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**CONSOLIDATED ANNUAL REPORT
AND ACCOUNTS 2018/19**
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Food Standards Agency

Consolidated Annual Report and Accounts 2018/19

(For the year ended 31 March 2019)

Presented to Parliament pursuant to Section 4 of the Food Standards Act 1999

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

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

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PERFORMANCE OVERVIEW

CHAIRMAN'S FOREWORD



This year, EU Exit has dominated the headlines and it has dominated the FSA Board agenda. We have stayed faithful to the ambition we set out two years ago. When the UK leaves the EU, we have been determined that food would be no less safe, consumers would be no less protected, and our commitment to an open and transparent, science and evidence based regulatory system would be unwavering.

By March 2019, intense design and implementation work across the whole FSA, steered by the Board, had delivered a complete and whole regulatory regime ready for operation outside the EU functions and systems we currently rely upon. This is an outstanding achievement by our officials, working closely with colleagues across Governments and industry. Once we operate this new system for real, there will inevitably be fine tuning required. But we have built the most open and transparent risk analysis approach that exists globally, and we have seized the chance to go further, faster on essential parts of the regulatory regime. This is a good starting point to deliver FSA success outside the EU frameworks.

A good example of doing things better is the new approach to surveillance we will take outside the EU. In the past 12 months, the FSA has built, trialled and launched a proactive, systematic approach to surveillance. It takes a longer-term view of new and emerging food system risks, exploits data and technology, and draws inputs from global and national data sources including academia, other parts of government, and industry. Being able to predict changes in food and feed safety risk, rather than react to risks already materialising, will enable better, faster consumer protection and better value for money. In 2019/20, we will use the risk information that this surveillance generates to inform a replacement national sampling strategy.

Of course, the FSA already has proven incident management systems in place to protect consumers when things go wrong. We deal with over 2,000 food and feed incidents a year, almost all of them at a small scale. When there are cross border issues, EU notification systems play an important role in incident management. Outside the EU, we can still benefit from notifications where they concern UK food, but we may not have full access to the wider intelligence these systems provide. We have invested in strengthening incident management, building a new system to triage wider sources of intelligence, not limited to EU notifications.

This has already delivered good results, and we have been able to act more quickly on emerging incidents. We foster strong relationships with food safety authorities across Europe and worldwide: we have a mutual interest in information sharing. More recently, we've increased our engagement with INFOSAN (the International Food Safety Authorities Network), managed jointly by the FAO and the WHO of the United Nations. This provides us with

extensive ‘reach’ and a framework for communicating food safety issues with countries across the world.

The Board is pleased that, whilst driving forward EU Exit readiness, the FSA has still made progress with our ambition to modernise the food regulation system in England, Wales and Northern Ireland. One of the key achievements was introducing a simple, easy to use digital system to register a food business with a local authority. After a successful multi-authority pilot, we are now planning the roll out of this system across local authorities in England, Wales and Northern Ireland.

We also turned our attention to the reform of food standards delivery. In the autumn, we published a report identifying fundamental issues in the delivery of food standards assurance and inspection across our three countries. This confirmed an unacceptable picture and gave us the evidence base to work with local authorities and the professions to design a new, fit for purpose, delivery model for food standards.

Food businesses have an essential role to play in keeping people safe, but it’s especially important when someone lives with a food allergy or intolerance – where the ability to make safe food choices is crucial. In recent years, we have seen several allergy-related deaths among teens and young adults.

Our campaign #easytoASK, which we launched last autumn, aims to help this group be more confident about asking for allergen information when eating out or ordering in. We are encouraging businesses to get better at offering accurate allergen information, and to be proactive in making their younger customers feel comfortable to ask for it. Allergens and intolerances are an increasingly significant part of the FSA’s focus, and we plan a comprehensive programme on food hypersensitivity in the coming year.

We want more high-quality evidence on what matters to consumers, on business and personal behaviour and motivations, on designing interventions that work for people. Last May, we appointed a new Advisory Committee for Social Science to cover this extended brief, bringing deep expertise in behavioural change and risk communications.

In Northern Ireland, our Eating Well Choosing Better programme caught attention with its focus on scones – popular eating, but often containing high levels of sugar, fat, salt and calories. The widespread media coverage featured our commitment to help food businesses reformulate recipes, reduce portion sizes and levels of sugar, salt and fat in baked goods as well as increase the availability of healthier products in local coffee shops and cafes.

Consumers in Wales were the first to benefit from the mandatory display of the food hygiene rating sticker: it gives them a quick and easy way to know about hygiene standards at food businesses. Since mandatory display was introduced, we have seen further improvements in hygiene standards, with 96% of businesses achieving a 3 (‘Generally satisfactory’) rating or higher. The FSA’s fifth review of the operation of the FHRS appeals system in Wales found an increasing trend in food businesses achieving a 3 or 4 (‘Good’) rating exercising their right to appeal – an indication of the value businesses place on achieving a higher rating.

The FHRS has continued to record a rise in standards across England and Wales, and in Northern Ireland where sticker display is also mandatory. Overall, 96.5% of food businesses achieved a rating of 3 or above and 71.8% a rating of 5. We believe the display of ratings drives up food safety compliance and improves public health protection and it remains our ambition for the scheme to become mandatory in England.

As ever, the year has seen changes in senior leadership at the FSA. We said farewell to our Deputy Chair Laura Sandys and Board member Rosie Glazebrook in March 2019. They leave with our very best wishes and thanks for their leadership, particularly in keeping the consumer front of mind in all the FSA does.

This summer, our Chief Executive, Jason Feeney will retire at the end of a 38-year career in the Civil Service. Jason joined the FSA as Chief Operating Officer in 2015 and became Chief Executive in April 2017. He has been an outstanding CEO of the FSA, in some of the most challenging years of this department's existence. His personal leadership on EU Exit and regulatory transformation has been exemplary. I speak for the whole Board when I say how grateful we are that Jason chose to conclude his distinguished career by leading the FSA into an exciting future.



Heather Hancock DL LVO
Chairman, Food Standards Agency

CHIEF EXECUTIVE'S STATEMENT



I am pleased to lay before the Westminster Parliament and the National Assembly for Wales, and present to the Northern Ireland Assembly, the Food Standards Agency (FSA) Annual Report and Accounts. This edition covers our performance and activities in 2018/19 across England, Wales and Northern Ireland at a net cost of £98.7m.

As one of the government departments most affected by EU Exit, this year has been dominated by preparations for a range of potential outcomes, generating the most complex and significant programme of work ever undertaken by the FSA.

It has impacted every part of the organisation, required a major reorganisation to reflect our new responsibilities and a significant programme of recruitment to strengthen our science, policy, food crime and frontline capability. In preparation, for EU Exit, we recruited over 40 independent external scientists for our advisory committees, and more than 100 new internal appointments.

We have designed and developed a new food risk analysis system to enable us to deliver our post-exit remit. Our processes and procedures have been redesigned to improve how we handle risk from science-based assessment to our risk management policy response. This new approach will revitalise and re-enforce our science and evidenced based approach and set new standards of transparency.

In other key areas, including surveillance, horizon scanning, incident management and food crime, we have developed and introduced new systems and new capabilities that mean we are better placed than ever before to deliver in any new food system context or operating environment.

The primary aim throughout all our preparations has been to ensure that we have a fully functioning food safety system so citizens can continue to trust the food they eat and that enables trading partners, old and new, to have confidence in UK produced food and drink. We continue to drive for openness and transparency in both what we do and the whole food system.

Our EU Exit programme has involved direct engagement with other government departments, partner organisations, industry and other stakeholders from suppliers to consumers. It was delivered on time, within budget and in line with expectations and plans.

Our 'Regulating our Future' programme was also re-shaped this year to place an increased focus on those elements that would support EU Exit activity, including the development of National Inspection Strategies. We have worked with Primary Authority partnerships that are developing national inspection strategies and live trials are starting this year.

Our influence and leadership on key international standards and delivery models has further increased in the last year and is acknowledged and welcomed by our key partners. Also our Science Director, Steve Wearne is eligible to seek election in 2020 to the position of Chair of Codex Alimentarius, a UN body that sets science-based food standards to protect consumers and facilitate fair trading practices.

Internally, we completed the delivery of the 'Our Ways of Working' programme placing all our people on new contracts, transforming our IT provision in Field Operations, opening a new site in Birmingham, optimising the use of new digital tools and changing our approach to talent spotting and development. The programme delivered very strong financial outcomes and significantly improved our people offer, supporting our recruitment and retention policies.

The culture within the agency has continued to change to one that is more outward facing and more confident in engaging with stakeholders. We are more open to challenge internally and externally, more inclusive, more focused on delivery and quicker to recognise and reward talent and performance. We established our new Diversity Council and a number of active network groups that provide support and new opportunities for our people.

Our 'Strat Chats' held across the country ensure people hear face-to-face from directors what we are doing and crucially why we are doing it. Our People Survey results show these and other initiatives are having a positive impact and we achieved our highest ever engagement rating in the 2018 People Survey.

The majority of our Senior Civil Servants are already based outside London and this, coupled with our new performance management system and flexible working for all our people, makes me believe we are one of the leading departments in modernising the ways in which we operate.

There have been many major operational achievements during the year, perhaps most notable being the conclusion of the cold store and cutting plant review which followed the discovery of food hygiene breaches at a number of businesses, culminating with the closure of the Russell Hume group of companies. We worked closely with Food Standards Scotland in undertaking the review of working practices in all cold stores and cutting plants and held our first joint Board meeting to approve its recommendations, which are now starting to be implemented.

Our zero-tolerance approach to breaches of animal welfare and pursuing incidents of ill treatment continued throughout the year and will be further aided by the introduction last November of compulsory CCTV equipment in abattoirs in England.

As this is my last annual report before retirement as CEO of the FSA, I would like to express my thanks to the Chair, the Board, my fellow executives and to all our staff for their support and exceptional work during what has been an exceptional year.

Working for the FSA and experiencing each day the commitment and determination of a remarkable group of colleagues has been deeply rewarding and a real pleasure.

On 6 July 2019 Rod Ainsworth assumed responsibility as Interim Accounting Officer and Acting Chief Executive and thus approves the 2018/19 Annual Report and Accounts.

A handwritten signature in black ink, appearing to read 'J. Feeney', with a horizontal line underneath.

Jason Feeney CBE

Chief Executive and Accounting Officer

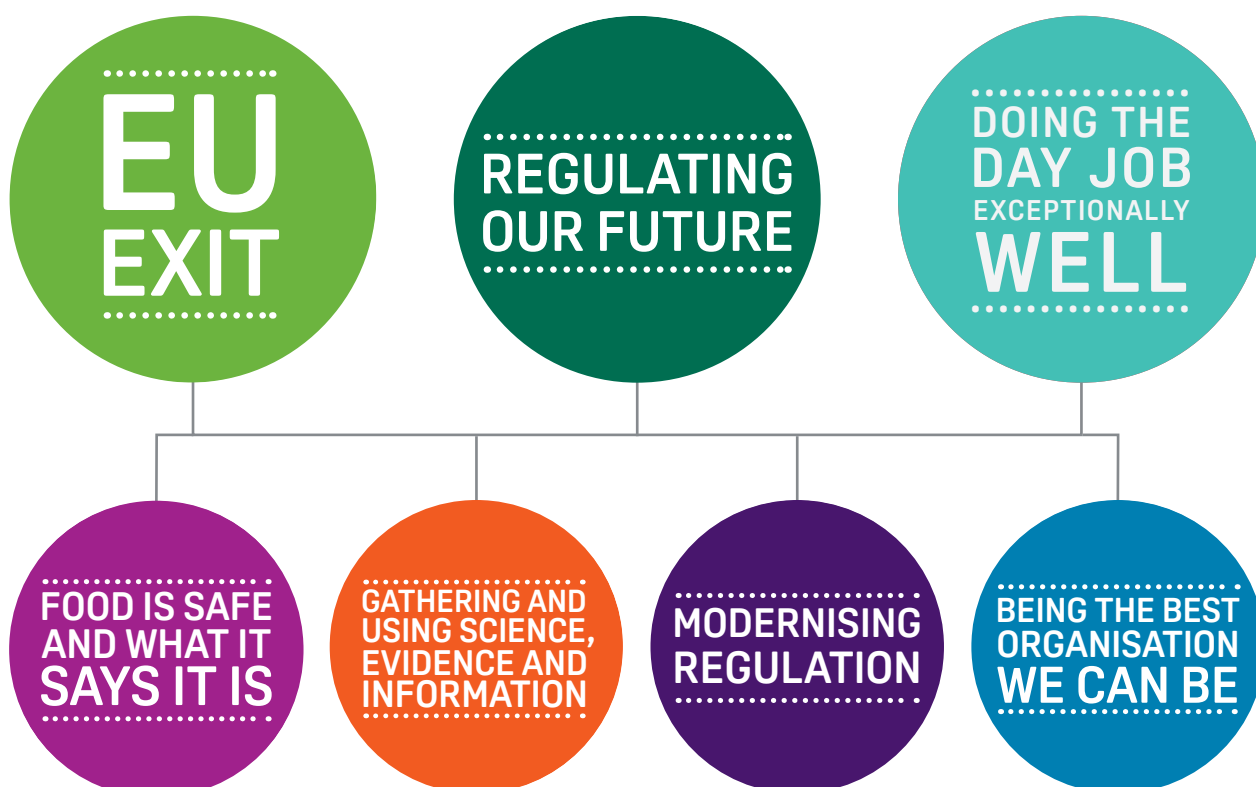
ACTIVITIES AND PERFORMANCE DURING 2018/19

THE FSA: BECOMING AN EXCELLENT, ACCOUNTABLE AND MODERN REGULATOR

In 2018/19 we set out three priorities up to 2020 to deliver the Food Standards Agency's statutory purpose to protect public health and the wider interests of consumers in relation to food. The priorities agreed by the FSA Board and executive team are: anticipating, planning for and delivering the consequences of exiting the European Union (EU Exit), delivering the food regulation reform programme (Regulating Our Future) and doing the day job exceptionally well.

