code of Practice to provide increased use of earned recognition (ER) through reduced inspections of feed businesses with a history of good compliance and/or membership of an FSA approved assurance scheme. ● Improving the capability of feed law enforcement officers by revising the Feed Law Code of Practice to introduce new competency requirements and training opportunities/ requirements. ● Improving the LA feed law enforcement delivery model in England by working in partnership with the National Trading Standards Board to ensure effective channelling of FSA funding and communications to LAs.

Highlights of our activities and performance in 2013/14

- Provided for easier and improved food business operator compliance with HACCP requirements by developing with stakeholders and launching a web tool, 'MyHACCP', for use by small food manufacturing businesses.

Principal risks and uncertainties

This information is reported as part of the FSA Governance Statement 2013/14 on page 36.

Composition of the Board and Executive Management Team

Number of persons of each sex who were directors (as of 31 March 2014):

	Male	Female
Executive members	7	4
Board members	5	2

Sustainability

The following table reports greenhouse gas emissions and related expenditure.

Greenhouse gas emissions	2010/11	2011/12	2012/13	2013/14
Non Financial indicators Scope 2				
Total energy consumption (KWH)	176,311	162,710	123,435	116,522
Financial indicators (£)				
Total waste expenditure	9,707	9,879	11,759	13,323

The following table reports waste data and related expenditure.

Waste	2010/11	2011/12	2012/13	2013/14
Non Financial indicators (Tonnes)				
Recycled/reused waste	6.3	5.1	2.6	3.5
Landfill	0.8	0.8	0.8	0.7
Waste incinerated	0	0	0	0
Confidential waste	0	0.2	0.8	0.6
Total waste	7.1	6.1	4.2	4.8
Financial indicators (£)				
Total waste expenditure	1,669	1,047	1,042	1,124

The following table reports water data and related expenditure.

Water	2010/11	2011/12	2012/13	2013/14
Non Financial indicators (m³)				
Total water consumption	157	155	145	173
Financial indicators (£)				
Water expenditure	639	662	722	751

Forward commitments to improve performance.

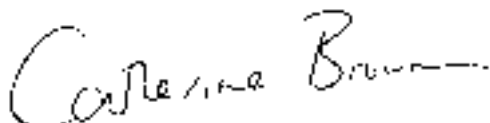
The FSA intends to continue to support staff with information and training to ensure Sustainable Development is taken into account in all that we do.

The FSA is currently on target to meet its Greening commitments on electricity, gas and water with significant reductions shown in the tables between 2010/11 and 2013/14.

EMT has signalled its support for home working which reduces travel by staff, albeit private travel, leading to less carbon emissions globally, supporting a more flexible workforce.

From April 2014, the FSA has introduced monthly management information showing usage against a cap to help team leaders reduce domestic flights levels. The FSA is also actively promoting the use of new video-conferencing facilities to give staff an alternative to travel all of which will ensure the FSA meets its Greening commitment on air travel by March 2015.

The FSA has also introduced a paper usage monitoring and reporting programme which will provide team leaders with details of paper usage which will facilitate the FSA in meeting its Greening commitment on paper usage by March 2015.



Catherine Brown
Chief Executive and Accounting Officer

11 June 2014

Structure and Organisation

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 are 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 the National Assembly for Wales, and one by the Minister for Health, Social Services and Public Safety in NI on behalf of that Department. The other eight members are 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 Team (EMT). 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 Board⁴

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

Lord Jeff Rooker	FSA Chair (until 26 July 2013)
Tim Bennett	FSA Chair (Interim) (from 28 July 2013)
Dr. Henrietta Campbell CB	Deputy Chair (Interim) from 10 September 2013 and Chair of the Northern Ireland Food Advisory Committee
Dr. James Wildgoose	Chair of the Scottish Food Advisory Committee
John W Spence	Chair of the Welsh Food Advisory Committee (until 30 May 2013)
Dr. Roland Salmon	Chair of the Welsh Food Advisory Committee (from 1 June 2013)
Professor Sue Atkinson CBE	Board Member (until 31 December 2013)
Margaret Gilmore	Board Member (until 28 February 2014)
Jeff Halliwell	
Liz Breckenridge	
Paul Wiles	

Executive Management Team (EMT)⁵

During the year, the membership of the EMT was:

Catherine Brown	Chief Executive
Andrew Rhodes	Chief Operating Officer
Rod Ainsworth	Director of Regulatory and Legal Strategy
Chris Hitchen	Director of Finance and Strategic Planning (from 3 September 2013) – was previously Director of Finance
Lynne Bywater	Director, Human Resources
Stephen Humphreys	Director, Communications
Gerry McCurdy	Director, FSA in Northern Ireland (until 31 August 2013)
Steve Wearne	Director, Policy (from 3 September 2013), was Director, FSA in Wales (until 30 April 2013)
Maria Jennings	Director, FSA in Northern Ireland (from 9 September 2013)
Nina Purcell	Director, FSA in Wales (from 3 February 2014)
Geoff Ogle	Director, FSA in Wales (Interim) from 1 May 2013 – 2 February 2014, Portfolio Director from 3 February 2014
Charles Milne	Director, FSA Scotland
Dr. Andrew Wadge	Chief Scientist (until 31 January 2014)
Dr. Alison Gleadle	Director, Food Safety (until 30 June 2013)

4 More information about how the Board works can be found here:
<http://www.food.gov.uk/about-us/how-we-work/our-board/>

5 More information about the Executive Management Team can be found here:
<http://www.food.gov.uk/about-us/how-we-work/aboutourstaff/profiles/>

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

The NI Food Advisory Committee

The Northern Ireland Food Advisory Committee provides advice and information to the Agency on its functions. It is chaired by the NI Board Member and the FSA Board is required by statute to take account of their advice and its work. The committee members are listed below:

Dr Henrietta Campbell	Chair
David Lindsay	
Dorothy Black	
Brian Smyth	
Sydney Neill	
Christine Kennedy	
Colin Reid	

Audit Committee

Membership of the FSA Audit Committee:

Dr Henrietta Campbell	Chair
Margaret Gilmore	Until 28 February 2014
Dr James Wildgoose	
Jeff Halliwell	
Professor Paul Wiles	
Liz Breckenridge	
Caroline Mawhood	(Co-opted Adviser)

Risk Committee

Membership of the FSA Risk Committee:

Non-Executive Members

Margaret Gilmore	Chair (until 28 February 2014)
Professor Paul Wiles	Chair (from 1 March 2014)
Sue Atkinson	Until 31 December 2013
Dr Roland Salmon	
Dr Henrietta Campbell	
Dr James Wildgoose	
John W. Spence	Until 31 May 2013

Executive Members

Catherine Brown	Chief Executive
Chris Hitchen	Director of Finance and Strategic Planning
Steve Wearne	Director, Policy
Andrew Rhodes	Chief Operating Officer

Information about the Succession and Development Committee can be found here:
<http://www.food.gov.uk/about-us/how-we-work/our-board/boardcommittees/successiondevelopmentcommittee/>

Supplier payment Policy

It is FSA policy to pay all invoices not in dispute within five days of receipt. During 2013/14, 91% of all invoices were paid within this target. The policy is likely to remain the same for 2014/15.

Complaints to the Parliamentary Ombudsman

Complaints to the Parliamentary Ombudsman from members of the public must be made via a Member of Parliament. During 2012/13, the latest year for which statistics are available⁶, the Ombudsman received two complaints about the FSA, but neither was accepted for investigation. During 2012, the Ombudsman reported on one case that it had accepted for investigation in 2011. The Ombudsman found in the FSA's favour.

The FSA aims to resolve any complaints quickly and as close as possible to the point of service and therefore complaints are initially handled at a local service level. 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. Information on how to make a formal complaint is set out on the FSA's website <http://www.food.gov.uk/about-us/data-and-policies/fsacomplaintsprocedure>.

In the first instance, complaints should be sent to the FSA's complaints co-ordinator for investigation at openness.team@foodstandards.gsi.gov.uk. If the complainant is not satisfied with how their complaint has been handled, they may refer their complaint to the FSA's Chief Executive.

The FSA received 11 formal complaints from members of the public and food businesses regulated by the FSA during 2013/14. Two of these complaints were referred to the FSA Chief Executive on appeal. Of all the complaints received, seven were dismissed, two were upheld and two are still under consideration.

The FSA is a member of the Government's Cross-Government Complaints Forum and is working towards compliance with the complaint resolution standards that the forum has agreed.

Off-payroll engagements

The FSA in NI had no 'off-payroll' engagements at a cost of over £58,000 per annum during 2013/14 or during 2012/13.

Mainstreaming sustainable development (SD), adapting to climate change and rural proofing

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

⁶ Statistical report on government performance on complaints, 6 August 2013 <http://www.ombudsman.org.uk/improving-public-service/annual-government-performance-information>, linking to http://www.ombudsman.org.uk/data/assets/excel_doc/0005/21893/Parliamentary-statistics.xls

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

Social and community Issues

FSA is supportive of its employees undertaking volunteering activities and facilitating this through the provision of paid special leave at both individual and team level.

Our Special Leave Policy also supports employees who want to contribute to the wider community by participating in civic and/or public duties, though in some circumstances there is a statutory right to time off for these. Time off with pay can be granted to staff who undertake one or more of the following roles:

- a magistrate/JP;
- a local councillor;
- a school governor;
- a member of any statutory tribunal e.g. an Employment Tribunal or The Children's Panel;
- a member of the managing or governing body of an educational establishment;
- a member of a school council or board in Scotland;
- a member of the General Teaching Councils for England and Wales;
- a member of the Environment Agency or the Scottish Environment Protection Agency;
- in England and Wales, a member of the prison independent monitoring boards or in Scotland, a member of the prison visiting committees or in Northern Ireland on the boards of prison visitors;
- in Northern Ireland, a member of a police authority or district policing partnership, a health authority or primary care trust.

