
Food Standards Agency

Annual Report and Consolidated Accounts 2012/13

(For the year ended 31 March 2013)

Annual Report presented to Parliament pursuant to Section 4 of the Food Standards Act 1999

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Accounts presented to the House of Lords by Command of Her Majesty

Ordered by the House of Commons to be printed 18 July 2013

This is part of a series of departmental publications which, along with the Main Estimates 2012/13 and the document Public Expenditure: Statistical Analyses 2011, present the Government's outturn for 2012/13 and planned expenditure for 2013/14.

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Any enquiries about this publication should be sent to us at financial.accounting@foodstandards.gsi.gov.uk

You can download this publication from www.food.gov.uk

ISBN: 9780102984460

Printed in the UK by The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office

ID 2568136 07/13

Printed on paper containing 75% recycled fibre content minimum.

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Chief Executive's statement



I was delighted to be appointed as Chief Executive of the Food Standards Agency from October 2012. It is an honour to lead an organisation with a strong reputation for its focus on food safety and commitment to operating to high standards. I am looking forward to steering the organisation in the next phase of its development.

My first few months at the FSA have been dominated by the horsemeat incident. We were informed by the Food Safety Authority of Ireland on 14 January that tests they had conducted on a range of beef products showed traces of horse and pork in several products and that in one of the products 29% of the meat content was horse. The public announcement of these findings the next day was the starting point for an incident of unprecedented scale in the history of the FSA.

The incident is not yet concluded and our investigations are ongoing. We have commissioned an independent review of our own response to the incident and are participating in a Government-wide review examining the broader issues which it raises. I will not therefore explore the incident in more depth in this statement. Suffice to say that it has given me strong appreciation of the energy, commitment and skill of our staff, who worked tirelessly throughout this period.

The horsemeat incident may have dominated the headlines with regard to the FSA this year, but it is the day-to-day work of the Agency which I particularly want to note in this statement. Our Chair, Jeff Rooker, often makes the point that our core focus is on preventing things going wrong. We work with Port Health authorities, local authorities and industry to ensure that unsafe food is kept out of the UK and away from our plates. Yet this success goes largely unnoticed and unreported. This point was particularly illustrated by the London 2012 Olympics and Paralympics Games.

The Games were the UK's largest peacetime catering event, with around 14 million meals being served to participants, volunteers and spectators. Getting food safety right was vital. We worked with partners including LOGOG, the Chartered Institute of Environmental Health and local authorities, not just in the Games boroughs but across the UK. It was not a source of headlines, but the total absence of food safety problems was a reason for some quiet satisfaction.

Our partnership working with local authorities is the key relationship in delivering the effective enforcement of food law. We have been reviewing the working of that partnership over the last two years, carrying out extensive research into the current structures and resources of environmental health and trading standards teams across the UK. That has given us a wealth of valuable information. We are now building on that research to identify how best to develop our working relationship. We are committed to continuing to work closely with our local authority partners to ensure that we continue to deliver effective protection for the public.

A great example of the close working is the success of the Food Hygiene Rating Scheme (and the Food Hygiene Information Scheme in Scotland). 99% of local authorities in the UK are now signed up to the schemes. Our website, displays ratings for 427,000 businesses. In March the Food Hygiene Ratings (Wales) Act 2013 received royal assent, so all businesses in Wales will now be required to display their rating.

We have continued to focus on ways of reducing food borne disease and ensuring that consumers are protected from food safety risks where possible. Tackling campylobacter remains a priority and we continue to invest in research and work in partnership with producers, processors and retailers to seek reductions.

Our monitoring of food safety risks includes ongoing work to test food for radioactivity levels, particularly in areas close to nuclear sites. Many years of monitoring have shown very low levels which present a negligible risk to public health. We have therefore reviewed the current system of controls and consulted on possible charges to the system.

We took a similar approach to the controls which exist around the movement of sheep in parts of Wales, which were affected by the radioactive fall-out from the Chernobyl nuclear plant. Following extensive research which showed that the risk was no longer of concern, the controls have now been lifted.

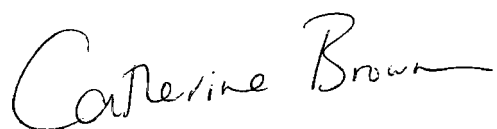
We extended the scope of our frontline operations at the start of this financial year when we took on direct responsibility for hygiene inspections in dairy farms. At the same time we moved towards a more risk-based approach to the inspection programme which will significantly reduce the number of inspections plants face, while continuing to protect public health.

In Scotland and Northern Ireland we continue to be responsible for nutrition policy. We have therefore been closely involved in the UK Government's work on the new Food Information Regulation which includes a number of important measures on nutrition labelling. It is good that we are now close to having a robust UK-wide approach to this issue which will benefit all consumers.

During the year the Scottish Government determined that it would establish a new food body in Scotland, which would take on the functions of the Food Standards Agency. We are working closely with the Scottish Government to support the implementation of this proposal, ensuring that consumer interests continue to be protected.

The FSA has delivered its functions during the year at a net cost of £110m. This reflects an ongoing drive to improve our efficiency so that we can provide the most effective protection to the public within our allocated budget.

I would like to finish by thanking all my colleagues in the Food Standards Agency for their commitment and diligence over the past year.



Catherine Brown

Chief Executive
Food Standards Agency
11 July 2013

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

The Food Standards Agency (FSA) is the national authority responsible for ensuring food is safe to eat. Our strategic objective is ‘safer food for the nation’.

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

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

Our Food Hygiene Rating Scheme (and the Food Hygiene Information System in Scotland) lets you see the hygiene standards of catering establishments on our website food.gov.uk/ratings when you eat out or shop for food. These initiatives are delivered across the nations by our local authority partners. Our ‘Safer food, better business’ initiative helps support business compliance and makes sure that good food hygiene is central to how food businesses operate.

FSA operation staff work in slaughterhouses and meat plants throughout England, Scotland and Wales to make sure the meat you buy is safe. In Northern Ireland, this role is carried out by the Department of Agriculture and Rural Development.

We also deal with the safety of animal feed. In November 2012, the FSA Board agreed, in the wake of a review of official animal feed controls, that the FSA should make improvements to the current system of local authority delivery. To implement the improvements, the Feed Review Implementation Programme has been created, and outcomes are due for delivery by April 2014.

In Scotland and Northern Ireland we are responsible for the nutritional aspects of diet. In England and Wales this responsibility lies with the English and Welsh departments of health.

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

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

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

Since 2000, there have been real improvements in food safety in the UK. Our regular consumer surveys, workshops and focus groups suggest that these improvements have been matched by increases in people’s confidence in food. Our updated strategy is designed to ensure these improvements continue.

Our core principles

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

Our strategy to 2015

Our 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.

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 target 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, we have a research programme which aims to improve our understanding of the routes of transmission for norovirus. The programme demonstrates 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
<ul style="list-style-type: none"> ● In addition, membership of EFSA’s Emerging Risks Exchange Network provides the FSA with 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. <p>Incidents</p> <ul style="list-style-type: none"> ● 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
<ul style="list-style-type: none"> ● As part of the FSA’s growing intelligence network, an Imported Food intelligence database has been established linking directly to the FSA’s Incidents, Emerging Risks and Food Fraud databases. It will facilitate greater information and intelligence sharing on imports, helping targeting of ongoing surveillance and checks on imports. ● 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

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.
- 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.

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

Highlights of our activities and performance in 2012/13

- 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 Scotland and Northern Ireland. We continue to fund science and evidence gathering work related to diet and health to support our responsibilities in those countries.
- The FSA in Scotland and Northern Ireland continue to work with the devolved administrations in order to take forward their strategies that seek to tackle overweight and obesity.
 - In Scotland the FSA supports the Scottish Government's route map towards healthy weight, 'Preventing Overweight and Obesity in Scotland'³. We are working to produce a delivery framework for food and drink industry action, including reformulation, food promotion and catering provision of healthy food in Scotland, to address the problem of rising obesity. This framework is due to be launched in May 2013.
 - 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 All⁴.
- In April 2012 we launched a pilot scheme called 'CalorieWise'⁵ 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. Result of this work will be available later in 2013.
- In Scotland we have developed an interactive web-based resource called 'eatwell every day'⁶, which is based on the 'eatwell week' and can be used in a variety of settings. This resource was launched on 30 April for Health Professionals.

3 The Scottish Government (2010): Preventing overweight and obesity in Scotland: A route map towards healthy weight scotland.gov.uk/Publications/2010/02/17140721/0

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

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

6 <http://eatwelleveryday.org/>

Highlights of our activities and performance in 2012/13
<ul style="list-style-type: none"> ● Over the year we have continued to work in partnership with sporting organisations in Scotland and Northern Ireland 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. <p>Front of Pack</p> <ul style="list-style-type: none"> ● From 14 May to 6 August 2012 the four countries of the UK issued a joint consultation⁷ 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 Scotland and Northern Ireland to improve public awareness and use of messages about healthy eating

⁷ 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.
- The pan UK campaign ran for several weeks in Wales, using outdoor media (phone kiosks) and a series of advertorials in print media. Further campaign publicity through editorial/news routes was not progressed due to the horsemeat incident, but Local Authorities were provided with a toolkit of publicity material for use with their local media to support key eating out opportunities such as Valentine’s Day, Mother’s Day and Easter. Initial results have included a more than doubling of daily web traffic to food.gov.uk/ratings, accompanied by a significant increase in app downloads. The campaign was inevitably adversely impacted by the horsemeat incident, resulting in less proactive media activity than planned.
- 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.uk/Olympics.
- By the end of September, a further 12 local authorities in England had launched FHRS so there are now 96% in the three countries running the scheme (this includes all 22 authorities in Wales and 25 of the 26 in Northern Ireland). This figure is expected to rise to 99% by end 2012/13. The number of businesses on which there is published FHRS data has risen from an estimated 64% to 69% of those in scope.
- Stage 1 scrutiny of the Food Hygiene Rating (Wales) Bill by the National Assembly for Wales has been completed. Stages 2 and 3 will now commence during which there will be more detailed consideration of the Bill and any proposed amendments to it.
- The number of authorities in Scotland running FHIS remains at 23 (72%). The number of businesses for which there is published data rose from an estimated 58% to 59% of those in scope.
- The FHRS/FHIS app for apple and android phones was launched in late July.
- We have continued to ensure that consumers in Scotland and Northern Ireland have the ability to access information relating to nutrition by creating an interim consumer facing website in Scotland, www.eatwellscotland.org and 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> ● In April 2012, the FSA introduced: <ul style="list-style-type: none"> - a strengthened field structure for delivery official controls for meat within Great Britain to facilitate effective, risk-based and proportionate regulation and enforcement, and provide a robust platform for future delivery. - Improved SLA arrangements focusing on outcomes and value for money across UK. - New contracts for the supply of contracted Official Veterinarians and Meat Hygiene Inspectors in meat establishments.

Highlights of our activities and performance in 2012/13

As part of these changes, FSA inspectors took on responsibility for delivery of official controls for milk production hygiene in England and Wales, and shellfish sampling three areas of Scotland (Dumfries and Galloway, North and South Ayrshire)

- 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.
- 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 protection of animal welfare prior to and during slaughter and killing is one of the key functions of the FSA in approved slaughterhouses in Great Britain, with the FSA carrying out this work on behalf of Defra and the Welsh and Scottish Governments. During 2011/12, we worked with Agriculture Departments to prepare for Regulation (EC) 1099/2009 on the protection of animals at the time of killing coming into force across Europe in January 2013. The EU regulation replaced Directive 93/119/EC. New domestic regulations are available in Scotland and are being introduced in England and Wales during 2013/14.

Highlights of our activities and performance in 2012/13

- 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.
- 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.
- At its meeting in November 2012, the FSA Board agreed a range of actions to improve local authority delivery of feed controls following recommendations made by the FSA team reviewing the UK local authority feed controls. The priority work agreed is scheduled for delivery April 2014
- 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 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 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.

