
Food Standards Agency in Wales

Annual Report and Accounts 2012/13

(For the year ended 31 March 2013)

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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.

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.

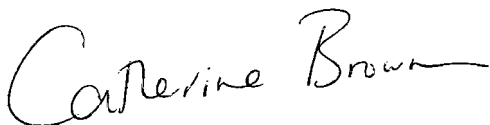
We extended the scope of our frontline operations at the start of this financial year when we took on direct responsibility for hygiene inspections in dairy farms. At the same time we moved towards a more risk-based approach to the inspection programme which will significantly reduce the number of inspections 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
26 June 2013

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

The Food Standards Agency

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.

The Agency's foodborne disease strategy aims to tackle foodborne disease by targeting the pathogens that have been identified as causing the greatest burden of disease in people; reducing campylobacter in chicken is a priority.

We also work on food allergy and intolerance, including raising awareness of this issue among caterers, and make sure that the law on additives to food is rigorously enforced, taking action where problems are found. 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 Scheme in Scotland) lets you see, on our website food.gov.uk/ratings, the hygiene standards of catering establishments when you eat out or shop for food. These initiatives are also 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, in the wake of a review of official feed controls, the FSA Board accepted the recommendations to improve the current feed delivery system. With the help of local authorities and regional groups, the Feed Review Implementation Programme is making improvements to the system and is on schedule to deliver 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 the five outcomes:

- food produced or sold in the UK is safe to eat
- food producers and caterers give priority to consumer interests in relation to food
- business compliance is effectively supported because it delivers consumer protection. This will include a focus on effective, risk-based and proportionate regulation and enforcement
- consumers have the information and understanding to make informed choices about where and what they eat
- imported food is safe to eat
- 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>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. ● 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.

Highlights of our activities and performance in 2012/13 *continued*

- 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 <i>continued</i>
<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 *continued*

- 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 *continued*

- 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-compliance 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.
- 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 increase pace on obesity reduction. 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. Results of this work will be available later in 2013.

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/

Highlights of our activities and performance in 2012/13 *continued*

- In Scotland we have developed an interactive web-based resource called ‘eatwell every day⁶’, 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.
- 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.

Front of Pack

- 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

6 <http://eatwelleveryday.org/>

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 *continued*

- 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.

Highlights of our activities and performance in 2012/13 *continued*

- 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.
- 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.

Highlights of our activities and performance in 2012/13 *continued*

- 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 2012	Number of warnings 1 April 2012 to 31 March 2012
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.

Sustainability

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

Food Standards Agency Sustainability Report for the Year ended 31 March 2013 Wales

Greenhouse gas emissions	2009/10	2010/11	2011/12	2012/13
Non Financial indicators				
Scope 2				
Total energy consumption (KWH)	42,969	38,522	41,639	28,064
Financial indicators (£)				
Total energy expenditure	6461.00	7,218.00	7,368.00	5,911.52

Waste				
Non Financial indicators (Tonnes)				
Recycled/reused waste	N/A	1.4	1.9	0.732
Landfill	N/A	N/A	N/A	N/A
Waste incinerated	N/A	N/A	N/A	N/A
Confidential waste	N/A	N/A	N/A	0.38
Total waste	N/A	1.4	1.9	1.112
Financial indicators (£)				
Total waste expenditure	69.47	770.15	1094.68	696.62

Water				
Non Financial indicators (m3)				
Total water consumption	N/A	N/A	N/A	N/A
Financial indicators (£)				
Water expenditure	N/A	N/A	N/A	N/A

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.

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.

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.

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.

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

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.

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.

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.

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

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 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.

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

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	No. of Incidents 2011/12	No. of Incidents 2012/13
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.

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

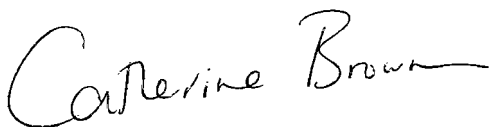
The FSA has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

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.



