
Food Standards Agency in Northern Ireland

Resource Accounts 2012/13

(For the year ended 31 March 2013)

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Annual Report

Preparation of Accounts

The Food Standards Agency in Northern Ireland forms part of the UK wide Food Standards Agency, a non-ministerial Government department. These accounts have been prepared for FSA's NI activity only. The FSA also prepares consolidated accounts for the organisation as a whole. The annual report is laid before Parliament under Section 4 of the Food Standards Act 1999. The FSA's NI accounts have been prepared in accordance with the direction given by the Department of Finance and Personnel under the Food Standards Act 1999.

Statutory Background

The FSA was established on 1 April 2000 by Act of Parliament (Food Standards Act 1999).

The main purpose of the Agency is:

'To protect public health from risks which may arise in connection with the consumption of food, and otherwise to protect the interests of consumers in relation to food.'

The FSA in NI was recognised as an independent Northern Ireland Department on 1 April 2004. Prior to that date the FSA in NI was funded indirectly through the Department of Health, Social Services and Public Safety.

Our strategy to 2015

Our strategy to 2015 was reviewed by our Board and executive management team this year and now sets out the 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 continue to reflect the work of the FSA at all stages of the food supply – from when food enters the UK to when it is sold by retailers and caterers.

The outcomes continue to reflect our commitment to put the health of the consumer first. In order to achieve beneficial change, we will work in partnership wherever we can, we will rely on evidence to inform our actions, and we will be open and honest in our communications. We believe that good food businesses will thrive where people can choose their food with confidence. Trust is built and maintained by effective, consistent and transparent consumer protection. We will achieve our strategic objective by working towards five outcomes:

- 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.

The full text of the strategy is on our website **food.gov.uk**.

To help measure success against our Strategy to 2015, we track a number of impact indicators. These are an integral part of our quarterly Performance Management Reports. This year we started putting them in the public domain, publishing them on our website with the agenda of the open Board meetings in which they are discussed. We are also continuing to further

develop existing and new indicators and these will be added to the Performance Management Reports as they are agreed.

Ensuring we are science and evidence-based

Our science governance – what we do to make sure that we are living up to our principle of being science and evidence based – was reviewed by our Chief Scientist, with advice and challenge from our independent General Advisory Committee on Science. The review suggested ways we could be clearer on how we expect the process to work and to improve the tools and guidance that support good practice and provide assurance on how this is done. These were agreed by the Board and implemented in July 2012.

Looking at the use of science more broadly, we worked with the other national food agencies in Europe on how to ensure that risk assessments are used consistently and transparently in decisions on food safety in the European Union. The subsequent report concluded that there needs to be the same level of transparency and rigour in making risk management decisions as already exists for risk assessment, so that the basis for decisions is clear. Scientific risk assessment is the starting point for making decisions, but there are other legitimate issues such as social or economic factors that also need to be taken into account. The report, agreed by the heads of the food agencies in December, argues that where decision-makers depart from the advice of risk assessors they need to explain their reasons fully. We believe this will help build trust and confidence in the regulation of food safety.

Management Commentary

The responsibilities of the FSA in NI

The FSA in NI has a wide remit that includes protecting public health and the interests of consumers in relation to food, providing information and advice, monitoring and auditing, enforcement of food law, and contributes to the FSA's role in co-ordinating and commissioning research and development and food surveillance, developing policy and legislation and representing the UK on food matters in Europe.

The work of the FSA involves food safety across the whole of the food chain, including:

- inspection and enforcement action to protect consumers;
- the management of food and feed incidents to protect public health and the interests of consumers;
- monitoring local authority enforcement – auditing and improving local authority performance;
- auditing and monitoring of enforcement by the Department of Agriculture and Rural Development (DARD) on behalf of the FSA in NI. There are two service level agreements (SLA's) with DARD. DARD Veterinary Public Health Programme (VPH) provide audit, inspection, enforcement, advice and recommendations on the approval of establishments in relation to meat hygiene and related services in approved premises requiring veterinary control in NI. DARD Agri-food Inspection Branch (AfIB) deliver official controls with respect to milk hygiene, hygiene of egg packing establishments, primary production hygiene and related services in establishments registered by and holding certain approvals from the FSA in NI;
- providing advice and guidance on the nutritional composition of food;
- providing information on a healthy, balanced diet, to promote and protect public health;
- encouraging food producers and caterers to reduce the levels of saturated fat, salt and calories in food products;
- food contaminants – defining tolerable levels, risk management and policy;
- food additives, contact materials, and novel foods – including safety assessment and surveillance;
- microbiological safety and food hygiene including providing advice on the management of food borne outbreaks and prevention of food borne illness;
- pesticides, veterinary medicines and animal feed – assessing food safety implications; and
- food labelling and standards – developing policy and improving consumer choice.

Financial Review

Resource Spend in 2012/13

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

	Estimate £m	2012/13 Net Operating Cost £m
FSA in Northern Ireland	<u>8.4</u>	<u>8.1</u>

The comparative figures for 2011/12 are shown below:

	Estimate £m	2011/12 Net Operating Cost £m
FSA in Northern Ireland	<u>8.6</u>	<u>8.2</u>

The net cost of the FSA was £8.1m against available funding of £8.4m to 31 March 2013.

The notes to the accounts provide a breakdown of the FSA's NI expenditure. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected.

Reconciliation of resource expenditure

Reconciliation of resource expenditure between Estimates, Accounts, and Budgets

	£000 2011/12	£000 2012/13
Net Resource Outturn (Estimates)	8,201	8,146
<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)	8,201	8,146
<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	-8	-11
<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)	8,193	8,135
of which		
Departmental Expenditure Limits (DEL)	8,193	8,016
Annually Managed Expenditure (AME)	-	119

Our activities and performance during 2012/13

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 2012/13
<p>Foodborne Disease</p> <p>Campylobacter</p> <ul style="list-style-type: none"> • A key feature of the Foodborne Disease Strategy is the development and implementation of the Campylobacter Risk Management Programme, a 5-year programme which aims to reduce cases of campylobacter. • The FSA continues to work in partnership with the British Poultry Council, the National Farmers Union, the British Retail Consortium and Defra through quarterly meetings of the Joint Working Group on <i>Campylobacter</i> to identify and trial new interventions to reduce contamination on chicken carcasses. • We started to collect data to monitor delivery against the voluntary reduction target that was agreed with the industry in 2010. This target is to reduce the percentage of the most heavily contaminated chickens in the UK from a baseline of 27% in 2008 to 10% in 2015. If successful, it is estimated that this could result in a reduction in human Campylobacter food poisoning cases of up to 30%, equivalent to about 90,000 cases per year. Progress will be assessed once we have 12 months data in late spring 2013. • A Campylobacter research workshop was held in March 2013 with BBSRC and DEFRA which reviewed and confirmed the priorities for research that were identified when the research strategy with these funders was published in 2010. Views from the workshop about the most important priorities for the future will inform future research calls. <p>Listeria</p> <ul style="list-style-type: none"> • A further important feature of the Foodborne Disease Strategy is the reduction of illnesses caused by <i>Listeria monocytogenes</i>. Although relatively rare, case mortality is high. • Our Listeria Risk Management Programme aims to reduce the number of UK cases of and deaths from listeriosis by targeting the population groups (such as pregnant women and their unborn children, newborns, those aged over 60 years and people with weakened immune systems) and the healthcare settings and industry sectors where the risk is highest.

Highlights of our activities and performance in 2012/13

- The work is being delivered through active partnerships with a wide range of stakeholders including other government departments, health protection agencies, non-governmental organisations, the NHS, local authorities and the food industry.
- A factsheet on preventing listeriosis in hospitals and nursing/care homes was published in January 2013 and revised advice for consumers and simplified guidance for small businesses and enforcers are in development.

Norovirus

- Norovirus is an important human foodborne pathogen and a proportion of the illness that it causes is transmitted through food. As significant gaps in our knowledge still exist in this area, a foodborne viruses research programme has been established within the Foodborne Disease Strategy to address this.
- To help inform where we might most effectively target interventions in future the research programme aims to improve our understanding of the routes of transmission for norovirus, the role that the whole food chain, including food handlers plays in UK acquired norovirus infections and the dynamics of the spread of disease.
- We held a research workshop in January 2013 to develop a better understanding of foodborne viruses, in particular norovirus, in the food chain and to identify key research gaps to develop tangible risk management strategies. Proceedings were published in April 2013¹.

Emerging Risks

- The FSA identifies future potential risks to food safety through its Emerging Risks programme which looks to provide a co-ordinated approach to the collation and analysis of information relating to food safety. An Emerging Risk is considered to be the emergence of an issue or trend of events which has not been seen before.
- Systems for the detection of such risks came on stream in early 2012 and included the integration of the FSA's Emerging Risks database with those relating to incidents and food fraud. As a result, key data within the FSA can now be easily shared and analysed thereby greatly enhancing the capability to identify unusual trends which might be the precursors of future risks to food.
- Throughout the year the FSA continued to work collaboratively at local, national and international levels to gather intelligence and other data to support this programme. For example, the FSA's Emerging Risks Consultative Forum has met regularly to enable the two-way exchange of information with key industry representatives. Members of this forum have provided valuable intelligence on a number of subjects including their own surveillance experiences and advice on products that might be affected, as well as identifying contacts to facilitate further investigations. The forum is now well established with members also bringing new issues to the attention of the FSA.