Our annual corporate business plan, which follows these three priorities, and the strategic aims it identifies, will help us to achieve our ambition of being an excellent, modern, accountable regulator and deliver on our top priorities.

In this section of the report, we report on our activities and performance for the financial year 2018/19 against those priorities, strategic outcomes and their associated capabilities.



EXCELLENT, ACCOUNTABLE MODERN REGULATOR

The FSA's performance in financial year 2018/19 saw good progress against all three of the strategic priorities set by the Board:



EU Exit – To anticipate, plan for and deliver the consequences of exiting the European Union.

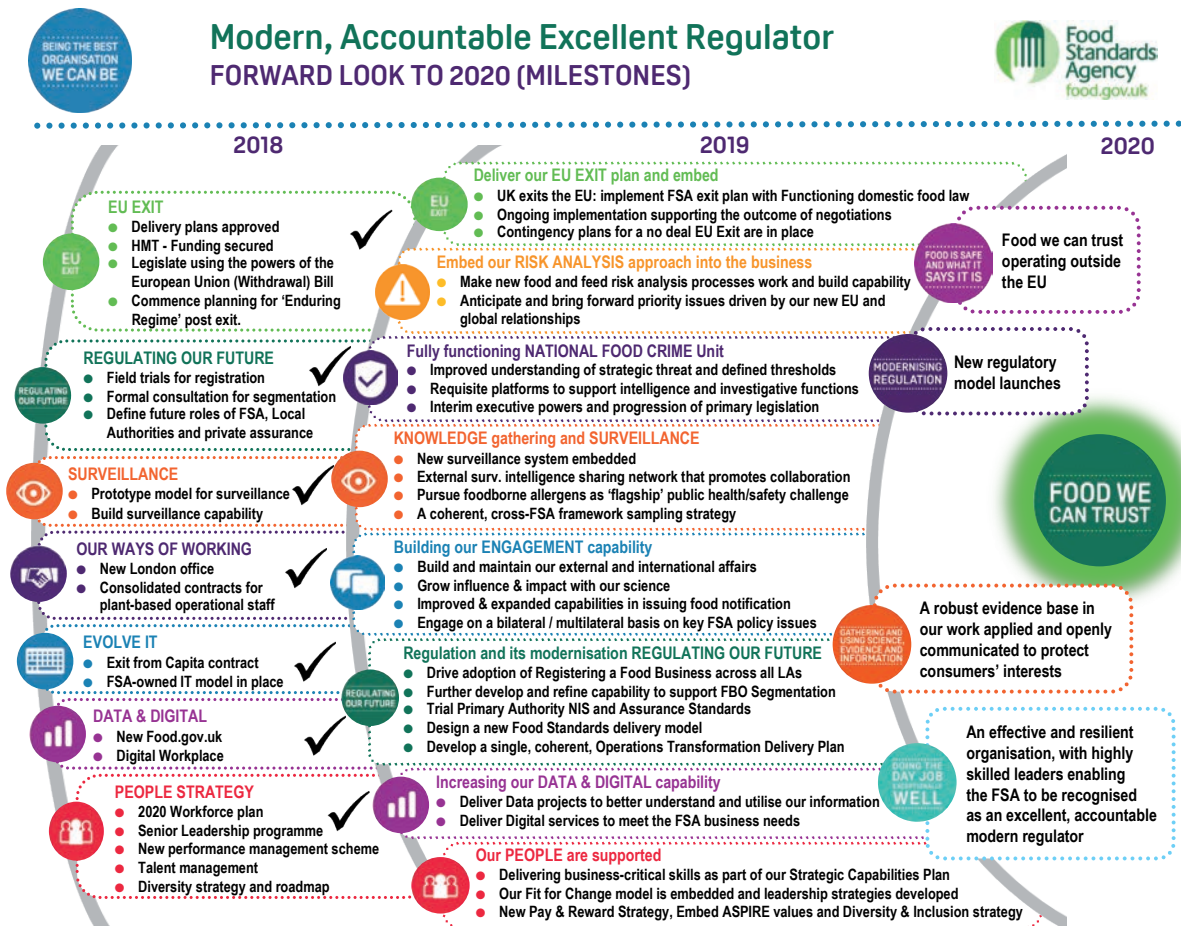


Regulating Our Future (ROF) – To create a modern, risk-based, proportionate, robust and resilient system to verify that food businesses meet their obligations to ensure that food is safe and what it says it is.



Doing the Day Job Exceptionally Well – Whilst managing the change coming we must keep the regulatory machine running smoothly.

Figure 1: Milestones



OVERALL OBJECTIVE

To anticipate, plan for and deliver the consequences of exiting the European Union (EU)



Overall objectives:

To ensure that food safety and authenticity are not compromised as a result of exiting the EU and that we are prepared to respond as effectively as possible to the challenges, and opportunities, presented by the final terms of exit.

To develop and deploy an evidence base that will support and influence negotiations regarding the UK's exit from the EU and our future relationship with the EU and other countries.

Objective for 2018/19:

To finalise and implement delivery plans to ensure that there are no significant failures on Day 1 of exit

Statement:

The FSA has re-prioritised existing resources to deliver the EU Exit programme and successfully secured HM Treasury funding to the value of £14m in 2018/19, and a further £16m for 2019/20.

The programme's key milestones, agreed by the FSA Board, are to ensure that from April 2019, regardless of the terms of exit, the UK has an effective regulatory regime in place and that it is underpinned by a fully functioning body of law. In agreeing plans and milestones, the FSA Board set out that plans must:



Be effective in protecting public health



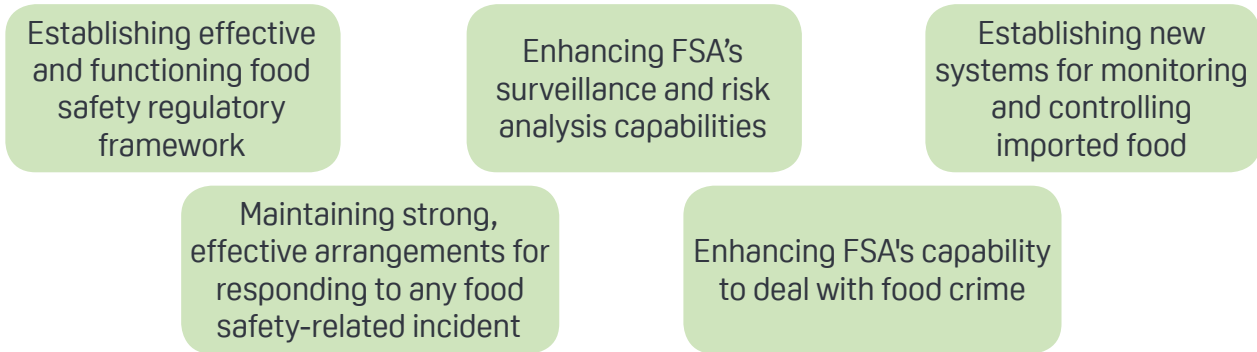
Be effective in maintaining confidence in food safety and the regulatory regime



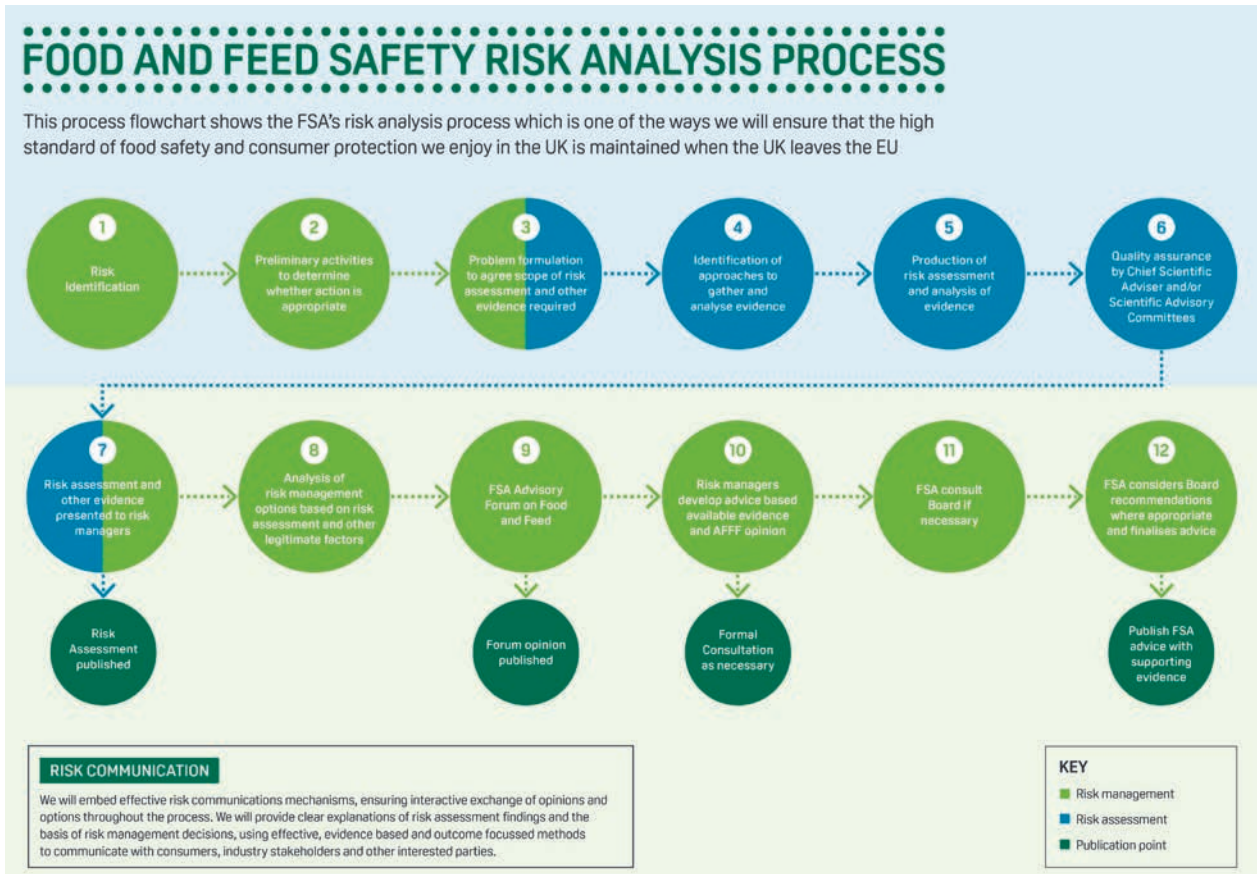
Minimise disruption for consumers and industry

Progress against objectives:

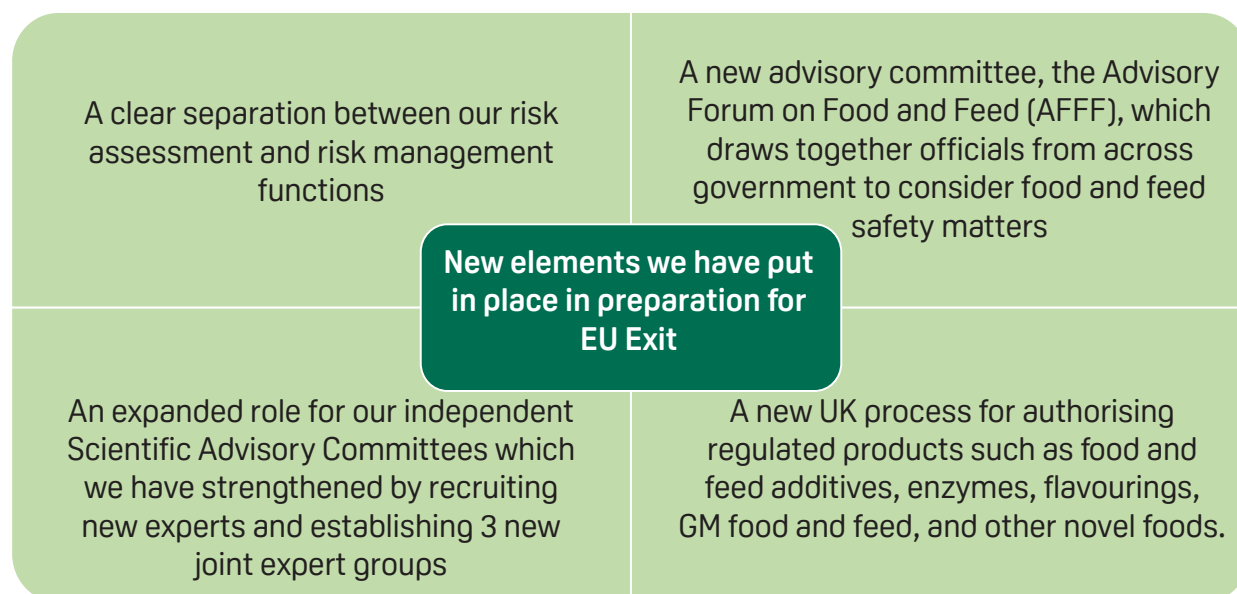
We have now completed delivery of all of our EU Exit programme objectives. At the March 2019 open Board meeting, we reported that no matter what the outcome of ongoing negotiations around the terms of the UK's exit from the UK, we have confidence in our ability to continue to deliver an effective food safety system once the UK is no longer part of the EU. This has been achieved through a several workstreams including:



A significant output from our EU Exit work across policy and science is our enhanced risk analysis process by which we assess, manage and communicate food and animal feed safety risks. It's central to everything we do and will ensure the UK continues to enjoy high standards of food and feed safety and consumer protection after EU Exit. Following international best practice, we have added rigour and transparency to our existing processes so we can continue to provide independent and evidence-based food safe advice. We have developed a 12-step risk analysis process.