Catherine Brown

Chief Executive and Accounting Officer

26 June 2013

Remuneration report

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

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

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

Service contracts

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

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

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

The tables in the remuneration report are subject to audit.

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

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 (£000)	£5,000 (£000)	£1,000 (£000)	£5,000 (£000)	£5,000 (£000)	£1,000 (£000)
Steve Wearne	Director, FSA Wales	100–105	10–15	–	90–95	–	–

	2012/13	2011/12
Band of Highest Paid Director's Total Remuneration	100–105	90–95
Median Total Remuneration	29	26
Ratio	3.66	3.54

Remuneration

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

Bonuses

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

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

Benefits in Kind

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

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

		2012/13					
		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2013	Total accrued lump sum at age 60 31 March 2013	CETV at 31 March 2013	CETV at 31 March 2012*	Real increase in CETV
Bands		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Steve Wearne	Director, FSAWales	0-2.5	25-30	75-80	414	384	6

* 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)
Steve Wearne	Director, FSAWales	(0-2.5)	25-30	75-80	393	364	(3)

Civil Service Pensions

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

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality "money purchase" stakeholder pension with a significant employer contribution (**partnership** pension account). Employee contributions are salary related and range between 1.5% and 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium**, **classic plus** and **nuvos**. Increase to employee contributions will apply from 1 April 2013. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension was uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. Further details about the Civil Service pension arrangements can be found at the website www.Civilservice.gov.uk/pensions

Cash Equivalent Transfer Values

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

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

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

Real Increase in CETV

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

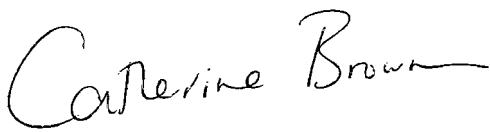
Pay Multiples

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

The banded remuneration of the highest-paid director in the Food Standards Agency in the financial year 2012-13 was £105-110k (2011-12 was £90-£95k). This was 3.66 times (2011-12, 3.54) the median remuneration of the workforce, which was £29k (2011-12, £26k).

Remuneration ranged from £16k to £63k (2011-12 £12-£64k)

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



Catherine Brown

Chief Executive and Accounting Officer
26 June 2013

FSA Governance Statement 2012/2013

Background

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

Review of 2012/13

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

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

The Olympic/Paralympic Games

16. Working alongside Local Authorities, the Chartered Institute of Environmental Health and the Games organising committee (LOCOG) the FSA delivered a significant and highly successful programme of activities to support food safety in the run up to, during and immediately after the Games. An independent evaluation of this programme of work has been undertaken by GFK-NOP 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.
18. During 2012, the FSA underwent a Capability Review, conducted in a comprehensive and independent way with robust challenge provided by an Evaluation Panel with a largely external membership. The findings of the review were published on 8 January 2013. A copy of the Report and supporting action plan can be found at: www.food.gov.uk/multimedia/pdfs/publication/fsa-capability-review.pdf
19. Linked to the findings of the Capability Review has been a decision to undertake a review of the FSA's governance structure and supporting processes work to ensure that they are fit-for-purpose now and for the next five years. A Governance Review has therefore been commissioned to consider: whether the FSA's governance complies with best practice both within and outside of Government; whether the FSA's governance structure assists the FSA to deliver its strategic objectives and most effectively hold the Executive to account; and whether the FSA's governance structure provides value for money and makes best use of the non-executive and executive resources available to it.

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

20. In October 2012, the Board and executive management team met to undertake a scheduled review of the FSA's strategy to 2015. Further details of the changes made as part of the strategy refresh are set out a Board paper at: <http://www.food.gov.uk/multimedia/pdfs/board/fsa130104.pdf>
21. In parallel with this and in order to inform both our engagement with partners and stakeholders, and effective risk management within the FSA, the Board identified the importance of an explicit statement of the organisation's risk appetite. It commissioned its Risk Committee to develop an expanded statement of risk appetite, subsequently agreed by the Board as part of its approval of the refreshed strategy to 2015. This statement is detailed in the paper referred to in the paragraph above and has also been incorporated into the Agency's risk management policy and supporting guidance.