¹ <http://www.food.gov.uk/science/research/foodborneillness/foodbornediseaseresearch/noroconference13>

Highlights of our activities and performance in 2012/13

- In addition, membership of EFSA’s Emerging Risks Exchange Network provides the FSA with the opportunity to exchange information with representatives from all Member States as well as from Accession States, the United Nations Food and Agriculture Organisation (FAO) and the United States Food and Drug Administration (FDA).
- The FSA is also a partner in the DEFRA-led sponsorship of the Centre for Environmental Risks and Futures (CERF) at Cranfield University which conducts horizon scanning and futures studies across the areas of food and the environment in order to help the identification of potential new threats to and opportunities for delivering safer food in the future.

Incidents

- During 2012/13 the Agency continued to handle a large volume of incidents. This included a number of high level incidents over this period, including the adulteration of comminuted beef products with horse DNA. The FSA continues its investigations and follow up work, working with industry and others on a range of issues raised by this incident. The FSA has commissioned an external independent review of the FSA response to this incident, which is underway and will feed into the wider Government review of this issue.

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 2012/13

- 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.
- A review of the GRAIL database (Guidance and Regulatory Advice on Imported Legislation) has been completed and all 400 web-pages checked and updated. Further improvements to design and user operability are now being explored.
- An official controls manual has been produced to help smaller points of entry in the UK undertake imported food and feed controls.
- The FSA has co-ordinated organisation of increased controls for certain feed and food of non-animal origin, as required under Commission Regulation (EC) 669/2009.

Highlights of our activities and performance in 2012/13

- A number of additional safeguard measures have also been in place during the course of the year. These included measures controlling imports of groundnuts from Ghana and India, watermelon seeds from Nigeria, and okra and curry leaves from India due to non-compliances with aflatoxins or pesticide residue requirements. Special conditions governing the import of particular foodstuffs from certain non-EU countries due to contamination risk by aflatoxins, and for foodstuffs from Japan following the accident at the Fukushima nuclear power station have remained 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 Scotland and Northern Ireland to:

- continue to achieve reductions in levels of 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 2012/13

Allergens

- Over the year the FSA has worked with DEFRA, Department of Health, and the Devolved Administrations on the implementation of the new allergen labelling and information requirements set out in the Food Information for Consumers Regulation 1169/2011². This includes the drafting of national enforcement legislation, guidance to compliance and Impact Assessments. The public consultation in England, led by DEFRA, was launched on 7 November 2012 and closed in January 2013. FSA consultations in Northern Ireland, Scotland & Wales ran from mid December 2012 to mid March 2013, with Statutory Instruments planned to be laid in July 2013.
- We have engaged with other stakeholders, Government organisations and the food industry on the Regulations through workshop and seminar participation. Specifically in Northern Ireland the FSA has worked in partnership with organisations across the island of Ireland to take forward work on allergens. We took part in the Food Safety Promotion Board (FSPB) allergy seminar in Dublin, which brought together a range of stakeholders as well as participating in a seminar for the food industry hosted by the College of Agriculture, Food and Rural Enterprise (CAFRE) which focussed on the Food Information for Consumers Regulation.

² http://ec.europa.eu/food/food/labellingnutrition/foodlabelling/proposed_legislation_en.htm

Highlights of our activities and performance in 2012/13

- The FSA commissioned research on the current level of provision of allergen information for non-pre-packaged foods, including exploration of barriers to the provision of such information in October 2012 and is due to report in summer 2013. This will provide a baseline against which the new provisions can be evaluated and will help to inform the development of guidance, advice and training for businesses.
- An engagement and dissemination strategy is being developed to help ensure that businesses, particularly SMEs and consumers are aware of the changes in allergen labelling coming into force in December 2014. Engagement with caterers will be informed by FSA research on allergen information provision currently in catering, which will also provide a baseline against which to evaluate the new requirements.

Nutrition

- We have worked across Government, with the food and drink industry, consumers and other health organisations to develop the evidence base necessary to deliver our Strategic Plan outcomes relating to dietary health in Northern Ireland and Scotland. We continue to fund science and evidence gathering work related to diet and health to support our responsibilities in those countries.
- The FSA in Northern Ireland and Scotland continue to work with the devolved administrations in order to take forward their strategies that seek to tackle overweight and obesity.
 - In Northern Ireland we have committed to encouraging Northern Ireland food manufacturers to reformulate food to reduce saturated fat, salt and calorific value, in partnership with the Department of Health, Social Services and Public Safety, through implementation of their Framework for Preventing and Addressing Overweight and Obesity in Northern Ireland 2012-2022: A Fitter Future For All³.
- In April 2012 we launched a pilot scheme called ‘CalorieWise⁴’ in Northern Ireland, in which local food businesses displayed calorie information on their menus from 1 May 2012 to 31 October 2012. The aim of the scheme is to encourage consumers to make more informed choices when eating out. The pilot is now being evaluated to consider the practical issues for businesses and consumer reaction and understanding. Results of this work will be available later in 2013.
- Over the year we have continued to work in partnership with sporting organisations in Northern Ireland and Scotland to promote the link between healthy eating and physical activity. We have done this through two schemes, Activ8eatwell in Northern Ireland and HHEAPS (Hygiene, Healthy Eating and Physical Activity) in Scotland. Both provide a complete package of teaching tools in line with national curriculums, aimed at primary school children to enable them to lead healthy and active lifestyles.

3 Public Health Agency (2012): A Fitter Future for All – framework launched
www.publichealth.hscni.net/news/fitter-future-all-framework-launched

4 Food Standards Agency (2013): *Caloriewise scheme*: food.gov.uk/northern-ireland/nutritionni/caloriewise/

Highlights of our activities and performance in 2012/13

Front of Pack

From 14 May to 6 August 2012 the four countries of the UK issued a joint consultation⁵ on Front of Pack (FoP) nutrition labelling to explore how greater consistency and clarity on FoP labelling might be achieved. This consultation considered the relevant aspects of the Food Information for Consumers Regulation EU 1169/2011, maintaining and extending the use of FoP labelling across the widest range of food and drink products and taking into account the evidence of what form of presentation consumers find most useful in enabling them to make healthier choices.

Over 1000 responses to the full and shortened consultation were received from a range of stakeholders and on 24 October 2012, the FSA in Northern Ireland and Health Ministers in Westminster, Scotland and Wales announced that the Governments across the UK will work towards a consistent scheme based on a hybrid approach of Guideline Daily Amounts (%GDA) and colour coding. This approach already has the support of the ten leading retailers in the UK.

We are now working across the UK to agree the details of the scheme, to ensure that it provides the best information for consumers on how much fat, saturated fat, salt and sugar, and how many calories are in food products. The new label is expected to be agreed by summer 2013.

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

⁵ Food Standards Agency (2012): Front-of-pack food labelling consultation
food.gov.uk/about-us/how-we-work/our-board/board-meetings/boardmeetings2012/121211/boardagenda121211

Highlights of our activities and performance in 2012/13

- The new integrated consumer campaign to support FHRS and FHIS was launched in February 2013 with the campaign line “Where are you really eating out?” and ran across the UK in press, outdoor, online and through social media. The on-time and on-budget delivery of this wide range of activity and campaign materials was tailored for specific channels in each of the Nations. Some 50 Local Authorities requested FSA materials for use and further coverage was achieved through partner organisations featuring the campaign.
- We launched the Play it Safe Campaign during London 2012, our approach was to communicate the ways in which businesses, stakeholders and consumers could ensure all food bought, cooked and eaten during the Olympics was safe, we also informed businesses around Olympics venues of extra inspections taking place, we also ensured consumers knew how to manage the safest food choices during the Olympics. In terms of results we have 288 pieces of media coverage and 2,038 unique page views on **food.gov/Olympics**.
- By the end of 2012/13, 25 of the 26 local authorities in Northern Ireland had launched FHRS and there were ratings for approximately 14,000 businesses on the website. FSA in Northern Ireland are continuing to work towards the introduction of mandatory display of ratings in Northern Ireland which will require primary and secondary legislation.
- The FHRS/FHIS app for apple and android phones was launched in late July.
- We have continued to ensure that consumers in Northern Ireland have the ability to access information relating to nutrition by providing the official Northern Ireland government website, **www.nidirect.gov.uk** with up to date, relevant and accurate information on nutritional issues.

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 2012/13
<ul style="list-style-type: none"> ● Working in partnership with the Chartered Institute of Environmental Health, Local Authorities, the London Organising Committee for the London Olympic and Paralympic games (LOCOG) and caterers, the FSA delivered a programme of work to support food safety during the London 2012 Olympic and Paralympic Games: <ul style="list-style-type: none"> – With FSA support, local authorities were able to conduct more inspections at establishments outside of the venues leading up to the Games, with more detailed interventions at high risk businesses; – Additional training was also provided to local authorities helping them establish a better trained and more flexible workforce; – Local authorities benefited from new tools for food business inspections through the provision of hygiene monitors. <p>Many of the lessons learned are being continued as part of the FSA's Olympic legacy and will also be used for future major events.</p> <ul style="list-style-type: none"> ● Earned Recognition is a key element of the FSA Compliance and Enforcement strategy which articulates FSA's objectives for future delivery of food regulation. This approach has already been established for milk-producing plants that are part of the Assured Dairy Farm Scheme (Red Tractor). The Primary Authority Scheme also offers businesses a means of earned recognition and the FSA is working closely with the Better Regulation Delivery Office (BRDO) and Primary Authorities on its roll-out within national inspection plans. Earned Recognition will also form a key element of the FSA's programme of activity to improve delivery of animal feed controls.