Our Board has discussed and agreed high-level principles, governance and assurance arrangements underpinning this process. We have increased our capability and capacity to deliver our risk analysis and have recruited more policy and science experts.



The complexity of the EU Exit programme has required a very agile and flexible approach to programme management and governance. As the workstreams have moved from planning, through detailed design and into delivery, we have responded to changing circumstances, pace and/or priorities. Throughout planning and delivery, we have worked closely with other departments, particularly the Department for Exiting the European Union (DExEU), the Department of Health and Social Care (DHSC), the Department for the Environment, Food and Rural Affairs (Defra), Food Standards Scotland and the devolved administrations.

All projects within the programme have been delivered by the business areas that will continue to be responsible for running their new operations. We have taken the opportunity to make improvements that mean in some areas our new capabilities out-perform those of the current EU system we are leaving behind. For example, use of predictable analytics in the new surveillance system and transparency in risk analysis. Post-EU Exit, many business areas will continue activity to improve our Day 1 solutions and develop a longer term, more sustainable model. This activity has been built into our 2019/20 business plans and is supported by ongoing EU Exit funding from Treasury.

OVERALL OBJECTIVE

A new regulatory model giving us more scope to protect consumers within the rapidly evolving global food system







Objectives for 2018/19:

- Deliver a tested digital solution for Registering a Food Business.
- Re-design those parts of food.gov.uk on ‘starting a food business’ and ‘running a food business’, making it easier for food businesses to understand what is required of them.
- Revise the food law code of practice to reflect changes arising from Regulating Our Future (ROF).
- Develop standards for the operation of Primary Authority¹ National Inspection Strategies and work with partnerships to undertake pathfinder trials.
- Gather baseline evidence on delivery of food standards official controls to inform development of a new model.
- Develop the business case for mandation of the Food Hygiene Rating Scheme in England.
- Scope and understand the current delivery landscape and determine the costs of regulation and identify options for a sustainably funded model.



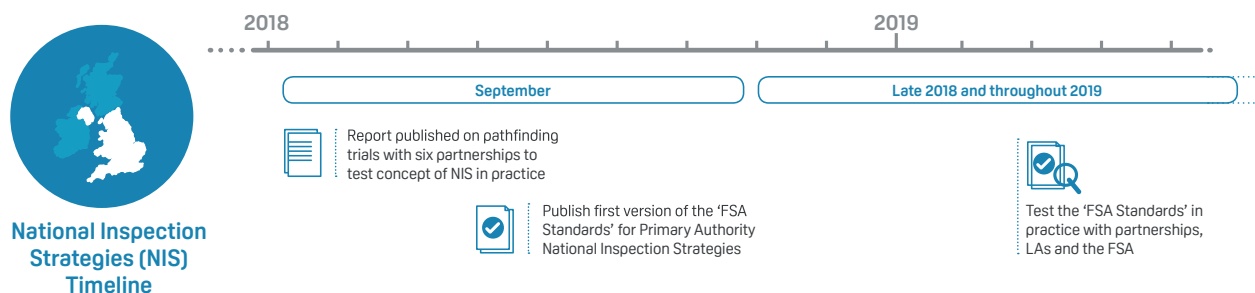
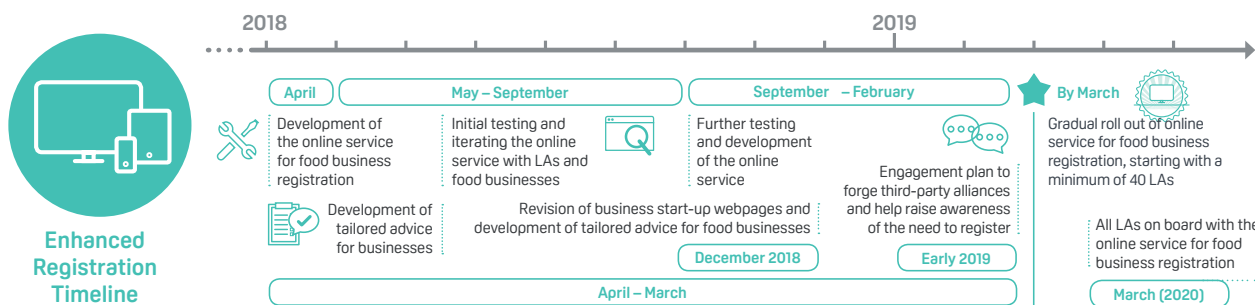
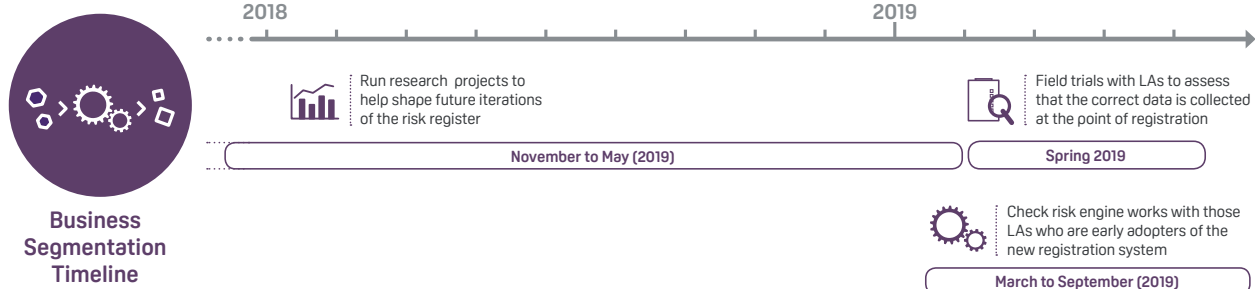
Statement:

The ROF programme prioritised workstreams by considering:

	Alignment with priorities for EU Exit, which are consistent with the FSA being an effective Central Competent Authority and the expectations for operating a post-exit UK framework (four-country approach) for food and feed safety and hygiene
	Impact of the workstream in terms of benefits to the consumer, the FSA and delivery partners
	Capacity and capability within the FSA to take forward the work and external influences
	Risk and dependencies

¹ Primary Authority is a scheme administered by the Department of Business, Energy and Industrial Strategy. It offers a different way of delivering local regulation, enabling local authorities to help businesses comply with regulations: <https://primary-authority.beis.gov.uk/about>

Progress on delivery of pre-EU Exit priorities:



Progress against objectives:

In the last twelve months the programme has moved from understanding the limitations of the current delivery model and exploring and testing options for improvement to delivery of some components of the new model. Our priority has been to ensure that development of the elements of the new delivery model support our preparations for EU Exit. The following progress has been made:



1. The focus to date has been on building a 'risk engine' that uses a set of business rules to generate a 'risk score', which segments businesses into categories. This categorisation will be used to determine the nature, frequency and intensity of official controls for all new businesses using data from the online food business registration service.
2. Consultation on proposed changes to the Food and Feed Law Codes of Practice for England, Wales and Northern Ireland has been completed and proposed changes are being further developed to take account of feedback from stakeholders.



Enhanced Registration

3. As part of the Department for Exiting the European Union’s critical path for EU Exit, we are building an online service to give us more information on food businesses at the time of registration which will feed into the Unified View (UV) to provide real-time access to the details of all known businesses in England, Wales and Northern Ireland.
4. The Registering a Food Business (RaFB) digital system has been developed following the Government Digital Service framework through discovery and alpha phases. It is currently in live beta testing.
5. The RaFB system has been adopted by **10** local authorities in England, Wales and Northern Ireland and **220** food business operators have each used it to register their business. We are working in partnership with providers of local authority management information systems, to develop plans for adoption by all local authorities during 2019/20.
6. We have undertaken research identifying how new businesses currently enter the regulatory system and what type of support they receive and find useful.
7. Following extensive testing and iterations the webpages for new food businesses on food.gov.uk have been updated and were published on 12 December. These pages were updated: Starting a food business, Applying for approval.
8. The minimum viable product of the Unified View was released in March to a subset of key users. These users tested the service throughout April. We have compiled all the feedback and this is now being prioritised and worked through. We will iterate the system in line with the feedback before we release the next update.



National Inspection Strategies (NIS)

9. Utilising Primary Authority (PA) National Inspection Strategies (NIS) is a key part of our work to recognise compliant and transparent multi-site food businesses that will enable local authority activity to focus on those businesses that present the greatest risk to public health. We have developed a framework of standards to ensure that NIS are robust and operate with the right level of oversight.
10. The first version of these standards were published in the summer and we have worked with PA partnerships on a project to test the concept of NIS; to explore PAs accessing and using business compliance data and find out what needs to be done to make NIS for food a success.

11. 2 partnerships have submitted proposals for NIS in England which will be piloted before scaling up to include more partnerships.
12. We are working to develop options to maintain sustainability and credibility of FHRS operation, something which NIS implementation will impact.
13. We have scoped the current delivery landscape, established regulation costs, agreed principles for creating a sustainably funded model, considered other regulator's funding models and potential options appraisals.

We are taking a whole system approach, understanding what information is available from a wider range of sources and how this can be used in the future to gain assurance that food is safe and what it says it is. New and emerging innovations, enterprises and technology have the potential to provide a range of data that could support the future operating model, so we have continued to undertake short feasibility studies to further understand businesses' own assurance systems to support regulation.

A full five-pillar business case has been developed for the ROF programme. It describes the business justification for ROF, and sets out the expected benefits and outcomes, estimates the economic impact and sets out full costs. The business case is being developed iteratively and we will revisit and update it following completion of the first phase of the programme focusing on pre-EU Exit priorities.

Next Steps

We remain committed to achieving our ambition to introduce a new funding model to support the modernised regulatory system we are creating, one based on businesses bearing the cost. We recognise that it will be some time before we can enact any change and we must be realistic about that so, for now, we are pausing work in this area. We will consider how we can pursue our ambition as part of our work to develop the FSA's strategy from 2020.