Adulteration of beef products with horse and pig meat and DNA

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

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

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

Changes at Board & Executive level

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

Assurances

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

Looking at some of these areas in greater detail:

Director Assurance Statements

27. At the start of the financial year, Directors 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

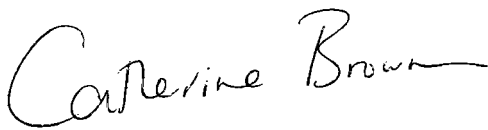
43. Based on the results of the audit work completed during the year and understanding of the Agency's control environment the Head of Internal Audit's opinion is that the FSA's systems of governance, management and risk control are satisfactory and continue to improve. The evidence basis includes:

- 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 and Accounting Officer
26 June 2013

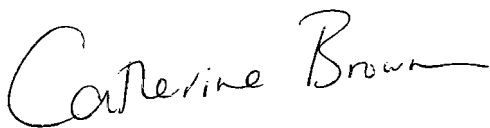
Statement of Accounting Officer's responsibilities

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

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

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

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



Catherine Brown

Chief Executive and Accounting Officer
26 June 2013

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NATIONAL ASSEMBLY FOR WALES

I certify that I have audited the financial statements of the Food Standards Agency (Wales) for the year ended 31 March 2013 under the Food Standards Act 1999. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Food Standards Agency's (Wales) circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Food Standards Agency (Wales); and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Food Standards Agency (Wales)'s affairs as at 31st March 2013 and of its net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with Food Standards Act 1999 and the Welsh Assembly Government directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

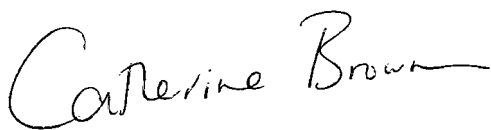
Date

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

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

	Note	£000	2012/13 £000	2011/12 £000
Administration Costs				
Staff Costs	2 a)	1,148		900
Other Administration Costs	3	483		554
Gross Administration Costs			<u>1,631</u>	<u>1,454</u>
Net Administration Costs			1,631	1,454
Programme Costs	3		1,238	1,495
Net Operating Cost			<u>2,869</u>	<u>2,949</u>



Catherine Brown

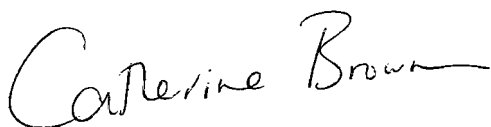
26 June 2013

The notes on pages 54 to 68 form part of these accounts

Statement of Financial Position

as at 31 March 2013

	Note	£000	2012/13 £000	2011/12 £000
Non-current assets				
Property, plant and equipment	4	1		17
Intangible assets	4	–		–
			1	17
Current assets				
Trade and other receivables	6	2		10
Other current assets	6	107		80
Cash and cash equivalents	7	–		–
Total current assets			109	90
Total assets			110	107
Current Liabilities				
Trade and other payables	8	(145)		(108)
Provisions	9	(32)		(31)
Other Liabilities	8	(215)		(118)
Total current liabilities			(392)	(257)
Non-current assets plus/less net current assets/ liabilities			(282)	(150)
Non-current liabilities				
Provisions	9	(55)		(81)
Other payables		–		–
Total non-current liabilities			(55)	(81)
Assets less liabilities			(337)	(231)
Taxpayers' equity				
General fund			(337)	(231)
Total taxpayers' equity			(337)	(231)