Highlights of our activities and performance in 2012/13

- The FSA provided support for food businesses, assisting with business compliance and reducing regulatory burden through:
 - Safer Food, Better Business (SFBB), which is freely available and has assisted businesses with the requirements of Article 5 of Regulation (EC) No 852/2004, to put in place, implement and maintain a permanent procedure or procedures based on the HACCP principles;
 - Food Business Operator Coaching, aimed at increasing compliance in poor compliant establishments, thus targeting interventions at those that are highlighted as high risk. We coached over 2,700 businesses in basic food safety, and observed an increase in compliance in coached premises;
 - Developing food hygiene training videos, covering a series of 10 short instructional basic food safety messages that incorporate the 4C's (Cross-contamination, Cleaning, Chilling and Cooking). These were uploaded onto the agency's YouTube channel for food businesses and local authorities to use as a training tool;
 - Began work on developing an online HACCP tool which will support small and medium sized food manufacturers with the requirements of setting up a HACCP based food safety management system.
- The FSA has a wide body of research ongoing and evidence gathering to improve our understanding of what works in driving up business compliance with regulations.
- Risk-based and outcome focused regulation not only provides industry clarity on compliance and standards, it also facilitates competition and international trade. The FSA has established a new team to co-ordinate the FSA's role in UK policies and procedures on food and feed exports and charging. The FSA exports team has supported industry growth in a direct and targeted way, working with industry to open up new markets for UK product around the world.
- The FSA introduced new reporting arrangements for audits of FSA approved meat establishments across the UK at the end of October 2012, to provide a more meaningful report to food business operators on compliance levels and standards and to improve consistency in scoring. Results of these audits are published on the FSA website.
- In 2009, the FSA Board agreed that we should develop a more risk-based, proportionate, targeted and cost-effective approach to official meat controls. The FSA has been working for four years with like-minded countries to influence the modernisation of meat inspection in Europe, and has developed a wide body of research to inform the work of the European Food Safety Authority, the European Commission, other Member States and international trade partners outside the EU.
- Regulation (EC) 882/2004 sets out the high level framework for the organisation and delivery of official controls. In November 2012, the European Commission released a draft paper on a proposal to revise and simplify the legislation. The review includes consideration of finance for official controls. The FSA is leading on contributing to the review in relation to food and feed law.

Highlights of our activities and performance in 2012/13

- The FSA's review of the delivery of official controls drew to a close at the end of March 2012. Evidence from the review is being used to determine improvements that can be made to food safety official controls delivery through increased partnership.
- The FSA provided a report on enforcement of food law by UK Local Authorities, based on the Local Authority Enforcement Monitoring System (LAEMS) food hygiene, food standards and imported food returns and on the FSA's Local Authority audit activity in 2011/12, to the FSA Board meeting in November 2012. These returns demonstrated an improvement in food business compliance levels. The returns showed variations between Local Authorities with many reporting declines in staffing levels. These returns are being used to inform the FSA's planned audits of Local Authorities in 2012/13.
- During the year, the FSA has played a key role in the handling and investigation of food related environmental incidents, supporting Local Authorities tackling food fraud, and any deliberate illegal activity relating to the supply of food or feed. Most notable was FSA action taken following a Food Safety Authority of Ireland sampling survey identifying a number of beef products on sale which contained traces of horse and pig DNA. On request from the Prime Minister, the FSA launched an urgent investigation with Local Authorities, food business operators and retailers in response to the Food Safety Authority of Ireland findings. Subsequent investigations led to the discovery of a far reaching pan European incident. While the food safety risk was low, it is the responsibility of food businesses to ensure the food they sell contains what it says on the label.

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

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

Day to day management of the FSA is exercised through the Executive Management Board (EMB). In addition to the FSA Board, the FSA has advisory committees, chaired by Board members, in Scotland, Wales, and Northern Ireland. The role of the Committee in each country is to advise the Board. The Board is required by statute to take account of their advice in its work. More information about our organisation and structure can be found on our website at food.gov.uk

Details of Board members and Directors

The FSA Board

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

Lord Jeff Rooker	FSA Chair
Tim Bennett	FSA Deputy Chair (from 1 May 2012)
Dr. James Wildgoose	Chair of the Scottish Food Advisory Committee
John W Spence	Chair of the Welsh Food Advisory Committee
Dr. Henrietta Campbell CB	Chair of the Northern Ireland Food Advisory Committee
Clive Grundy	Board Member (until 30 November 2012)
Professor Sue Atkinson CBE	Board Member
Michael Parker CBE	Board Member (until 31 May 2012)
Margaret Gilmore	Board Member
Jeff Halliwell	Board Member (from 1 June 2012)
Liz Breckenridge	Board Member (from 1 June 2012)
Paul Wiles	Board Member (from 1 June 2012)
Sharmila Nebhrajani	Board Member (from 1 June 2012 to 30 November 2012)

Executive Management Team (EMT)

During the year, the membership of the EMT was:

Tim Smith	Chief Executive (until 14 October 2012)
Catherine Brown	Chief Executive (from 16 October 2012)
Dr Andrew Wadge	Chief Scientist
Alison Gleadle	Director, Food Safety
Andrew Rhodes	Director, Operations
Terrence Collis	Director, Communications, Planning, Security and Estates (until 19 June 2012)
Rod Ainsworth	Director, Legal, International, Regulation, and Audit
Chris Hitchen	Director, Finance
Lynne Bywater	Director, Human Resources
Stephen Humphreys	Director, Communications (from 1 June 2012)
Charles Milne	Director, FSA in Scotland – From 22 August 2012 until 15 October 2012 Charles Milne was acting Chief Executive, as Tim Smith stepped back from his responsibilities as FSA Chief Executive to avoid any perceptions of conflict of interest, as he had secured a new role in the private sector.
Gerry McCurdy	Director, FSA in Northern Ireland
Steve Wearne	Director, FSA in Wales and from 1 June 2012 responsibility also for Planning, Security and Estates

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	
David McCleery	
Sydney Neill	From 1 July 2012
Christine Kennedy	From 1 July 2012
Michael Walker	Until 31 July 2012
David Mark	Until 31 August 2012
Alan Bingham	Until 16 February 2013
Colin Reid	From 16 February 2013

Audit Committee

Membership of the FSA Audit Committee:

Michael Parker	Chair until 31 May 2012
Tim Bennett	Interim Chair – June to December 2012
Henrietta Campbell	Member from November 2012, Chair from January 2013
Margaret Gilmore	
Clive Grundy	Until November 2012
Jim Wildgoose	
Jeff Halliwell	From August 2012
Paul Wiles	From August 2012
Sharmila Nebhrajani	From August to November 2012
Liz Breckenridge	From August 2012

Risk Committee

Membership of the FSA Risk Committee:

Non Executive Members

Margaret Gilmore	Chair
Tim Bennett	Until December 2012
Michael Parker	Until 31 May 2012
Henrietta Campbell	
Jim Wildgoose	From August 2012
John Spence	
Paul Wiles	From August 2012
Sharmila Nebhrajani	From August to November 2012

Executive Members

Tim Smith	Until August 2012
Charles Milne	From August to October 2012
Catherine Brown	From October 2012
Chris Hitchen	
Steve Wearne	
Andrew Rhodes	

Funding of the FSA

The FSA is a non-Ministerial Government Department. The Northern Ireland operations of the FSA are funded through resource based supply by the Department of Finance and personnel.

Supplier payment policy

It is FSA policy to pay all invoices not in dispute within five days of receipt. During 2012/13, 83% of all invoices were paid within this target. The policy is likely to remain the same for 2013/14.

Off-payroll engagements

The FSA in NI had no 'off-payroll' engagements at a cost of over £58,200 per annum in place as at 31 January 2012.

Financial instruments

The FSA has no borrowings. It relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits. All material assets and liabilities are in sterling, so the FSA is not exposed to interest rate risk or currency risk.

Sustainability

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

Sustainability report – Northern Ireland

Waste				
Non Financial indicators (Tonnes)	2009/10	2010/11	2011/12	2012/13
Total waste	6.8	7.1	6.1	4.2
Recycled/reused waste	6.2	6.3	5.1	2.6
Landfill	0.6	0.8	0.8	0.8
Waste incinerated	0	0	0	0
Confidential waste	0	0	0.2	0.8
Financial indicators (£)	2009/10	2010/11	2011/12	2012/13
Total waste expenditure	1,126	1,669	1,047	1,042
Finite Resource Consumption Water				
Non Financial indicators (Cubic Metres)	2009/10	2010/11	2011/12	2012/13
Total water consumption supplied (office estate)	191	157	155	145
Financial indicators (£)	2009/10	2010/11	2011/12	2012/13
Total costs	657	639	662	722

Reporting on Better Regulation

The FSA seeks to promote better regulation principles in both domestic and European activities on a UK-wide basis, even though specific UK Government initiatives apply to England only for devolved issues such as food.