OVERALL OBJECTIVE

Whilst managing the change coming, we must keep the regulatory machine running smoothly



Overall objectives:

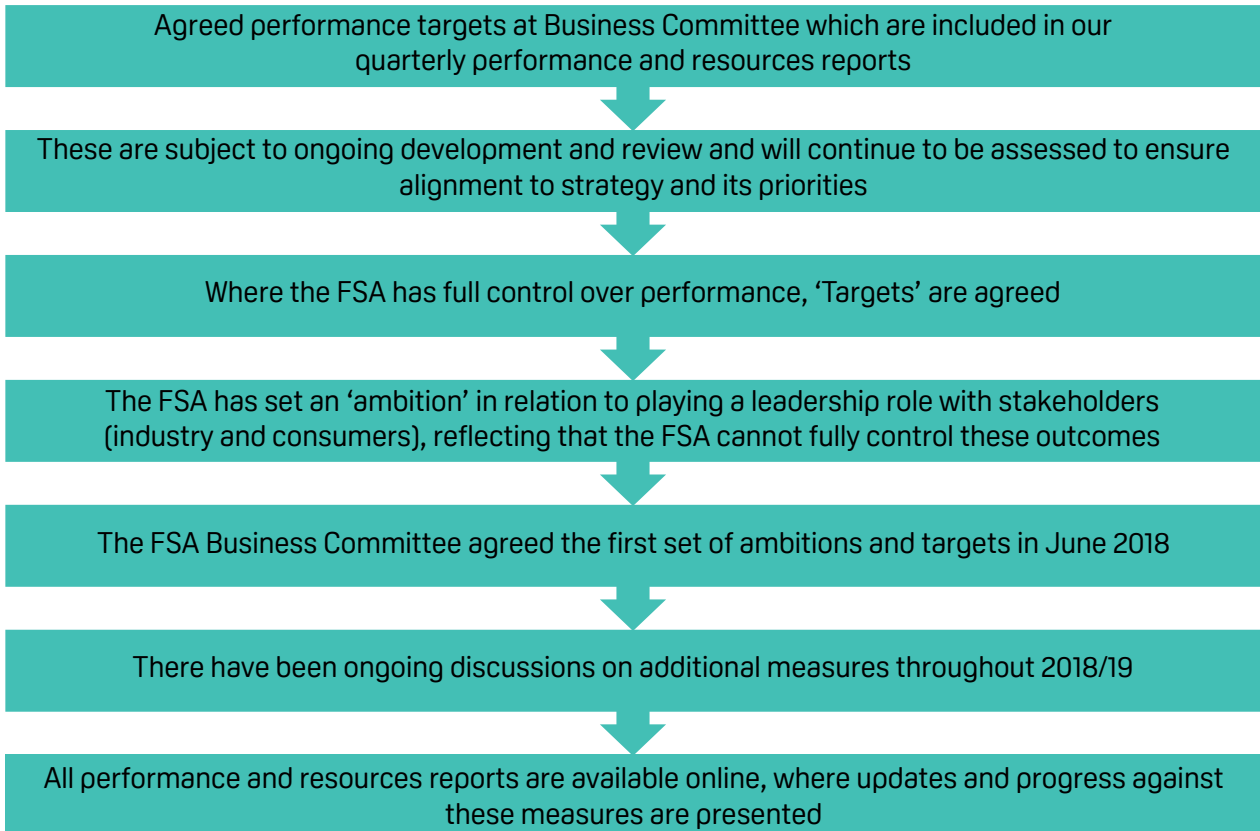
Part of being an excellent accountable modern regulator is leveraging great impact from small resources: always seeking to do the day job in the most efficient and effective way, protecting consumers, and demonstrating that we provide excellent value for money.

Statement:

To continue to deliver on doing the day job exceptionally well means the FSA needs to focus on performance – the delivery of the FSA’s responsibilities and development, progression and delivery of the FSA’s capabilities.

Performance delivery:

To fulfil its ambition to be an excellent accountable modern regulator, the FSA has:



In becoming an excellent, accountable and modern regulator that delivers the Food Standards Agency's statutory purpose to protect public health and consumers' wider interests in relation to food, we set out three priorities:

**GATHERING AND
USING SCIENCE,
EVIDENCE AND
INFORMATION**

Developing scientific capability to ensure that our work is based upon rigorous and up-to-date scientific advice

**REGULATING
OUR FUTURE**

Redesigning the delivery landscape through our Regulating Our Future programme, to ensure that food safety regulation in the UK is modernised so that it is risk-based, data-driven, and fit-for-purpose



Ensuring that we have a cost-effective national and coordinated approach to tackling food crime with the development of the National Food Crime Unit

**FOOD IS SAFE
AND WHAT IT
SAYS IT IS**

Becoming a global leader in food safety regulation, through collaboration and information sharing with likeminded organisations across the globe



Better understanding consumer and business behaviours, so that we can empower consumers, and use a range of legislative and non-legislative tools to influence businesses to do better for consumers



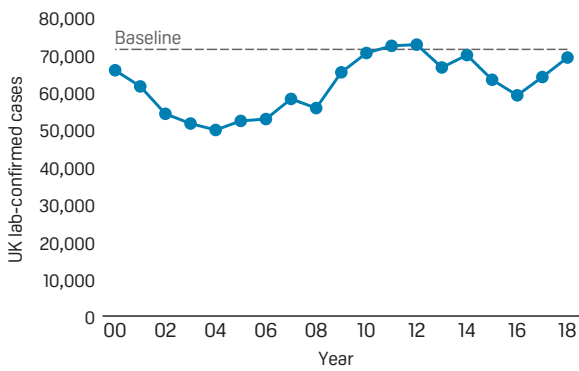
Key areas of our performance are detailed in the following pages:

FOODBORNE DISEASE

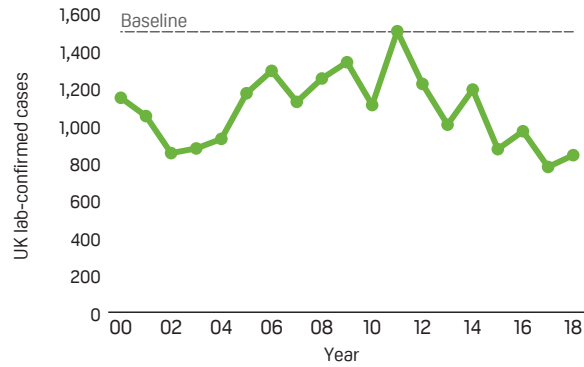


It is the responsibility of people producing and supplying food to ensure it is safe and what it says it is. An estimated one million people are affected by foodborne disease in the UK annually, costing the economy in excess of £1bn. Laboratory confirmed human cases in the UK from 2000 to 2018 of the four major bacterial pathogens are shown below. Only a minority of cases are reported, and samples sent for lab analysis.

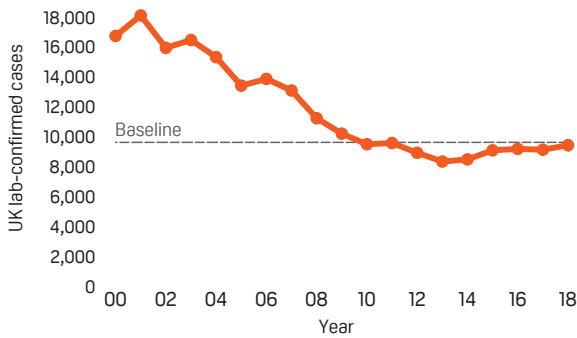
Campylobacter



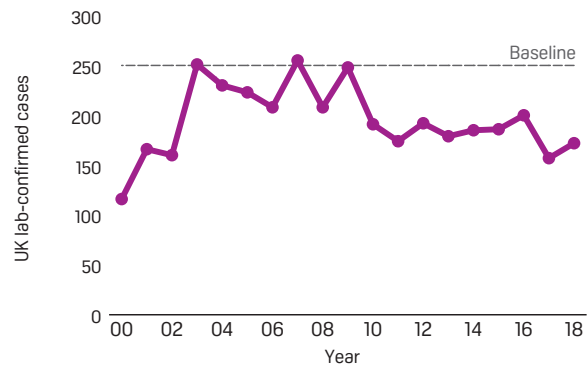
Escherichia coli O157



Salmonella



Listeria monocytogenes



Source: Public Health England, Public Health Wales, Health Protection Scotland and Public Health Agency for Northern Ireland.

This is why the FSA exists, to protect the public from foodborne disease. All of our measures contribute to delivery of these Q4 statistics, updated annually in March.

Some annual variation in the incidence of foodborne disease is to be expected, and is not necessarily a cause for concern. Because of this expected variation, the FSA Board sets baseline levels which are the thresholds for action. The increase in foodborne disease in 2018 is below the current thresholds for each of the four pathogens.

However, because an increase in all four pathogens has been observed, the FSA will undertake further work in partnership with national surveillance bodies and other relevant stakeholders to ensure that we have fully examined all available data to understand any underlying issues. Further action will be taken as appropriate, including commissioning additional research if necessary.

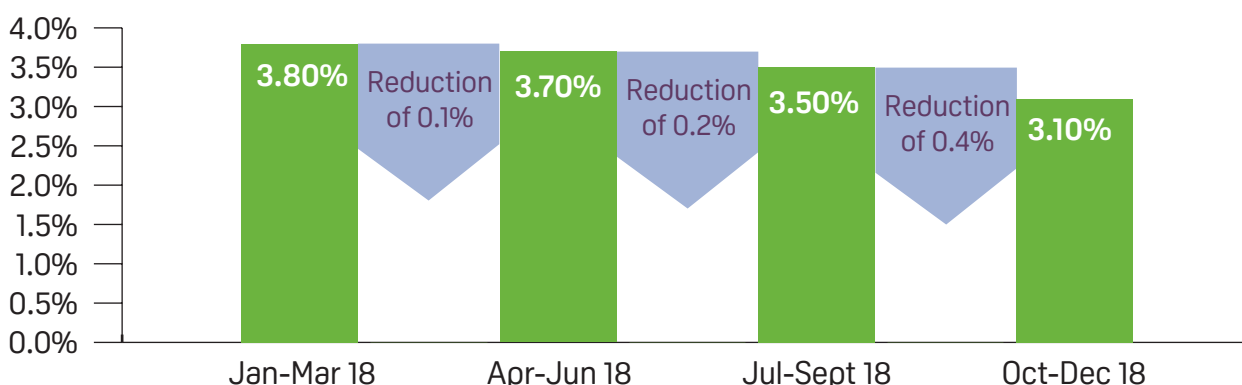
Retail survey and open data sharing initiative:

The level of Campylobacter contamination on chicken skin is measured in terms of the number of colony forming units per gram of skin (cfu/g). The primary focus of attention is on high levels of Campylobacter – namely, those over 1,000cfu/g.



Following discussions with the industry on an FSA initiative, the top nine retailers agreed to publish their own Campylobacter results on their consumer websites from 21 September 2017. The sampling and analyses carried out by the retailers is in accordance with robust protocols established by the FSA. As a result of this arrangement, the nine major retailers are no longer included in our annual retail survey, but consumers will be able to follow the retailers' ongoing commitment to Campylobacter reduction. Below, is the graph of the retailers' results publications to date:

% chicken skin samples >1000 cfu/g Campylobacter



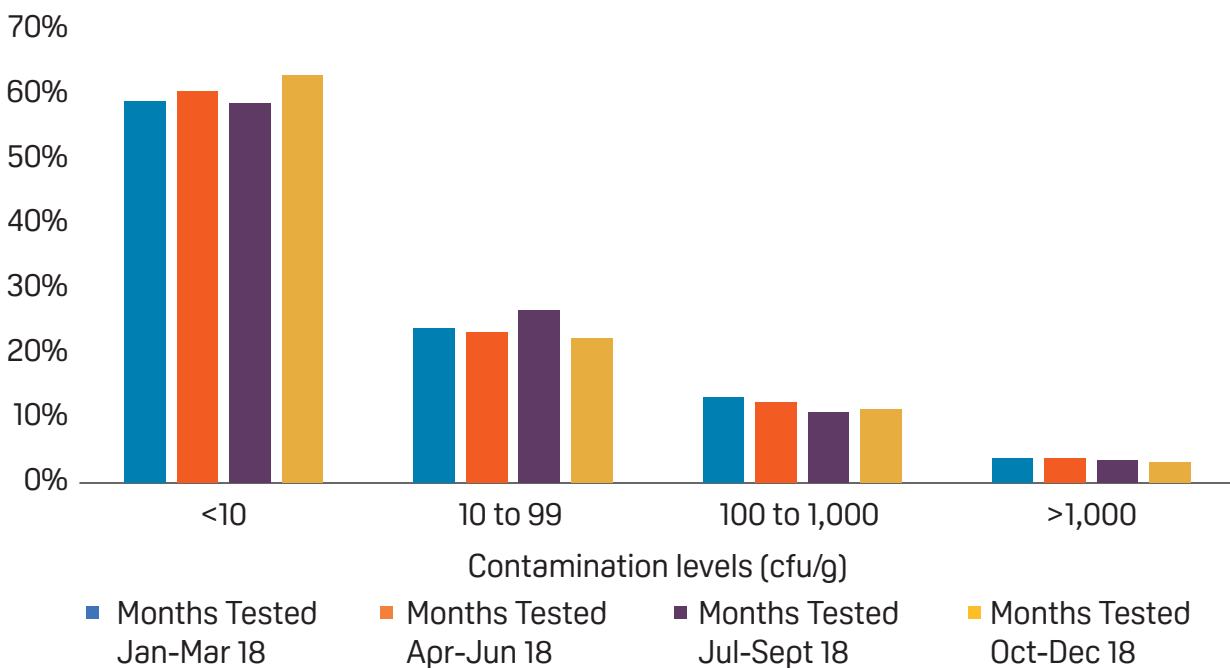
The latest figures show that on average, across the major retailers, **3.1%** of chickens tested positive for the highest level of contamination for quarter 4 (October-December 2018). These are the chickens carrying more than 1,000 colony forming units per gram (cfu/g) of Campylobacter. The corresponding figure for the previous set of results was **3.5%** (July-September 2018) and

3.7% (April – June 2018), while for the first publication (July-September 2017) it was **4.6%**. This demonstrates that Campylobacter levels remain steady in whole, chilled, UK-produced chickens sold by major retailers, according to their own figures.

The latest figures show further progress being made in our efforts to reduce Campylobacter in UK-produced fresh whole chickens.