We also have provisions under which special leave can be granted:

- to Reservists, Cadet forces, and Special Constabulary training;
- to employees who are chosen to represent the Civil Service in individual or team sporting events or who are selected to participate in international events, such as the Olympic/ Paralympic and Commonwealth Games;
- to staff who are nominated to attend Honours ceremonies;
- to staff who participate in activities associated with Civil Service societies such as the Charity for Civil Servants or Civil Service Sports Council;
- to staff who are summoned to attend court for a non-work related matter;
- to staff required to provide jury service.

Reporting on Better Regulation

The FSA applies the principles of good regulation to all of our regulatory activities. The vast majority of food law in the UK originates from directly applicable European legislation. The FSA promotes the UK Government's better regulation agenda in EU negotiation and has achieved significant successes as detailed in the examples below.

The FSA applies good regulation principles in implementing EU regulations. For example, we do not go beyond the minimum requirements of the regulations by introducing gold plating unless there are strong consumer protection reasons for doing so. We also produce guidance and other material to help businesses comply with the law, and promote consistency and proportionality in how official controls and enforcement are applied across the UK.

One-in, One-out/One-in, Two-out

The 'One-in, Two-out' rule replaced 'One-in, One-out' from January 2013 requiring departments to find twice the value in savings for every new regulation applicable in England that imposes a new financial burden on businesses. The requirements apply to domestic measures only and therefore the vast majority of legislation implemented by the FSA is outside of scope of the initiative.

FSA's One-in, One-out balance at the end of December 2012 was a net reduction of the burden on business of £130,000. The FSA One-in, Two-out balance at the end of March 2014 is a zero net cost to business. The FSA is also currently estimating an "out" of approximately £700k, subject to validation by the RPC. This arises from reductions we have made to local authority inspection frequencies for food businesses by increasing the level of earned recognition within the intervention rating scheme in the FSA Food Law Code of Practice.

Regulatory Policy Committee

The independent Regulatory Policy Committee (RPC) comments on the quality of analysis and evidence presented in Impact Assessments (IAs) in England. Between 1 April 2013 and 31 March 2014 the FSA made seven applications for RPC validation of five IAs. One IA was initially unsuccessful but after addressing RPC concerns the IA was resubmitted and received RPC validation of the equivalent annual net cost to business (EANCB). Two IAs were confirmed as deregulatory by the RPC at consultation stage, and two IAs received Red (not fit for purpose) opinions. One of these was resubmitted to the RPC, but the additional supporting evidence presented was still considered insufficient and the RPC retained their Red opinion for the IA.

Both IAs that received red opinions from the RPC were primarily unsuccessful due to a lack of supporting evidence. The FSA is committed to ensuring that our evidence is robust and is currently reviewing the RPC's opinions for both IAs that failed to be validated by the RPC. We will seek to strengthen our evidence base to support the EANCB figure presented and resubmit the IAs for RPC validation.

Small business

Business compliance with food law is the best way of ensuring safer food and protecting consumers. Complying with food law and ensuring safer food is in businesses own interest to sustain customer loyalty, build brand assurance and support future growth potential, as well as protecting themselves from any enforcement action resulting from non-compliance. The FSA has long recognised the importance of reducing regulatory burdens that might otherwise impede compliance. Approximately 99% of the UK food businesses are small (11%) or micro (88%) and therefore the FSA is focused on the needs of small businesses.

The FSA supports small food businesses and helps them to meet their legal obligations in relation to food safety. “Safe Catering” is a practical and easy to use food safety management guide, produced by FSA in NI together with district council Environmental Health officers and the food industry, to help catering businesses and retailers with a catering function to comply with food legislation, produce a food safety management plan based on HACCP principles and to keep the appropriate records.

The FSA’s “Safer food, better business” (SFBB) is another innovative and practical approach to food safety management specifically aimed at small food businesses to help with food safety management procedures and food hygiene regulations. SFBB is also widely distributed across Northern Ireland. Both packs are currently offered to food business operators free of charge.

The FSA identified the need to provide effective export assurance to UK businesses as part of its refreshed strategic plan, published in May 2013, and has created a new team focused on delivering assurance for UK food exports and to support business growth in this area. Our support and advice on compliance with export requirements to Defra, the Competent Authority for third country exports, has resulted in the approval of UK businesses to export products of animal origin to countries such as Russia, China, Japan, USA and Singapore. We have also worked closely with local authorities to better understand the support they require to offer an effective service to businesses in respect of exports of non-animal origin products and are developing guidance and other resources to meet their needs.

Following continued success and strong interest in the FSA-funded food business compliance coaching scheme – introduced for host boroughs and “live sites” (where large screens were erected) in the run-up to the Olympics and continued into 2013 across England – the FSA has extended the coaching further into 2014 and committed to retain funding of the scheme into 2014/15. The focus remains on take-away establishments with low levels of compliance. During the period of April 2013 to March 2014 FSA funded coaching has been delivered to 1975 businesses.

Red Tape Challenge

The Red Tape Challenge (RTC)⁷ focuses on specific themes of regulation and provides an opportunity for those affected to submit their views. Contributions are then used by departments to produce a set of proposals for regulatory reform.

The FSA has participated in RTC themes for Hospitality⁸ and Agriculture⁹. To date initiatives delivered by the FSA in England under the Hospitality Theme include:

- A reduction to the total number of statutory Instruments (SIs) from 34 to 17, as part of our commitment to developing a simplified system of food safety legislation;
- Improved signposting of guidance on our website; the introduction of a new guidance template to make guidance more user-friendly and easier to search and the launch of our new web-based guidance search tool;
- Publication of community and village halls guidance, providing examples of scenarios where food provision would not be covered by food hygiene legislation.

7 <http://www.redtapechallenge.cabinetoffice.gov.uk/home/index/>

8 <http://www.redtapechallenge.cabinetoffice.gov.uk/themehome/hospitality-food-and-drink/>

9 <http://www.redtapechallenge.cabinetoffice.gov.uk/themehome/agriculture/>

The Agriculture Theme covered FSA interests in animal feed, TSEs and animal by-products. Under this Theme we have published guidance for farmers adding additives to animal feed¹⁰. Other initiatives include consolidation of Animal Feed SIs from four to two and putting in place a formal system of Earned Recognition for feed businesses¹¹.

Sunseting and Review

Sunset clauses are required for national legislation, whereas most food law is derived from the EU. It has not been necessary therefore, for the FSA to introduce any sunset clauses into legislation. We have, however, applied statutory reviews to 7 SIs that provide for enforcement of FSA legislation. The earliest statutory review clauses applied by FSA was into legislation that came into force 1 July 2011¹² and the first 5-year review period will be reached in 2016.

The FSA has not completed any post implementation reviews (PIR) during 2013/14. We have, however, commenced PIR of the revised official control inspection regime for on-farm dairy hygiene in England and Wales.

Alternatives to regulation

Listeriosis remains the number one cause of death due to foodborne disease in the UK. A significant proportion of reported outbreaks occur in hospitals. There are legal limits for *Listeria monocytogenes* in food but there are strong arguments for food supplied to hospitals and other healthcare settings to contain levels below these limits. The FSA is working in partnership with hospitals/care settings and the food manufacturing industry to promote a national agreement on a critical limit for *L. monocytogenes* in chilled ready-to-eat foods supplied to hospitals and other care settings. We believe that an agreement between large care providers and industry is a more proportionate and risk-based alternative to seeking a change in EU legislation. Industry-agreed standards will be driven by business incentives and other market forces rather than the threat of enforcement.

The Food Hygiene Rating Scheme (FHRS) continues to operate on a voluntary basis in England and at present in Northern Ireland. The Food Hygiene Information Scheme (FHIS) is voluntary in Scotland. Research with food businesses found that more than a third of those displaying their rating at the premises had found this to have had a positive impact, such as greater customer confidence, better reputation amongst customers and more customers. So that others can benefit in this way, we produced a toolkit¹³ with advice and resources to help businesses use their rating as a marketing tool.

Implementation and guidance

The FSA was one of the pioneer regulators who helped to develop the Accounting for Regulator Impact initiative (ARI), requiring regulators to engage with industry and agree impacts for non-legislative matters such as guidance. Examples of FSA proposals that are being developed using ARI include a revised policy for the authorisation to transport warm (above temperature) meat and accepting carcasses of animals slaughtered on-farm under emergency slaughter conditions.

10 <http://www.food.gov.uk/business-industry/guidancenotes/hygguid/guidfarm>

11 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275742/red-tape-challenge-agriculture-proposals.pdf

12 <http://www.legislation.gov.uk/uksi/2011/1517/contents/made>

13 www.food.gov.uk/business-toolkit-fhrs

To build on our participation in the ARI initiative we created the ‘help shape our policies section’¹⁴ of our website in July 2013. The section details current FSA proposals – both legislative and non-legislative – and invites stakeholders to get involved in developing them. Stakeholders can also subscribe to receive email alerts for updates to proposals that interest them.

As an additional follow up to the Government’s Red Tape Challenge initiative the FSA started a guidance review in summer 2013 to discover how micro food businesses found out how to comply with food law and how FSA guidance should best be formatted and communicated to help them. An online survey we published as part of the review received 384 responses, including 129 from micro-businesses. In implementing the review findings we are working to improve our website and revise our guidance. We are also working with Defra to co-ordinate all food-related guidance into one location and make it simpler, quicker and clearer for businesses to understand and comply with their obligations.