Catherine Brown

Chief Executive and Accounting Officer

26 June 2013

The notes on pages 54 to 68 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Note	General Fund £000	Total Reserves £000
Balance at 1 April 2011		(518)	(518)
Changes in taxpayers' equity for 2011/12			
Non-cash charges – Auditors Remuneration		8	8
Net operating cost for the year		(2,949)	(2,949)
Total recognised income and expense for 2011/12		(2,941)	(2,941)
Net Welsh Government Funding – drawdown		2,233	2,233
Net Welsh Government Funding – deemed		944	944
Funding Payable/(Receivable) adjustment		51	51
		3,228	3,228
Balance at 31st March 2012		(231)	(231)
Changes in taxpayers' equity for 2012/13			
Non-cash charges – Auditors Remuneration	3	8	8
Net operating cost for the year		(2,869)	(2,869)
Total recognised income and expense for 2012/13		(2861)	(2861)
Net Welsh Government Funding – drawdown		2,716	2,716
Net Welsh Government Funding – deemed		(51)	(51)
Funding Payable/(Receivable) adjustment		90	90
		2,755	2,755
Balance at 31st March 2013		(337)	(337)

The notes on pages 54 to 68 form part of these accounts

Statement of Cash Flows

For the year ended 31 March 2013

	Note	2012/13 £000	2011/12 £000
Cash flows from operating activities			
Net operating cost		(2,869)	(2,949)
Adjustment for non-cash transactions	3	24	22
(Increase)/Decrease in trade and other receivables	6	(19)	(11)
Increase/(Decrease) in trade and other payables	8	134	(1,209)
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	7	–	944
Use of provisions	9	(25)	(25)
Net cash outflow from operating activities		(2,755)	(3,228)
Cash flows from investing activities			
Purchase of property, plant and equipment		–	–
Purchase of intangible assets		–	–
Net cash outflow from investing activities		–	–
Cash flows from financing activities			
Financing via Welsh Government – Direct funding		2,716	2,233
Financing via Welsh Government – Indirect funding		–	–
Net Financing		2,716	2,233
Net increase/(decrease) in cash and cash equivalents in the period		(39)	(995)
Net increase/(decrease) in cash and cash equivalents in the period		(39)	(995)
Cash and cash equivalents at the beginning of the period	7	(51)	944
Cash and cash equivalents at the end of the period	7	(90)	(51)
		(39)	(995)

The notes on pages 54 to 68 form part of these accounts

NOTES TO THE ACCOUNTS

1 Statement of Accounting Policies

1.1 Basis of Preparation

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

These financial statements report the Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity and Cash Funding of the Food Standards Agency in Wales's (FSAiW's) operations. The financial statements account for the FSAiW's activities in Wales, which are funded separately by sums voted by the National Assembly for Wales. The accounts for 2012-13 have been prepared in accordance with the FReM insofar as is applicable to the FSAiW.

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

These financial statements have been prepared in accordance with an Accounts Direction issued by the Welsh Government under the Food Standards Act 1999. This Direction is reproduced as an annex to the accounts. In accordance with the provisions of the Government Resources and Accounts Act 2000 and the Food Standards Act 1999, all of the accounts of the FSA are audited by the Comptroller and Auditor General.

1.2 Accounting Convention

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

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

1.3 Revaluation of Non-Current Assets

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

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

Under IAS 16, the FSA values non-current assets using historic cost accounting. Therefore, non-current assets are no longer revalued as under modified historic cost accounting (MHCA). This change brings the FSA's fixed asset policy in line with the International Financial Reporting

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

1.4 Property, Plant and Equipment

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

The FSA does not currently own any land or buildings.

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

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

1.5 Intangible Assets

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

1.6 Depreciation and Amortisation

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

1.7 Research & Development Expenditure

Expenditure on research is not capitalised. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets those criteria specified in IAS 38. Other development expenditure is capitalised if it meets the criteria specified in the FReM which are adapted from the IAS 38 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

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

Most research projects have a retention clause to ensure the satisfactory delivery of the final report. The FSA's policy is to accrue for the final retention amount, if the work had been completed at the year end.

1.8 Administration and Programme Expenditure

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

1.9 Pensions

Principal Civil Service Pension Scheme (PCSPS) is a multi-employer, unfunded, contributory defined benefit scheme accounted for under the Civil Service Superannuation Estimate. It is not possible to separately identify the FSA's share of assets and liabilities in the scheme. FSAiW present and past employees are covered by the provisions of PCSPS. FSAiW recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the scheme, FSAiW recognises the contributions payable for the year.