Formal enforcement action

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

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

Formal and informal enforcement action taken during 2012/13

Formal action	Number of notices 1 April 2011 to 31 March 2012	Number of notices 1 April 2012 to 31 March 2013
Hygiene Emergency Prohibition Notice , served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006, giving an food business operator a day's notice of the intention to apply to a court for the granting of a Hygiene Emergency Prohibition Order which would result in an immediate cessation of business	Nil	Nil
Hygiene Improvement Notice served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	182	388
Remedial Action Notice served under the Food Hygiene (England) (Scotland) (Wales) Regulations 2006	96	232

Informal action	Number of warnings 1 April 2011 to 31 March 2013	Number of warnings 1 April 2012 to 31 March 2013
Written warning	1,991	3,234

Prosecutions

Following an investigation referral, prosecutions are taken by the relevant enforcement authority. In England and Wales, they are taken by the FSA except in animal welfare and some animal by-product and TSE cases where Defra or the Welsh Assembly Government is the prosecuting authority. In Scotland, the prosecutor is the relevant Procurator Fiscal. In 2012/13, the Investigations Branch accepted 135 referrals from Operations Group for investigation with a view to prosecution.

The timescales for prosecutions means that it is rare for a case to progress from referral to a final court hearing within the same reporting year. Therefore, many of the referrals investigated in 2012/13 have yet to be concluded, while some investigations undertaken in 2013/2012 were finalised in 2012/13.

Complaints to the Parliamentary Ombudsman

Complaints to the Parliamentary Ombudsman from members of the public must be made via a Member of Parliament. During 2011-12, the latest year for which statistics are available⁸, the Ombudsman received six complaints about the Food Standards Agency. Of these, one was accepted by the Ombudsman for formal investigation. The Ombudsman found in the FSA's favour.

The Ombudsman does not accept complaints where the complainant has not first used the complaints process of the public body concerned. In other cases, the Ombudsman may conclude that, after an initial assessment, there is no case to answer. This may account for the remaining five cases that the Ombudsman received about the FSA.

The FSA aims to resolve any complaints quickly as close as possible to the point of service. If, however, a complainant is not satisfied with the response received from the FSA, he or she can make a formal complaint, using the FSA's two-stage complaints process. Information on how to complain is set out on the FSA's website <http://www.food.gov.uk/about-us/data-and-policies/fsacomplaintsprocedure>. In the first instance, complaints should be sent to the FSA's complaints co-ordinator at openness.team@foodstandards.gsi.gov.uk.

At the first stage, formal complaints are generally investigated by the complaints co-ordinator. The FSA received twelve formal complaints from members of the public and food businesses regulated by the FSA during 2012-13. The complaints ranged from failure to respond to correspondence within our service standard to criticism of enforcement decisions or the level of service provided at meat plants. Of these complaints, two were dismissed, 5 were upheld and 5 were partially upheld.

Three of the complaints received during 2012-13 have to date progressed to stage two of the FSA's procedure, which is usually a referral to the FSA's Chief Executive. Two complaints have been upheld and one has been dismissed.

⁸ Responsive and Accountable? Statistical report on complaint handling by government departments and public organisations 2011-12, Parliamentary and Health Service Ombudsman, Dec 2012 http://www.ombudsman.org.uk/_data/assets/pdf_file/0005/19517/FINAL_Parliamentary_stats_supplement_2012.pdf

Directors' report

The FSA is a non-Ministerial Government Department. Staff are accountable through a Chief Executive to the Board, rather than directly to Ministers. The Board consists of a Chair, Deputy Chair and up to 12 members. The Chair and Deputy Chair were appointed by the Secretary of State for Health, Scottish Ministers, the National Assembly for Wales and Minister for Health, Social Services and Public Safety in NI on behalf of that Department. Two of the Board members are appointed by Scottish Ministers, one by 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.

FSA advisory committees

During the year, the membership of the food advisory committees was:

Northern Ireland

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

Scotland

Dr James Wildgoose	Chair
Liz Breckenridge	Deputy Chair (from 1 July 2012)
Dr Carrie Ruxton	
Dr Lesley Stanley	
Christopher Trotter	(until 14 March 2013)
Bernard Forteach	
Andrew Murphy	
Alison Jones	
Professor William McKelvey	

Wales

John Spence	Chair
Kate Hovers	
Katie Palmer	Until 30 June 2012
Dr Louise Fielding	
Steve Bolchover	
Derek Morgan	
Dr Hugh Jones	
Susan Jones	

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	

Management commentary

Directors' report – business review

The following management commentary discloses the matters required to be disclosed in the business review under section 417 of the Companies Act 1968.

Preparation of accounts

The Consolidated Resource Accounts have been prepared in accordance with the direction given by HM Treasury. They are presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000. The costs of FSA offices in Scotland, Wales, and Northern Ireland are funded through the relevant devolved authority.

Supplier payment policy

It is FSA policy to pay all invoices not in dispute within five days of receipt. During 2012/13, 86% of all invoices were paid within this target. The policy is likely to remain the same for 2013/14.

Off-payroll engagements

The FSA 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.

Monitoring spending on consultancy and temporary staff

Consultancy spend in 2012/13 was £41k relating to 6 suppliers with the greatest spend by one supplier being £13k.

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

Sustainable development (SD) is taken into account in FSA policy through the Government mandated Impact Assessment (IA) process. This includes rural proofing, assessing the impact on nature, specific effects on small and medium sized enterprises and the potential to influence and mitigate against climate change. We consider equality and diversity aspects as a matter of course. Stakeholders are engaged throughout the policy making process.

The FSA uses the Green Book supplementary guidance on valuing environmental impacts of policy interventions and measures. IAs are monitored by a dedicated team to ensure sustainable development is taken into account.

A relevant example from the last year was the lifting of restrictions on sheep movements after controls were introduced following the Chernobyl nuclear accident. This lifted burdens from upland sheep farms which are generally micro-businesses, with positive effects on the rural economy.

We continue to monitor potential impacts our work may have on climate change. We also identify when we may need to adapt to climate change. The pattern of foodborne infections may be affected by climate change and we scan for emerging risks. We have focussed climate and environmental change work as part of the National Adaptation Plan in collaboration with other departments and agencies. The FSA is also developing horizon scanning in partnership with others at the Centre for Environmental Risks and Futures and Cranfield University.

Sustainability reports – England*

During 2012-13, we have had awareness campaigns covering recycling, paper reduction, travel awareness, water awareness and carbon awareness. We have managed to reduce our water consumption this year. We also launched a dedicated Greening information page on our intranet for staff.

Greenhouse gas emissions				
Scope 2 (Indirect)	2009-10	2010-11	2011-12	2012-13
Non Financial indicators				
Electricity (kwh)	2,703,310	2,783,849	2,428,307	2,487,081
Gas (kwh)	1,074,955	1,070,899	583,119	803,468
Total energy consumption (kwh)	3,778,265	3,854,748	3,011,426	3,290,549

Financial indicators (£)	2009-10	2010-11	2011-12	2012-13
Total energy expenditure	364,099	267,299	281,062	307,962
Carbon Reduction Commitment (CRC) expenditure	–	2,240	1,290	27,324

Scope 3** (Indirect)	2009-10	2010-11	2011-12	2012-13
Non Financial indicators				
Air (kms)	1,813,843	1,624,090	1,257,886	1,558,266
Road (Miles)	295,729	415,282	334,171	390,283
Rail (Miles)	–	1,524,443	1,854,442	1,794,855

Financial indicators (£)	2009-10	2010-11	2011-12	2012-13
Air	-	-	227,447	294,344
Road	-	-	950,228	1,151,843
Rail	-	-	678,433	752,491
Government Carbon Offsetting Facility (GCOF) Expenditure ¹	5,001	2,335	197	
CO ₂ e Tonnes				
Total energy	1,669	1,868	1,384	1,455
Air	53	54	41	58
Road	18	27	20	25
Rail	-	20	24	26
Total (CO₂e Tonnes)				
Scope 2 + Scope 3	1,740	1,969	1,469	1,564

* Data relates to FSA Headquarters in England only. Data for office in York accounted for by Defra.

** UK wide data.

Waste²	2012-13
Non Financial indicators (Tonnes)	
ICT waste recycled externally	0
ICT waste reused externally	0
Waste recycled externally	20
Waste incinerated with energy recovery	14
Waste incinerated without energy recovery	1
Waste to landfill	0
Total waste	35

Financial indicators (£)	2012-13
Total waste expenditure	3,262

Water				
Non Financial indicators (m³)	2009-10	2010-11	2011-12	2012-13
Total water consumption	8,275	8,121	5,448	4,428
Total water consumption per FTEs	15	22	15	13
Benchmark	Poor practice = > 6 m3/ FTE	Poor practice = > 6 m3/ FTE	Poor practice = > 6 m3/ FTE	Poor practice = > 6 m3/ FTE

Financial indicators (£)	2009-10	2010-11	2011-12	2012-13
Water expenditure	13,023	16,776	9,823	6,295

1 12/13 figure not yet known as paid retrospectively

2 NB we rebaselined in 2012/13 due to a new system for collecting waste

Sustainability reports – Northern Ireland*

Greenhouse gas emissions				
Non Financial indicators	2009-10	2010-11	2011-12	2012-13
Scope 2				
Total energy consumption (KWH)	143,877	176,311	162,710	123,435
Financial indicators (£)				
Total energy expenditure	130,49.55	97,06.65	98,78.88	117,58.5

Waste				
Non Financial indicators (Tonnes)	2009-10	2010-11	2011-12	2012-13
Recycled/reused waste	6.2	6.3	5.086	2.6
Landfill	0.6	0.75	0.8	0.8
Waste incinerated	0	0	0	0
Confidential waste	0	0	0.167	0.761
Total waste	6.8	7.05	6.053	4.161

Financial indicators (£)	2009-10	2010-11	2011-12	2012-13
Total waste expenditure	1125.69	1669.27	1046.6	1042.14

Water	2009-10	2010-11	2011-12	2012-13
Non Financial indicators (m³)				
Total water consumption	191	157	155	145
Financial indicators (£)				
Water expenditure	657.12	638.58	662	721.93

The FSA takes the Greening Government Commitments very seriously. In March 2013, FSA senior management renewed the FSA's commitment to the Greening targets. We have installed new printers which should allow for better monitoring. We will be able to run reports and target business areas where there is high usage. Our biggest challenge is the roll-out of lap tops to all staff during Spring 2013 as we move to a hot desk system. New guidelines will remind staff to print only when absolutely necessary and encourage staff to take their lap tops to meetings thus removing the need to print out documents. We will also be looking to reduce our domestic flights and improve our video conferencing facilities.

Forward commitments to improve performance.

The FSA intends to continue to support staff with information and training to ensure SD is taken into account in all that we do. From April 2013 we will be introducing the Civil Service competency framework. The framework comprises 10 competencies, 3 of which reflect sustainable behaviours (seeing the big picture, making effective decisions and achieving commercial outcomes).

Social and community Issues

A revised guidance note on volunteering was issued in November 2012. This sought to encourage teams to think about how they might use volunteering activities for team building. It allows an employee who has participated in a volunteering activity as part of the team building event to also apply for special leave to support personal statutory volunteering commitments.

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 million⁹. 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 businesses¹⁰. 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.

⁹ 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.

¹⁰ Businesses with fewer than ten full-time equivalent employees and businesses commencing a trade, profession or vocation on or after 1 April 2011.

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.

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 sectors¹¹; 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.

¹¹ 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.

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 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 website.¹²

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 programme¹³ 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

¹² <http://discuss.bis.gov.uk/focusonenforcement/food-review-findings/>

¹³ <http://www.food.gov.uk/news-updates/consultations-england/2012/radioactivity-consult>

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.

Health and Safety Reporting

Within the reporting year the FSA worked on a number of key health and safety objectives. This included the development of eLearning materials on 'musculoskeletal disorders and meat inspection' and 'wellbeing, resilience and stress'. In addition we introduced a new reporting regime for bullying and harassment and we undertook one of our largest ever programmes of health and safety training which will eventually see over 70 operational managers and supervisors trained to IOSH Managing Safely standard.

The risks faced by our meat inspection teams continued to dominate the work of our specialist health and safety resource. This included ergonomic risk assessments (using the HSE's Assessment of Repetitive Task tool), slips/trips and noise at work all of which are challenges made greater through our working within third party premises. Risk assessments and working procedures were also developed to support the new delivery model for Dairy Hygiene and Shellfish Sampling.

Throughout the year we saw levels of lost time due to work-related injury or ill health fluctuate around the record low levels recorded in 2011 / 12 with the profile being dominated by a small number of complex long term sickness cases all of which remained under active management.