We will continue to build on these encouraging results, working closely with retailers and smaller poultry businesses to bring levels down to as low as reasonably achievable. The average overall percentage levels of Campylobacter in the retailers’ data can be found in the graph below:

Average overall % levels of Campylobacter in retailers’ data



Although the Campylobacter programme finished at the end of March 2017, the FSA is still carrying out the retail survey.

The strategy is now to focus effort on smaller establishments where it is considered further improvements could be made. The increased focus on these suppliers will allow the improvements made by the larger retailer chains to be extended across the whole supply chain. The focus for the retail survey will therefore be on smaller retailers, independent traders and market stalls as these are more likely to be supplied by smaller processors. Although these plants account for a smaller share of the market, many supply products into catering and local retailers.

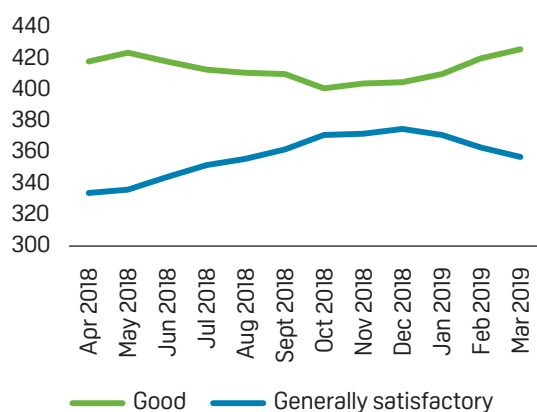
We are also introducing a Campylobacter proficiency testing scheme, which aims to determine the capability of food laboratories to perform detection and enumeration testing for Campylobacter. These laboratories perform such testing on behalf of retailers and processors. We remain committed to reducing the levels of Campylobacter on all UK-produced chickens and will continue to engage with major retailers over the open data publication to ensure the commitment to reducing Campylobacter continues.

MEAT FOOD BUSINESS OPERATOR (FBO) COMPLIANCE WITH REGULATIONS

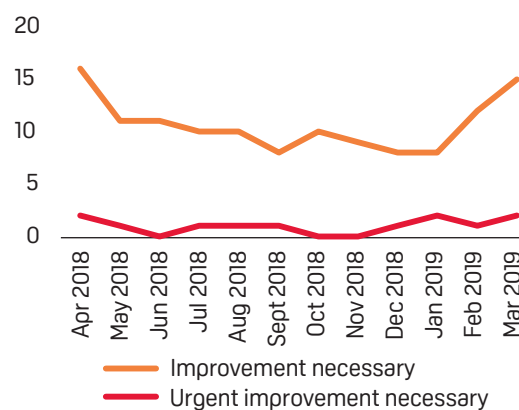


It is the responsibility of Meat Food Business Operators (FBOs) to comply with food safety, hygiene and animal welfare regulations. As part of the system of official controls the FSA carries out food business audits to verify compliance and works with food business operators to identify where improvements are necessary. Food business audit outcomes are categorised according to compliance levels as – ‘Good’, ‘Generally satisfactory’, ‘Improvement necessary’ and ‘Urgent improvement necessary’.

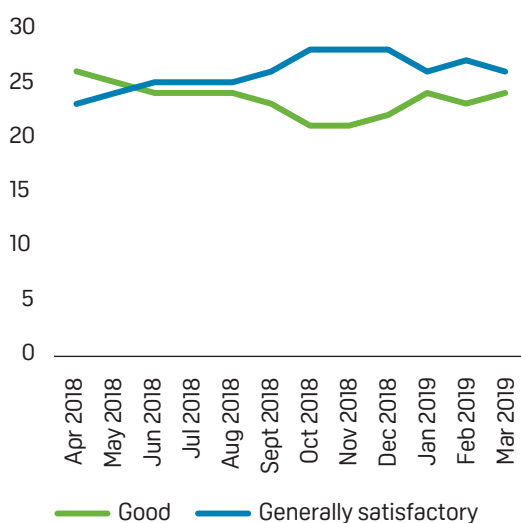
Number of Meat FBOs in England rated ‘Good’ or ‘Generally satisfactory’



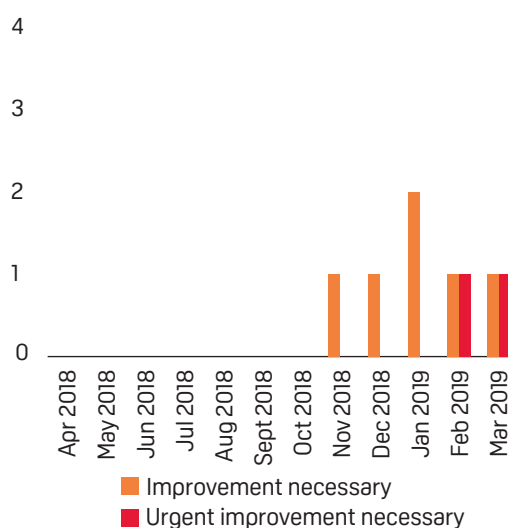
Number of Meat FBOs in England rated ‘Improvement necessary’ or ‘Urgent improvement necessary’



Number of Meat FBOs in Wales rated ‘Good’ or ‘Generally satisfactory’

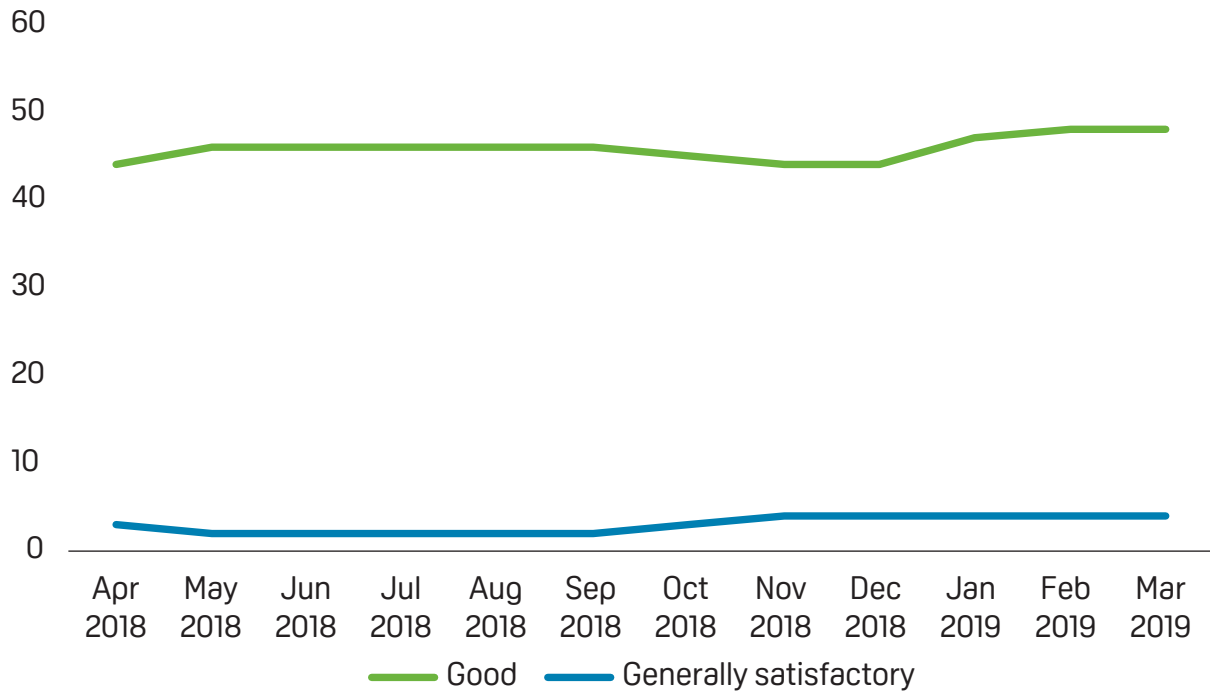


Number of Meat FBOs in Wales rated ‘Improvement necessary’ or ‘Urgent improvement necessary’



*There were no FBOs in Wales rated 'Improvement necessary' or 'Urgent improvement necessary' between April 2018 and October 2018.

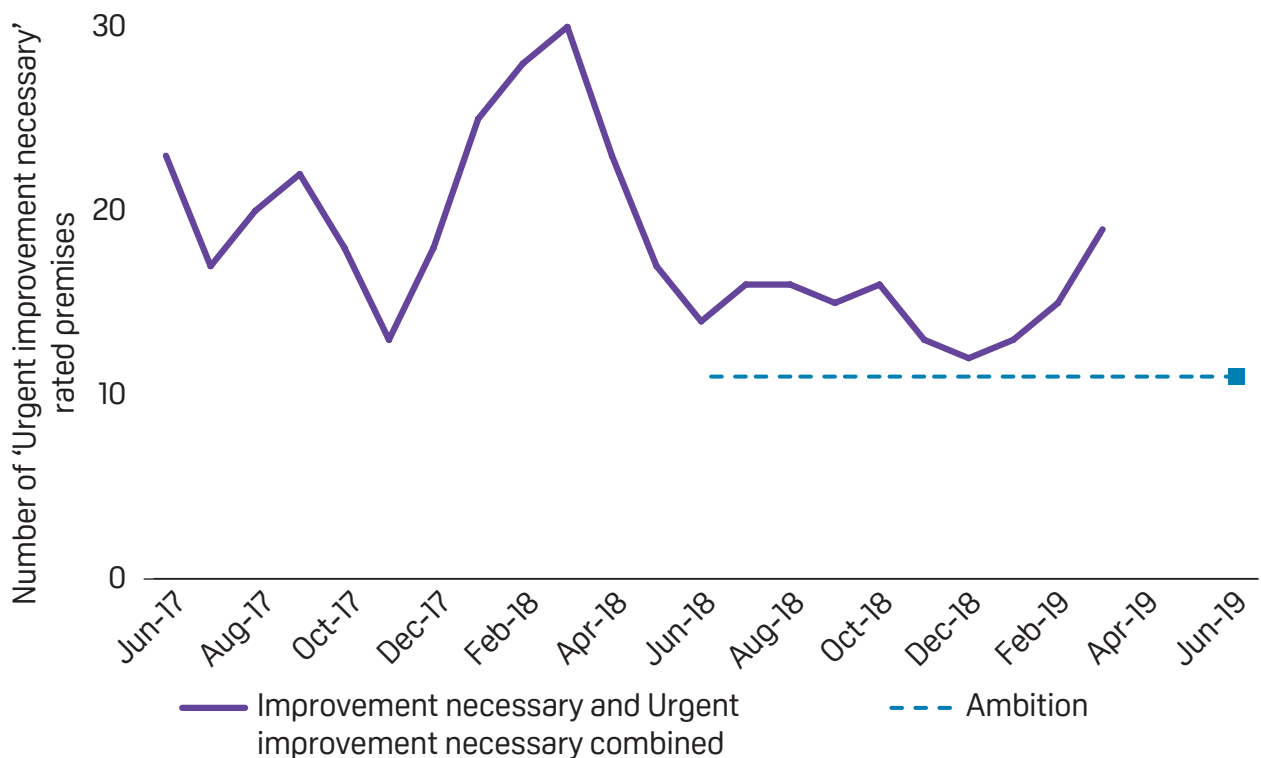
Number of Meat FBOs in Northern Ireland rated 'Good' or 'Generally satisfactory'



There were no 'Improvement necessary' or 'Urgent improvement necessary' rated FBOs in Northern Ireland.

As part of the FSA commitment to encourage food businesses to take their responsibilities for producing safer food more seriously, we have set an ambition to reduce by 25% the overall number of premises receiving audits that are rated urgent improvement necessary or improvement necessary audits.

Progress towards ambition for year one



ANIMAL WELFARE

The ‘Deter, Prevent, Detect, Enforce’ programme is delivered through the Animal Welfare Action Plan. We have a zero-tolerance approach towards animal welfare non-compliance. All non-compliances result in appropriate action.

In 2018/19, the FSA was committed to carrying out activities agreed in the Animal Welfare Action Plan. These activities were identified in the 2017 Board paper¹, which was updated in-year to reflect new priorities. In summary we have:



Strengthened verification of compliance by:

- Working with Defra and industry to implement mandatory installation of CCTV in slaughterhouses in England.
- Completing our second animal welfare themed audit.
- Completing all reviews of premises with: restricted viewing of slaughter; V-restrainer conveyor systems; bovine restraint boxes; non-stun slaughter operations and those reporting low numbers of non-compliances.
- Establishing a dedicated web page on food.gov.uk for external facing welfare data and guidance.



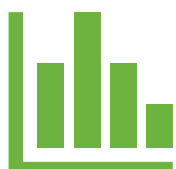
Improved accountability and collaboration through:

- Our joint working with industry on guidance, catching and transport for the poultry industry.
- Our programme of visits by the dedicated FSA Welfare Assurance Team.
- Establishing service standards for the quality and frequency of feedback from other stakeholders involved in welfare incidents on farm and in transit.
- Successful negotiations with Defra and Welsh Government for increased funding for delivery of animal welfare controls.