The FSA works closely with industry in producing guidance to help small businesses comply with food law. We provided direct policy and science advice to the development of joint Food & Drink Federation and the British Retail Consortium industry guidance for allergen labelling for pre-packed food¹⁵ published in March 2013. We also worked closely with industry and local authorities to improve our E.coli O157: control of cross-contamination guidance. This has been revised in line with industry views and disseminated to businesses through industry members of the working group established by the FSA to review the guidance. We have also commissioned scientific research to look at alternative controls to complete separation of complex equipment and the outcomes of this research will be incorporated into the guidance following further industry engagement in April 2014.

Focus on Enforcement

The Focus on Enforcement (FoE) series of reviews looked at activity by national regulators and local authorities in England that affects, or is perceived to affect, the day-to-day running of micro and small businesses. The report on small food manufacturers, along with the FSA response, was published¹⁶ in January 2013.

Since publication, the FSA has undertaken a number of significant activities including revising the E.coli O157: control of cross-contamination guidance and researching alternative controls as set out above. Other actions include the introduction of an independent business appeals panel to look into appeals or complaints about local authority actions or requirements. This will also offer second opinions to business – the absence of which was a key concern of small businesses identified during the review. “My HACCP”, a new online web tool has also been launched to provide support for small food manufacturers on HACCP.

EU regulations

The FSA played an active role in the EU review of current meat controls to develop more risk-based and proportionate controls that come into force in June 2014. The revised official controls on pig meat will benefit industry in various ways, such as introducing visual inspection by default and providing a significantly more risk-based framework for Trichinella controls. This supports the UK’s long-term policy objective of securing derogations from Trichinella testing. We also successfully negotiated an alternative to EU proposals for significantly increased

14 <http://www.food.gov.uk/news-updates/help-shape-our-policies>

15 http://www.foodhealthinnovation.com/media/7157/guidance_on_allergen_labelling_2013.pdf

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

salmonella testing for pig meat by proposing to maintain the current sampling requirements while strengthening controls by introducing a lower threshold for action on positive samples. Maintaining the current sampling levels prevents new burdens being placed on industry while maintaining the same level of controls and consumer protection.

The European Commission was in favour of setting regulatory limits for the mycotoxins (T2 and HT2) in cereal and cereal products. However, as no immediate health risk was identified in EFSA's Scientific Opinion, the FSA advocated for alternatives to legal limits such as encouraging good practice and monitoring data. A Commission Recommendation on the presence of mycotoxins has since been published on monitoring data as an alternative to regulatory limits. Through close working with industry the FSA brought together UK experts to develop guidance on implementing the Recommendation and this was accepted as the basis for European guidance. This prevented greater burdens being placed on industry.

The FSA worked closely with the European Commission in negotiating a position for opium alkaloids in poppy seeds. Poppy seeds can be grown exclusively for food use or as a by-product of poppy grown for pharmaceutical purposes as is the case in the UK. Opium alkaloid levels may be higher in poppy grown for pharmaceutical use, however, processing substantially decreases levels. As an alternative to regulatory limits, the FSA negotiated support for a Code of Practice to reduce levels of opium in poppy seeds and worked closely with poppy producers to ensure that final proposals did not prohibit continued UK manufacturing. The UK poppy industry had indicated that regulatory limits would have severely affected them, whereas the adopted Code of Practice protects consumers but avoids the need for more burdensome legislation to be introduced.

By working closely with industry in the UK and in 3rd countries that export products to the EU, the FSA was able to assess the likely impacts of the proposed controls on smoke flavourings. For example the initial proposed controls would have resulted in a number of products being taken off the market and/or high reformulation costs for industry. The FSA was able to influence the EU Commission and Member States to ensure a more proportionate and risk-based outcome for the controls on smoke flavourings. As a result the agreed positive list of smoke flavourings offers a high level of protection to consumer health while ensuring the controls on the use of these substances are proportionate to the risks.

FSA intervention on EU requirements for a zero tolerance for the presence of packaging material in animal feed derived from surplus food was supported by strong industry evidence on the low levels that could realistically be achieved. This led to a more pragmatic conclusion that presented significant benefits to the UK feed industry and has safeguarded the supply of 500,000 tonnes of valuable and safe feed to the UK market.

The FSA has removed gold plating of EU requirements for radiological testing and saved industry £0.77m per year by introducing an optimised programme of radioactivity monitoring in England, Wales and Northern Ireland based on risk and in line with current internationally recognised best practice. An FSA proposal to allow licensed slaughtermen to carry out home slaughter will also remove gold plating.

The FSA continues to negotiate actively on the European Commission proposals on official controls with a view to achieving UK Government lines, including those that reflect the Business Taskforce recommendation. The official controls proposals, published in May 2013, have potential to significantly affect businesses along the whole of the Agri-food chain. We are actively engaged with stakeholders and other Member States in order to build momentum for our preferred approach.

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. The FSA is currently rated as moderate for compliance following the annual audit on behalf of the Office of Civil Service Commission. All external recruitment is currently subject to the restrictions of the Civil Service recruitment Freeze and approved by the Chief Executive by exception.

Diversity and Employment of Disabled Persons

The Food Standards Agency is committed to giving full and fair consideration to the recruitment and continued employment of disabled persons. The Agency published an update of its Diversity Report in January 2014, which includes information relating to the employment of disabled persons, including promoting the recognition of disability and training and career development of disabled persons.

This report can be found at <http://food.gov.uk/about-us/data-and-policies/equality/diversity-report>.

Employee involvement

The Food Standards Agency provides employees with relevant information, which may be on matters of concern to them, by way of the foodWEB intranet site and also through Yammer, which is an internal web-based social media network. In addition the food.gov website also contains information on the Agency, including performance-related and financial information.

The FSA is committed to maintaining effective employee relations with staff and their trade union representatives. The FSA's Recognition and Facility Agreement looks to maintain effective arrangements for formally and informally communicating, consulting and negotiating with staff and/or their union representatives.

The FSA's Staff Group is a consultative group which forms the link between staff and Directors on a wide range of issues; and the Policy Advisory Group is a consultative group which helps to ensure that HR policies reflect the structures, processes and culture within the FSA and support effective people management. In addition, employees are invited to participate in an annual staff survey and contribute to follow-up action plans.

Performance in responding to correspondence from the public

During 2013, the FSA's Private Office Team handled 255 letters and emails from MPs and Peers for reply by Department of Health Ministers and the Chair and Chief Executive of the FSA. 88% of those requiring a response were answered within our target of 20 working days. FSA officials responded to 411 letters and emails sent by members of the public to Ministers, the FSA Chair and Chief Executive, replying to 96% within our 20 day target date.

Publicity and advertising

Ensuring that consumers and businesses have the information they need to be safer with food is one of our core priorities. In 2013/14 our work focused on two main areas – firstly on promotion of the Food Hygiene Rating Scheme (FHRS) and, in Scotland, the Food Hygiene Information Scheme (FHIS), and secondly on activities centred on food hygiene in the home.

There were no sponsorship agreements over £5,000; though partnerships with others have contributed greatly to the reach of our campaign work.

FHRS & FHIS – Consumers

Our consumer research showed that people are more likely to engage with these schemes when dining with others on special occasions or when selecting a venue to eat in unfamiliar circumstances. We used this particular insight to develop a programme of communications activity for 2013/14 focused on occasion based eating. The objectives of this activity were to:

- encourage consumers to consider food hygiene when selecting food establishments at these important times, along with ambiance, menu, price etc.
- increase awareness and recognition of the schemes, particularly in Scotland, Wales and England and maintain levels of awareness and recognition of the scheme in NI
- encourage consumers to ‘check’ the hygiene rating before booking
- If they don’t see a hygiene rating displayed in the window then encourage them to ‘ask’ the business to enable them to ‘switch’ to a higher rating.

The FSA published a series of toolkits from November 2013 – March 2014 focused on eating out at Christmas, Valentine’s Day and when on holiday. This was supported by a programme of paid-for communications over Christmas and Valentine’s Day. The activity varied by nation and included out-of-home, regional press and online advertising, along with a programme of PR and social media activity. A full evaluation of this work is underway and will report in 2015. Total UK budget for this work was £240,000.

FHRS & FHIS – Businesses

An increasing number of consumers are becoming aware of the FHRS and are actively looking for ratings when out and about. Businesses in turn are beginning to see the impact of this. More than a third say that displaying their FHRS rating is having a positive impact, with benefits such as greater customer confidence, better reputation among customers and more customers. We were keen to highlight this so that other businesses may benefit, and developed a range of resources for both businesses and local authorities including:

- Leaflets for businesses rated 3 or 4 highlighting the benefits of display and some simple tips about how to achieve a 5
- A leaflet for businesses rated 5 on the benefits of display and promotion
- A simple ‘how to’ guide for businesses with a rating of 5 with suggestions about how they can incorporate the rating in the promotion
- Web banners that businesses rated 5 can put on their website.

These resources were published on www.food.gov.uk on 19 September and promoted through social media and trade press with coverage achieved in a range of titles including the Morning Advertiser, Fry Magazine and Convenience Store as well as through trade groups such as NI Business Direct and Association of Convenience Stores. The budget for this work was £40,000.

Food Safety Week (FSW) 2013¹⁷

Our activity during Food Safety Week 2013 centred on a 'Kitchen Check' that enabled consumers to assess their own home kitchen habits and take action on their food safety practices. We wanted to challenge assumptions about food safety risks in the home and motivate consumers to take actions to improve their own food safety behaviour.

The communication activity was led by the FSA at a national level and in partnership with local authorities and others to deliver food safety messages locally, supported by activity in national and regional media, social media as well as bespoke resources to support partnership work. FSA provided a communication toolkit, including a template press release and social media messages to key partners along with a leaflet, poster and activities for young people. 136 partner organisations participated in FSW.