RIDDOR (Reportable Incidents, Diseases and Dangerous Occurrences) 2011 / 12 – 2012 / 13

RIDDOR Category	11/12	12/13
Fatal	0	0
Major	2	2
>7 day	15	5
Disease	1	2
Dangerous Occurrence	0	0
Total	18	9

Health and Safety Strategic Targets

In 2011/12 the FSA introduced three strategic health and safety performance targets:

Per annum, maintain or improve upon the average percentage of lost time due to work-related injury and illness recorded over the eight quarter periods April 2009-March 2011 (7.1%). This target reflects our ambition to at least maintain, and if not improve upon, the record low levels

of lost time recorded within the reference period. Last year we reported a performance of 6.9%. This year, for the four quarters ending March 2013 we returned a level of 9.45% although in the second half of the year the return was 5.4%.

By March 2014 achieve an annual 'RIDDOR Incidence rate' of 950.00. Last year we reported a performance of 1257.00. For the year ending March 2013 the incidence rate was 693.00 (924.00 when adjusted for changes to RIDDOR and the introduction of >7 day reporting).

By March 2014 achieve an annual 'work-related ill health incidence rate' of 800.00. Last year we reported a performance of 698.00. For the year ending March 2013 this incidence rate was 462.00.

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'. Given the theme and the link to the waste reduction agenda the FSA partnered with the 'Love food hate waste' campaign run by WRAP on behalf of Defra to deliver the week. 136 organisations participated in the week which was a 26% increase on the year before and generated a tenfold increase in news coverage from the previous year. The budget for the week was £33,000.

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.

Details of sponsorship agreements over £5,000

No sponsorship agreements have been undertaken during 12/13.

*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.

Financial Review

Resource Spend in 2012/13

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

	Estimate	2012/13 Net Operating Cost
	£m	£m
Total Westminster Funded FSA	117.9	90.0
FSA in Scotland	9.9	8.7
FSA in Wales	3.2	2.9
FSA in Northern Ireland	8.4	8.1
Total FSA	139.4	109.7

The comparative figures for 2011/12 are shown below:

	Estimate	2011/12 Net Operating Cost
	£m	£m
Total Westminster Funded FSA	122.1	89.0
FSA in Scotland	10.1	9.5
FSA in Wales	3.2	2.9
FSA in Northern Ireland	8.6	8.2
Total FSA	144.0	109.6

The net cost of the FSA was £109.7m against available funding of £139.4m to 31 March 2013.

Total net expenditure was 21% lower than Estimate by £29.7m. The Westminster Funded FSA saving of £27.9m is due largely to an underspend of £25.3m programme expenditure through restrictions on advertising campaigns and publicity, reduced staff available for project management and lower than expected provision creation. There was a £2.6m administration saving on staff costs and the reclassification of IT costs to capital.

Reconciliation of resource expenditure

Reconciliation of resource expenditure between Estimates, Accounts, and Budgets (Westminster only)

	£000 2011/12	£000 2012/13
Net Resource Outturn (Estimates)	92,127	89,973
<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)	92,127	89,973
<i>Adjustments to remove:</i>		
Capital grants to local authorities	–	–
Capital grants financed from the Capital Modernisation Fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	–	–
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	–	–
Resource consumption of non departmental public bodies	–	–
Unallocated resource provision	–	–
Other adjustments	–	–
Resource Budget Outturn (Budget)	92,127	89,973
<i>of which</i>		
Departmental Expenditure Limits (DEL)	112,176	107,945
Annually Managed Expenditure (AME)	9,953	9,953

Reconciliation of resource expenditure between Estimates, Accounts, and Budgets (Northern Ireland only)

	£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	–	–
<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)	8,201	8,146
<i>of which</i>		
Departmental Expenditure Limits (DEL)	8,634	8,367
Annually Managed Expenditure (AME)	–	–

Departmental Core Tables – FSA Westminster only

The following five tables are included in the Annual Report and Consolidated Accounts from 2011/12. They are designed to allow users to review financial performance over past and future periods and currently provide information up until the end of the new Spending Review period. Tables are consistent in their presentation across government departments and allow users to make comparisons.

Table 1: Total departmental spending

£000

	2008/09 Outturn	2009/10 Outturn	2010/11 Outturn	2011/12 Outturn	2012/13 Plans	2013/14 Plans	2014/15 Plans
Resource DEL							
Section A: Food Standards Agency Westminster (DEL) ⁵	124,165	117,498	85,557	88,141	88,731	100,614	95,050
Total Resource DEL	124,165	117,498	85,557	88,141	88,731	100,614	95,050
Resource AME							
Section B: Food Standards Agency Westminster (AME) ⁴	391	3,012	(12,800)	848	1,242	9,953	9,953
Total Resource AME	391	3,012	(12,800)	848	1,242	9,953	9,953
<i>Of which:</i>							
Take up of provisions	2405	3,931	(10,183)	3,856	4,074	12,530	12,530
Release of provisions	(2,014)	(919)	(2,617)	(3,008)	(2,835)	(2,577)	(2,577)
Other resource	-	-	-	-	-	-	-
Total Resource Budget	124,556	120,510	72,757	88,989	89,973	110,567	105,003
<i>Of which:</i>							
Depreciation ¹	1,244	1,382	1,208	1,133	724	810	702
Capital DEL							
Food Standards Agency Westminster (DEL)	1,538	421	70	974	986	279	353
Total Capital DEL	1,538	421	70	974	986	279	353
<i>Of which:</i>							
Purchase of assets	1,538	421	70	991	1,458	279	353
Income from sales of assets	-	-	-	(17)	(472)	-	-
Total Capital Budget	1,538	421	70	974	986	279	353
Total departmental spending⁵	124,850	119,549	71,619	88,830	90,235	110,036	104,654
<i>Of which:</i>							
Total DEL	124,459	116,537	84,419	87,982	88,993	100,083	94,701
Total AME	391	3,012	(12,800)	848	1,242	9,953	9,953

1 Includes impairments.

2 Pension schemes report under IAS 19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

- 3 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME..
- 4 In 2010-11 there was an exceptional one-off credit in Resource AME of (£17,075k) relating to a change in the accounting treatment for Pension upratings from retail price index to consumer price index.
- 5 In 2011-12 there was an exceptional one-off credit in the administration DEL outturn of (£3,695k) relating to a change in the accounting treatment of the commercial lease on the FSA office at Aviation House in London.

Total Resource DEL has been steadily decreasing since 2008/09 with a significant reduction in 2010/11 mainly due to government spending restrictions on advertising campaigns/publicity and reduced staff levels available for supporting Science and Evidence research projects. In 2011-12 there was an exceptional one-off credit in the Administration DEL Outturn of (£3,695k) relating to a change in the accounting treatment of the commercial lease on the FSA office at Aviation House in London. Total resource DEL for 12/13 has reduced from the previous year, taking into account the exceptional item in 11/12.

Staff costs have reduced from 11/12 to 12/13 by £2,309k reflecting recruitment constraints and efficiencies in line with the Spending Review administration budget pressures.

Purchase of goods and services in 12/13 has remained constant when adjusted for the one off (£3,695k) credit in 11/12.

Total Resource AME significantly fluctuates over the Spending Review period. This reflects the introduction of the Clear Line of Sight initiative and its implications for reporting provisions. However 2012-13 results are consistent with 2011-12. Future plans periods take into account the volatile nature of the FSA provisions particularly the LGPS pension deficit which is reported in accordance with actuarial valuations under the accounting standard IAS19, and in addition reflect the future uncertainty in creation of provisions.

Capital DEL has reduced significantly in 2012/13 due to a review of the fixed assets policy and subsequent disposals. Income from sale of assets/loss on disposal of (£472k) was reported against the purchase of assets figure of £1,458k. Both financial years reported significant investment in IT infrastructure in order to facilitate the transition to an outsourced IT service provider which will generate resource savings in future years across the Agency and to invest in IT infrastructure required to deliver improved value for money as a science and evidence based organisation. In 11/12 £0.8m and 12/13 £1.1m additional Capital DEL budget switches to Capital were completed at the Supplementary Estimate round, subsequent plans periods do not accurately reflect the IT investment needs of the FSA and potential budget switches would be required in future.

Table 2: Total departmental spending

	£000		
	2012/13 Original Provision	2012/13 Supplementary estimate	2012/13 Final outturn
Resource DEL			
Section A: Food Standards Agency Westminster (DEL)	109,045	107,945	88,731
Total Resource DEL¹	109,045	107,945	88,731
Resource AME			
Section B: Food Standards Agency Westminster (AME)	9,953	9,953	1,242
Total Resource AME	9,953	9,953	1,242
<i>Of which:</i>			
Take up of provisions	12,530	12,530	4,074
Release of provisions	(2,577)	(2,577)	(2,835)
Total Resource Budget	118,998	117,898	89,973
<i>Of which:</i>			
Depreciation ²	810	810	724
Capital DEL			
Section A: Food Standards Agency Westminster (DEL)	310	1,410	986
Total Capital DEL	310	1,410	986
<i>Of which:</i>			
Net capital procurement ³	310	1,410	986
Total Capital Budget	310	1,410	986
Total departmental spending⁴	118,498	118,498	90,235
Of Which			
Total DEL	108,545	108,545	88,993
Total AME	9,953	9,953	1,242

1 Net of income from sales of goods and services.

2 Includes impairments.

3 Expenditure on tangible and intangible fixed assets net of sales.

4 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Table 3 Westminster Statement of Financial Position

Assets and liabilities on the statement of financial position at end of year:	2008–09 outturn	2009–10 outturn	2010–11 outturn	2011–12 outturn	2012–13 outturn	2013–14 plans	2014–15 plans
Assets							
Non-current assets							
Intangible	813	1,276	858	966	807	486	423
Property, Plant and Equipment							
of which:							
Land and buildings							
Plant and machinery							
Fixtures and Fittings inc IT assets	3,651	2,129	1,408	1,158	1,578	1,415	1,213
Investments	0	0	0	0	0	0	0
Current assets	14,470	18,264	14,595	14,038	21,783	21,336	21,336
Liabilities							
Current (<1 year)	(26,477)	(32,078)	(17,815)	(20,146)	(30,987)	(30,987)	(30,987)
Non-current (>1 year)	(14,685)	(15,172)	(15,475)	(11,001)	(9,762)	(8,523)	(7,284)
Provisions	(48,488)	(107,268)	(51,523)	(81,277)	(85,648)	(85,648)	(85,648)
Total Capital Employed	(70,716)	(132,849)	(67,952)	(96,262)	(102,229)	(101,921)	(100,947)

Note – Significant movement on Provisions is due to the LPFA pension deficit volatility which is reported in accordance with actuarial valuations under IAS 19. Plans period assumes no movement due to uncertainty in future balances.

Table 4: Administration budget

	£000						
	2008/09 Outturn	2009/10 Outturn	2010/11 Outturn	2011/12 Outturn	2012/13 Outturn	2013/14 Plans	2014/15 Plans
Section A: Food Standards Agency Westminster (DEL)	45,219	45,647	45,575	39,181	40,315	38,916	35,911
Total administration budget	45,219	45,647	45,575	39,181	40,315	38,916	35,911
<i>Of which:</i>							
Expenditure	44,706	47,215	48,976	43,847	44,569	43,731	40,858
Income	513	(1,568)	(3,401)	(4,666)	(4,254)	(4,815)	(4,947)

Adjusted FSA administration budget – Westminster

	£000						
Adjustment (MHS admin cost)	9,411	9,500	-	-	-	-	-
Aviation House Lease adjustment				3,695			
Total administration budget adjusted	54,630	55,147	45,575	42,876	40,315	38,916	35,911

Administration costs have decreased in 2012-13 after allowing for the exceptional one-off credit in the Administration DEL Outturn of (£3,695k) in 2011-12. This relates to a change in the accounting treatment of the commercial lease on the FSA office at Aviation House, London.

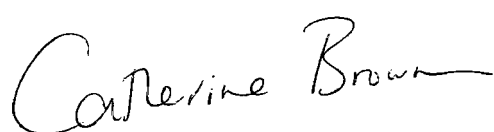
Staff costs have decreased following a reduction in average posts of 54, of which 31 relate to the outsourcing of the IT function.

Table 5: Staff in post

The average number of whole-time equivalent persons employed were as follows.

	Average number of persons employed				
	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent staff	1,635	1,406	1,276	1,216	1,172
Temporary	518	546	512	484	488
Board	13	12	12	9	10
Total	2,166	1,964	1,800	1,709	1,670

Temporary staff includes agency staff, specialist contractors, casuals and staff on fixed term contracts.