Improved education and awareness by:

- Working with Defra to develop the guidance which sits alongside CCTV legislation.
- Publishing Q&As to enhance the CCTV guidance.
- Publication of themed best practice guidance.



Improved quality of our analysis reporting through:

- Production of monthly animal welfare non-compliance statistics from the animal welfare enforcement and reporting system and quarterly publication of the results.
- Completion of the 2018 FSA Survey into Slaughter Methods in England and Wales on behalf of Defra and Welsh Government.

¹ www.food.gov.uk/sites/default/files/media/document/fsa170905%20%281%29.pdf

FOOD HYGIENE RATING SCHEME (FHRS)

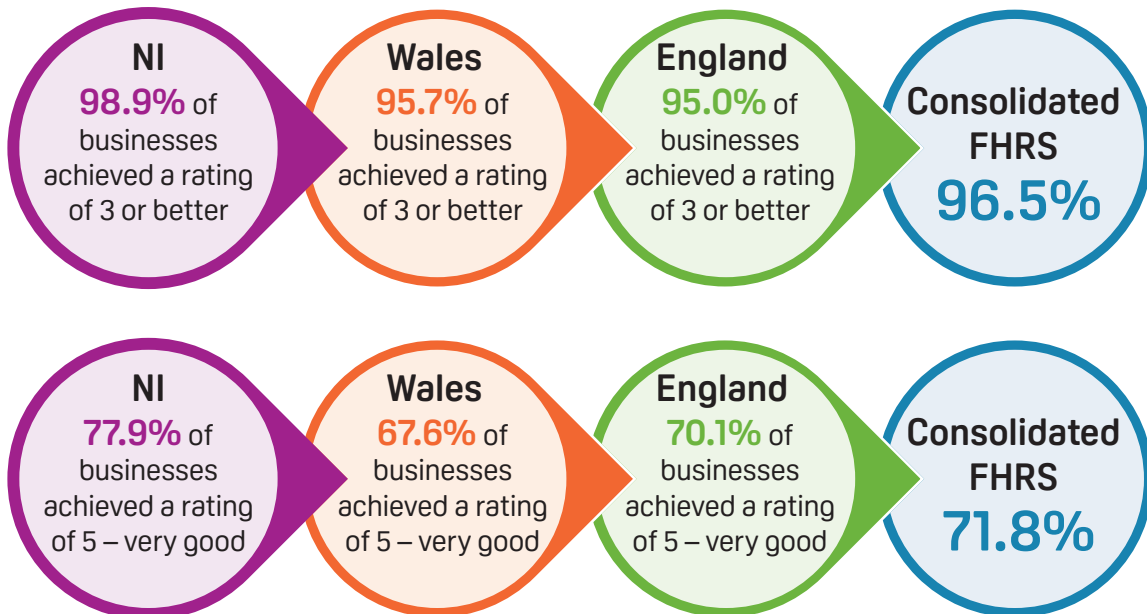


The FHRS provides information about hygiene standards found in food businesses at the time of routine inspections by local authorities. Businesses providing food directly to consumers, such as restaurants, pubs, cafés, takeaways, hospitals, care homes, hotels, supermarkets and other retailers, are included in the scheme. In Wales, business to business traders are also included. The scheme provides transparency about hygiene standards at the time of inspection by local authorities. This allows people to make informed decisions when eating out or buying food. Empowering consumers in this way provides an incentive for businesses to drive up standards of hygiene. Analysis carried out by the FSA² has linked higher ratings to lower levels of microbes found in food businesses, ultimately lowering the risk to consumers of foodborne illness when eating food from higher rated premises. The FHRS is operated in partnership with all local authorities across England, Wales and Northern Ireland that carry out the inspections on which ratings are based. Ratings range from 5 ('Very good') to 0 ('Urgent improvement necessary').



Food businesses are given a ratings sticker to display at their premises, where consumers can easily see them. Those in Wales and Northern Ireland are required by law to display these, while it is currently voluntary to display the sticker in England.

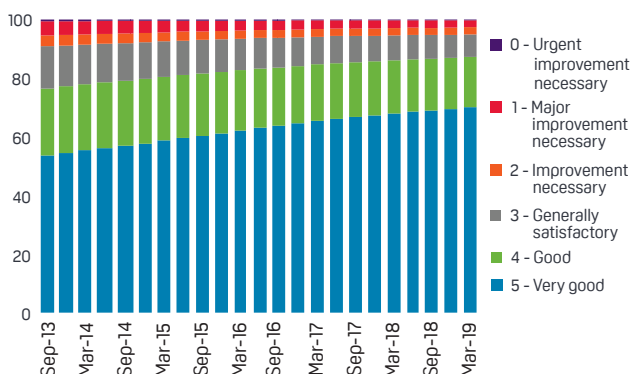
As at **31 March 2019** food hygiene ratings were published for **434,124** food establishments across England, Wales and Northern Ireland:



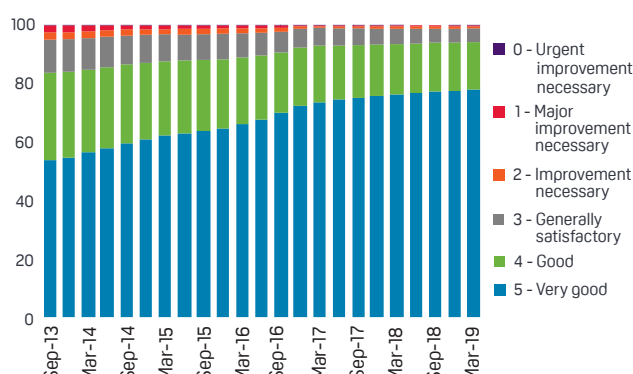
² www.food.gov.uk/research/research-projects/evidence-of-relationship-between-food-business-hygiene-compliance-and-measures-of-food-safety

The graphs below show the % distribution of FHRs ratings overall and by country as at 31 March 2019.

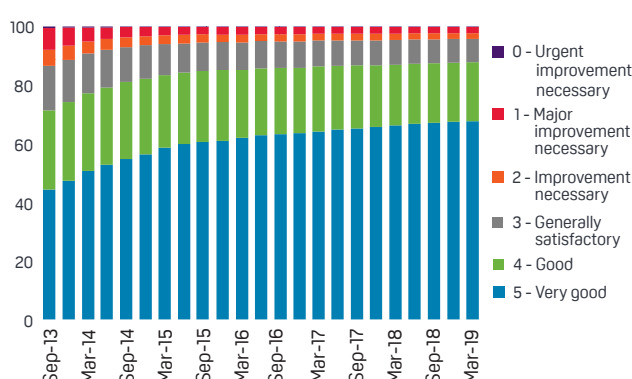
England



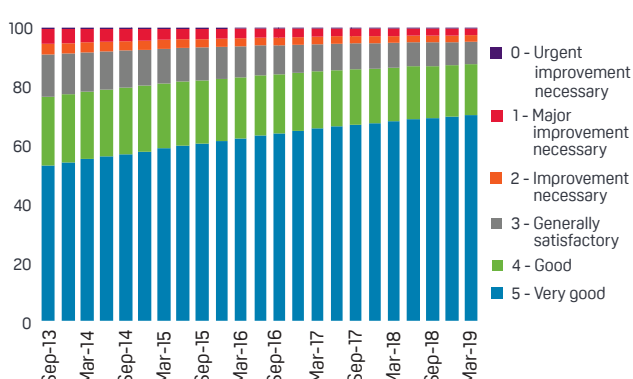
Northern Ireland



Wales



Total



The FHRs tracker gives an overall picture of consumer awareness, attitudes towards, and use of the Food Hygiene Rating Scheme in England, Wales and Northern Ireland.

Consumer recognition of FHRs stickers

86%

Had seen a food business displaying its rating in the last 12 months (among those aware of any rating scheme)



Northern Ireland 96%



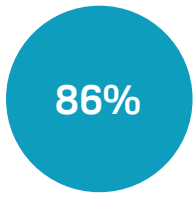
Wales 93%



England 85%

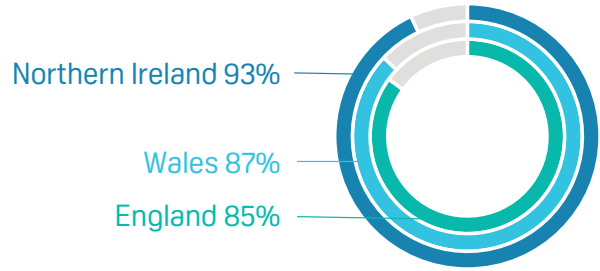
The proportion of respondents able to recall seeing a FHRs sticker is significantly higher in Wales and Northern Ireland

Views on mandatory display



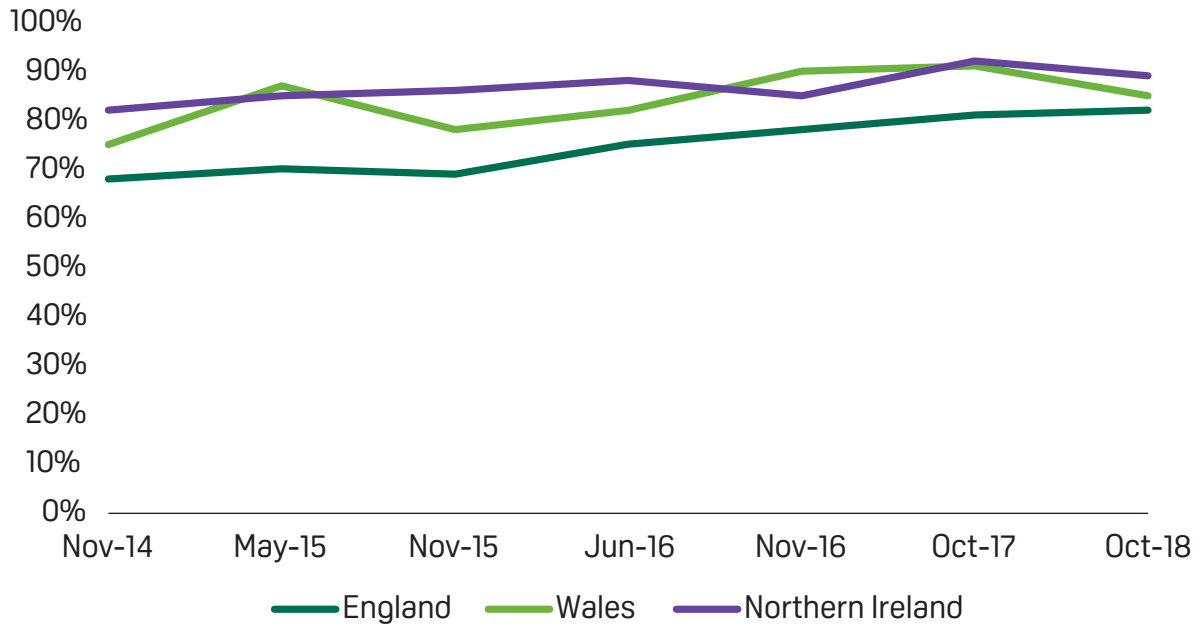
of all respondents thought that food businesses should have to display their rating stickers.

The proportion was higher in Northern Ireland (93%) than in England (85%) and Wales (87%).



*Mandatory display was introduced in Wales in November 2013 and in Northern Ireland in October 2016

The graph below shows changes in reported recognition of FHRS stickers over time, broken by recognition in Wales, Northern Ireland and England:



Mandatory display of hygiene ratings in Wales and Northern Ireland has built on the positive impact of the voluntary FHRS, with the number of businesses in Wales with a rating of 5, increasing by 23 percentage points since the introduction of mandatory display in 2013. The FSA remains committed to a statutory FHRS in England as this will be good for consumers and good for businesses achieving high standards. It will also be an added incentive for businesses with poorer standards to improve.

An audit of businesses in September 2018 indicated that visible display of FHRS ratings at premises in England was 52% under the voluntary scheme compared to 87% in Wales and 84% in Northern Ireland, under the statutory schemes. This is compared to 32% in England, 21% in Wales and 38% in Northern Ireland in 2011/12 after the voluntary scheme was first rolled out.

FOOD INCIDENTS



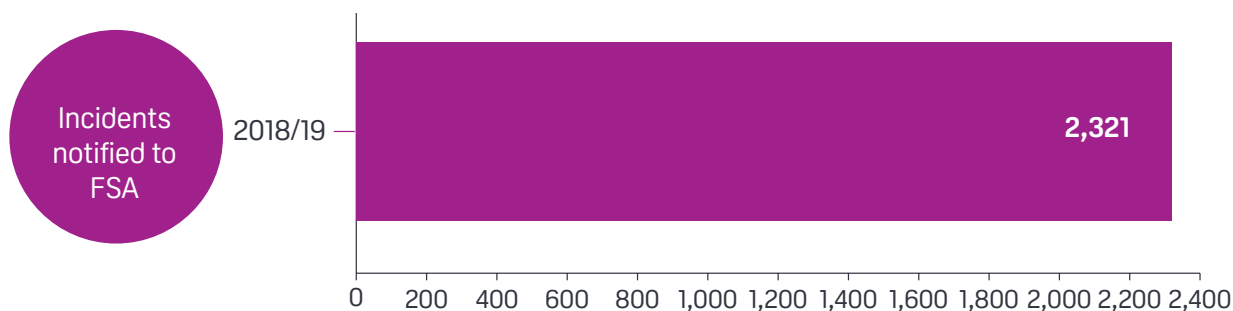
A fundamental right of the consumer is the ability to make informed decisions about the food they choose to buy and eat. This can only be made possible when this food is correctly and accurately identified and is appropriately labelled.