The results of communication activity for FSW 2013 were drawn from a number of sources including an online survey of local authorities, analysis of PR coverage and social media metrics. FSW 2013 achieved 350 news items including 23 pieces of national coverage, of which 96% was positive – a 50% increase on the previous year. On social media, there were around 2,000 tweets during FSW from individuals, local authorities and civil society organisations, resulting in 3.8 million opportunities to see messages about FSW on Twitter. There was a 12-fold increase on our average activity on Facebook. The cost of this activity was £65,000.

Christmas Food Safety Campaign 2013¹⁸

Between 11 and 27 December 2013, the FSA ran a Christmas social media campaign on food safety at home to inform and engage consumers with tips and advice for 'Making Christmas Go Further', including on the safe handling of leftovers and checking 'use by' dates. The campaign centred on Twitter, as well as using Facebook and Pinterest to share messages. We issued a communication toolkit to encourage local authorities to participate in the campaign and share our messages.

We held a Twitter chat with food safety experts on Monday 23 December in partnership with Love Food Hate Waste. We used Twitter to schedule our key messages every day in the run up to, and after, Christmas. We used five Christmas-themed images, each with a food safety tip to bring our messages to life. Across Twitter, activity engagement levels were higher than our average. The total cost of the Christmas activity was £5,000.

Details of sponsorship agreements over £5,000

No sponsorship agreements over £5,000 have been undertaken during 2013/14.

Going concern

The FSA has significant net liabilities. The accounts, however, are prepared on a going concern basis since, as a government department, all liabilities are underwritten by HM Treasury.

Pensions

FSA employees are civil servants. Most are members of the Principal Civil Service Pension Scheme (PCSPS). This is a central government unfunded pension scheme. Pension payments are made through the PCSPS resource account.

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

¹⁸ <http://www.food.gov.uk/news-updates/campaigns/food-at-christmas/make-christmas-go-further/>

Board members are not civil servants. Therefore they are not members of the PCSPS. However, some have similar pension arrangements independent of the PCSPS.

Disclosure of Board members' interests

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

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

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

Auditors

The accounts have been audited by the UK Comptroller and Auditor General in accordance with Schedule 4 of the Food Standards Act 1999. The audit fee for the year was £10,000. I have taken all necessary steps to make myself aware of relevant audit information and to ensure that information is made available to the auditors.

No remuneration was paid to the auditors for non-audit services in 2013/14.

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 1.6 days per employee, compared with 4.4 and 1.7 for the previous two years.

Public sector information

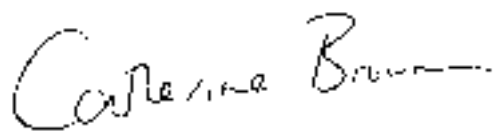
The FSA has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Reporting of personal/sensitive data losses and/or incidents

This information is included in the FSA Governance Statement 2013/14 on page 36.

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

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



Catherine Brown
Chief Executive and Accounting Officer

11 June 2014

Remuneration report

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

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

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

Service contracts

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

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

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

This report has been prepared in accordance with guidance EPN 380. The tables in the remuneration report are subject to audit.

Salary and pension entitlements

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

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

a) Remuneration

Executive Management Team

Single total figure of remuneration										
	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pensions benefits (£'000) ¹		Total (£'000)	
	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13
Gerry McCurdy (Director FSA in Northern Ireland to 31st August 2013)	30-35	80-85	-	-	-	-	(15)-(10)	0-5	20-25	80-85
Maria Jennings (Director FSA in Northern Ireland from 9th September 2013)	40-45	-	-	-	-	-	5-10	-	35-40	-

Notes

1. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
2. All salaries are shown for actual periods of employment. The corresponding full year equivalent was £80-85K for Gerry McCurdy 2013-14 and £66-70K for Maria Jennings 2013/14

	2013/14	2012/13
Band of Highest Paid Director's Total Remuneration	65-70	80-85
Median Total Remuneration	29	34
Ratio	2.29	2.48

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. The bonuses reported in 2012/13 relate to performance in 2011/12 and the bonuses reported in 2013/14 relate to performance in 2012/13.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and is 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.

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 2013/14 was £65k-70k (2012/13 was £80k-£85k). This was 2.29 times (2012/13, 2.48) the median remuneration of the workforce, which was £29k (2012/13, £34k).

Remuneration ranged from £19k to £63k (2012/13 was £18k-£64k).

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

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

The change of Director at the FSA in Northern Ireland has resulted in a reduction in the pay of the highest paid member of staff due to different contract terms.

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

		2013/14				
Bands		Accrued pension at pension age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase in CETV
		£5,000 (£'000)	£2,500 (£'000)	(£'000)	(£'000)	(£'000)
Gerry McCurdy	Director, FSA in Northern Ireland	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 0-2.5	891	878	1
Maria Jennings	Director, FSA in Northern Ireland	20-35	0-2.5	324	304	3

		2012/13				
Bands		Accrued Pension at pension age as at 31/3/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real increase in CETV
		£5,000 (£'000)	£2,500 (£'000)	(£'000)	(£'000)	(£'000)
Gerry McCurdy	Director, FSA in Northern Ireland	35-40 plus lump sum of 115-120	0-2.5	878	830	1

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a “final salary” scheme (**classic**, **premium**, or **classic plus**); or a “whole career” scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** have been increased annually in line with changes in Pensions Increase legislation.

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

Employee contributions are salary related and range between 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium**, **classic plus** and **nuvos**. Increase to employee contributions will apply from 1 April 2014. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement.

For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**.

In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension was uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic

contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

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

Cash Equivalent Transfer Values

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

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

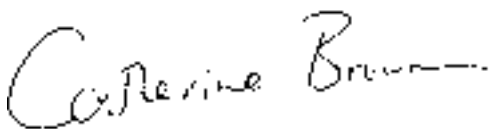
CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Compensation for loss of office

Gerry McCurdy left under Voluntary Redundancy terms on 31 August 2013. He received contractual payments under the terms of the Civil Service Compensation Scheme totalling £81,694, made up of compensation £56,000, pay in lieu of notice £21,000 and compensation for loss of pension during the notice period £4,694.



Catherine Brown
Chief Executive and Accounting Officer

11 June 2014

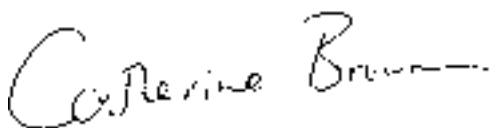
Statement of Accounting Officer's responsibilities

Under the Food Standards Act, 1999, the Food Standards Agency (the Department) is required 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 the Department of Finance & Personnel, 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.

The Department of Finance and Personnel has appointed the Chief Executive as principal Accounting Officer of the department. 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 Northern Ireland.



Catherine Brown
Chief Executive and Accounting Officer

11 June 201

FSA Governance Statement 2013/2014

Introduction

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

FSA Board and Committee Assurance

2. As a non-Ministerial Government Department, the FSA is led by a non-Executive Board which complies with the relevant requirements of the Corporate Governance Code¹⁹. In line with the FSA's culture of openness the Board holds its decision-making meetings in public, and they are broadcast live via the FSA's website, and the agendas, papers and minutes of Board meetings are published.
3. During the course of the year, there has been a significant level of change to the FSA Board and Executive Management team as detailed in the Directors' report. In particular there have been four retirements from the FSA Board, including Lord Rooker as Chair in July 2013. Ministers in all four administrations have appointed Tim Bennett (FSA Deputy Chair) as interim Chair and Henrietta Campbell as interim Deputy Chair whilst the recruitment of a new Chair progresses. One new Board Member has joined during the year with a further three due to join in early 2014/15. All new members are given a comprehensive induction programme which includes briefing in relation to all aspects of the FSA's governance structure and supporting processes.
4. The Board is supported and advised by Food Advisory Committees in each of the devolved countries²⁰, and by an Audit Committee, a Risk Committee and a Succession & Development Committee and their terms of reference and attendance records are available on our website.²¹
5. The Chairs of the Food Advisory Committees report formally to each Open Board meeting on issues considered. The Chairs of the Audit, Risk, and Succession & Development Committees report annually to the FSA Board.

Assurances from the Audit, Risk, and Succession & Development Committees

6. As Accounting Officer, I am invited to attend all meetings of the FSA's Audit, Risk, and Succession & Development Committees. These committees have met regularly throughout the year and have provided valuable and constructive challenge. In compiling this Statement, I have reviewed the annual reports produced by each of their respective Chairs (copies of which are available on the FSA website). From September 2014 the FSA will merge the Audit and Risk Committees in line with best practice.