Catherine Brown

Chief Executive
Food Standards Agency
11 July 2013

Going concern

The FSA has significant net liabilities relating to the pension liabilities of staff who are members of the Local Government Pension Scheme (LGPS). The accounts, however, are prepared on a going concern basis since, as a government department, all liabilities are underwritten by the Treasury.

Pensions

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

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

Some employees are members of the LGPS. This is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 1995. It is administered by the London Pension Fund Authority (LPFA), whose financial statements are prepared for the whole LGPS.

Disclosure of Board members' interests

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

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

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

Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with Schedule 4 of the Food Standards Act 1999. The audit fee for all the FSA's accounts for the year was £90,000. 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 6.3 days per employee, compared with 6.3 and 5.9 for the previous two years.

Public sector information

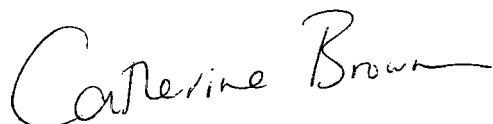
The FSA has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Reporting of personal/sensitive data losses and/or incidents

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

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

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

A handwritten signature in black ink that reads "Catherine Brown". The signature is written in a cursive, flowing style.

Catherine Brown

Chief Executive
Food Standards Agency
11 July 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.

Service contracts for Board members are listed below:

Name	1st Term of Appointment	Duration of 1st Term Contract	2nd Term of Appointment	Duration of 2nd Term of Contract
Lord Jeff Rooker	27 July 2009	4 years	–	–
Dr Ian Reynolds	1 February 2007	4 years	1 February 2011	4 Years, Resigned 19 May 2011
Tim Bennett	1 May 2012	3 years	–	–
John W Spence	1 April 2007	3 years	1 April 2010	3 years
Michael Parker CBE	1 June 2006	3 years	1 June 2009	3 years, left 31 May 2012
Nancy Robson	1 March 2007	2 years	1 March 2009	3 years, 1 month, left 30 March 2012
Clive Grundy	1 February 2008	3 years	1 February 2011	3 years, Resigned 30 November 2012
Margaret Gilmore	1 March 2008	3 years	1 March 2011	3 years
Professor Sue Atkinson CBE	1 February 2008	2 years	1 February 2010	3 years
Dr Henrietta Campbell CB	1 September 2010	3 years	–	–
Dr James Wildgoose	1 March 2011	3 years	–	–
Jeff Halliwell	1 June 2012	3 years	–	–
Liz Breckenridge	1 June 2012	3 years	–	–
Paul Wiles	1 June 2012	3 years	–	–
Sarmila Nebhrajani	1 June 2012	3 years, Resigned 30 November 2012	–	–

Notes

- 1 Tim Bennett previously served as a Board Member from 1 March 2007 to 30 April 2012

Board members may serve a maximum of two terms, and length of term may vary.

All members of the Executive Management Board are permanent members of staff except Tim Smith and Catherine Brown who both have fixed term contracts.

Name	1st Term of Appointment	Duration of 1st Term Contract	2nd Term of Appointment	Duration of 2nd Term of Contract
Tim Smith	17 March 2008	4 years	17 March 2012	7 month extension only
Catherine Brown	16 October 2012	3 years		

There is no provision made for compensation relating to the early termination of any board or executive management team members.

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

Bands		2012-13			2011-12		
		Total Remuneration	Of Which Bonuses	Benefits in Kind	Total Remuneration	Of Which Bonuses	Benefits in Kind
		£5,000	£5,000	£1,000	£5,000	£5,000	£1,000
		(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
Tim Smith	Chief Executive (to October 2012)	90-95	10-15	-	200 - 205	15-20	-
Catherine Brown	Chief Executive (from October 2012)	60-65	-	-	-	-	-
Steve Wearne	Director, FSA Wales	100-105	10-15	-	90 - 95	-	-
Andrew Wadge	Chief Scientist	85-90	5-10	-	80 - 85	-	-
Terrence Collis	Director, Communications (to June 2012)	20-25	-	-	105 - 110	10-15	-
Stephen Humphreys	Director, Communications (from June 2012)	65-70	-	-	-	-	-
Chris Hitchen	Director, Finance, Procurement & IT	80-85	-	-	90-95	10-15	-
Lynne Bywater	Director, Human Resources	70-75	-	-	70 - 75	-	-
Charles Milne	Director, FSA Scotland	95-100	-	-	90 - 95	-	-
Gerry McCurdy	Director, FSA Northern Ireland	80-85	-	-	80 - 85	-	-
Andrew Rhodes	Director, Operations	110-115	-	-	120 - 125	10-15	-
Alison Gleadle	Director, Food Safety Group	95-100	-	-	95 - 100	-	-
Rod Ainsworth	Director, Legal, International, Regulation & Audit	110-115	-	-	110 - 115	-	-

	2012-13	2011-12
Band of Highest Paid Director's Total Remuneration	140-145	200 - 205
Median Total Remuneration	32	32
Ratio	4.45	6.63

Notes

- 1 Tim Smith's pay was capped in line with Cabinet Office rules in 2012/13 when he agreed a new contract to cover the recruitment period for the new CEO.
- 2 All starter and leaver salaries are shown for their actual periods of employment. The corresponding full year equivalent was £140-145K for Tim Smith, £140-145K for Catherine Brown, £95-100K for Terrance Collis and £80-85 for Stephen Humphreys.

Food Standards Agency Board

<i>Bands</i>		2012-13		2011-12	
		Total Remuneration £5,000 (£000)	Benefits in Kind £1,000 (£000)	Total Remuneration £5,000 (£000)	Benefits in Kind £1,000 (£000)
Lord Jeff Rooker	Chair	50-55	-	50 - 55	0.6
Dr Ian Reynolds	Deputy Chair (to 19 May 2011)	-	-	65 - 70	0.2
Tim Bennett	Deputy Chair (from 1 May 2012)	20-25	-	15 - 20	5.1
John W Spence		20-25	-	25 - 30	1.6
Michael Parker CBE	(to 31 May 2012)	0-5	-	10 - 15	0.2
Nancy Robson	(to 31 March 2012)	-	-	10 - 15	7.1
Clive Grundy	(to 30 November 2012)	5-10	-	10 - 15	1.3
Margaret Gilmore		10-15	-	10 - 15	1.5
Professor Sue Atkinson CBE		5-10	-	10 - 15	-
Dr David Cameron	(to 31 August 2011)	-	-	10 - 15	2.0
Dr Henrietta Campbell CB		25-30	-	20 - 25	4.2
Dr James Wildgoose		20-25	-	20 - 25	5.1
Jeff Halliwell	(from 1 June 2012)	5-10	-	-	-
Liz Breckenridge	(from 1 June 2012)	10-15	-	-	-
Paul Wiles	(from 1 June 2012)	5-10	-	-	-
Sharmila Nebhrajani	(from 1 June 2012 to 30 November 2012)	5-10	-	-	-

Notes

- 1 All starter and leaver salaries are shown for their actual period of employment. The corresponding full year equivalents was £40-45K for Ian Reynolds, £10-15K for Clive Grundy, £10-15K for Michael Parker, £10-15K for Jeff Halliwell, £10-15K for Liz Breckenridge, £10-15K for Paul Wiles and £10-15K for Sharmila Nebhrajani.

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 Team**

		2012-13					
Bands		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
		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Tim Smith	Chief Executive (to October 2012)	0-2.5	15-20	-	273	270	3
Catherine Brown	Chief Executive (from October 2012)	0-2.5	15-20	-	178	171	(2)
Steve Wearne	Director, FSA Wales	0-2.5	25-30	75-80	414	384	6
Andrew Wadge	Chief Scientist	0-2.5	40-45	130-135	914	867	(2)
Terrence Collis*	Director, Communications (to June 2012)	0-2.5	10-15	-	200	184	15
Stephen Humphreys	Director, Communications (from June 2012)	0-2.5	10-15	-	193	170	12
Chris Hitchen	Director, Finance, Procurement & IT	0-2.5	5-10	-	64	43	12
Lynne Bywater	Director, Human Resources	0-2.5	10-15	-	125	96	14
Charles Milne	Director, FSA Scotland	2.5-5	35-40	105-110	644	555	57
Gerry McCurdy	Director, FSA Northern Ireland	0-2.5	35-40	115-120	878	830	1
Andrew Rhodes*	Director, Operations	0-2.5	10-15	-	133	112	9
Alison Gleadle	Director, Food Safety Group	0-2.5	20-25	65-70	350	322	7
Rod Ainsworth	Director, Legal, International, Regulation & Audit	0-2.5	5-10	-	108	70	26

* As Premium PCSPS Scheme members, staff can choose, within a predetermined range, how their accumulated pension benefits are split between lump sum and annual pension.

** 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)
Tim Smith	Chief Executive (to June 2012)	2.5 – 5	15 – 20	–	192	139	35
Catherine Brown	Chief Executive (from June 2012)	–	–	–	–	–	–
Steve Wearne	Director, FSA Wales	(0 – 2.5)	25 – 30	75 – 80	393	364	(3)
Andrew Wadge	Chief Scientist	5 – 7.5	40 – 45	130 – 135	867	685	12
Terrence Collis	Director, Communications (to June 2012)	0 – 2.5	5 – 10	–	178	138	26
Stephen Humphreys	Director, Communications (from June 2012)	–	–	–	–	–	–
Chris Hitchen	Director, Finance, Procurement & IT	0 – 2.5	0 – 5	–	25	13	7
Lynne Bywater	Director, Human Resources	0 – 2.5	5 – 10	–	57	42	11
Charles Milne	Director, FSA Scotland	(0 – 2.5)	30 – 35	95 – 100	556	516	(8)
Gerry McCurdy	Director, FSA Northern Ireland	(0 – 2.5)	35 – 40	110 – 115	830	783	(20)
Andrew Rhodes	Director, Operations	2.5 – 5	10 – 15	–	112	81	21
Alison Gleadle	Director, Food Safety Group	0 – 2.5	20 – 25	60 – 65	322	277	21
Rod Ainsworth	Director, Legal, International, Regulation & Audit	0 – 2.5	0 – 5	–	49	24	20

Food Standards Agency Board

		2012-13				
		Accrued pension and related lump sum at age 60 31 March 2013	Real increase in pension and related lump sum at age 60 31 March 2013	CETV at 31 March 2013	CETV at 31 March 2012*	Real increase in CETV
<i>Bands</i>		£5,000 (£'000)	£2,500 (£'000)	(£'000)	(£'000)	(£'000)
Lord Jeff Rooker	Chair	-	-	-	-	-
Dr Ian Reynolds	Deputy Chair (to 19 May 2011)	-	-	-	-	-
Tim Bennett	Deputy Chair (from 1 May 2012)	-	-	-	-	-
John W Spence		0-5	0-2.5	49	42	6
Michael Parker CBE		-	-	-	-	-
Nancy Robson		-	-	-	-	-
Clive Grundy		-	-	-	-	-
Margaret Gilmore		-	-	-	-	-
Professor Sue Atkinson CBE		-	-	-	-	-
Dr David Cameron	(to 31 August 2011)	-	-	-	-	-
Dr Henrietta Campbell CB		-	-	-	-	-
Dr James Wildgoose		-	-	-	-	-
Jeff Halliwell	(from 1 June 2012)	-	-	-	-	-
Liz Breckenridge	(from 1 June 2012)	-	-	-	-	-
Paul Wiles	(from 1 June 2012)	-	-	-	-	-
Sharmila Nabhrajani	(from 2 June to 30 November 2012)	-	-	-	-	-

		2011-12				
<i>Bands</i>		Accrued pension and related lump sum at age 60 31 March 2012	Real increase in pension and related lump sum at age 60 31 March 2012	CETV at 31 March 2012	CETV at 31 March 2011	Real increase in CETV
		£5,000 (£'000)	£2,500 (£'000)	(£'000)	(£'000)	(£'000)
Lord Jeff Rooker	Chair	-	-	-	-	-
Dr Ian Reynolds	Deputy Chair (to 19 May 2011)	0 - 5	0 - 2.5	86	84	1
Tim Bennett	Deputy Chair (from 1 May 2012)	-	-	-	-	-
John W Spence		0 - 5	0 - 2.5	42	30	9
Michael Parker CBE		-	-	-	-	-
Nancy Robson		-	-	-	-	-
Clive Grundy		-	-	-	-	-
Margaret Gilmore		-	-	-	-	-
Professor Sue Atkinson CBE		-	-	-	-	-
Dr David Cameron		-	-	-	-	-
Dr Henrietta Campbell CB		-	-	-	-	-
Dr James Wildgoose		-	-	-	-	-
Jeff Halliwell	(from 1 June 2012)	-	-	-	-	-
Liz Breckenridge	(from 1 June 2012)	-	-	-	-	-
Paul Wiles	(from 1 June 2012)	-	-	-	-	-
Sarmila Nebhrajani	(from 1 June 2012 to 30 November 2012)	-	-	-	-	-

Notes

1. The closing CETV quoted in respect of Ian Reynolds is to his date of leaving – 19/05/11

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 updated 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

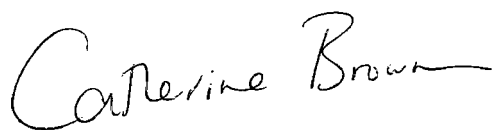
Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Food Standards Agency in the financial year 2012-13 was £140-145k (2011-12 was £200-205k). This was 4.45 times (2011-12, 6.63) the median remuneration of the workforce, which was £32k (2011-12, £32k).