One In, One Out and One In, Two Out

The UK Government's One In, One Out (OIOO) rule applied until the end of 2012. It required that departments had to offset any legislative costs imposed by new national legislation. Our

closing OIOO balance at 31 December 2012 was a net saving of £0.13 million⁶. One In, Two Out (OITO) replaced OIOO from 1 January 2013, doubling the savings that have to be found. We had only one policy within scope of OITO and none in scope of OIOO during the period of this report. This policy simplified rules on qualifications required by public analysts and had a zero net impact. Our OITO balance at 31 March 2013 was therefore zero.

Regulatory Policy Committee

The independent Regulatory Policy Committee (RPC) comments on the quality of analysis and evidence in Impact Assessments (IAs) before measures go for consideration by the Reducing Regulation Ministerial sub-Committee. Between 1 April 2012 and 31 March 2013 the FSA submitted two IAs to the RPC. One on Remedial Action Notices was considered to be not fit for purpose. The other was for validation of the equivalent annual net cost to business (EANCB) figure for the policy on simplifying rules on qualifications required for public analysts. This was agreed.

Micro moratorium

The moratorium exempts from domestic regulations micro- and start-up businesses⁷. We always take into account the impact of our actions on smaller businesses (more than 80% of UK food businesses are micro-businesses). We seek to minimise the burden food law puts on businesses so long as this does not compromise consumer protection. Most food law is from Europe and when negotiating we are mindful of the European Commission commitment to exclude micro-entities from requirements unless it can be demonstrated that covering them is proportionate. That said, we regulate according to risk and the size of a business is not a good indicator of risk. We have had no occasion to apply the moratorium to national legislation during the year, nor have we negotiated exemptions in Europe.

Red Tape Challenge

Work on delivering a simplified system of food safety legislation has progressed well. Four redundant measures have been removed where protection is provided elsewhere. These covered arsenic, chloroform, cracked eggs and the lifting of all post-Chernobyl controls and associated regulation on sheep farming. The FSA has also consolidated legislation on food contact materials, reducing the number of national regulations from four to one, and simplified rules on the qualifications required by public analysts. Since the start of the programme we have reduced the number of food safety Statutory Instruments from 34 to 25, with the aim of reducing the total number down to 11 by 2015.

We have consulted on draft guidance for those running and using community and village halls. We aim to clarify, through examples, where food provision is not covered by food hygiene legislation. We are also exploring with Ofsted and the Department for Education the possibility of reducing the burden of registration as a food business for those childminders that serve food.

6 This was from the introduction, in July 2011, in England and Wales of a system of earned recognition in the dairy sector that significantly reduced the number of inspections for lower risk farms that are members of the Assured Dairy Farms Scheme.

7 Businesses with fewer than ten full-time equivalent employees and businesses commencing a trade, profession or vocation on or after 1 April 2011.

Alternatives to regulation

Campylobacter is the most commonly reported bacterial cause of gastrointestinal infection in the UK and around 50-80% of cases can be attributed to chicken. The FSA is working in partnership with the British Poultry Council, the National Farmers Union, the British Retail Consortium and DEFRA on a 5-year Risk Management Programme to reduce campylobacter in UK produced chicken to a jointly agreed target.

Collaboration and cooperation is critical to tackling this difficult issue and the extent to which this is occurring demonstrates real commitment and enthusiasm from industry, retail and Government to reduce the burden of disease from campylobacter in the UK.

Implementation and guidance

Listeria monocytogenes is a significant foodborne pathogen that predominantly affects older adults with existing medical conditions or reduced immunity and is able to grow at refrigeration temperatures. It is widespread in the environment, which means that it can be difficult to control in food production and, if present, can result in costly product recalls. The FSA has initiated a programme of work to assist small and medium enterprises (SMEs) in controlling *L. monocytogenes* and improving their levels of compliance with the legal requirements for this pathogen. The programme includes: focused reviews on the risk management of *L. monocytogenes* in key sectors⁸; development of a web-based decision support tool to assist businesses in assessing and controlling *L. monocytogenes* in different food production environments; and simplified guidance for businesses and enforcement officers on the legal requirements with respect to the control of *L. monocytogenes*.

In the run-up to the Olympics, we funded a training programme to coach around 2,500 small catering businesses in Olympic host boroughs to help raise food hygiene standards and levels of compliance. This was well received and contributed to a significant increase in compliance levels in coached establishments. This coaching scheme has now been expanded across England to target takeaway establishments with low levels of compliance.

As part of our website redesign, which included testing with stakeholders, the FSA has also modified its online guidance template to include key words and audiences, and made additional improvements to make it easier for businesses to find the guidance applicable to them.

Focus on Enforcement

The review of small food manufacturers 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. It was part of the series of reviews led by the Department for Business, Innovation and Skills.

In response to the report, the FSA is taking further steps to help small food manufacturers comply with Hazard Analysis and Critical Control Point (HACCP) guidance through the development of an online platform. This will help businesses to determine if there is a risk at each stage of the manufacturing process. We have established a stakeholder group to review the *E.coli* cross-contamination guidance and a research programme to look at alternative controls suggested by stakeholders. The FSA will also be providing further training for

⁸ A review of the smoked fish sector was published in December 2011: http://www.foodbase.org.uk/results.php?&f_report_id=775; a review of the cooked sliced meats sector was commissioned in 2012 and is due to be completed in January 2014.

enforcement officers and working with local government on the options for greater partnership working between enforcement authorities to improve consistency, the sharing of expertise and ways to strengthen redress. The findings of the review, together with the FSA response, are on the Focus on Enforcement website⁹.

EU regulations

The FSA has used evidence to inform EU negotiations and shape relevant policies. For example, following the 2010/2011 dioxin contamination incident in Germany, we played a significant part in opposing the European Commission's initial proposal for additional controls on feed oils and negotiating a compromise. This adopted a more proportionate, risk-based approach and was estimated by the UK feed industry to potentially save them over £2.9 million per year. Similarly, on the basis of input from industry, we were successful in negotiating a more practical and proportionate testing regime for sprouted seeds than was proposed by the Commission in response to the E.coli O104:H4 outbreaks in 2011. This will help to reduce the costs to business of the new controls.

Working across Government and with key stakeholders to leverage UK influence of MEPs, we played a central role in securing EU agreement to approve lactic acid for use in reducing surface contamination on beef carcasses. This is the first approval of its kind and offers public health benefits alongside potential benefits to the growth agenda by removing a barrier to free trade with the USA.

We are mindful of the need to avoid gold-plating by transposing EU obligations in a way that does not disadvantage UK businesses relative to their European counterparts. Reviewing our radiological monitoring programme¹⁰ to ensure that it has a clear rationale, is risk-based and proportionate, provides an opportunity to optimise the programme in line with relevant best practice guidance. In turn, the programme will offer greater value for money while minimising burden on the nuclear industry.

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 low risk for non-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.

Performance in responding to correspondence from the public

During 2012, the FSA's private office team handled 310 letters and emails from MPs and Peers for reply by Department of Health Ministers and the Chair and Chief Executive of the FSA, answering 86% of those requiring a response within our target of 20 working days. FSA officials responded to 433 letters and emails sent by members of the public to Ministers, the FSA Chair and Chief Executive, replying to 98% within our 20 day target date.

⁹ <http://discuss.bis.gov.uk/focusonenforcement/food-review-findings/>

¹⁰ <http://www.food.gov.uk/news-updates/consultations-england/2012/radioactivity-consult>

Publicity and advertising

There have been two paid-for publicity initiatives carried out by the Food Standards Agency this reporting year to support our work on reducing the incidence of foodborne disease. Food Safety Week (FSW) was held from 11-17 June 2012 and a campaign to promote the Food Hygiene Ratings Scheme (FHRS) and Food Hygiene Information Scheme (FHIS) ran in February and March 2013.

Food Safety Week provides a focus for Local Authorities and other delivery partners to deliver food safety messages at a local level, as well as an opportunity for the FSA to promote messages at a national level through partnership working with other organisations.

The theme for the week was 'Food Safety on a budget' focusing on effective use of leftovers and understanding of 'use by dates', and as with previous years the FSA in Northern Ireland worked in partnership with District Councils and Safefood to deliver these messages.

Given the theme and link to waste reduction we also partnered with the Department of the Environment's Rethink Waste unit, which is responsible for the "Love Food, Hate Waste" campaign.

Local Authority uptake of FHRS and FHIS* has continued during the year and by the end of 2012 some 93% of Local Authorities were either operating the Scheme or committed to launch in their locality, enabling the FSA to run a UK-wide consumer campaign for the first time. The campaign to promote FHRS and FHIS was entitled 'Where are you really eating out?' and challenged people's assumptions that they can use appearance alone as a way of judging the food hygiene of food establishments. The campaign was delivered through a variety of channels across the UK including online, outdoor (telephone kiosks) and regional & national press titles. To maximise the cost-effectiveness of this campaign, creative development and media buying were coordinated and co-funded from England and the devolved budgets from Wales, Northern Ireland and Scotland with a total UK budget of £490,000. Evaluation of the campaign is underway at the time of writing this report and will be used to inform future activity.

*Voluntary schemes run by the FSA to publicise the hygiene standards of retail food businesses, giving consumers access to relevant information to inform their decision making of where to buy food or eat out.

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 the Treasury.