19 www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx

20 www.food.gov.uk/scotland/about-fsa-scotland/advisorycommittee
www.food.gov.uk/wales/about-fsa-wales/advisorycommitteewales
www.food.gov.uk/northern-ireland/about-fsa-ni/advisorycommittee

21 www.food.gov.uk/about-us/how-we-work/our-board/boardcommittees

7. During the course of the year, the Risk Committee²² has considered a range of issues which have included: potential risk issues arising from the horsemeat incident and subsequent reviews and action being undertaken by the FSA to mitigate them; business continuity incidents that have occurred during the course of the year; information security; issues arising from the roll-out of new IT equipment across the FSA estate; and the Agency's review of its corporate level risks as outlined in paragraph 24 of this statement. In their annual report to the Board, the Chair of the Risk Committee has concluded that the FSA continues to give risk a high level of attention and priority, with the work over the year continuing the improvement in Risk Management that has been seen since the Committee was set up.
8. The Audit Committee²³ co-opted an independent finance specialist during the year to ensure the committee had the necessary finance expertise while Board member recruitment was undertaken. It has considered a range of issues including: the FSA's consolidated accounts for 2012/13; the NAO's draft Audit Completion Report; the Head of Internal Audit's 2012/13 Opinion; various key audit reports (details of which are outlined in the Chair's Annual Report); and the Audit Plan for 2014/15. In undertaking its activities, it has also sought to comply with the requirements of HM Treasury's Audit & Risk Assurance Committee Handbook. This has included non-Executive members having a bilateral meeting with representatives of the Agency's external auditors, the NAO and the Head of Internal Audit to ensure a clear understanding of expectations and current issues. It has also included Members completing a survey on the effectiveness of the Committee during February this year which was based on the current self-assessment tool produced by the NAO. Action points arising from this are scheduled to be discussed at the June 2014 meeting. In the annual report to the FSA Board, the Audit Committee Chair concludes that risk, control and governance arrangements in place during the year were satisfactory and will address the areas for improvement identified in the internal audit reports.
9. The Succession & Development Committee²⁴ advises on all matters relating to the recruitment of Board Members and their induction and development. A recruitment process has been undertaken during the course of the year to recruit new members to replace those that have retired. To inform this, a skills and experience audit of existing Board Members was completed, with the information gathered being used to inform and update the person specification for the role.

The Executive Management Team

10. The Executive Management Team (EMT) supports me, as the FSA's Accounting Officer, in delivering the FSA strategy and directing the day-to-day business of the FSA. The EMT meets every two weeks.
11. Membership of the EMT comprises of ten Directors and myself, including a suitably qualified Finance Director. I have made a number of structural changes to my Executive Management Team during the year. One of the most significant changes has been to introduce a full time Director of Science & Evidence post reporting to the Director of Policy. The new Chief Scientific Advisor post reports directly to me and advises the Board on key scientific issues. These changes better integrate our scientific evidence work with

22 www.food.gov.uk/about-us/how-we-work/our-board/boardcommittees/riskcommittee

23 www.food.gov.uk/about-us/how-we-work/our-board/boardcommittees/auditcommittee

24 www.food.gov.uk/about-us/how-we-work/our-board/boardcommittees/successiondevelopmentcommittee

our policy making. Our Scientific Advisory Committees and General Advisory Committee on Science (GACS)²⁵ continue to provide an independent challenge and assurance function.

External Assurance Reviews

12. The FSA has supported a number of external assurance reviews which have contributed to assuring the effectiveness of our governance framework, while also identifying some opportunities for improvement.

External Review of the FSA's Governance

13. The FSA's Capability Review²⁶ published in January 2013 identified a need for the FSA Board and Executive to work together more effectively. An external Governance Review was commissioned to consider: whether the FSA's governance was compliant with best practice both within and outside Government; whether the FSA's governance structure assists the FSA to deliver its strategic objectives and most effectively to hold the Executive to account; and whether the FSA's governance structure provides value for money and makes best use of the non-Executive and Executive resources available to it. Following completion of this review, a small joint Board/Executive Governance Steering Group was established to consider its recommendations, the outcomes of which were discussed at the Board's Open Board meeting in January 2014.

14. Key recommendations agreed at this meeting were:

- **Transparency & Openness** will remain a central principle within the FSA's governance arrangements, and will be enhanced by proposed new ways of working and reporting.
- **The creation of a Business Committee** to replace the existing Business Board. This will provide appropriate high level oversight and scrutiny of financial and operational matters at Board level, provide advice to the Chief Executive in the discharge of her Accounting Officer responsibilities, and support the translation of policy into effective results. For the first time, its membership will include Executive members as well as all members of the Board and it will meet in open session where possible.
- **Effectiveness.** The Board will undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Members in line with best practice outlined in the Corporate Governance in Central Government Departments: Code of Good Practice 2011. In addition to this, three minuted closed sessions will be held each year to discuss issues related to governance, the performance of the Chief Executive, and the functioning of the relationship with the Executive from a Board perspective.
- **Reporting.** The Board will approve an annual report of its activities and performance which will be laid before the Westminster Parliament, the Scottish Government, the Welsh Government and the Northern Ireland Assembly.

We have already made progress implementing the recommendations with the first meeting of the Business Committee having taken place in March 2014. A further outcome of the Governance Review was the decision taken by the FSA Board in March 2014 to merge the Audit and Risk Committees into a single Audit and Risk Assurance Committee in line with Cabinet Office guidance. The terms of reference of this merged Committee are to be discussed at the Board's June 2014 meeting, with the first meeting of the new Committee taking place in September 2014.

²⁵ www.food.gov.uk/science/ouradvisors

²⁶ www.food.gov.uk/news-updates/news/2013/jan/capability-review

NAO Review of Efficiency for the FSA

15. In the latter part of 2012/13, the FSA commissioned the NAO to undertake an Efficiency Review²⁷ to identify whether the FSA is delivering the official controls required for the UK meat industry under EU and UK legislation as efficiently as possible. The review encompassed both frontline and support functions, and the NAO delivered its report at the end of May 2013 (a copy of which is available on the FSA website). The recommendations are being taken forward, including further work to ensure that the discount system for meat charging incentivises efficiency for Food Business Operators and therefore supports efficiency in terms of FSA resources.

Reviews into the incident relating to the adulteration of beef products with horse and pig meat and DNA

16. In last year's Governance Statement I reported on the above incident and the fact that a number of reviews had been commissioned by the FSA and the UK administrations. These have all concluded (with the exception of the Elliott Review²⁸, for which an interim report was published in December 2013 and a final report is due this summer) with key themes for the FSA including:

- The need for improved intelligence sharing and analysis;
- The need for a more coordinated and proactive approach to food crime and the role for central government, local authorities and the food industry in this area;
- The need for the FSA to strengthen its Major Incident Plan.

The FSA has developed an action plan to oversee delivery of those recommendations that either fall directly to us or we have a role in delivering (details of which can be found on our website) in order to ensure that we continuously improve capability to respond to future incidents.

Financial Management Review

17. We strive to improve continually our financial controls and financial capability across the Agency. During the course of the year, and in line with the Civil Service Reform agenda, we commissioned CIPFA to undertake a review of the FSA's approach to Financial Management. Their report was issued in October 2013. It highlighted a number of strengths including: the championing of Financial Management improvement by senior management; strong control and compliance in relation to Financial Management; the existence of a strong core Finance Team, a clear understanding by staff across the Agency of the need to deliver Value for Money (supported by the initiation of a Continuous Improvement programme) and strong financial stewardship and above average finance support to the rest of the Agency. It also highlighted a number of areas for improvement, an action plan for which was approved by EMT in February 2014 which included the following key recommendations:

- greater clarity on accountability and Financial Management capability below senior management level;
- greater integration of business plans and budgets, supported by performance dashboards;

²⁷ multimedia.food.gov.uk/multimedia/pdfs/board/board-papers-2013/fsa-130708-nao-efficiency-review.pdf

²⁸ www.food.gov.uk/news-updates/news/2013/dec/elliott-review

- further embedding a 'Value for Money' culture;
- full implementation of Portfolio Management;
- Improving our forecasting of Programme spend.

Improvements seen during the course of the year have included the closer alignment of financial spend by Strategic Outcome and Initiative. The Board agreed the FSA's 2014/15 budget at its Business Committee meeting in March 2014.

Financial Control Review

18. Whilst unqualified opinions were received from the NAO in relation to our Wales, Scotland, Northern Ireland and Consolidated Accounts for 2012/13, a £48k breach of our Capital Expenditure controls was identified on our Westminster Accounts which led to their qualification. This was in relation to a misallocation of Capital Expenditure on IT equipment which resulted in a breach of the Capital Parliamentary Control total. I am satisfied that improved controls and approval processes are now in place to ensure that directly attributable costs of all assets are correctly reported and all other improvement areas identified by the NAO in their management letter are being addressed.

NAO government wide review of Whistleblowing

19. The FSA has strengthened its Whistleblowing policy by making clearer reference to the procedures the FSA has in place for whistle-blowers in line with recommendations made in the cross-department NAO report into Whistleblowing policies. In the report the FSA had only one out of eight criteria found to be less than satisfactory, with six criteria scoring good or excellent. The full report can be found at: <http://www.nao.org.uk/wp-content/uploads/2014/01/Government-whistleblowing-policies.pdf>

Macpherson review of Quality Assurance of Government models

20. In response to the Macpherson Review of Quality Assurance of Government Models²⁹ we have reviewed our list of business critical models, and we have processes in place to quality assure their inputs, methodology and outputs. We are improving our processes related to communicating any risks or limitations across all sources of evidence, so that they are properly logged, managed and communicated to decision-makers and policy-makers.

Internal Management Controls

FSA Risk Management framework and capacity to manage risk

21. The FSA has a well-established Risk Management framework that is used to provide reasonable assurance to the FSA Board, Risk Committee and Executive Management Team (EMT) that risks to achieving business objectives are being effectively controlled, and those involved are clear as to their roles and responsibilities.
22. During the course of the year the EMT has undertaken a substantial review of the content of the corporate level risk register which included constructive challenge from the Risk Committee. This resulted in a more strategic and balanced set of risks with improved categorisation of different kinds of risks. This new approach is complementary to the systematic bottom-up risk management already in place across the Agency.