Remuneration ranged from £15k to £140k (2011-12 £10-£123k)

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.

During 2012/13 there was a change of Chief Executive which has reduced the remuneration level of the highest paid director and thereby reduced the ratio between the highest paid director and the median paid staff.



Catherine Brown

Chief Executive
Food Standards Agency
11 July 2013

Statement of Accounting Officer's responsibilities

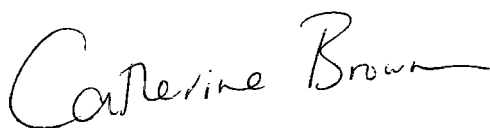
Under section 5(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the Food Standards Agency (FSA) to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the FSA and of its net resource outturn, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

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

observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

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



Catherine Brown

Chief Executive
Food Standards Agency
11 July 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 1999¹⁴ 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 Code¹⁵ 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

¹⁴ <http://www.legislation.gov.uk/ukpga/1999/28/contents>

¹⁵ 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 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 and a summary of its findings are available at (LINK)

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. .

FSA Capability Review

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 years, Directors agree to operate an adequate system of internal controls over a budget delegation received from me as Accounting Officer, including forecasting, managing risk and ensuring adequate segregation of duties. As part of the year end process Directors complete an assurance statement setting out how an effective system of internal controls has been maintained 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.

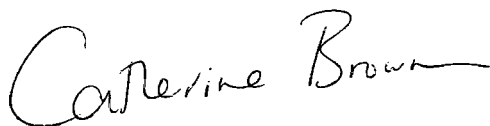
Looking ahead to 2013/14 & Beyond

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
Food Standards Agency
11 July 2013

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Food Standards Agency (Consolidated) for the year ended 31 March 2013 under the Food Standards Act 1999. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Food Standards Agency (Consolidated) 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 expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament, and the financial transactions recorded in the financial statements conform to, the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament, and the financial transactions recorded in the financial statements conform to, the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department'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 HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Food Standards Act 1999; and
- the information given in the Directors' Report, Details of Board Members and Directors and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

Date 12 July 2013

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

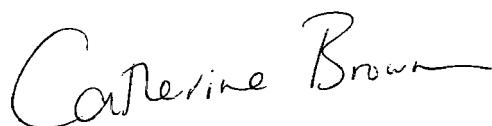
Consolidated Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

		2012-13			2011-12
	Note	Staff Costs	Other Costs	Income	
Administration Costs:					
Staff costs	2	28,340	-	-	30,353
Other administration costs	3	-	24,189	-	21,023
Operating income	5	-	-	(4,256)	(4,665)
Programme Costs					
Staff Costs	2	51,900	-	-	51,877
Other costs	4	-	47,811	-	48,219
Income	5	-	-	(38,325)	(37,153)
Totals		80,240	72,000	(42,581)	109,654
Net Operating Cost for the year ended 31 March 2013				109,659	109,654
Total expenditure				152,240	151,472
Total income				(42,581)	(41,818)
Net Operating Cost for the year ended 31 March 2013				109,659	109,654
Other Comprehensive Net Expenditure					
Actuarial (gain)/loss	12			3,567	29,745
Total comprehensive expenditure for the year ended 31 March 2012				113,226	139,399

All income and expenditure are derived from continuing operations.

The C&AG's audit opinion on regularity on the Westminster account is qualified due to an excess vote.



Catherine Brown

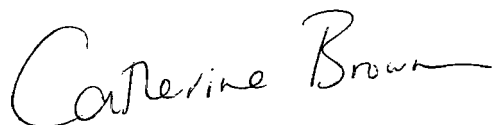
Chief Executive
Food Standards Agency
11 July 2013

The notes on pages 72 to 102 form part of these accounts

Consolidated Statement of Financial Position

For the year ended 31 March 2013

	Notes	2012-13 £000	2011-12 £000
Non-current assets			
Property, plant and equipment	6	1,789	1,480
Intangible assets	7	1,212	1,020
Total non-current assets		3,001	2,500
Current assets			
Trade and other receivables	9	6,125	5,298
Other current assets	9	7,362	7,794
Cash and cash equivalents	10	11,153	3,223
Total current assets		24,640	16,315
Total assets		27,641	18,815
Current Liabilities			
Trade and other payables	11	(5,328)	(3,761)
Provisions	12	(1,567)	(1,134)
Other Liabilities	11	(28,805)	(18,862)
Total current liabilities		(35,700)	(23,757)
Non-current assets plus/less net current assets/liabilities		(8,059)	(4,942)
Non-current liabilities			
Net pension liability	12	(80,345)	(75,697)
Other provisions	12	(5,542)	(5,747)
Other payables	11	(9,762)	(11,001)
Total non-current liabilities		(95,649)	(92,445)
Total Assets less liabilities		(103,708)	(97,387)
Taxpayers' equity and other reserves			
General fund		(103,708)	(97,387)
Total taxpayers' equity		(103,708)	(97,387)



Catherine Brown

Chief Executive
Food Standards Agency
11 July 2013

The notes on pages 72 to 102 form part of these accounts

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2012-13 £000	2011-12 £000
Cash flows from operating activities			
Net operating cost	4	(109,659)	(109,654)
Adjustment for non-cash transactions	3 & 12	8,413	8,957
(Increase)/Decrease in trade and other receivables	9	(395)	38
Increase/(Decrease) in trade and other payables	11	10,271	(9,846)
Less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	11	(7,930)	7,608
Use of provisions	12	(3,571)	(4,605)
Provisions not required written back	12	(457)	(584)
Cash contribution to pension deficit	12	(1,660)	(1,660)
Net cash outflow from operating activities		(104,988)	(109,746)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,223)	(470)
Purchase of intangible assets	7	(603)	(667)
Net cash outflow from investing activities		(1,826)	(1,137)
Cash flows from financing activities			
From the UK Consolidated Fund (Supply)		94,742	88,323
From Northern Ireland Assembly		7,956	7,955
From Scottish Parliament		9,330	6,166
From National Assembly for Wales		2,716	2,233
Net Financing		114,744	104,677
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		7,930	(6,206)
		7,930	(6,206)
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		3,223	9,429
Cash and cash equivalents at the end of the period	10	11,153	3,223
		7,930	(6,206)

The notes on pages 72 to 102 form part of these accounts

Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Note	General Fund	Total Reserves
		£000	£000
Balance at 1 April 2011		(70,350)	(70,350)
Changes in taxpayers' equity for 2011-12			
Actuarial gain/(loss)		(29,745)	(29,745)
Non-cash charges – auditors remuneration		78	78
Net operating cost for the year		(109,654)	(109,654)
Total recognised income and expense for 2011-12		(139,321)	(139,321)
Net Parliamentary Funding -drawdown		104,677	104,677
Net Parliamentary Funding – deemed		10,831	10,831
Supply payable/(receivable) adjustment		(3,224)	(3,224)
		112,284	112,284
Balance at 31 March 2012		(97,387)	(97,387)
Changes in taxpayers' equity for 2012-13			
Actuarial gain/(loss)		(3,567)	(3,567)
Non-cash charges – auditors' remuneration	3	91	91
Net operating cost for the year		(109,659)	(109,659)
Total recognised income and expense for 2012-13		(113,135)	(113,135)
Net Parliamentary Funding -drawdown		114,744	114,744
Net Parliamentary Funding – deemed		3,223	3,223
Supply payable/(receivable) adjustment		(11,153)	(11,153)
		106,814	106,814
Balance at 31st March 2013		(103,708)	(103,708)

The General Fund represents the net assets vested in the FSA 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.

The notes on pages 72 to 102 form part of these accounts

Notes to the Departmental Resource Accounts

1 Statement of Accounting Policies

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Food Standards Agency (FSA) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the FSA are described below. They have been applied consistently in dealing with items which are considered material to the accounts.

The Consolidated Statement of Financial Position at 31st March shows a negative taxpayers' equity of £103,708,000 (2011-12:£97,387,000). This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of supply approved annually by Parliament, to meet the Agency's Net Cash Requirement. Under the Government Resources and Accounts Act 2000, 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 to be met accordingly by future grants of Supply and the application of future income, both to be approved annually by Parliament. 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 modified, to account for the revaluation of investment property, property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities.

1.3 Basis of Consolidation

These accounts comprise the consolidation of the core FSA (Westminster funded) and results from the FSA devolved offices in Scotland, Northern Ireland and Wales. These are funded directly by the Scottish Parliament, Northern Ireland Assembly and National Assembly for Wales respectively. The Westminster funded FSA, Food Standards Agency in Northern Ireland each produce and publish their own annual accounts. The FSA also prepares accounts for its activities which are funded by the Scottish Parliament and the National Assembly for Wales.

1.4 Non-Current Assets

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

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

Under IAS16, the FSA value non-current assets using historic cost accounting. Therefore, non-current assets are no longer revalued as under modified historic cost accounting (MHCA). This change brings the FSA’s fixed asset policy in line with the International Financial Reporting Standards which do not use MHCA. This will provide relative comparative figures which are more reliable and easily understood.

1.5 Property, Plant and Equipment

The FSA does not currently own any land or buildings.

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

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

1.6 Intangible Assets

Computer software and software licences with a purchase cost in excess of £5,000 (including irrecoverable VAT and delivery) are capitalised at cost and amortised over the life of the licence, or over 7 years if the licence is bought in perpetuity.

1.7 Depreciation and Amortisation

Assets are depreciated from the month following the date of acquisition. Depreciation and amortisation are at the rates calculated to write-off the valuation of property, plant and equipment and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives. Estimated useful lives are reviewed during the year and assets relifed where applicable:

	2012/13	2011/12
Property, plant and equipment		
Computer servers and computer equipment	2 – 4 years	4 years
Office machinery	2 – 8 years	7 years
Furniture, fixtures and fittings	7 years	7 years
Intangible assets:		
Computer software and software licences	2 – 7 years	2 – 7 Years

1.8 Inventories

FSA does not hold any inventories.

1.9 Research & Development Expenditure

Expenditure on research is not capitalised and is treated as an operating cost in the year in which it is incurred. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets those criteria specified in IAS38. Other development expenditure is capitalised if it meets those criteria specified in the FRem which is adapted from the IAS38 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Fixed 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 has been completed at the year end.

1.10 Operating Income

Operating income is income which relates directly to the operating activities of the FSA. Income for the year is recognised on an accruals basis reflecting the value of the work undertaken and is shown net of Value Added Tax. The FSA has income from meat inspections and related work, milk and dairies sampling and from assessments and consultations on radioactive discharges. It also includes both income appropriated-in-aid of the Vote and income from the Consolidated Fund, which HM Treasury has agreed should be treated as operating income.

Income from meat official controls and related work is recognised as time recorded by staff multiplied by charging rates and invoiced to both industry and government customers. With regards to meat official controls, until 27 September 2009, income was recognised at the lower of cumulative throughput or inspection time recorded by staff. However, with effect from 28 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 14 as programme income relating to meat hygiene work.

Income from milk and dairies sampling work is based on invoiced amounts raised by the FSA for the testing of raw cows' drinking milk. Income from assessments and consultations on radioactive discharges is recognised on the basis of work done against a series of Service Level Agreements (SLAs). In addition, staff time in relation to any work with regards to these SLAs is recorded and charged accordingly.