Pensions

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

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

Disclosure of Board members' interests

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

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

Details of Board members, their register of interests, and the Code of Conduct are on our website food.gov.uk

Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with Schedule 4 of the Food Standards Act 1999. The audit fee for the year was £11,000. 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.

Reporting of sickness absence data

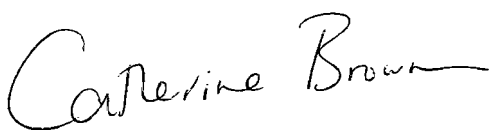
The provisional figure for staff absence as a result of physical and mental illness including injuries, disability, or other health problems is approximately 4.4 days per employee, compared with 1.7 and 4.3 for the previous two years.

Reporting of personal/sensitive data losses and/or incidents

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

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

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



Catherine Brown

Chief Executive and Accounting Officer
26 June 2013

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

The tables in the remuneration report are subject to audit.

Salary and pension entitlements

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

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

a) Remuneration

Executive Management Board

		2012-13			2011-12		
		Total Remuneration	Of Which Bonuses	Benefits in Kind	Total Remuneration	Of Which Bonuses	Benefits in Kind
Bands		£5,000 (£000)	£5,000 (£000)	£1,000 (£000)	£5,000 (£000)	£5,000 (£000)	£1,000 (£000)
Gerry McCurdy	Director, FSA Northern Ireland	80-85	-	-	80 – 85	-	-

	2012-13	2011-12
Band of Highest Paid Director's Total Remuneration	80-85	80 – 85
Median Total Remuneration	34	29
Ratio	2.48	2.91

Remuneration

Remuneration includes gross salary; performance pay or bonuses; overtime; reserved rights to London Weighting or London allowances; recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the department and thus recorded in these accounts.

Bonuses

A Pay Committee is set up each year to assess implementation of pay awards including bonus payments in line with guidance provided by the Cabinet Office. Membership of the Pay Committee is made up of directors and one independent member. Pay recommendations are considered on the basis of review of individual performance against objectives as well as overall consistency.

The Committee provides a breakdown of awards to the Cabinet Office, covering performance group distribution, analysis of bonuses awarded and feedback on the operation of the system.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The above payments relate mostly to transport or accommodation costs reimbursed to the Board members.

(b) Pension benefits

Executive Management Board

		2012/13					
		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2013	Total accrued lump sum at age 60 31 March 2013	CETV at 31 March 2013	CETV at 31 March 2012*	Real increase in CETV
Bands		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Gerry McCurdy	Director, FSA Northern Ireland	0 – 2.5	35 – 40	115 – 120	878	830	1

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

		2011/12					
		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2012	Total accrued lump sum at age 60 31 March 2012	CETV at 31 March 2012	CETV at 31 March 2011	Real increase in CETV
Bands		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Gerry McCurdy	Director, FSA Northern Ireland	(0 – 2.5)	35 – 40	110 – 115	830	783	(20)

A number of FSA Board members benefit from a by-analogy pension scheme similar to the PCSPS.

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 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium**, **classic plus** and **nuvos**. Increase to employee contributions will apply from 1 April 2013. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension was uprated in line with 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.

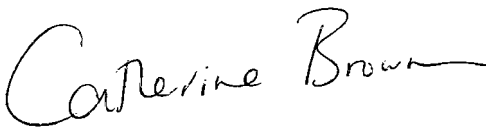
Pay Multiples

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 2012-13 was £80-85k (2011-12 was £80-85k). This was 2.48 times (2011-12, 2.91) the median remuneration of the workforce, which was £34k (2011-12, £31k).

Remuneration ranged from £18k to £64k (2011-12 £12k-£61k)

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.



Catherine Brown

Chief Executive and Accounting Officer
26 June 2013

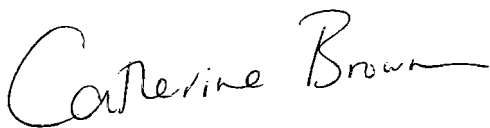
Statement of Accounting Officer's Responsibilities

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 Department and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the 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
26 June 2013

FSA Governance Statement 2012/2013

Background

1. The Food Standards Agency (FSA) is an independent non-Ministerial Government department set up by the Food Standards Act 1999¹¹ to protect the public's health and consumer interests in relation to food.
2. As an independent non-Ministerial Government Department, its governance structure differs from a conventional Ministerial Government Department, in that it is led by a non-executive Board (the FSA Board). However, it still complies with the requirements of the Corporate Governance Code¹² where appropriate.
3. The FSA Northern Ireland, Scotland and Wales are funded directly by the relevant Devolved Administrations. I am Accounting Officer for Westminster and the Devolved Authorities and I am accountable to each of the Devolved Administrations for the use of FSA resources.

The FSA Board

4. In line with the requirements of the Corporate Governance Code, Board members must act in the public interest, not to represent particular sectors. All appointments to the Board are overseen by the Office of the Commissioner for Public Appointments (OCPA) and are made via open competition.
5. The FSA Board holds its decision-making meetings in public and as part of its policy of openness, the agendas, papers and minutes of public Board meetings are published in advance of its meetings, which are broadcast live via the FSA's website.
6. Formal self-assessment of Board members performance is in place as agreed by the Succession and Development Committee. Board members who are due for reappointment are subject to 360 degree reviews, two have been undertaken in 2012/13, and all Board members have yearly performance reviews with the Chair.
7. The Board is supported and advised by Food Advisory Committees in each of the devolved countries, and by three formal subcommittees, as detailed below.
8. **Food Advisory Committees (FACs)** were established under the Food Standards Act 1999 to give advice or information to the Board on matters connected with the FSA's functions, particularly such matters affecting or relating to their countries. Each committee is chaired by the Board member for that country and has between six and eight members appointed through open competition. The FSA takes the advice of the advisory committees into account when carrying out its functions or advising Ministers. Since the FSA has responsibility for nutrition as well as food safety in Scotland and Northern Ireland those FACs continue to cover this issue in their advice to the Board. The FACs' meetings are held in open forum as part of their commitment to acting in an open and transparent way and publish the advice they provide to the FSA on food policy and its implementation.
9. **The Audit Committee** – provides assurance that all aspects of the FSA's policies, procedures, internal controls and governance are effective and appropriate to deliver the FSA's statutory responsibilities and strategic objectives. Its terms of reference can be found on

¹¹ <http://www.legislation.gov.uk/ukpga/1999/28/contents>

¹² Corporate governance in central government departments: Code of good practice 2011: jointly published by HM Treasury & Cabinet Office

the FSA website. <http://www.food.gov.uk/aboutus/ourboard/boardcommittees/auditcommittee/>

10. **The Risk Committee** – is responsible for assuring the Board that all aspects of the FSA's risk management policies and procedures are effective and appropriate. Its terms of reference can be found on the FSA website. <http://www.food.gov.uk/aboutus/ourboard/boardcommittees/riskcommittee/>
11. **The Succession & Development Committee** – is responsible for advising on all matters relating to the recruitment of the Chair, Deputy Chair and Board Members. It is also responsible for the recruitment and selection procedures for new appointments to the Board and the Food Advisory Committees and the effective induction and development of Board Members. Its terms of reference can be found on the FSA website. <http://www.food.gov.uk/aboutus/ourboard/boardcommittees/successiondevelopmentcommittee/>
12. Each Committee reports to the FSA Board in open session on an annual basis. Details of these reports are referred to later in this statement.

The Executive Management Team

13. The Executive Management Team (EMT) supports me, as the FSA's Accounting Officer, in delivering the FSA strategy and in ensuring effective corporate governance of the FSA. The EMT meets every 2 weeks where possible and its responsibilities include:
 - ensuring effective implementation of the strategy set by the Board;
 - addressing corporate issues such as:
 - arrangements for managing and reviewing business risks;
 - business planning and review systems;
 - the maintenance of effective financial control;
 - monitoring financial performance and resource allocation;
 - Internal Audit reports where these raise issues of general concern;
 - pay and personnel management strategy.
14. Membership of the EMT comprises of ten Directors and myself, including a suitably qualified Finance Director.

Review of 2012/13

15. This has been an exciting and challenging year for the FSA, with the FSA playing a leading role in preparing for and ensuring food safety throughout the Olympics and Paralympics, dealing with a significant number of food safety incidents on a daily basis and most latterly in responding to incidents involving the adulteration of comminuted beef products with horse and pig meat and DNA. It has also seen the FSA's first Capability Review, the publication of a refresh of its strategy to 2015 and the Agency's risk appetite statement, the Scottish Government's decision to establish its own food body for Scotland, and ongoing actions to meet our challenging Comprehensive Spending Review (CSR) targets. These challenges have all provided a test of the FSA's governance, risk and control mechanisms and whilst there is always scope for improvement, they have proved their effectiveness in that we have been able to deal with them alongside our day-to-day

activities whilst keeping consumer protection at the forefront of everything that we do. Looking at some of these in more detail:

The Olympic/Paralympic Games

16. Working alongside Local Authorities, the Chartered Institute of Environmental Health and the Games organising committee (LOCOG) the FSA delivered a significant and highly successful programme of activities to support food safety in the run up to, during and immediately after the Games. An independent evaluation of this programme of work has been undertaken by GFK-NOP.

New Food Body Task Force

17. In June 2012 the Scottish Government announced its intention to create a new Scottish body for food safety, food standards, nutrition, food labelling and meat inspection. The anticipated date for the establishment of the food body for Scotland is early 2015. To support delivery of this, we have established a joint executive/non-executive committee to oversee FSA input into this process.