²⁹ www.gov.uk/government/publications/review-of-quality-assurance-of-government-models

23. Corporate level risks are defined by the FSA as those which:
- Materially alter our ability to achieve our strategic outcomes; and/or
 - Fundamentally damage the ability of the FSA to operate (including reputational risks); and/or
 - Cannot be managed or mitigated at the current level within the organisation.
24. Each of the risks on the register has an executive “owner” and a mitigation plan. At the end of the financial year, the principal risks on the FSA’s corporate level risk register included:
- Complexity and pace of change compromises our ability to identify and respond to new and emerging risks;
 - Failure to influence/inform EU bodies affects our ability to protect consumers;
 - Failure to reduce campylobacter in poultry – and hence related public health impacts – despite it being a top priority for the FSA;
 - Failure to create an environment within the FSA which enables/encourages our people to make the most effective contribution.
25. A Risk Management Strategy outlining our aspirations for further embedding a Risk Management culture across the FSA, together with an implementation plan was approved by the Executive team and Risk Committee earlier in the year. This will raise the FSA’s maturity in Risk Management as set out in HM Treasury’s Risk Management Assurance Framework. We have an established network of Risk Advisors to help consistently embed Risk Management across the FSA and an internal audit review of the FSA’s Risk Management framework in 2014/15 to report on progress.

Director Assurance Statements

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

Data Security

27. We continue to take our responsibilities in relation to data security seriously and comply with Central Government reporting requirements, and I can confirm there have been no serious security incidents within the year.
28. The FSA has updated its Counter Fraud strategy and guidance in the year and Internal Audit have taken lead responsibility for the area in line with Government guidance. The FSA has had no instances of Fraud reported in the year and continues to reinforce its zero tolerance approach through supporting staff in understanding their role in preventing and identifying fraud.

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

29. Based on the results of the audit work completed during the year and understanding the Agency's control environment, the Head of Internal Audit's opinion is that the FSA has maintained adequate risk control and governance arrangements.
30. The results of the business audits conducted during the year found that the controls and risk management over finance, information retention and management information on homeworkers were good. Two audits were rated as 'requiring improvement'- these were the information security and national co-ordinated food sampling audits. Official Controls were found to be satisfactory, with good or reasonable controls operating with regards to shellfish controls, microbiological criteria and traceability testing. Weaknesses in controls were found and 'requiring improvement' ratings were given for two audits relating to dairy hygiene and cutting establishments. Management have taken appropriate action to address issues identified in all audits rated as 'requiring improvement'.
31. There was a continued reduction in the total number of audit recommendations made, the number outstanding and the number overdue implementation, despite an increase in the number of reports issued in the year. However, in total, four audit reports were issued with a 'requires improvement' rating this year, compared with three in 2012/13.
32. Two recurring themes have been identified in the year, and raised with management. Firstly, both business and official controls audits identified the risks to delivery and control brought about by teams focussing narrowly on their specific work areas. This was particularly noticeable at the start of the financial year. However, the changes in director responsibilities have started to address this. The second theme relates to Risk Management. In the year, the corporate risk register was revised, the Risk Management strategy refreshed and new Risk Advisers appointed. There is, however, scope to improve the consistency of risk management at divisional/branch level in the FSA and Risk Management will be the focus of an audit in 2014/15.
33. In submitting his opinion, the Head of Internal Audit has confirmed that there were no limitations placed on the scope of the Internal Audit activities during 2013/14, and that he considers the breadth of the work conducted in audits performed during the year sufficient to provide me, as the Accounting Officer, with an evaluation and opinion on the effectiveness of governance and risk management processes in those areas audited. He has also confirmed that he is satisfied that the work conducted by the Internal Audit team complies with the standards outlined in the Public Sector Internal Audit Standards.

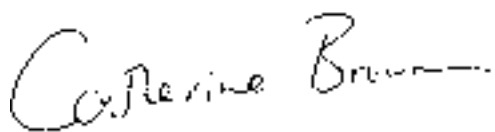
Looking ahead to 2014/15 & Beyond

34. Looking ahead to 2014/15 we will continue to seek to improve the effectiveness of our governance, risk and control structures and mechanisms. This will include: the move to a combined Audit and Risk Assurance Committee; further enhancement of our horizon scanning and intelligence gathering capabilities to help inform our Risk Management approaches; and the greater integration of our business planning and budgeting processes.

Significant internal control weaknesses

35. I am able to report that there were no significant weaknesses in the FSA's systems of internal controls in 2013/14 which affected the achievement of the FSA's key strategic outcomes, aims, objectives and policies.

36. I can also confirm that there have been no Ministerial Directions given during the course of the year.

A handwritten signature in black ink that reads "Catherine Brown". The signature is written in a cursive style with a horizontal line at the end.

Catherine Brown
Chief Executive and Accounting Officer

11 June 2014

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Food Standards Agency (Northern Ireland) for the year ended 31 March 2014 under the Food Standards Act 1999. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Assembly Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the 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 (Northern Ireland)'s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Food Standards Agency (Northern Ireland); and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. The voted Assembly control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and

- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2014 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Food Standards Act 1999 and Department of Finance and Personnel 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 Department of Finance and Personnel directions made under the Food Standards Act 1999; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

12 June 2014

Statement of Assembly Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Food Standards Agency to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

Statement of Resource Outturn 2013/14

		2013/14						2012/13		
		Estimate			Outturn					
		Net total outturn compared with Estimate saving/ (excess)							Net total	
Note		Gross expenditure £000	Accruing Resources £000	NET TOTAL £000	Gross expenditure £000	Accruing Resources £000	NET TOTAL £000	£000	£000	
Request for Resources										
Departmental Expenditure in DEL:										
A-1 Food Safety, Nutrition and Standards										
SOAS2		12,323	(3,860)	8,463	11,896	(3,733)	8,163	300	8,016	
Annually Managed Expenditure (AME):										
A-2 Food Safety, Nutrition and Standards										
SOAS2		-	-	-	-	-	-	-	119	
Non-Budget:										
A-3 Notional Charges										
SOAS2		12	-	12	10	-	10	2	11	
Total resources	SOAS3	12,335	(3,860)	8,475	11,906	(3,733)	8,173	302	8,146	
Non-operating cost		-	-	-	-	-	-	-	-	
Accruing Resources		-	-	-	-	-	-	-	-	
<hr/>										
		2013/14						2012/13		
		Estimate			Outturn			Net total outturn compared with Estimate saving/ (excess)		Prior year outturn
Note		£000			£000			£000	£000	
Net cash requirement	SOAS4	8,747			8,323			424	7,811	

Summary of income payable to the Consolidated Fund

There was no income payable to the Consolidated Fund during the year.

Explanations of variances between Estimate and outturn are given in Note SOAS2 and in the Management Commentary.

The notes on pages 54 to 67 form part of these accounts

SOAS1 Statement of accounting policies

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

SOAS 1.1 Accounting convention

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

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

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

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

SOAS2 Analysis of Net Resource Outturn by function

						Outturn			2013/14 £000	2012/13 £000
	Admin	Other current	Grants	Gross Resource Expenditure	Accruing Resources	Net total	Net total	Net total outturn compared with Estimate	Estimate Net total outturn compared with Estimate, adjusted for virements	Prior Year Outturn
Request for Resources made by FSA in NI										
Departmental Expenditure in DEL:										
A-1 Food Safety, Nutrition and Standards	-	10,697	1,199	11,896	(3,733)	8,163	8,463	300	300	8,016
Annually Managed Expenditure (AME):										
A-2 Food Safety, Nutrition and Standards	-	-	-	-	-	-	-	-	-	119
Non-Budget:										
A-3 Notional Charges	-	10	-	10	-	10	12	2	2	11
Total	-	10,707	1,199	11,906	(3,733)	8,173	8,475	302	302	8,146

The FSA in Northern Ireland resource spend for the period was £8,173,000 compared to the estimate of £8,475,000. The underspend was largely due to expenditure on nutrition being less than expected. This is explained in the Management Commentary Section of the Annual Report.

SOAS3.1 Reconciliation of net resource outturn to net operating cost

		2013/14 £000	2012/13 £000
	Note	Outturn	Supply Estimate
		Outturn	Estimate
Net Resource Outturn	SOAS2	8,173	8,475
		302	302
Net Operating Cost		8,173	8,475
		302	302
		8,146	8,146

SOAS3.2 Outturn against final Administration Budget

The Food Standards Agency in Northern Ireland is excluded from the Administration budget regime.

SOAS4 Reconciliation of net resource outturn to net cash requirement

				2013/14 £000	2012/13 £000
	Note	Estimate	Outturn	Net Total Outturn compared with estimate savings/ (excess)	Outturn
Resource Outturn	SOAS2	8,475	8,173	302	8,146
Capital:					
Acquisition of non-current assets	6	100	98	2	7
Accruals to cash adjustments:					
<i>Adjustments to remove non-cash items:</i>					
Depreciation	4	(30)	(26)	(4)	(16)
Other non-cash items	4	(12)	(10)	(2)	(13)
Changes in working capital other than cash		214	88	126	(194)
Movement on provision	14	-	-	-	(119)
Net Cash Requirement		<u>8,747</u>	<u>8,323</u>	<u>424</u>	<u>7,811</u>

SOAS5 Analysis of income payable to the Consolidated Fund

There was no surrender of excess Accruing Resources or Consolidated Fund Extra Receipts payable to the Consolidated Fund.

SOAS6 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2013/14 £000	2012/13 £000
Operating income	5	(3,733)	(3,601)
Income authorised to be Accruing Resources		<u>3,733</u>	<u>3,601</u>
Operating income payable to the Consolidated Fund		<u>-</u>	<u>-</u>

SOAS7 Non-operating income – Excess Accruing Resources

There was no non-operating income Excess Accruing Resources during the year.