1.11 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. Administration costs reflect the cost of running the Department as identified under the administration cost-control regime set by HM Treasury, together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administrative costs including other disbursements by the FSA.

1.12 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.

Approximately 500 FSA employees are members of the Local Government Pension Scheme (LGPS). LGPS is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 2005, and administered by London Pension Fund Authority. The scheme is subject to regular valuations by an independent, professionally qualified actuary. These determine the level of contributions required to fund future benefits.

Pension assets and liabilities attributable to the FSA in the LGPS are recorded in line with IAS19 with a valuation undertaken annually. IAS19 measures the value of pension assets and liabilities at the Statement of Financial Position date, determines the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is included within interest receivable/payable. The change in value of assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

Pension liabilities in the Board Pension Scheme are calculated by the Government Actuarial Department and a valuation is undertaken annually. The change in value of pension liabilities arising from changes in benefits or actuarial assumptions is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability is shown in the Statement of Financial Position.

Further details about LGPS pensions can be found at the website www.lgps.org.uk

The contributions to PCSPS are set out in note 2 and the costs in relation to the LGPS scheme are in note 12.

1.13 Early Departure Costs

Early departure cost refers to liabilities to staff for early retirement. The FSA meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The FSA provides for this in full when the early retirement becomes binding on the Department by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.35% (2011-12 2.8%) in real terms.

1.14 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 review 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.

1.15 Audit Costs

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

1.16 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Her Majesty's Revenue and 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.

1.17 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.

The Early Retirement Provision has been discounted, other provisions have not been discounted as the resulting adjustments are not considered material to these accounts. Contingencies are disclosed in the notes to the accounts unless the possibility of transfer in settlement is remote.

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, the department discloses, for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- i) Items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental minute prior to the Department entering into the arrangement;
- ii) All items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the Financial Reporting Manual to be noted in the resource accounts.

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

1.19 Financial Assets and Liabilities

The FSA holds the following financial assets and liabilities:

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

Financial Assets and Liabilities are accounted for under IAS32, Financial Instruments: Presentation, IAS39 Financial Instruments: Recognition and Measurement and IFRS7 Financial Instruments: Disclosure.

Cash balances are measured as the amounts received in FSA's bank account. The FSA does not currently have cash equivalents. Trade receivables have been measured at amortised cost using an effective interest method with an impairment review carried out on a monthly basis. Trade and other payables are measured at fair value, with use of agreed invoiced amount, or management estimate in the case of accrued expenditure, forming the basis for valuation.

Cash balances are recorded at current values. Account balances are set-off only where there is a formal agreement with the bank to do so. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest Receivable' and 'Interest Payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate. All other financial instruments are held for the sole purpose of managing the cash flow of the FSA on a day to day basis or arise from the operating activities of the FSA.

1.20 Website capitalisation costs

The FSA has developed an external facing website (www.food.gov.uk) primarily for promoting and advertising its own services. This website will not generate future economic benefits and consequently all expenditure incurred on developing it is recognised as an expense when it happens and is not capitalised.

2 Staff numbers and related costs

Staff costs comprise:

A Administration costs

					2012-13	2011-12
					£000	£000
	FSA WESTMINSTER					
	STAFF	BOARD	SUB-TOTAL	DEVOLVED OFFICES	TOTAL	TOTAL
Wages and salaries	16,844	204	17,048	4,058	21,106	22,672
Social security costs	1,441	23	1,464	329	1,793	1,905
Other pension costs	3,166	–	3,166	753	3,919	4,284
Sub total	21,451	227	21,678	5,140	26,818	28,861
Inward secondments	–	–	–	51	51	11
Agency Staff	1,331	–	1,331	140	1,471	1,481
Total	22,782	227	23,009	5,331	28,340	30,353
Less recoveries in respect of outward secondments	–	–	–	–	–	(41)
Total net costs	22,782	227	23,009	5,331	28,340	30,312

No salary costs have been capitalised.

B Programme costs

	2012-13	2011-12
	£000	£000
Wages and salaries	23,873	23,000
Social security costs	1,972	1,826
Other pension costs	604	1,057
LGPS pension costs	3,230	2,636
Agency Staff	98	86
Contract inspectors and veterinary costs	22,123	23,272
Total	51,900	51,877
Less recoveries in respect of outward secondments	(114)	–
Total net costs	51,786	51,877

In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The change from RPI to CPI for the purposes of uprating index-linked features of post employment benefits has been recognised as a negative past service cost in accordance with IAS 19. This accounting treatment has been adopted by all central Government reporting entities where RPI has been used for inflation indexing for many years.

The question of whether, as regards the main public service pensions schemes, there is a legitimate expectation that RPI will be used for inflation indexing is currently before the courts in judicial review proceedings. The Government case is that no legitimate expectation exists and that, in any event, even if there was a legitimate expectation this was overridden by the clear public interest in making very substantial savings at a time when the Government had adjudged that deficit reduction was a fundamental objective for the country. If the Government's case is proven, there would be no change to the accounting treatment adopted in these accounts.

C Principal Civil Service Pension Scheme

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

For 2012-13, employer's contributions of £4.5m (2011-12 £5.3m) were payable to the PCSPS at one of four rates in the range of 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2008-09 and remain unchanged in 2011-12. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £24,471 (2011-12 £27,479) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. The FSA as an employer also matches employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,347 (2011-12 £2,538), 0.08 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Reporting of Civil Service compensation scheme

	2012-13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Exit Package cost band < £10,000	–	1	1
£10,000 – £25,000	–	3	3
£25,000 – £50,000	–	15	15
£50,000 – £100,000	2	14	16
£100,000 – £150,000	–	5	5
£150,000 – £200,000	–	–	–
£200,000 and above	–	–	–
Total number of exit packages	2	38	40
Total resource cost £	139,532	1,485,657	1,625,189

	2011-12		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Exit Package cost band < £10,000	–	2	2
£10,000 – £25,000	1	4	5
£25,000 – £50,000	–	9	9
£50,000 – £100,000	–	4	4
£100,000 – £150,000	–	–	–
£150,000 – £200,000	–	–	–
£200,000 and above	–	–	–
Total number of exit packages	1	19	20
Total resource cost £	20,942	685,032	705,974

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

There were no early retirements on ill health grounds in 2012-13. In 2011-12 there were 2 early retirements on ill health grounds costing £13,547.

D Local Government Pension Scheme

The Local Government Pension Scheme is a defined benefit scheme which is administered by London Pensions Fund Authority and governed by the Local Government Pension Scheme Regulations 1995. For the period ended 31 March 2013, contributions of £2.5m (2011-12 £2.5m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the period ended 31 March 2013, this rate was 18.2% (2011-12 18.2%) of pensionable remuneration.

The latest full actuarial review of the scheme considered the position at 31 March 2010. This valuation concluded that the general position has improved since the last valuation due to:

- linking future pensions to CPI rather than RPI
- no pay increases for two years for those earning over £21,000 p.a

On the basis of the full actuarial valuation the FSA Fund deficit was £23.1m (March 2007 £27.6m). The Agency agreed to increase the funding to the scheme, payable for 20 years. For 2012-13 £1.7m will be paid.

The next full actuarial review of the scheme will show the position at 31 March 2013. This triennial valuation process will be carried out in the summer of 2013 and will determine the FSA's employer contribution rate for a three year period starting 1 April 2014, including the deficit payment.

An updated valuation, under IAS19 criteria, resulted in a calculated deficit of £79.5m as at 31 March 2013 compared with a calculated deficit of £75.0m as at 31 March 2012. The projected unit method of valuation has been used to calculate the service cost under IAS19.

The actuary has estimated the employer's contributions for 2013-14 to be £2.4m.

E Average number of persons employed and cost

The average number of whole-time equivalent persons employed during the year 2012-13 was as follows. These figures include those working in the FSA (including senior management) as included within the consolidated departmental resource account.

	Average number of persons employed	
	2012/13	2011/12
Westminster – permanent staff	1,172	1,216
Westminster – temporary staff	488	484
Board	10	12
Devolved Offices – permanent staff	127	124
Devolved Offices – temporary staff	6	1
Total	1,803	1,837

Temporary staff include contractors, agency staff, consultants, casuals and staff on fixed term contracts.

3 Other Administration Costs

	2012-13	2011-12
	£000	£000
Rentals under operating leases	7,014	3,907
Non-cash items:		
Depreciation and impairment loss	530	737
Amortisation	314	502
Loss on disposal of property, plant and equipment	481	28
Auditors' remuneration and expenses	91	78
Other expenditure:		
Accommodation costs	5,103	5,443
Board and staff overheads	2,345	2,623
Administration costs	1,914	2,331
IT costs*	6,221	5,197
Committee costs	176	177
	24,189	21,023

* For 2012/13 Central IT costs for the FSA have been recharged to the devolved offices from FSA Westminster.

4 Net Costs by Group

Group	Administration		Programme		2012-13	2011-12
	Costs	Income	Costs	Income	Net operating cost	Net operating cost
	£000	£000	£000	£000	£000	£000
Chief Executive	1,755	8	-	-	1,747	1,769
Legal, International, Regulation & Audit	2,640	87	-	-	2,553	2,715
Chief Scientist	1,958	38	1,662	-	3,582	3,871
Comms, Planning, Security and Estates	13,213	3,850	1,436	-	10,799	6,975
Food Safety	7,882	248	9,519	2,116	15,037	15,834
Operations	3,529	1	67,715	32,608	38,635	37,994
Finance, IT and Procurement	9,943	24	-	-	9,919	11,508
Human Resources	2,364	-	-	-	2,364	2,903
Centrally Managed	1,287	-	4,050	-	5,337	5,420
Westminster Totals	44,571	4,256	84,382	34,724	89,973	88,989
Devolved Authorities						
Scotland	3,967	-	4,704	-	8,671	9,515
Wales	1,631	-	1,238	-	2,869	2,949
Northern Ireland	2,360	-	9,387	3,601	8,146	8,201
Totals	52,529	4,256	99,711	38,325	109,659	109,654

The FSA identifies reportable segments, Groups and Devolved Authority, that reflect the organisational structure. The financial system also reflects the organisational structure and enables income and expenditure to be analysed and reported by segment. Segmental operating results are reviewed every month by the FSA EMB to make decisions on segmental resources and assess performance.

Groups derive income from the following activities or services;

Legal, International, Regulation & Audit – Recovered court costs and fees.

Chief Scientist – Sundry services

Comms, Planning, Security and Estates – Sub-letting of accommodation and associated services

Food Safety – Assessments/consultations on radioactive discharges and Integrated Advice for Consumers

Operations – Meat hygiene inspections, approvals and delivery of official controls, testing and sampling

Finance, IT and Procurement – Sundry services and recovered court costs and fees

Human Resources – Sundry services

The FSA receives more than 6% of its income from DEFRA (£2,702k). This is reported in the Operations Group reporting segment.

Inter-segmental transactions are accounted for within the financial system by way of journal between the relevant segments.

5 Income

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

	2012-13	2011-12
	£000	£000
All operating income is included within public expenditure		
Administration income:		
From Government Departments and others	4,256	4,665
Programme income:		
Meat controls industry income	31,674	30,024
Meat Hygiene related work Government income	4,528	4,876
Milk and Dairy Hygiene – sampling	13	16
Assessments and consultations on radioactive discharges	2,110	2,237
	<u>38,325</u>	<u>37,153</u>
	<u>42,581</u>	<u>41,818</u>

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

	2012-13			2011-12		
	£000	£000	£000	£000	£000	£000
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
FSA						
Industry	28,073	53,720	(25,647)	26,439	50,182	(23,743)
Government	4,528	4,236	292	4,876	4,134	742
Income from Meat Hygiene inspections in Northern Ireland	3,578	5,896	(2,318)	3,494	6,000	(2,506)
Assessments and consultations on radioactive discharges	2,110	2,617	(507)	2,237	2,237	–
	<u>38,289</u>	<u>66,469</u>	<u>(28,180)</u>	<u>37,046</u>	<u>62,553</u>	<u>(25,507)</u>

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

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

There currently remains a considerable 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 approx £28.8m from the FSA to the meat industry, which was received by 60% of FBOs (93% of premises that slaughter and 35% of cutting premises) across the UK in 2012/13. EU regulations provide for support from the charging system for small/rural slaughterhouses. 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 cost of official controls; the FSA can charge no more than the full cost. Invoices for the supplementary charges are issued after 6, 9 and 12 months of the financial year.