18. During 2012, the FSA underwent a Capability Review, conducted in a comprehensive and independent way with robust challenge provided by an Evaluation Panel with a largely external membership. The findings of the review were published on 8 January 2013. A copy of the Report and supporting action plan can be found at: www.food.gov.uk/multimedia/pdfs/publication/fsa-capability-review.pdf

19. Linked to the findings of the Capability Review has been a decision to undertake a review of the FSA's governance structure and supporting processes work to ensure that they are fit-for-purpose now and for the next five years. A Governance Review has therefore been commissioned to consider: whether the FSA's governance complies with best practice both within and outside of Government; whether the FSA's governance structure assists the FSA to deliver its strategic objectives and most effectively 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.

Refresh of FSA Strategy and publication of the Agency's risk appetite statement

20. In October 2012, the Board and executive management team met to undertake a scheduled review of the FSA's strategy to 2015. Further details of the changes made as part of the strategy refresh are set out a Board paper at: <http://www.food.gov.uk/multimedia/pdfs/board/fsa130104.pdf>

21. In parallel with this and in order to inform both our engagement with partners and stakeholders, and effective risk management within the FSA, the Board identified the importance of an explicit statement of the organisation's risk appetite. It commissioned its Risk Committee to develop an expanded statement of risk appetite, subsequently agreed by the Board as part of its approval of the refreshed strategy to 2015. This statement is detailed in the paper referred to in the paragraph above and has also been incorporated into the Agency's risk management policy and supporting guidance.

Adulteration of beef products with horse and pig meat and DNA

22. Following a report by the Food Safety Authority of Ireland on 15 January 2013 of the results of its survey of beef burgers and other products for horse and pig DNA, investigations by authorities across Europe (including the FSA) have identified multiple

instances of adulteration of comminuted beef products. Whilst our own investigations with the police and other enforcement authorities continue in relation to implicated products and premises in the UK, the initial phase of this incident has now drawn to a close.

23. This has proved to have been one of the biggest incidents that the FSA has ever had to deal with and whilst there is no evidence to suggest that it is a food safety issue, it is unacceptable for consumers to be misled and for meat products to contain undeclared species of animal. The FSA Board has recently commissioned an independent review of the FSA's response to the incident to identify all lessons learnt and strengthen our incident handling in the future. This is in addition to any broader reviews being commissioned by the four UK administrations.

Changes at Board & Executive level

24. During the year, there have been a number of changes to the membership of the Board, with new members recruited to replace departing members and the appointment of a new Deputy Chair. All new members have undergone a new induction programme which has included appropriate briefing in relation to all aspects of the FSA's governance structure and supporting processes.
25. Additionally, there have been changes within the Executive Management Team. In May 2012, a new Director of Communications was appointed, following the retirement of his predecessor. After the departure of Tim Smith as the FSA's Chief Executive, I was appointed as his successor and joined the Agency in October 2012. Between Tim's departure and my arrival, Charles Milne (FSA Scotland Director) led the agency as acting Chief Executive.

Assurances

26. In putting this statement together I have considered the various management reports considered by the executive management team throughout the year as well as seeking and making use of various sources of assurance relating to governance, risk and control within the FSA. These have included:
- The monthly finance and HR reports considered by Directors on a monthly basis;
 - the assurance statements of my Directors covering the 2012/13 year;
 - Internal audit reports;
 - Discussions held at Board meetings, meetings of the Risk, Audit, and Succession & Development Committees, as well as the annual reports of their respective chairs;
 - The Capability Review Report;
 - The Agency's high level risk register;
 - The Head of Internal Audit's Opinion on the FSA systems of governance, management and risk control (see below).

Looking at some of these areas in greater detail:

Director Assurance Statements

27. At the start of the financial year, Directors agreed 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 completed an assurance statement setting out how an effective system of internal controls has been maintained within their Group. In putting together this statement, 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.

Financial Controls

28. On a monthly basis, Finance Business Partners work with Groups, Divisions and Branches to monitor expenditure and produce accurate financial forecasts. Detailed financial results are reported to the Executive Management Team on a monthly basis and are a standing item for discussion and decision.
29. Directors attend Quarterly Reviews with me as the Accounting Officer and performance is monitored against budgets, previous forecasts and business plans, in addition to ensuring the appropriate controls have been applied.
30. In line with the Government's 'Fraud: spot it, stop it' campaign all FSA staff have been required to complete a 'counter fraud and corruption' e-learning module. Managers encouraged all staff to complete the module and it was included as a mandatory element to staff personal development plans.

FSA risk management framework and the capacity to manage risk

31. The aim of our risk management framework is to provide reasonable assurance to the FSA Board and the Executive Management Team that risks to achieving business objectives are being effectively controlled, and those involved are clear as to their roles and responsibilities. Directors regularly undertake reviews of the FSA's landscape to ensure the relevance of risks on the high level risk register and have recently reviewed the definition of 'high level' risks to support this.
32. During the course of this year, FSA Internal Audit carried out an audit of the FSA's risk management framework. This highlighted a number of strengths including: the fact that senior managers have established a good "tone at the top" in relation to risk management; that there is an active 'risk champion' role at Director level; and that there is active participation of the FSA Board through its Risk Committee. It also highlighted a number of areas for improvement including: the need to develop and implement a strategy for improving and embedding risk management practices further; adopting a recognised risk management standard; and greater clarity over responsibilities for promoting and assuring the effectiveness of risk management within individual Divisions. All but two of the recommendations contained in the Report have been implemented, and have revised our risk management policy and supporting guidance as a consequence. One of the outstanding recommendations is dependent upon decisions relating to the revision of the Orange Book by HM Treasury, and the other, implementing an improved strategy, is underway.

The Risk Committee

33. During the course of the year the Risk Committee has met four times, providing constructive challenge to myself and members of my executive team in relation to: the FSA's preparedness for the Olympics and Paralympics and subsequent lessons learned; the management of various incidents including the recent horsemeat investigations.
34. In the 2012/13 annual report to the FSA Board (a copy of which is available at <http://www.food.gov.uk/multimedia/pdfs/board/fsa120509.pdf>), the chair of the FSA Risk Committee confirms that, without being complacent, the Organisation has continued to make significant steps to embedding an effective risk management framework and culture across the FSA and that it is given the appropriate level of commitment and priority.

The Audit Committee

35. The Audit Committee also met four times during 2012/13. In all it has considered fourteen internal audit reports, eleven of which (79%) were given assurance levels of 'substantial', and three were given "limited". In these cases action plans are in place to implement the identified recommendations.
36. In October 2012, Audit Committee members undertook a survey on the effectiveness of the Committee, based on the NAOs self-assessment tool. Overall the results were positive and actions have been identified where improvements are required. NAO have arranged training for May 2013 with the Audit Committee to ensure they meet the guidelines set out by HM Treasury in their audit committee handbook.
37. In the 2012/13 annual report to the FSA Board (a copy of which is available at <http://www.food.gov.uk/multimedia/pdfs/board/fsa120510.pdf>), the chair of the Audit Committee confirms that the Agency's risk, control and governance arrangements to be satisfactory and continuing to improve.

The Succession & Development Committee

38. During the course of 2012/13, the Succession & Development Committee has overseen the successful recruitment of the FSA Deputy Chair and five new Board Members to replace those who have stood down (including a new WFAC Chair).

Data Security

39. There have been no significant or critical information security related incidents. We have received one complaint from Information Commissioner's Office during 2012-13 concerning the accidental release of a personal email address. We continue to promote information security through mandatory Cabinet Office Protecting Information Level 1 training for all staff and Levels 2 and 3 depending on roles and responsibilities. We have an ongoing security awareness campaign and compliance audit regime as part of formal ISO 2700 certification.

The Current High Level Risk Register

40. 'High level' risk 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.
41. At the end of the financial year, the principal risks on the FSA's High Level Risk Register based on their RAG status were:
- The risk that there is a reduction in Local Authority resources due to funding pressures, resulting in enforcement of feed legislation being compromised;
 - The risk of failing to meet the target for the reduction of campylobacter in chicken in 2015, resulting in the incidence of foodborne illness not decreasing as sought;
 - The lack of reform of charging arrangements for delivery of official controls in approved meat establishments, resulting in continued inefficiencies and the taxpayer funding the shortfall;
 - The risk that horses medicated with prohibited substances could enter the food chain, resulting in the potential for public health to be compromised;
 - The risk of ongoing adulteration of meat products with unlabelled or illegal content, resulting in a risk of detriment to the public.

The FSA have plans in place to manage all of these strategic risks at both a national and devolved level.

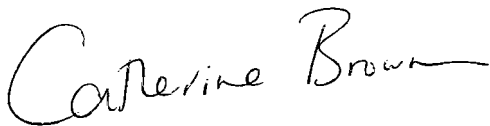
Looking ahead to 2013/14 & Beyond

42. Going forward we will continue to seek to improve the effectiveness of our governance, risk and control structures and mechanisms through our everyday work as well as taking account of:
- The findings of the independent review of the FSA's response to the incidents of adulteration of beef products with horse and pig meat and DNA, together with those of any other reviews conducted on behalf of the UK administrations;
 - The findings of our Governance Review;
 - The findings of a review being undertaken by the NAO into the efficiency of our delivery of official meat controls in the UK.