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2014

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

	Note	Staff Costs	Other Costs	2013/14 £000 Income	2012/13 £000
Programme Costs:					
Staff costs	2	1,733			1,661
Other operating costs	4		639		699
Monitoring and surveillance	4		9,534		9,387
Operating income	5			(3,733)	(3,601)
Totals		1,733	10,173	(3,733)	8,146
Net Operating Cost	SOAS3			8,173	8,146

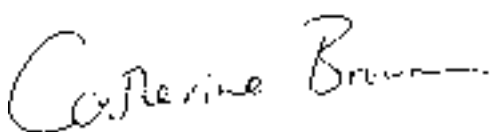
The notes on pages 54 to 67 form part of these accounts

Statement of Financial Position

as at 31 March 2014

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

	Note	2013/14		2012/13	
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	6	129		57	
Total non-current assets			129		57
Current assets:					
Trade and other receivables	12	1,202		1,079	
Cash and cash equivalents	11	424		706	
Total current assets			1,626		1,785
Total Assets			1,755		1,842
Current Liabilities					
Trade and other payables	13	(1,986)		(2,233)	
Total current liabilities			(1,986)		(2,233)
Non-current assets plus/less net current assets/liabilities			(231)		(391)
Non-current liabilities					
Provisions	14	(119)		(119)	
Total non-current liabilities			(119)		(119)
Assets less liabilities			(350)		(510)
Taxpayers' equity:					
General fund			(350)		(510)
Total equity			(350)		(510)



Catherine Brown

Chief Executive and Accounting Officer
11 June 2014

The notes on pages 54 to 67 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2014

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Departments' future public service delivery. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

		2013/14	2012/13
		£000	£000
Cash flows from operating activities	Note		
Net operating cost		(8,173)	(8,146)
Adjustment for non-cash transactions	4	36	148
(Increase)/Decrease in trade and other receivables	12	(123)	129
Increase/(Decrease) in trade payables	13	(247)	210
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	11	282	(145)
Net cash outflow from operating activities	SOAS4	(8,225)	(7,804)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(98)	(7)
Net cash outflow from investing activities	SOAS4	(98)	(7)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		8,041	7,956
Net Financing		8,041	7,956
Net increase/(decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund		(282)	145
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund			
Cash and cash equivalents at the beginning of the period	11	706	561
Cash and cash equivalents at the end of the period	11	424	706
		(282)	145

The notes on pages 54 to 67 form part of these accounts

Statement of Changes in Taxpayer's Equity

for the year ended 31 March 2014

This statement shows the movement in the year on the different reserves held by the Food Standards Agency, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

	Note	General Fund	Total Reserves
		£000	£000
Balance at 31 March 2012		(186)	(186)
Changes in accounting policy		-	-
Restated balance at 1 April 2012		(186)	(186)
Net Assembly Funding – drawdown		7,956	7,956
Net Assembly Funding – deemed		561	561
Supply (payable)/receivable adjustment		(706)	(706)
Comprehensive Net Expenditure for the year		(8,146)	(8,146)
Non-Cash Adjustments:			
Non-cash charges – auditors remuneration	4	11	11
Balance at 31 March 2013		(510)	(510)
Net Assembly Funding – drawdown		8,041	8,041
Net Assembly Funding – deemed		706	706
Supply (payable)/receivable adjustment		(424)	(424)
Comprehensive Net Expenditure for the year		(8,173)	(8,173)
Non-Cash Adjustments:			
Non-cash charges – auditors remuneration	4	10	10
Balance at 31 March 2014		(350)	(350)

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

Notes to the Accounts

1 Statement Of Accounting Policies

1.1 Basis of Preparation

The Food Standards Agency in Northern Ireland (FSA in NI) is part of the UK wide Food Standards Agency. It was previously funded through the Department of Health, Social Services and Public Safety. However, on 1 April 2004, it was set up as a Northern Ireland Department in its own right.

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FRm) issued by HM Treasury. The accounting policies contained in the FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The legislative basis for preparing the Northern Ireland account is the Food Standards Act 1999.

In addition to the primary statements prepared under IFRS, the FRm also requires the Department to prepare the Statement of Assembly Supply and supporting notes showing outturn against Estimate in terms of the net resource requirement and the net cash requirement.

Where the FRm permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Food Standards Agency for the purpose of giving a true and fair view has been selected. The Food Standards Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The Statement of Financial Position at 31 March 2014 shows a negative taxpayer's equity of £350,000. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the NI Consolidated Fund. Such drawings will be from grants of supply approved annually by the NI Assembly to meet the Agency's Net Cash Requirement. No money can be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from the Agency's income are surrenderable to the fund.

In common with other government departments, the future financing of the Agency's liabilities is accordingly to be met by future grants of Supply, and the application of future income, both to be approved annually by the NI Assembly. Such approval for amounts required for 2014/15 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention.

1.3 Property, plant and equipment

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,6.2.6h) 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. All property, plant and equipment assets are carried at fair value.

1.4 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 is provided at rates calculated to write-off the valuation of tangible and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives:

Property, plant and equipment	2013/14	2012/13
Computer servers and computer equipment	4 years	4 years
Office machinery	7 years	7 years
Furniture, fixtures and fittings	7 years	7 years

1.5 Research and Development

Expenditure on research is not capitalised. It is treated as an operating cost in the year in which it is incurred. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets those criteria specified in IAS38. Other development expenditure is capitalised if it meets the criteria specified in the FReM which are adapted from the IAS38 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. Non-Current assets acquired for use in research and development are depreciated over the life of the associated project, or according to the asset category if the asset is to be used for subsequent production work.

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.

1.6 Operating Income

Operating income is income which relates directly to the operating activities of the FSA in NI. The FSA in NI has income from meat official controls and from government organisations. Income is recognised on an accruals basis reflecting the value of the work undertaken for the year and is shown net of Value Added Tax.

Income from meat official controls is recognised as time recorded by staff multiplied by charging rates and invoiced to industry. Until 26 September 2009, income was recognised at the lower of cumulative throughput charges or time based charges. However, with effect from 27 September 2009, time costs were charged with discounts applied to bring the charges down to the level of the 2008-09 charges, provided that throughput and resources were unchanged. The FSA made additional charges to FBOs in respect of the 2010/11 and 2011/12 financial years, after the end of each year, in order to ensure compliance with the EU's minimum charge per carcase requirements under Regulation (EC) 882/2004. To meet this requirement in 2012/13 and 2013/14 the FSA invoiced the shortfall after six months, nine

months and after the end of the financial year. Additional charges have been included in note 5 as programme income relating to meat official controls.

1.7 Administration and Programme Expenditure

FSA in NI are outside the administration budget regime.

1.8 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 the assets and liabilities in the scheme. FSA present and past employees are covered by the provisions of PCSPS. The Department 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, the Department recognises the contributions payable for the year.

Further details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at www.Civilservice-pensions.gov.uk

1.9 Early Departure Costs

FSA in NI is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The department provides in full for this cost when the early retirement programme and similar schemes have been announced and are binding on the department.

1.10 Operating Leases

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

Operating leases are charged to the statement of comprehensive net expenditure on a straight line basis over the term of the lease. Operating lease incentives received are recognised as a reduction in the rental expenses and are allocated over the shorter of the lease or the period in which the rental has been reduced by the lessor. The allocation is on a straight line basis.

The FSA reviewed all existing contractual arrangements under 'International Accounting Standards Interpretations IFRIC4 Determining Whether an Arrangement Contains a Lease' to determine whether individual contracts are a lease in substance but not in legal form.

1.11 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSA in NI is audited by the UK Comptroller and Auditor General (C&AG). No charge is made by the C&AG for this service, but a non cash charge representing the cost of the audit is included in the accounts.

1.12 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from HM Revenue Customs is shown as a receivable or payable on the statement of financial position. Irrecoverable VAT is charged to

the statement of comprehensive net expenditure, or if it is incurred on the purchase of a non-current asset it is capitalised in the cost of the asset.

1.13 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount on the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation.

Provisions are recognised in the accounts where;

- a) there is a present obligation as a result of a past event;
- b) it is probable that a transfer of economic benefits will be required to settle the obligation and;
- c) a reliable estimate can be made of the amount.

Provisions have not been discounted, as the resulting adjustment is not considered material to these accounts. Contingencies are disclosed in the notes to the accounts unless the possibility of transfer in settlement is remote.

1.14 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have to be reported to the Northern Ireland Assembly in accordance with the requirements of Managing Public Money NI.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amount reported to the Northern Ireland Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to the Northern Ireland Assembly.

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. FSA does not currently have cash equivalents. Trade Receivables have been measured

at amortised cost using an effective interest method with 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) Programme staff costs consist of:

	2013/14 £000	2012/13 £000
Wages and Salaries	1,289	1,253
Social Security Costs	106	102
Other Pension Costs	244	239
Sub Total	<u>1,639</u>	<u>1,594</u>
Inward Secondment	55	51
Agency Staff	39	16
Total	<u>1,733</u>	<u>1,661</u>

No staff costs have been capitalised during the year.

b) The average number of whole-time equivalent persons employed by the FSA in Northern Ireland during the year were as follows:

2013/14			2012/13		
Permanent	Agency	Total	Permanent	Agency	Total
<u>38</u>	<u>2</u>	<u>40</u>	<u>37</u>	<u>1</u>	<u>38</u>

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the FSA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2010. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at www.civilservice.gov.uk/pensions.

For 13/14, employers' contributions of £244k (2012/13 £239k) were payable to the PCSPS at one of four rates in the range of 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2008/09 and remain unchanged in 2013/14. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No FSA in NI staff chose to do so.