The FSA has a key leadership role in ensuring people producing and supplying food fulfil their responsibilities; that is, to ensure it is safe and what it says it is. Food business operators are required, under Article 19 of Regulation (EC) No. 178/2002, to inform the competent authorities where they have reason to believe that a foodstuff that they have imported, produced, manufactured or distributed is not in compliance with food safety requirements. Such notifications are referred to and progressed as an ‘incident’.

The competent authorities in the UK are the FSA and the enforcement authorities (local and port health authorities). Food safety information may also be communicated between the European Commission and member states using the Rapid Alert System for Food and Feed (RASFF).

An incident is defined by the FSA as: ‘Any event where, based on the information available, there are concerns about actual or suspected threats to the safety or quality or integrity of food and feed that could require intervention to protect consumers’ interests.’

In total, the FSA was notified of and investigated **2,321** food, feed and environmental contamination incidents in the UK. This represents a **0.21%** decrease in notifications when compared to 2017/18.



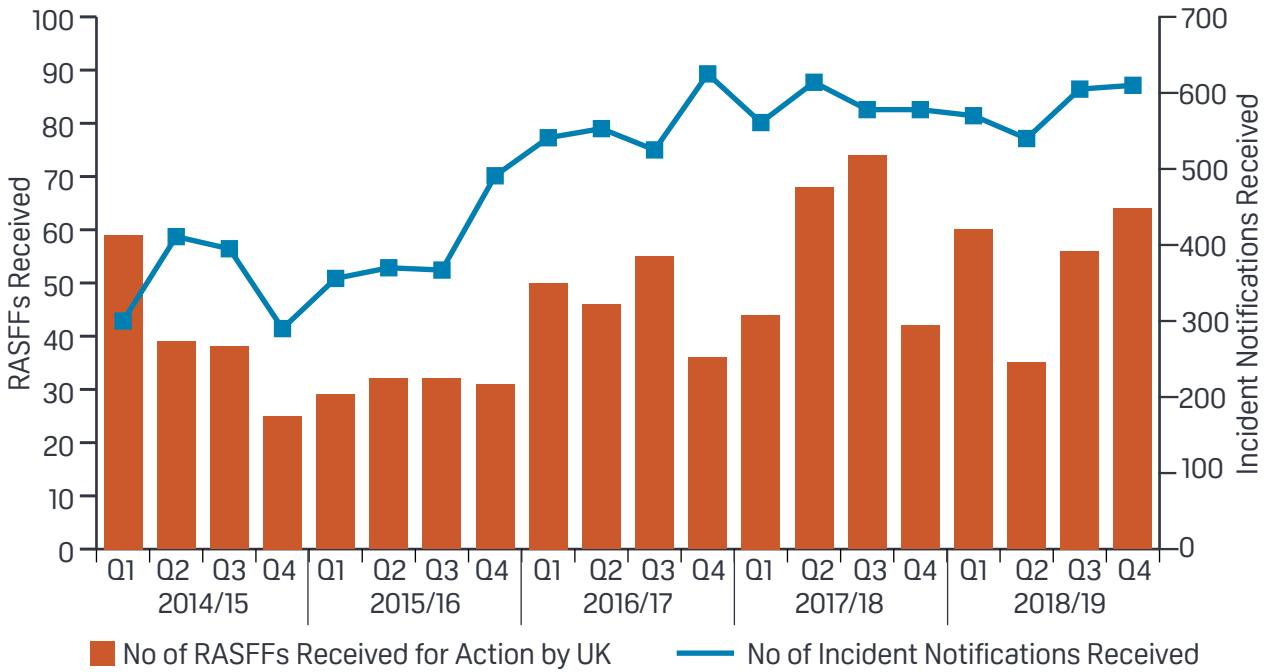
The number of incidents and alerts recorded in any given year can be affected by many factors including new consumer trends, technological developments, legislative changes, the amount of testing carried out, and even the weather. The numbers of incident notifications received and alerts issued are only a measure of how many incidents that we have been made aware of. We continue to respond to these changes in numbers by continually reviewing capacity and capability, particularly as we prepare for EU Exit.

A **36.7%** increase in Allergy Alerts (AAs) and Product Recall Information Notices (PRINs) issued by the FSA in England, Wales and Northern Ireland was observed over the same period.

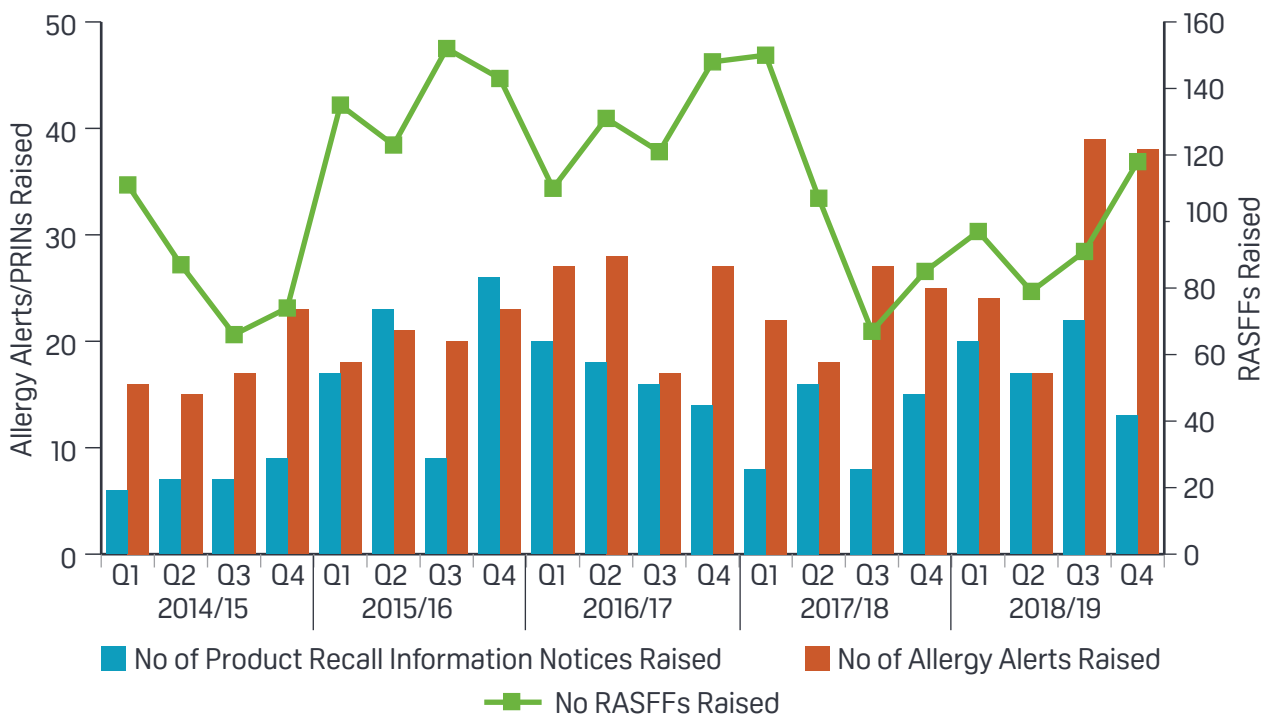
The increase in the number of alerts relating to 2018/19 compared to 2017/18 is most probably not indicative of a change in the food safety profile of the UK but instead reflects the recent increase in profile and reporting of risks associated with allergens.

The following graphs highlight the data trend over the specified reporting years:

Notifications Received



Alerts Raised

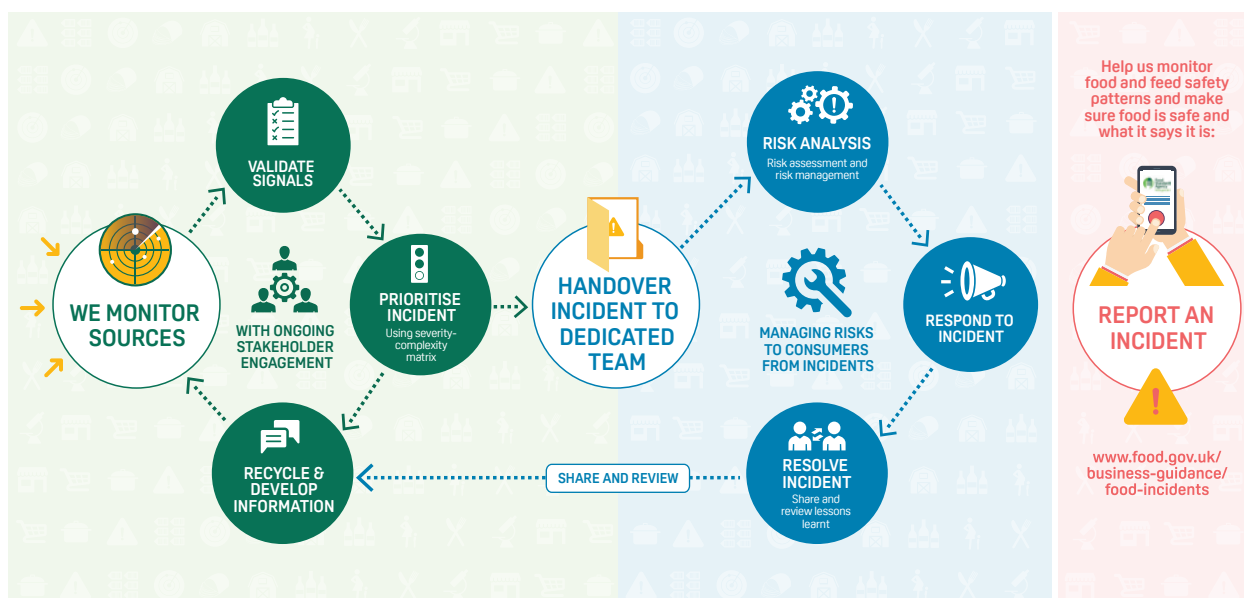


Leaving the EU does not change our priority to ensure that UK food remains safe and what it says it is. We are committed to having in place a robust system for detecting and responding to problems in the food chain. Regardless of the terms of exit, the FSA will have capability to detect and respond effectively to any food safety incident that may affect the UK. We are currently retaining our existing processes for incident response with current provisions for risk assessment and risk management advice during incidents being maintained. We are also further developing our incident handling and communications procedures to meet further needs. This will provide us with the capability that is required for incident response post-EU Exit. The schematic below showing Incident Management Processes Post-EU Exit outlines these improvements:

FOOD AND FEED INCIDENT HANDLING AND RESPONSE



This process workflow shows one of the ways the Food Standards Agency will ensure that the high standard of food safety and consumer protection we enjoy in the UK is maintained when the UK leaves the EU



KEY

- Introduce in 2018/19
- Continuing process
- Data source and sharing

KEY ACTIVITY BEFORE MARCH 2019:

- Recruitment and training of new team
- Refining of systems
- Implement new system

DATA SOURCES AND SHARING:

- We engage with industry, enforcement authorities and key stakeholders throughout the process
- We alert other countries, exchange information with International Network of Food Safety Authorities (INFOSAN) and others



Further information on food incidents can be found at: www.food.gov.uk/sites/default/files/media/document/fsa-18-09-06-incidents-and-resilience-report.pdf

NATIONAL FOOD CRIME UNIT (NFCU)



In May 2018 funding was secured to enable the NFCU to transition from Phase 1 into Phase 2 of its development. Phase 1 involved **22 full-time equivalent (FTE)** performing the functions of a criminal intelligence unit focused on collecting, developing and analysing information before then disseminating the resulting enhanced intelligence to inform and instigate strategic and operational decision-making. Phase 2 enables an increase to **82 FTE** that permits an expansion of the existing criminal intelligence capabilities and also provides a 4P response (Pursue, Prepare, Protect and Prevent) to the threats posed by food crime.

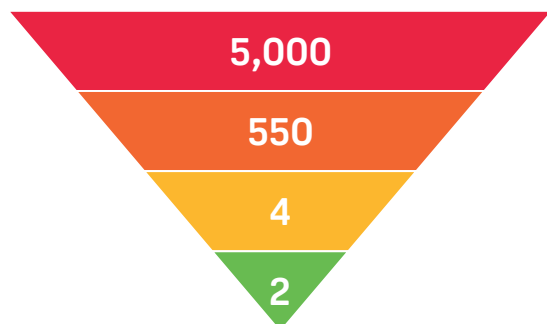
These enhanced NFCU capabilities are being developed incrementally through successful recruitment campaigns and the delivery of relevant training with the aim being to deliver a fully functioning NFCU by 1 April 2020. At the end of March 2019, the NFCU had **67 FTE** in post towards the target of **82 FTE**. Whilst building capability, the NFCU is also leading on a couple of substantial fraud criminal investigations and continues to support partners with other food crime investigations.