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

43. Based on the results of the audit work completed during the year and understanding of the Agency's control environment the Head of Internal Audit's opinion is that the FSA's systems of governance, management and risk control are satisfactory and continue to improve. The evidence basis includes:
- A review and refresh of the FSA's Strategy to 2015 to ensure that it remained current and responsive to the changing operating environment and restatement of the Agency's risk appetite following discussions involving Executive Management Team and FSA Board members;
 - Further work during the year to improve the Agency's risk management policy and related procedures. This has included refreshing the FSA's risk management policy and guidance, to take into account the recommendations contained in the report issued by Internal Audit on the Agency's risk management framework;

- Integrated business planning and budgeting process with regular performance reports to Executive Management Team and FSA Board meetings;
 - There were no significant control issues arising from Internal Audit or external assurance reports presented to the Audit Committee during the year;
 - An increasing proportion of Internal Audit reports classified as “substantial”, the highest rating for audit reports. There was also continued reduction in the number of audit recommendations where management action was reported as overdue.
44. However, as the recent horse meat scandal has served to demonstrate, there is no room for complacency in the quest to improve the Agency’s risk management capabilities as there is clearly still scope for improving our horizon scanning and intelligence gathering capabilities that are necessary for effective risk management.
45. Subject to the above, the Food Standards Agency has an effective governance structure, operates to a high standard of probity, and has satisfactory internal controls in place.



Catherine Brown

Chief Executive and Accounting Officer

26 June 2013

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 in Northern Ireland for the year ended 31 March 2013 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 in Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. 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. 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 2013 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 Food Standards Agency in Northern Ireland's affairs as at 31 March 2013 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 directions issued thereunder by the Department of Finance and Personnel for Northern Ireland.

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 for Northern Ireland 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 for Northern Ireland's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

27 June 2013

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

Statement of Assembly Supply

Statement of Resource Outturn 2012/13

	2012/13							2011/12	
	Note	Estimate			Outturn			Net total outturn compared with Estimate saving/(excess) £000	Net total £000
Gross expenditure £000		Accruing Resources £000	NET TOTAL £000	Gross expenditure £000	Accruing Resources £000	NET TOTAL £000			
Request for Resources									
Departmental Expenditure in DEL:									
A-1 Food Safety, Nutrition and Standards	2	11,841	(3,611)	8,230	11,617	(3,601)	8,016	214	8,193
Annually Managed Expenditure (AME):									
A-2 Food Safety, Nutrition and Standards	2	125	-	125	119	-	119	6	-
Non-Budget:									
A-3 Notional Charges	2	12	-	12	11	-	11	1	8
Total resources	3	11,978	(3,611)	8,367	11,747	(3,601)	8,146	221	8,201
Non-operating cost		-	-	-	-	-	-	-	-
Accruing Resources		-	-	-	-	-	-	-	-

	2012/13			2011/12	
	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/(excess) £000	Prior year outturn £000
Net cash requirement	4	8,517	7,811	706	8,766

Summary of income payable to the Consolidated Fund

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

Explanation of variances between Estimates and Outturn

The FSA in Northern Ireland resource spend for the period was £8,146,000 compared to the estimate of £8,367,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected. This is explained in Note 2 and in the Management Commentary Section of the Annual Report.

The notes on pages 49 to 67 form part of these accounts

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2013

	Note	Staff Costs	Other Costs	2012/13 £000 Income	2011/12 £000
Programme Costs:					
Staff costs	9	1,661			1,525
Other operating costs	11		699		634
Monitoring and surveillance	11		9,387		9,627
Operating income	12			(3,601)	(3,585)
Totals		1,661	10,086	(3,601)	8,201
Net Operating Cost	3			8,146	8,201

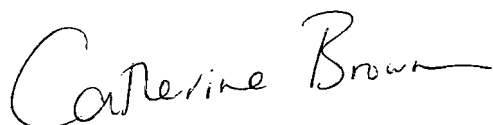
All income and expenditure are derived from continuing operations.

The notes on pages 49 to 67 form part of these accounts

Statement of Financial Position

as at 31 March 2013

	Note	2012/13		2011/12	
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	13	57		68	
Total non-current assets			57		68
Current assets:					
Trade and other receivables	14	1,079		1,208	
Cash and cash equivalents	15	706		561	
Total current assets			1,785		1,769
Total Assets			<u>1,842</u>		<u>1,837</u>
Current Liabilities					
Trade and other payables (<1 year)	16	(2,233)		(2,023)	
Total current liabilities			(2,233)		(2,023)
Non-current assets plus/less net current assets/liabilities			<u>(391)</u>		<u>(186)</u>
Non-current liabilities					
Provisions		(119)		-	
Total non-current liabilities			(119)		-
Assets less liabilities			<u>(510)</u>		<u>(186)</u>
Taxpayers' equity:					
General fund			(510)		(186)
Total equity			<u>(510)</u>		<u>(186)</u>



Catherine Brown

Chief Executive and Accounting Officer
26 June 2013

The notes on pages 49 to 67 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2013

		2012/13	2011/12
		£000	£000
Cash flows from operating activities	Note		
Net operating cost		(8,146)	(8,201)
Adjustment for non-cash transactions	11	148	55
(Increase)/Decrease in trade and other receivables	14	129	354
Increase/(Decrease) in trade payables	16	210	(1,777)
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	16	(145)	811
Use of Provisions	17	-	-
Net cash outflow from operating activities		(7,804)	(8,758)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(7)	(8)
Net cash outflow from investing activities		(7)	(8)
Cash flows from financing activities			
From the Consolidated Fund (Supply)		7,956	7,955
Net Financing		7,956	7,955
Net increase/(decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund		145	(811)
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	15	561	1,372
Cash and cash equivalents at the end of the period	15	706	561
		145	(811)

The notes on pages 49 to 67 form part of these accounts

Statement of Changes in Taxpayer's Equity

for the year ended 31 March 2013

	Note	General Fund	Total Reserves
		£000	£000
Balance at 31 March 2011		(759)	(759)
Changes in accounting policy		–	–
Restated balance at 1 April 2011		(759)	(759)
Net Assembly Funding – drawdown		7,955	7,955
Net Assembly Funding – deemed		1,372	1,372
Supply payable/(receivable) adjustment		(561)	(561)
Comprehensive Net Expenditure for the year		(8,201)	(8,201)
Non-Cash Adjustments:			
Non-cash charges – auditors remuneration	11	8	8
Balance at 31 March 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	11	11	11
Balance at 31 March 2013		(510)	(510)

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 (FReM) issued by HM Treasury. The accounting policies contained in the FReM 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 FReM 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 FReM 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 2013 shows a negative taxpayer's equity of £510,000. 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 2013-14 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, 6.2.7h) 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 IAS 16, 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	2012/13	2011/12
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 IAS 38. Other development expenditure is capitalised if it meets the criteria specified in the FReM which are adapted from the IAS 38 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. 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 Hygiene Inspection work 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 was also received from the disposal of equipment.

Income from meat hygiene inspections 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 or inspection time recorded by staff. 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 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

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 12 as programme income relating to meat hygiene.

1.7 Administration and Programme Expenditure

The department has no administration costs because FSA staff in NI are GB rather than NI Civil Servants.

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. There were no redundancies nor other exit costs.

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 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 Analysis of Net Resource Outturn by section

						Outturn			2012/13 £000	2011/12 £000
	Admin	Other current	Grants	Gross Resource Expenditure	Accruing Resources	Net total	Net total	Net total outturn compared with Estimate	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	-	10,414	1,203	11,617	(3,601)	8,016	8,230	214	214	8,193
Annually Managed Expenditure (AME):										
A-2 Food Safety, Nutrition and Standards	-	119	-	119	-	119	125	6	6	-
Non-Budget:										
A-3 Notional Charges	-	11	-	11	-	11	12	1	1	8
Total	-	10,544	1,203	11,747	(3,601)	8,146	8,367	221	221	8,201

The FSA in Northern Ireland resource spend for the period was £8,146,000 compared to the estimate of £8,367,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected. This is explained in the Management Commentary Section of the Annual Report.

3a Reconciliation of net resource outturn to net operating cost

	Note	Outturn	Supply Estimate	2012/13 £000 Outturn compared with Estimate	2011/12 £000 Prior Year Outturn
Net Resource Outturn	2	8,146	8,367	221	8,201
Net Operating Cost		8,146	8,367	221	8,201

3b Outturn against final Administration Budget

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

4 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	2012/13 £000 Net Total Outturn compared with estimate savings/ (excess)	2011/12 £000
Resource Outturn	2	8,367	8,146	221	8,201
Capital:					
Acquisition of non-current assets	13	11	7	4	8
Non-operating Accruing Resources: Proceeds of fixed asset disposals		(1)	-	(1)	-
Accruals adjustments:					
Non-cash items	11	(32)	(29)	(3)	(55)
Changes in working capital other than cash		297	(194)	491	612
Movement on provision	17	(125)	(119)	(6)	-
Net Cash Requirement		8,517	7,811	706	8,766

The FSA in Northern Ireland resource spend for the period was £8,146,000 compared to the estimate of £8,367,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected.

5 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.