2.2 Reporting of Civil Service and other compensation schemes – exit packages

Exit Package cost band	2013/14		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	-	-	-
£10,000–£25,000	-	-	-
£25,000–£50,000	-	-	-
£50,000–£100,000	-	1	1
£100,000–£150,000	-	-	-
£150,000–£200,000	-	-	-
£200,000 and above	-	-	-
Total number of exit packages	-	1	1
Total resource cost £	-	81,694	81,694

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

There were no early retirements on ill-health grounds in 2013/14 nor 2012/13.

There were no other exit packages in 2012/13.

3 Other Administration Costs

The Food Standards Agency in Northern Ireland had no Administration Costs in 2013/14 (2012/13 nil).

4 Programme Costs

4a) Programme costs

	2013/14	2012/13
	£000	£000
	<u>£000</u>	<u>£000</u>
Rentals under operating leases:		
Other operating leases	134	134
Non-cash items:		
Depreciation	26	16
Loss on disposal of fixed assets	-	2
Provision provided for in year	-	119
Audit fees	10	11
Total non-cash items	<u>36</u>	<u>148</u>
Accommodation costs	102	100
Staff overheads	172	86
Administration costs	42	79
IT costs*	116	113
Committee Costs	37	39
	<u>639</u>	<u>699</u>

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

4b) Programme costs

	2013/14	2012/13
	£000	£000
	<u>£000</u>	<u>£000</u>
Monitoring and Surveillance:		
Enforcement & Audit/Local Authority	1,486	1,585
Food Safety & Education	-	37
Nutrition	472	263
Meat Inspection	6,148	5,896
Press & Publicity	215	326
Microbiological Food Safety	1,213	1,280
	<u>9,534</u>	<u>9,387</u>

5 Income

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

	2013/14 £000	2012/13 £000
Programme income:		
Programme Income	(3,733)	(3,601)
	<u>(3,733)</u>	<u>(3,601)</u>

An analysis of programme income from services provided to external customers is as follows:

	2013/14 £000			2012/13 £000		
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
Meat Hygiene Inspection	(3,686)	6,148	(2,462)	(3,578)	5,896	(2,318)
	<u>(3,686)</u>	<u>6,148</u>	<u>(2,462)</u>	<u>(3,578)</u>	<u>5,896</u>	<u>(2,318)</u>

The FSA's financial objective is to recover costs fully. There currently remains a shortfall between the costs for the FSA of delivering meat official controls and the income received from Food Business Operators (FBOs) for these services. This is effectively a subsidy of £2.5m from the FSA to the meat industry. EU regulations make provision for member states to take small/ rural establishments into consideration when collecting fees and charges. However, the current system provides a level of subsidy to FBOs over and above that required by EU regulations. As a consequence some FBOs need to be invoiced supplementary charges to bring the overall level of charge up to the EU minimum or the full costs of official controls; the FSA can charge no more than the full cost. Invoices for the supplementary charges are issued after six, nine and twelve months of the financial year.

During 2013/14 the Steering Group on Meat Charging has taken forward work on the reform of the current discounts on meat official controls charges. The Steering Group is made up of industry stakeholders and is led by an independent chair. The objective is a system which prevents inefficiency, supports improving compliance (within a de-regulatory remit), appropriately supports Small Medium Enterprises and provides more balanced discount arrangements that remove distortions in the market relating to the current discounts, and avoids anti-competitiveness. The Steering Group is scheduled to deliver its final proposals during 2014/15.

In addition to meat hygiene inspection, the FSA received income in respect of a joint project, namely the National Diet and Nutrition Survey.

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

6 Property, plant and equipment

6a)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
At 1 April 2013	58	43	–	101
Additions	–	–	98	98
Disposals	–	–	–	–
At 31 March 2014	58	43	98	199
Depreciation				
At 1 April 2013	24	20	–	44
Charged in year	8	6	12	26
Disposals	–	–	–	–
At 31 March 2014	32	26	12	70
Carrying amount at 31 March 2014	26	17	86	129
Carrying amount at 31 March 2013	34	23	–	57
Asset financing				
Owned	26	17	86	129
Carrying amount at 31 March 2014	26	17	86	129

6b)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
At 1 April 2012	56	58	–	114
Additions	7	–	–	7
Disposals	(5)	(15)	–	(20)
At 31 March 2013	58	43	–	101
Depreciation				
At 1 April 2012	19	27	–	46
Charged in year	9	7	–	16
Disposals	(4)	(14)	–	(18)
At 31 March 2013	24	20	–	44
Carrying amount at 31 March 2013	34	23	–	57
Carrying amount at 1 April 2012	37	31	–	68
Asset financing				
Owned	34	23	–	57
Carrying amount at 31 March 2013	34	23	–	57

c)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Asset financing				
Owned	37	31	–	68
Carrying amount at 1 April 2012	37	31	–	68

7 Capital Commitments

The FSA in NI has no capital commitments.

8 Commitments under leases

Operating leases

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

	2013/14 £000	2012/13 £000
Obligations under operating leases comprise:		
Land and buildings:		
Not later than one year	123	134
Later than one year and not later than five years	–	123
Later than five years	–	–
	123	257

There are no other operating leases.

9 Other financial commitments

The Food Standards Agency in Northern Ireland did not have any other commitments as at 31 March 2014.

10 Financial Instruments

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

11 Cash and cash equivalents

		£000
Balance at 1 April 2012		561
Net change in cash and cash equivalent balances		145
Balance at 31 March 2013		706
Net change in cash and cash equivalent balances		(282)
Balance at 31 March 2014		424
	2013/14 £000	2012/13 £000
The following balances at 31 March were held at:		
Government Banking Service	424	706
Balance at 31 March	424	706

12 Trade receivables and other current assets

	<u>2013/14</u> <u>£000</u>	<u>2012/13</u> <u>£000</u>
Amounts falling due within one year:		
Trade receivables	518	379
Prepayments and accrued income	297	281
VAT recoverable	387	419
	<u>1,202</u>	<u>1,079</u>

12.1 Intra-government balances

	<u>2013/14</u> <u>£000</u>	<u>2012/13</u> <u>£000</u>
Amounts falling due within one year:		
Balances with other central government bodies	387	423
Balances with bodies external to government	815	656
Total at 31 March 2014	<u>1,202</u>	<u>1,079</u>

13 Trade payables and other current liabilities

	<u>2013/14</u> <u>£000</u>	<u>2012/13</u> <u>£000</u>
Amounts falling due within one year:		
Other taxation and social security	32	48
Trade payables	34	98
Other payables	18	21
Accruals and deferred income	1,478	1,360
Amounts issued from the Consolidated Fund for supply but not spent at year end	424	706
	<u>1,986</u>	<u>2,233</u>

13.1 Intra-government balances

	2013/14	2012/13
	£000	£000
Amounts falling due within one year:		
Balances with other central government bodies	1,688	1,966
Balances with local authorities	1	42
	<hr/>	<hr/>
Subtotal: Intra-government balances	1,689	2,008
	<hr/>	<hr/>
Balances with bodies external to government	297	225
	<hr/>	<hr/>
Total at 31 March 2014	1,986	2,233

14 Provisions for liabilities and charges

	£000
Balance at 1 April 2012	–
Provided in the year	119
Provisions not required written back	–
Provisions utilised in the year	–
	<hr/>
Balance at 1 April 2013	119
Provided in the year	–
Provisions not required written back	–
Provisions utilised in the year	–
	<hr/>
Balance at 31 March 2014	119

Analysis of expected timing of discounted flows

	2013/14
	£000
	Dilapidations
Not later than one year	–
Later than one year and not later than five years	119
Later than five years	–
	<hr/>
Balance at 31 March 2014	119

A provision has been created in respect of estimated dilapidation costs in respect of an operating lease held. The value is based on professional advice. The provision has not been discounted, as the resulting adjustment is not considered material to these accounts.

15 Contingent Liabilities

There were no contingent liabilities (2012/13 nil).

16 Losses and Special Payments

The Food Standards Agency in Northern Ireland did not incur any losses, or make any special payments during 2013/14 (2012/13 nil).

17 Related-Party Transactions

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

The FSA in Northern Ireland had a number of transactions with other government departments and other central government bodies. All Related Parties are with Other Government Bodies.

In Northern Ireland, these were the Department of Agriculture and Rural Development £6,848k, Agri-Food and Biosciences Institute £13k, Public Health England £142k, Department of Education NI £55k, Centre for Environment, Fisheries and Aquaculture Science £373k, Safefood £6k, Department of Finance and Personnel £55k, Department of Environment Food and Rural Affairs £18k and the Office of the First Minister and Deputy First Minister £5k.

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

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective from January 2013, with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the NI financial process is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPB's and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

19 Entities within the Departmental Boundary

The FSA in NI has no other entities within its Departmental Boundary.

20 Events after the Reporting Period

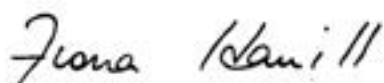
In accordance with the requirements of IAS 10 Events after the reporting period, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the UK Comptroller and Auditor General. There are no reported events after the reporting period.

Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 12 June 2014.

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF FINANCE AND PERSONNEL UNDER SCHEDULE 4, SECTION 3 OF THE FOOD STANDARDS ACT 1999

1. This direction applies to the Northern Ireland operations of the **Food Standards Agency**.
2. The Northern Ireland operations of the Food Standards Agency shall prepare Resource Accounts for the year ended 31 March 2014, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for 2013/14.
3. The accounts for the **Northern Ireland operations of the Agency, for which an estimate is approved by the NI Assembly**, shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2014 and of the net resource outturn, the application of resources, changes in taxpayers' equity and cash flows 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 NI Assembly or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of 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 FReM is inconsistent with the requirement to give a true and fair view, the requirements of FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of FReM. Any material departure from FReM should be discussed in the first instance with DFP.



Fiona Hamill
Treasury Officer of Accounts