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

1.10 Early Departure Costs

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

1.11 Operating Leases

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

1.12 Audit Costs

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

1.13 Value Added Tax

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

1.14 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for National Assembly reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- i) Items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the National Assembly for Wales by Departmental minute prior to the Department entering into the arrangement;

- ii) All items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the Financial Reporting Manual to be noted in the resource accounts.

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

1.15 Financial Assets and Liabilities

The FSA holds the following financial assets and liabilities:

1) Assets

- Cash and cash equivalents
- Trade Receivables – current
- Trade Receivables – non-current

2) Liabilities

- Trade and other payables
- Other payables > 1 year
- Provisions arising from contractual arrangements

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

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

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

2 Staff numbers and related costs

a) Staff costs comprise of:

	2012/13 £000	2011/12 £'000
Wages and Salaries	890	710
Social Security Costs	74	57
Other Pension Costs	165	133
Sub Total	1,129	900
Inward Secondment	–	0
Agency Staff	19	0
Total	1,148	900
Less recoveries in respect of outward secondments	–	0
Total Net Costs	1,148	900

No salary costs have been capitalised during the year.

b) Average number of persons employed

The average number of whole-time equivalent persons employed during the year 2012/13 and 2011/12 was as follows. These figures include those working in the FSAiW (including senior management) as included within the consolidated resource account.

1. Food Standards Agency in Wales

Permanently Employed Staff	Others	2012/13 Total	2011/12 Total
26	1	27	23

c) Management Remuneration

Bands	2012/13			2011/12
	Total Remuneration	Of Which Bonuses	Benefits in Kind	Total Remuneration
	£5,000 (£'000)	£5,000 (£'000)	£1,000 (£'000)	£5,000 (£'000)
Steve Wearne – Director, FSA in Wales	100–105	10–15	–	90–95

Bands		2012/13					
		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2013	Total accrued lump sum at age 60 31 March 2013	CETV* at 31 March 2013	CETV** at 31 March 2012	Real increase in CETV
		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Steve Wearne	Director, FSA Wales	0–2.5	25–30	75–80	414	384	6

*CETV is Cash Equivalent Transfer Value of pension entitlement

**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

Cash Equivalent Transfer Values

“A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouses' pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute of Faculties and Actuaries and do not take account of any potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real Increase in CETV

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

d) Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30th July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium, or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits in respect of service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year 31st March the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

3 Expenditure Analysis

	2012/13 £000	2011/12 £000
	<hr/>	<hr/>
Rentals under operating leases:		
Hire of Plant and Machinery	6	4
Other operating leases	67	130
Non-cash items:		
Audit Fees	8	8
Depreciation	10	12
Loss from Disposal of Assets	6	2
Total non-cash items	<hr/> 24	<hr/> 22
Accommodation costs	137	159
Staff overheads	79	58
Administration costs	28	32
IT costs*	107	108
Committee Costs	35	41
Other Administration Costs	<hr/> 483	<hr/> 554
Programme costs	1,238	1,495
	<hr/> 1,721 <hr/>	<hr/> 2,049 <hr/>

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

4 Property, plant and equipment

	Fixtures and Fittings £000	Office Equipment £000	Total £000
Cost or valuation			
At 1 April 2012	62	17	79
Additions	-	-	-
Disposals	(62)	(8)	(70)
At 31 March 2013	-	9	9
Depreciation			
At 1 April 2012	48	14	62
Charged in year	8	2	10
Disposals	(56)	(8)	(64)
At 31 March 2013	-	8	8
Carrying value at 31 March 2013	-	1	1
Carrying value at 31 March 2012	14	3	17
Asset financing:			
Owned	-	1	1
Carrying value at 31 March 2013	-	1	1

5 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 7)
- Trade Receivables – current (Note 6)
- Trade Receivables – non-current (Note 6)

2) Liabilities

- Trade and other payables (Note 8)
- Other payables > 1 year (Note 8)
- Provisions arising from contractual arrangements (Note 9)

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 6).