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

	2012/13 £000	2011/12 £000
Operating income	(3,601)	(3,585)
Income authorised to be Accruing Resources	3,601	3,585
Operating income payable to the Consolidated Fund	-	-

7 Non-operating income – Excess Accruing Resources

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

8 Non-operating income not classified as Accruing Resources

There was no non-operating income not classified as Accruing Resources during the year.

9 Staff numbers and related costs

a) Programme staff costs consist of:

	2012/13 £000	2011/12 £000
Wages and Salaries	1,253	1,188
Social Security Costs	102	97
Other Pension Costs	239	229
Sub Total	<u>1,594</u>	<u>1,514</u>
Inward Secondment	51	11
Agency Staff	16	–
Total	<u>1,661</u>	<u>1,525</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:

2012/13			2011/12		
Permanent	Agency	Total	Permanent	Agency	Total
<u>37</u>	<u>1</u>	<u>38</u>	<u>36</u>	<u>–</u>	<u>36</u>

10 Other Administration Costs

The Food Standards Agency in Northern Ireland had no Administration Costs in 2012/13.

11 Programme Costs

a) Programme costs

	2012/13		2011/12	
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of Plant & machinery		–		1
Other operating leases		134		134
Non-cash items:				
Depreciation	16		36	
Loss on disposal of fixed assets	2		11	
Provision provided for in year	119		–	
Audit fees	11		8	
Total non-cash items		148		55
Accommodation costs		100		108
Staff overheads		86		99
Administration costs		79		75
IT costs*		113		119
Committee Costs		39		43
		699		634

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

b) Programme costs

	2012/13		2011/12	
	£000	£000	£000	£000
Monitoring and Surveillance:				
Enforcement & Audit/Local Authority		1,585		1,435
Food Safety & Education		37		–
Nutrition		263		471
Meat Inspection		5,896		6,000
Press & Publicity		326		333
Microbiological Food Safety		1,280		1,388
		9,387		9,627

12 Income

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

	2012/13 £000	2011/12 £000
Programme income:		
Programme Income	(3,601)	(3,585)
	<u>(3,601)</u>	<u>(3,585)</u>

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

	2012/13 £000			2011/12 £000		
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
Meat Hygiene Inspection	(3,578)	5,896	(2,318)	(3,494)	6,000	(2,506)
	<u>(3,578)</u>	<u>5,896</u>	<u>(2,318)</u>	<u>(3,494)</u>	<u>6,000</u>	<u>(2,506)</u>

The FSA's financial objective is to recover costs fully.

There currently remains a shortfall between the costs for the FSA of delivering the meat hygiene controls and income received from Food Business Operators (FBOs) for these services. This is effectively a subsidy of £2.3m 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.

In addition to meat hygiene inspection, the FSA received income in respect of joint projects, namely National Food Safety Week and shellfish contaminant analysis. Income was also received from the disposal of equipment.

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.

13 Property, plant and equipment

a)

	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 31 March 2012	37	31	–	68
Asset financing				
Owned	34	23	–	57
Carrying amount at 31 March 2013	34	23	–	57

b)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
At 1 April 2011	211	78	3	292
Additions	8	-	-	8
Disposals	(163)	(20)	(3)	(186)
At 31 March 2012	56	58	-	114
Depreciation				
At 1 April 2011	147	36	2	185
Charged in year	26	10	-	36
Disposals	(154)	(19)	(2)	(175)
At 31 March 2012	19	27	-	46
Carrying amount at 31 March 2012	37	31	-	68
Carrying amount at 1 April 2011	64	42	1	107
Asset financing				
Owned	37	31	-	68
Carrying amount at 31 March 2012	37	31	-	68

c)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Asset financing				
Owned	64	42	1	107
Carrying amount at 1 April 2011	64	42	1	107

14 Trade receivables and other current assets

a)

	2012/13	2011/12
	£000	£000
Amounts falling due within one year:		
Trade receivables	379	166
Prepayments and accrued income	281	647
VAT recoverable	419	395
	1,079	1,208

b) Intra-government balances

	2012/13	2011/12
	£000	£000
Amounts falling due within one year:		
Balances with other central government bodies	423	395
Balances with local authorities	-	-
Balances with NHS Bodies	-	-
Balances with public corporations and trading funds	-	-
Subtotal: Intra-government balances	423	395
Balances with bodies external to government	656	813
Total at 31 March 2013	1,079	1,208

15 Cash and cash equivalents

a)

	2012/13
	£000
Balance at 1 April 2011	1,372
Net change in cash and cash equivalent balances	(811)
Balance at 31 March 2012	561
Net change in cash and cash equivalent balances	145
Balance at 31 March 2013	706

	2012/13	2011/12
	£000	£000
The following balances at 31 March were held at:		
Government Banking Service	706	561
Commercial banks and cash in hand	-	-
	706	561

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

	2012/13	2011/12
	£000	£000
Net cash requirement	7,811	8,766
From the Consolidated Fund (Supply) – current year	7,956	7,955
From the Consolidated Fund (Supply) – prior year	-	-
Amounts due to the Consolidated Fund received and not paid over	-	-
Increase/(decrease) in cash	145	(811)

16 Trade payables and other current liabilities

a) Analysis by type

	<u>2012/13</u> <u>£000</u>	<u>2011/12</u> <u>£000</u>
Amounts falling due within one year:		
Other taxation and social security	48	39
Trade payables	98	32
Other payables	21	15
Accruals	1,360	1,376
Amounts issued from the Consolidated Fund for supply but not spent at year end	706	561
	<u>2,233</u>	<u>2,023</u>

b) Intra-government balances

	<u>2012/13</u> <u>£000</u>	<u>2011/12</u> <u>£000</u>
Amounts falling due within one year:		
Balances with other central government bodies	1,966	1,861
Balances with local authorities	42	47
	<u>2,008</u>	<u>1,908</u>
Subtotal: Intra-government balances	2,008	1,908
Balances with bodies external to government	225	115
Total at 31 March 2013	<u>2,233</u>	<u>2,023</u>

17 Provisions for liabilities and charges

	<u>£000</u>
Balance at 1 April 2011	–
Provided in the year	–
Provisions not required written back	–
Provisions utilised in the year	–
	<u>–</u>
Balance at 1 April 2012	–
Provided in the year	119
Provisions not required written back	–
Provisions utilised in the year	–
	<u>119</u>
Balance at 31 March 2013	<u>119</u>

Analysis of expected timing of discounted flows

	2012/13
	£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 2013	119
	<hr/>

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.

18 Capital Commitments

The FSA in NI has no capital commitments.

19 Commitments under leases**Operating leases**

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

	2012/13	2011/12
	£000	£000
Obligations under operating leases for the following periods comprise:	<hr/>	<hr/>
Buildings:		
Not later than one year	134	134
Later than one year and not later than five years	123	256
Later than five years	–	–
	<hr/>	<hr/>
	257	390
	<hr/>	<hr/>

There are no other operating leases.

20 Other financial commitments

The Food Standards Agency in Northern Ireland did not have any other commitments as at 31 March 2013.

21 Financial Instruments

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

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

The FSA holds the following financial assets and liabilities:

Assets

Cash and cash equivalents (Note 15)

Trade Receivables – current (Note 14)

Liabilities

Trade and other payables (Note 16)

Provisions arising from contractual arrangements (Note 17)

The Financial Assets and Liabilities are measured at fair value which are not materially different from their carrying value.

Liquidity risk

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

Currency risk

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

Credit risk

The FSA in NI has no long term debt and both debtors and creditors fall within one year. The majority of income comes from the Department of Finance and Personnel. The vast majority of industry income is raised through the provision of statutory inspection charges. The provision of a statutory service is not contingent on a satisfactory credit check. The maximum exposure as at 31 March 2013 is in receivables from customers, as disclosed in the trade receivables note (Note 14).

Interest rate risk

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

22 Contingent Liabilities

There were no contingent liabilities.

23 Losses and Special Payments

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

24 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 £6,713k, Agri-Food and Biosciences Institute £21k, Department of Health (DH) £32k, Department for the Environment, Food and Rural Affairs £3k, Department of Education NI £50k, Centre for Environment, Fisheries and Aquaculture Science £330k, Departmental Solicitor's Office £19k, Safefood £21k, Health Protection Agency £7k, Department of Finance and Personnel £5k and Northern Ireland Water £1k.

25 Events after the reporting period

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

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

IAS 1 – Presentation of financial statements (Other Comprehensive Income)

IAS 12 – Income Taxes (amendment)

IAS 19 – Post-employment benefits (pensions)

IFRS 9 – Financial Instruments

IFRS 10 – (Consolidated Financial Statements), 11 (Joint Arrangements), 12 (Disclosure of Interests in Other Entities), IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures)

IFRS 13 – Fair Value Measurement

IAS 1 – Presentation of Financial Statements

IAS 16 – Property, Plant and Equipment

IAS 32 – Financial Instruments: Presentation

IAS 34 – Interim Financial Reporting

None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have future material impact on the financial statements of the FSA.

27 Entities within the Departmental Boundary

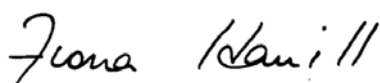
The FSA in NI has no other entities within its Departmental Boundary.

28 Date authorised for issue

The Accounting Officer authorised these financial statements for issue on the same date as the Comptroller and Auditor General's report.

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 2013 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the extant edition of the Government Financial Reporting Manual (FReM).
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 2013 and subsequent financial years 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