The FSA has an objective of recovering its costs in full in respect of work carried out for other Government departments (in line with the principles of Managing Public Money) and charges are invoiced accordingly.

In relation to Assessments and consultations on radioactive discharges, the financial objective is to recover costs fully.

6 Property, plant and equipment

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
Cost at 1 April 2012	1,498	630	1,572	3,700
Additions	26	29	1,168	1,223
Disposals	(1,155)	(290)	(1,116)	(2,561)
Reclassification	–	–	–	–
At 31st March 2013	369	369	1,624	2,362
Depreciation				
Cost at 1 April 2012	677	392	1,151	2,220
Charged in year	225	72	209	506
Disposals	(791)	(253)	(1,109)	(2,153)
At 31st March 2013	111	211	251	573
Carrying amount at 31st March 2013	258	158	1,373	1,789
Carrying amount at 31st March 2012	821	238	421	1,480
Asset financing				
Owned	258	158	1,373	1,789
Finance leased	–	–	–	–
On balance sheet PFI contracts	–	–	–	–
Carrying amount at 31st March 2013	258	158	1,373	1,789

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation					
Cost at 1 April 2011	1,467	927	2,230	52	4,676
Additions	251	–	219	–	470
Disposals	(220)	(297)	(877)	(52)	(1,446)
At 31st March 2012	1,498	630	1,572	–	3,700
Depreciation					
Cost at 1 April 2011	664	574	1,622	44	2,904
Charged in the year	216	106	401	8	731
Disposals	(203)	(288)	(872)	(52)	(1,415)
At 31st March 2012	677	392	1,151	–	2,220
Carrying amount at 31st March 2012	821	238	421	–	1,480
Asset financing					
Owned	821	238	421	–	1,480
Finance leased	–	–	–	–	–
On balance sheet PFI contracts	–	–	–	–	–
Carrying amount at 31st March 2012	821	238	421	–	1,480

7 Intangible assets

Intangible assets comprise computer software and software licences

	Computer software and software licences
	£000
Cost or valuation	
Cost at 1 April 2012	2,024
Additions	603
Disposals	(429)
At 31st March 2013	2,198
Amortisation	
Cost at 1 April 2012	1,004
Charged in year	324
Disposals	(342)
At 31st March 2013	986
Carrying amount at 31st March 2013	1,212
Carrying amount at 31st March 2012	1,020
Cost or valuation	
Cost at 1 April 2011	2,601
Additions	667
Disposals	(1,244)
At 31st March 2012	2,024
Amortisation	
Cost at 1 April 2011	1,742
Charged in year	503
Disposals	(1,241)
At 31st March 2012	1,004
Carrying amount at 31st March 2012	1,020

8 Financial Instruments

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

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

FSA holds the following financial assets and liabilities:

1) Assets

- Cash and cash equivalents (Note 10)
- Trade Receivables – current (Note 9)
- Trade Receivables – non-current (Note 9)

2) Liabilities

- Trade and other payables (Note 11)
- Other payables > 1 year (Note 11)
- Provisions arising from contractual arrangements (Note 12)

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

Liquidity risk

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

Currency risk

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

Credit risk

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

The maximum exposure as at 31 March 2013 is in receivables from customers disclosed in the trade receivables note (Note 9) .

Interest rate risk

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

9 Trade receivables, financial and other current assets

	2012-13 £000	2011-12 £000
Amounts falling due within one year:		
Trade receivables	2,960	2,398
VAT recoverable	3,005	2,738
Other receivables	160	162
	<u>6,125</u>	<u>5,298</u>
Other current assets:		
Prepayments and accrued income	7,362	7,794
Amounts due from the Consolidated Fund in respect of supply	-	-
	<u>7,362</u>	<u>7,794</u>
	<u>13,487</u>	<u>13,092</u>
Amounts falling due after more than one year:		
Trade receivables	-	-
Prepayments and accrued income	-	-
	<u>-</u>	<u>-</u>

9.1 Intra-Government Balances

	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
Balances with other central government bodies	5,262	-	4,895	-
Balances with local authorities	-	-	-	-
Subtotal: intra-government balances	<u>5,262</u>	<u>-</u>	<u>4,895</u>	<u>-</u>
Balances with bodies external to government	8,225	-	8,197	-
Total balances receivable at 31 March	<u>13,487</u>	<u>-</u>	<u>13,092</u>	<u>-</u>

10 Cash and cash equivalents

	2012-13	2011-12
	£000	£000
Balance at 1 April	3,223	9,429
Net changes in cash and cash equivalents	7,930	(6,206)
Balance at 31 March	11,153	3,223

	2012-13	2011-12
	£000	£000
The following balances at 31 March were held at:		
Government Banking Service	11,153	3,497
Commercial banks and cash in hand	0	(274)
Balance at 31 March	11,153	3,223

11 Trade payables and other current liabilities

	2012-13	2011-12
	£000	£000
Amounts falling due within one year		
Other taxation and social security	1,320	1,114
Trade payables	3,040	1,845
Other payables	968	802
	<u>5,328</u>	<u>3,761</u>
Other current liabilities :		
Accruals and deferred income	17,652	15,639
Amounts issued from the Consolidated Fund for supply but not spent at year end	11,153	3,223
	<u>28,805</u>	<u>18,862</u>
	<u>34,133</u>	<u>22,623</u>
Amounts falling due after more than one year		
Other payables, accruals and deferred income	9,762	11,001
	<u>9,762</u>	<u>11,001</u>

11.1 Intra-Government Balances

	2012-13		2011-12	
	£000	£000	£000	£000
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
	<hr/>	<hr/>	<hr/>	<hr/>
Balances with other central government bodies	17,741	–	7,076	–
Balances with local authorities	2,145	–	3,005	–
Balances with NHS bodies	90			
Balances with public corporations and trading funds	53	–	17	–
Subtotal: intra-government balances	20,029	–	10,098	–
Balances with bodies external to government	14,104	9,762	12,525	11,001
Total balances payable at 31 March	34,133	9,762	22,623	11,001

12 Provisions for liabilities and charges

Pension provisions

	2012-13		2011-12	
	£000		£000	
	Board Pension	LGPS Pension	Board Pension	LGPS Pension
Net pension liability at 1 April	694	75,003	623	45,856
Total service and interest costs	41	5,187	44	3,799
Employer contributions	(23)	(2,464)	(17)	(2,693)
Deficit payment	–	(1,660)		(1,660)
Actuarial (gain)/loss	153	3,414	44	29,701
Net pension liability at 31 March	865	79,480	694	75,003

Early departure and other provisions

	2012-13			2011-12		
	£000			£000		
	Early departure	Legal claims	Dilapidations	Early departure	Legal claims	Dilapidations
Balance at 1 April	5,665	109	1,107	5,077	238	–
Provided in the year	464	651	654	2,535	131	1,107
Provisions not required written back	(405)	(52)	–	(223)	(89)	–
Provisions utilised in the year	(1,102)	(132)	–	(1,249)	(171)	–
Borrowing costs (unwinding of discount)	150	–	–	(475)	–	–
Balance at 31st March	4,772	576	1,761	5,665	109	1,107

Analysis of expected timing of discounted flows (excluding LGPS and Board pension provisions)

	2012-13			Total
	£000			
	Early departure	Legal claims	Dilapidations	
within one year	991	576	–	1,567
between one and five years	2,214	–	1,761	3,975
between five and ten years	813	–	–	813
thereafter	754	–	–	754
Balance at 31 March 2013	4,772	576	1,761	7,109

The aforementioned respective provisions for early departure, pension, onerous leases, personal injury and legal claims have all been reviewed for the overall purpose of meeting reporting requirements outlined within IAS37 Provisions, Contingent Liabilities and Contingent Assets.

As a result it was confirmed that, under the existing accounting policy for Provisions, the appropriate recognition criteria and measurement bases are already being applied and that sufficient information has been disclosed.

12.1 Early departure costs

Early departure cost refers to liabilities to staff for early retirement. The FSA meets the additional costs of benefits beyond the normal PCSPS and LGPS benefits in respect of employees who retire early by paying the required amounts annually to the pension fund over the period between early departure and normal retirement date. The FSA provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.35% (2011-12 2.8%) in real terms.

12.1.1 Other

Legal Claims

A provision has been created to cover legal issues affecting the FSA. The different elements to this are described below.

A provision has been created to cover the estimated amounts required to settle the claims and costs for a number of personal injury cases for which the FSA had admitted liability. The amount provided has been calculated by reference to similar cases and reviewing correspondence applicable to the cases. Claims against the FSA where liability has been denied are not included. Since claims can take a considerable period, often years to settle, it is not possible to determine a split of the provision and hence the entire balance is treated as being over one year.

A provision has been created for employment tribunals to cover the estimated amounts required to settle the claims and costs for unfair dismissal and other issues for which the FSA has admitted liability. Claims against the FSA where liability has been denied are not included. Since claims can take a considerable period, often years to settle, it is not possible to determine a split of the provision and hence the entire balance is treated as being over one year.

Dilapidations

A provision has been created in respect of estimated dilapidation costs for Aviation House in London. The provision has been calculated using an estimate cost of £150/m² and payable on termination of the lease.

12.1.2 FSA Board Pension Provision

The FSA board pension provision relates to the by-analogy pension scheme with the Principal Civil Service Pension Scheme (PCSPS) that applies to current and former FSA board members' pension arrangements. The pension arrangements are unfunded with benefits being paid as they fall due and are guaranteed by the FSA. There is no fund and therefore no surplus or deficit. The payments are inflation-linked and are expected to be made over the remaining lifetimes of the current scheme members. The methodology and results of the assessment were undertaken by the Government Actuary's Department (GAD) and is in accordance with IAS19 and the FReM governing UK Accounting for Departments/NDPBs.

The capitalised value of the pension benefits payable by the FSA's Pension Schemes as at 31 March 2013 is £865,000 (2011-12 £694,000).

The disclosure includes a £34,000 entry, relating to the changes in the actuarial assumptions underlying the scheme liabilities. This increase in liabilities has come about as a result of the net effect of a £50,000 increase in liabilities resulting from the change to the financial assumptions and a £16,000 decrease in liabilities resulting from the alignment of the current

base mortality assumptions with those which are to be adopted for the accounting assessment of the main PCSPS.

In the longer term liabilities may fall as the expected pension payments reflected in the scheme liabilities are paid to the scheme's pensioners. However there will also be an upwards pressure on the liability as the active members continue to accrue further benefits.

In the short-term changes in the scheme liability may be primarily driven by the assumptions used for future assessments (particularly the financial assumptions prescribed by HM Treasury).

Financial assumptions

Liabilities are valued on an actuarial basis using the Projected Unit Method. The main actuarial assumptions are as follows:

	<u>31/03/13</u>	<u>31/03/12</u>
Inflation/Pension increase rate	1.70%	2.00%
Rate of increase in salaries	3.95%	4.25%
Gross discount rate	4.10%	4.85%

Mortality

Life expectancy is based on the actuarial PA92-10 tables. Based on these assumptions, the average life expectancies at age 65 are summarised below.