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.

6 Trade receivables and other current assets

	2012/13 £000	2011/12 £000
Amounts falling due within one year:		
Trade Receivables	-	-
VAT recoverable	2	10
Other receivables	-	-
	<u>2</u>	<u>10</u>
Other current assets:		
Prepayments and accrued income	17	29
Amounts issued from the Welsh Government but not received at year end	90	51
	<u>107</u>	<u>80</u>
Total	<u>109</u>	<u>90</u>

b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Balances with other Central Government bodies	92	61	-	-
Balances with local authorities	-	-	-	-
Balances with NHS bodies	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-Government balances	<u>92</u>	<u>61</u>	<u>0</u>	<u>0</u>
Balances with bodies external to Government	17	29	-	-
Total receivable at 31 March 2013	<u>109</u>	<u>90</u>	<u>0</u>	<u>0</u>

7 Cash and cash equivalents

	2012/13 £000	2011/12 £000
Balance at 1 April	(51)	944
Net changes in cash balances	(39)	(995)
Balance at 31 March	(90)	(51)

The following balances at 31 March are held at:

Government Banking Service	(90)	(51)
Commercial banks and cash in hand	-	0
	(90)	(51)

8 Trade payables and other current liabilities

	2012/13 £000	2011/12 £000
Amounts falling due within one year		
Bank Overdraft	90	51
Other taxation and social security	33	18
Trade Payables	1	26
Other Payables	21	13
	145	108
Other current liabilities:		
Accruals and deferred income	215	118
Amounts issued from the Welsh Government but not spent at year end	-	-
	215	118
	360	226

b) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Balances with other Central Government bodies	147	63	–	81
Balances with local authorities	35	11	–	–
Balances with NHS bodies	–	–	–	–
Balances with public corporations and trading funds	–	–	–	–
Sub-total intra-governmental balances	182	74	0	81
Balances with bodies external to government	178	–	0	–
Total payables	360	74	0	81

9 Provisions for liabilities and charges

	2012/13 £000	2011/12 £000
Early Departure costs		
Balance at 1 April	112	137
Provided in year	5	–
Provisions not required written back	–	–
Provisions utilised in the year	(33)	(31)
Borrowing costs (unwinding of discounts)	3	6
Balance at 31 March 2013	87	112

Analysis of expected timing of discounted flows

	2012/13 £000	2011/12 £000
Not later than one year	32	31
Later than one year and not later than five years	55	81
Later than five years	–	–
Balance at 31 March 2013	87	112

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.

10 Related-Party Transactions

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

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

11 Operating leases

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

	2012/13 £000	2011/12 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	53	60
Later than one year and not later than five years	212	25
Later than five years	–	–
	265	85
Other:		
Not later than one year	–	5
Later than one year and not later than five years	–	2
Later than five years	–	–
	–	7

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).

12 Other Financial Commitments

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

13 Contingent liabilities

There are no Contingent Liabilities to report.

14 Losses and Special Payments

There were no special payments during the year.

15 Advisory Committee

In addition to the main FSA Board, the FSA has separate advisory committees to cover Scotland, Wales and Northern Ireland. The Committees act as advisory bodies to the FSA. They are chaired by Board Members and the FSA Board is required by statute to take account of their advice in its work. The Committee Members are listed below:

Wales – Advisory Committee Members

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

16 Post Balance Sheet Events

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

17 Capital Commitments

At 31 March 2013 there were no commitments for the purchase of capital items (31 March 2012 nil).

18 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.

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

1. The Food Standards Agency Wales shall prepare accounts for the financial year ended 31 March 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (“the FReM”) issued by HM Treasury which is in force for that financial year.
2. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, cash flows and changes in taxpayers’ equity for the financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Welsh Assembly Government or material transactions that have not conformed to the authorities which govern them.
3. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Welsh Assembly Government.

Martin Sollis
Deputy Director of Finance
Welsh Assembly Government
19 April 2011