	<u>31 March 2013</u>		<u>31 March 2012</u>	
	Males	Females	Males	Females
Current Pensioners	23.9 years	25.8 years	24.0 years	27.3 years
Future Pensioners	26.7 years	28.5 years	26.9 years	30.4 years

Present value of scheme liabilities

	<u>Value at 31.03.13</u>	<u>Value at 31.03.12</u>	<u>Value at 31.03.11</u>	<u>Value at 31.03.10</u>	<u>Value at 31.03.09</u>
	£'000	£'000	£'000	£'000	£'000
Liability in respect of					
Active members	(52)	(42)	(98)	(164)	(226)
Deferred pensioners	(196)	(231)	(207)	(254)	(182)
Current pensioners	(617)	(421)	(318)	(411)	(189)
	<u>(865)</u>	<u>(694)</u>	<u>(623)</u>	<u>(829)</u>	<u>(597)</u>

Analysis of movement in scheme liability

	2012-13	2011-12
	£'000	£'000
Scheme liability at 1 April	(694)	(623)
Movement in the year:		
Current service cost (net of employee contributions)	(7)	(8)
Interest cost	(33)	(35)
Employee Contributions	(1)	(1)
Actuarial (Loss)/Gain	(153)	(44)
Benefits paid	23	17
Past service Cost (note 6)	-	-
Net individual pension transfer-in	-	-
Settlements and curtailments	-	-
Scheme liability at 31 March	(865)	(694)

Analysis of amount charged to operating profit

	2012-13	2011-12
	£'000	£'000
Current service cost (net of employee contributions)	(7)	(8)
Interest cost	(33)	(35)
Past service Cost (note 2)	-	-
Settlements and curtailments	-	-
	(40)	(43)

Analysis of amounts to be recognised in Statement of Changes in Taxpayers' Equity

	2012-13	2011-12
	£'000	£'000
Experience (losses)/gains arising on the scheme liabilities	(119)	(34)
Changes in financial assumptions underlying the present value of scheme liabilities	(34)	(10)
Net total actuarial (loss)/gain recognised in the statement of changes in taxpayers' equity	(153)	(44)

History of experience gains and losses

	2012-13	2011-12	2010-11	2009-10
Experience (losses)/gains on scheme liabilities:				
Amount (£000)	(119)	(34)	112	(1)
Percentage of scheme liabilities	-13.8%	-4.9%	18.1%	-0.1%

12.2 Provision for pension liability

12.2.1 The Local Government Pension Scheme is a defined benefit scheme which is administered by London Pensions Fund Authority and governed by the Local Government Pension Scheme Regulations 1995. For the period ended 31 March 2013, contributions of £2.5m (2011-12 £2.6m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the period ended 31 March 2013, this rate was 18.2% (2011-12 18.2%) of pensionable remuneration.

The latest full actuarial review of the scheme considered the position at 31 March 2010. This valuation concluded that the general position has improved since the last valuation due to:

- linking future pensions to CPI rather than RPI
- no pay increases for two years for those earning over £21,000 p.a

On the basis of the full actuarial valuation the FSA Fund deficit at March 2010 was £23.1m (March 2007 £27.6m). The Agency agreed to increase the funding to the scheme, payable for 20 years. For 2013-14 £1.7m will be paid.

The next full actuarial review of the scheme will show the position at 31 March 2013. This triennial valuation process will be carried out in the summer of 2013 and will determine the FSA's employer contribution rate for a three year period starting 1 April 2014, including the deficit payment.

An updated valuation, under IAS19 criteria, resulted in a calculated deficit of £79.5m as at 31 March 2013 compared with a calculated deficit of £75.0m as at 31 March 2012.

The projected unit method of valuation has been used to calculate the service cost under IAS19.

The actuary has estimated the employer's contributions for 2013-14 to be £2.4m.

Financial Assumptions

The major financial assumptions used by the actuary when providing the assessment of the accrued liabilities as at the following dates for the Resource Accounting assessments were:

	<u>31/03/13</u>	<u>31/03/12</u>
Inflation/Pension increase rate (RPI)	3.4%	3.3%
Inflation/Pension increase rate (CPI)	2.6%	2.5%
Salary Increases	4.3%	4.2%
Expected Return on Assets	5.9%	5.9%
Discount Rate	4.4%	4.6%

Mortality

The post retirement mortality is based on the Club Vita mortality analysis. Based on these assumptions, the average life expectancies at age 65 are summarised below.

	<u>Males</u>	<u>Females</u>
Current Pensioners	21.0 years	23.5 years
Future Pensioners	23.0 years	25.4 years

Movement in liabilities

	31/03/13	31/03/12
	£'000	£'000
Opening Defined Benefit Obligation	189,011	158,118
Current service cost	3,230	2,636
Interest cost	8,593	8,670
Contributions by members	870	912
Actuarial losses/(gains)	12,888	23,227
Past service Costs	-	-
Losses on Curtailments	90	83
Estimated unfunded benefits paid	(155)	(151)
Estimated benefits paid	(5,281)	(4,484)
Closing Defined Benefit Obligation	209,246	189,011

Movement in assets

	31/03/13	31/03/12
	£'000	£'000
Opening Fair Value of Employer's Assets	114,008	112,262
Expected Return on Assets	6,726	7,590
Contributions by Members	870	912
Contributions by Employer	4,124	4,353
Contributions in respect of Unfunded Benefits	155	151
Actuarial gains/(losses)	9,474	(6,474)
Unfunded benefits paid	(155)	(151)
Benefits Paid	(5,436)	(4,635)
Closing Fair Value of Employer Assets	129,766	114,008

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31.03.2013	Value at 31.03.2013 £000	% at 31.03.2013	Long term rate of return expected at 31.03.2012	Value at 31.03.2011 £000
Equities	6.3%	94,729	73%	6.3%	83,226
Target return portfolio	4.5%	12,977	10%	4.5%	13,681
Alternative assets	5.3%	19,465	15%	5.3%	15,961
Cash	3.0%	2,595	2%	3.0%	1,140
Market value of assets		<u>129,766</u>			<u>114,008</u>
Present value of scheme liabilities		<u>(209,246)</u>			<u>(189,011)</u>
Net pension liability		<u>(79,480)</u>			<u>(75,003)</u>

12.2.2 Movement in deficit during the year

	2012-13 £000	2011-12 £000
Scheme liability at 1 April	(75,003)	(45,856)
Current service cost (note 2)	(3,230)	(2,636)
Employer contributions	2,464	2,693
Payment of deficit	1,660	1,660
Curtailments and settlements	(90)	(83)
Past service cost (note 2)	–	–
Other finance net interest charged (note 12.2.3)	(1,867)	(1,080)
Actuarial (loss)/gain (note 12.2.4)	(3,414)	(29,701)
Scheme liability at 31 March – LGPS Pension Provision	<u>(79,480)</u>	<u>(75,003)</u>

12.2.3 Analysis of the amount charged to operating deficit

	2012-13 £000	2011-12 £000
Current service costs (Note 2B)	3,230	2,636
Curtailed and settlements (Note 4)	90	83
	<u>3,320</u>	<u>2,719</u>
Employer contributions to be set off (Note 2)	(2,464)	(2,693)
Amount (credited)/charged to operating cost (Note 2B)	<u>856</u>	<u>26</u>

	2012-13 £000	2011-12 £000
Analysis of the net amount charged to operating cost		
Expected return on pension scheme assets	(6,726)	(7,590)
Interest on pension scheme liabilities	8,593	8,670
Net cost	<u>1,867</u>	<u>1,080</u>

12.2.4 Analysis of amount recognised in Statement of Changes in Taxpayers' Equity

	2012-13 £000	2011-12 £000
Actual return less expected return on pension scheme assets	9,474	(6,474)
Experience gains and losses arising on the scheme liabilities	(181)	(33)
Changes in financial assumptions underlying the present value of scheme liabilities	<u>(12,707)</u>	<u>(23,194)</u>
Actuarial loss recognised in the Statement of Changes in Taxpayers' Equity	<u>(3,414)</u>	<u>(29,701)</u>

12.2.5 History of experience gains and losses

Difference between the experience and actual return on scheme assets and liabilities:

Experience gains/(losses) on scheme assets:

	2012-13	2011-12	2010-11	2009-10	2008-09
Actuarial gains/(losses) (£000)	9,474	(6,474)	(3,127)	19,066	(28,908)
Value of assets (£000)	129,766	114,008	112,262	108,953	82,805
Percentage of scheme assets	7.3%	-5.7%	-2.8%	17.5%	-34.9%

Experience gains/(losses) on scheme liabilities:

Actuarial gains/(losses) (£000)	(181)	(33)	36,752	441	(382)
Value of liabilities (£000)	209,246	189,011	158,118	211,569	127,222
Percentage of scheme liabilities	-0.1%	-0.0%	23.2%	0.2%	0.0%

Total amount recognised in the Statement of Changes in Taxpayers' Equity

Actuarial (loss)/gain (£000)	(3,414)	(29,701)	42,581	(57,399)	(15,340)
Total present value of liabilities (£000)	209,246	189,011	158,118	211,569	127,221
Percentage of scheme liabilities	-1.6%	-15.7%	26.9%	27.1%	-12.1%
Cumulative actuarial (loss)/gain (£000)	(46,255)	(42,841)	(13,140)	(55,721)	1,678

13 Commitments under leases

13.1 Operating leases

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

	2012-13 £000	2011-12 £000
Obligations under operating leases comprise:		
Land and buildings:		
Not later than one year	8,332	8,235
Later than one year and not later than five years	35,698	33,917
Later than five years	336	9,118
	44,366	51,270
Other:		
Not later than one year	86	240
Later than one year and not later than five years	118	109
	204	349

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

13.2 Total future minimum lease rental income from Ofsted, Medical Research Council (MRC) and Government Digital Services (GDS) is given in the table below for each of the following periods.

	2012-13 £000	Restated 2011-12 £000
Total future minimum lease rental income from Ofsted, MRC and GDS		
Land and buildings:		
Not later than one year	3,386	2,862
Later than one year and not later than five years	6,960	8,929
Later than five years	–	–
	10,346	11,791

14 Other financial commitments

The FSA has entered into non-cancellable contracts (which are not leases or PFI contracts) for various research and development projects. The payments to which the FSA is committed, analysed by the period during which the commitment expires are as follows.

	2012-13 £000	Restated 2011-12 £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-

15 Contingent assets

The FSA has been in dispute and seeking compensation with Defra over the level of rent and related charges since November 2011. Due to the length of the dispute, FSA believes that compensation is probable but not certain and aims to resolve the dispute in the 2013-14 financial year when it is foreseen that future charges will be reduced. Defra has not recognised or disclosed anything in their 2012-13 accounts.

16 Contingent liabilities

The Department has the following contingent liabilities:

There are a number of claims being made by employees and others for injuries sustained in the workplace totalling £215,000. No provision has been made for these cases, however, a provision of £109,000 has been made for personal injury claims where liability has been admitted.

The total contingent liabilities is therefore £215,000 (2011-12 £910,000)

17 Related-Party Transactions

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

The FSA had a number of significant transactions with other Government Departments and other central Government bodies including Defra, CEFAS, Department of Health, FERA, AHVLA, MRC, Ofsted., LPFA and DARD NI.

18 Entities within the Departmental Boundary

The FSA has no other entities within the Departmental Boundary.

19 Losses and Special Payments

The FSA made 7 special payments amounting to £47,000 in 2012-13 (2011-12: 13 payments, £161,000). The majority of the cases refer to compensation and personal injury claims. The FSA have also written off £4,000 of bad debts, all of which relate to the income from meat hygiene inspections.

An analysis by category is shown below.

<u>No of cases</u>	<u>Value £000</u>
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Cash losses	-	-
Store losses	-	-
Fruitless payments	1	123
Constructive losses	-	-
Claims waived and abandoned	8	4
Special payments	7	47

20 Capital Commitments

At 31 March 2013 there were commitments for the purchase of capital items to the value of £1.542m for the upgrade of the FSA's IT infrastructure (31 March 2012 nil).

21 Events after the reporting period

In accordance with the requirements of IAS10 '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.

22 Early adoption of IFRSs, amendments and interpretations

The FSA have not adopted any IFRSs, amendments or interpretations early.

23 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.

Accounts Direction given by the Treasury in accordance with Paragraph 4(2) of Schedule 4 to the Food Standards Act 1999

1. This Accounts Direction applies to the consolidated accounts of the Food Standards Agency prepared in accordance with Schedule 4, section 1 of the Food Standards Act 1999 (“the Act”). These consolidated accounts report spending approved by the House of Commons under section 39 of the Act; the sums paid by the Welsh Assembly Government under section 39(3)(a) of the Act; the sums paid out of the Scottish Consolidated Fund under section 39(3)(b) of the Act; and the sums appropriated by an Act of the Northern Ireland Assembly under section 39(3)(c) of the Act.
2. The Foods Standards Agency shall prepare consolidated accounts (excluding the Statement of Parliamentary Supply and supporting notes) for the year ended 31 March 2013 and all subsequent years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury (“the FReM”), which is in force for that year.
3. The consolidated accounts shall be prepared so as to:
 - (a) give a true and fair view at 31 March of its income and expenditure and its overall state of affairs for that financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by, or material transactions that have not conformed to, the authorities which govern them.
4. Compliance with the requirements of the FReM as far as is consistent with the preparation of Consolidated Accounts will be necessary for the accounts to give a true and fair view. If compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. This Accounts Direction supersedes the Accounts Direction issued by HM Treasury on 14 November 2007.

Karen Sanderson
Deputy Director, Government Financial Reporting
HM Treasury

21 February 2013