The NFCU continues to play a key leadership role internationally in the development of a response to food crime both within the EU and beyond. The unit has an influential role in EU counter-fraud initiatives and in October 2018 established the Global Alliance on Food Crime to build capability and understanding in third countries.

The net cost of NFCU operations for 2018/19 is forecast to be around **£4m** by the end of this financial year; the total investment in the NFCU since 2015 will stand at **£6.5m**.

NFCU 2018/19 achievements:

<p>The effective and on-going discharge of the Unit's first criminal fraud investigation as part of the Agency's broader response to serious concerns identified at a small number of meat processing plants</p>	<p>The dissemination to other law enforcement agencies and local authority partners of more than 550 intelligence logs</p>	<p>The receipt and evaluation of more than 5,000 individual pieces of information through its public and industry reporting mechanisms</p>
<p>The successful delivery, with colleagues from Food Standards Scotland and in liaison with local and port health authorities, of the UK's contribution to the Annual International Initiative Operation OPSON</p>	<p>A series of meaningful interventions and outcomes to reduce the threat to consumers from DNP including the removal of online sales routes, engagement with overseas partners and two successful local authority prosecutions</p>	<p>The enhancement of the unit's position internationally as a thought leader through the establishment and chairmanship of the Global Alliance on Food Crime (GAFC)</p>



Pieces of information received and evaluated

Intelligence logs

Active Investigations (including 2 complex cases in the meat industry)

Convictions

In 2018/19, the unit's operational intelligence output continued to be dominated by efforts to address the illegal sale of the so call 'fat burning' drug 2,4 dinitrophenol (DNP) for human consumption. The following are amongst the agreed outcomes from the December 2018 Board paper from the unit's multi-dimensional work on DNP during 2018:



NFCU intelligence led to the identification, arrest and subsequent conviction of Bernard Rebelo in June 2018 on manslaughter charges.



NFCU intelligence in Operation Albany led to a collaborative investigation between the Unit, three local authorities and the Medicines and Healthcare Products Regulatory Agency, leading to the seizure of **15kg** of DNP along with presses and mixing machines. The main suspect pleaded guilty on the 28 September 2018 and was sentenced in February to nine months imprisonment (suspended for 12 months) with the company fined **£100,000**.



NFCU intelligence disseminated to the Ukrainian National Police led to the arrest of an individual suspected to have sold DNP to British woman Bethany Shipsey who died in 2017 after consuming DNP. The Ukrainian investigation resulted in the recovery of material suspected to have utility in the production of anabolic steroids and Class A drugs.



Take-down action was initiated against a total of **39** websites, **116** sales listings on online marketplaces and **9** social media accounts, all identified as advertising DNP for sale as a supplement.



Engagement through the British Embassy in Beijing with a China-based web portal led to the removal of hundreds of other sites selling DNP for consumption. It is anticipated that forthcoming engagement with the Chinese Government will lead to stronger controls of DNP production and export.



A total of **24** intelligence reports were shared with partners overseas identifying DNP sellers in their jurisdiction. A recent operation in Poland resulting from NFCU intelligence led to **2** arrests and the seizure of a quantity of DNP.



Vital proactive safeguarding activity was instigated by the NFCU with authorities in Canada, Australia, New Zealand, Italy, Sweden, Romania, Ireland and Finland in relation to identified DNP users in those jurisdictions, leading to the initiation of extra border vigilance in both Canada and Finland.

NORTHERN IRELAND NUTRITION



The delivery of nutrition and dietary health policy is the responsibility of the FSA in Northern Ireland (NI). The overall aim of the dietary health policy is to improve nutrition and health outcomes for consumers by making healthier food products available and to increase consumers' understanding of nutrition, to allow the healthy choice to be the easy choice. The FSA's key role is to develop and lead policies focusing on all sectors of the food industry and the organisations that influence and support them.

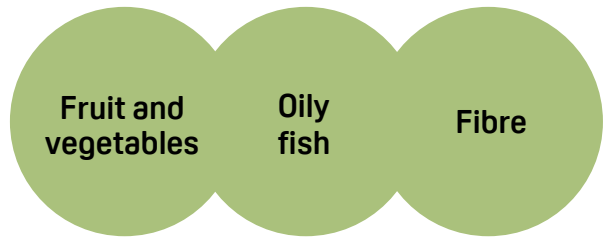
Nutrition surveillance data shows that the NI diet contains too much salt, saturated fat and sugar and not enough fruit, vegetables or wholegrain products.

NORTHERN IRELAND DIETARY INTAKES

In NI we are eating too much



And not enough:



The prevalence of overweight and obesity among people in NI in the past 10 years is a concern. According to the latest Health Survey for NI (2017/18), nearly two-thirds of adults, **64%**, were classed as overweight or obese. About **27%** of children aged 2-15 were classed as overweight or obese.

NORTHERN IRELAND DIETARY INTAKES

6 out of 10 adults in NI are classified as overweight or obese.



1 in 4 children in NI aged 2-15 are classified as overweight or obese.



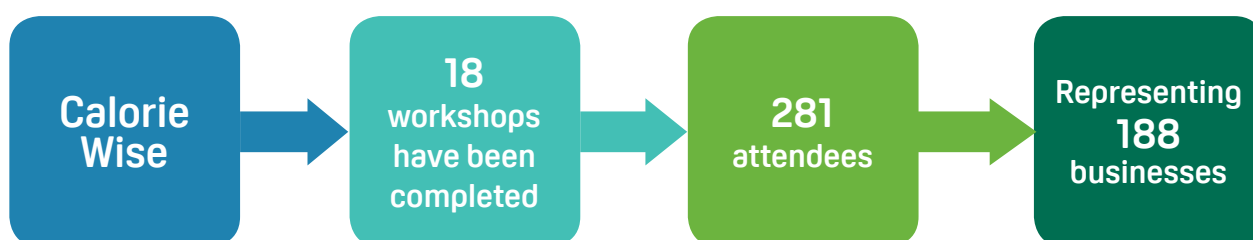
We are working with local food manufacturers and retailers, as well as the out-of-home sector (restaurants, pubs, takeaways, cafés and others) on a 4-5 year programme called Eating Well Choosing Better (EWCBC). We will support local small and medium sized enterprises (SMEs) with food product improvement in NI, as well as improving the availability of small and/or reduced portion sizes to make the healthy choice easy for the NI consumer. We align our action plan and delivery plan with Public Health England’s action plan, in relation to reducing both children’s sugar and calorie consumption. In addition, we are a member of the reformulation group in the Republic of Ireland which ensures alignment of priorities on the island of Ireland.

As a part of the EWCBC programme, the FSA, in partnership with the 11 district councils in NI, surveyed and sampled scones sold in high street coffee shops across NI. The nutritional content of the scones was analysed and the results were published in a report entitled ‘The Nutritional Content of Scones’³ during February 2019.



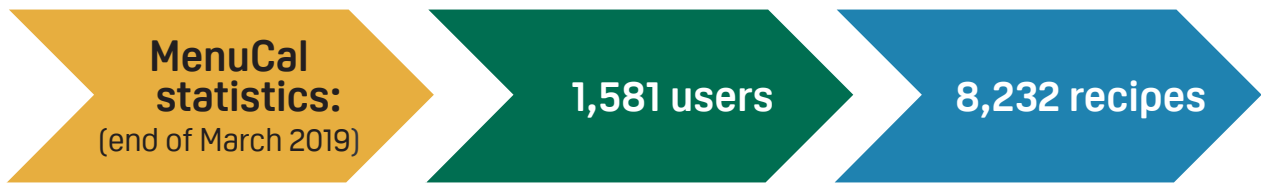
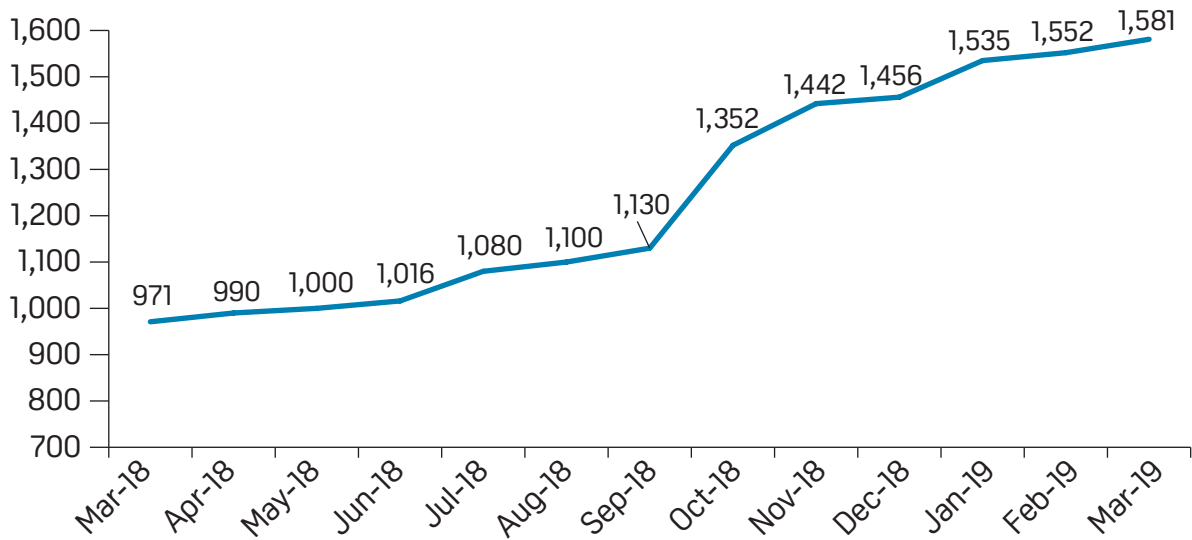
The results of this survey will inform targeted interventions with the bakery sector, supported by technical expertise to increase the availability of healthier products in local bakeries and coffee shops.

Within the ‘out of home’ sector, the Calorie Wise scheme is delivered in partnership with the 11 district councils. This scheme encourages businesses to voluntarily calorie label food and drink items on their menus, with the help from the FSA’s free online calorie calculator called MenuCal. The FSA and district councils have conducted strong engagement with local businesses since the launch through industry workshops, premises visits and phone calls by local environmental health officers.



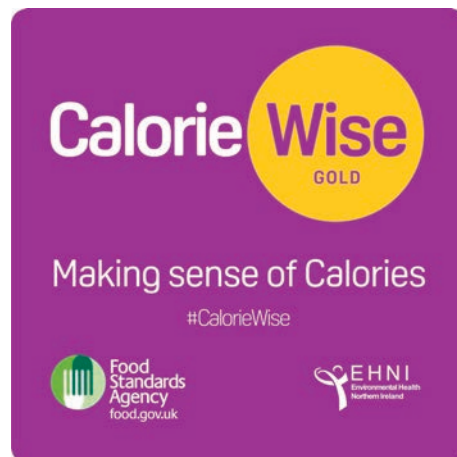
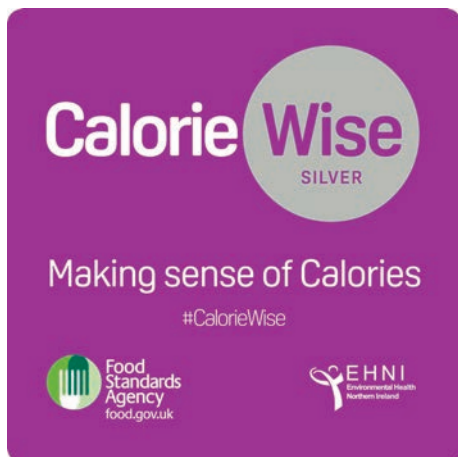
³ www.food.gov.uk/research/research-projects/a-survey-on-the-nutritional-content-and-portion-sizes-of-scones

The following graph shows the upward trend in the number of MenuCal users:



Calorie Wise now offers a gold and silver award (shown below) following consultation with food businesses and environmental health officers. The silver award requires businesses to display calorie information on **30%** of their menu items (spread evenly across all menus) whereas the gold award requires full calorie labelling. The FSA received a very positive response to the introduction of a silver award, with **93%** of businesses stating that the silver award criteria was achievable for their business. We have recruited an additional member of staff who will provide dedicated support to businesses with implementation of the Calorie Wise scheme.

So far, **6** hospital catering sites, **3** fish and chip shops and a national food chain have all achieved the Calorie Wise gold award



RISKY FOOD: RAW DRINKING MILK (RDM)



In 2016 the FSA Board agreed a risky foods framework, which aims to ensure that controls on risky foods strike the right balance between protection from risk, support for consumer choice, support for business growth and innovation, while delivering our ambition for future regulation that is effective, proportionate, robust, and sustainable. We used this framework to review the risks and controls for RDM, concluding that the microbiological risk associated with consumption of RDM in the UK has

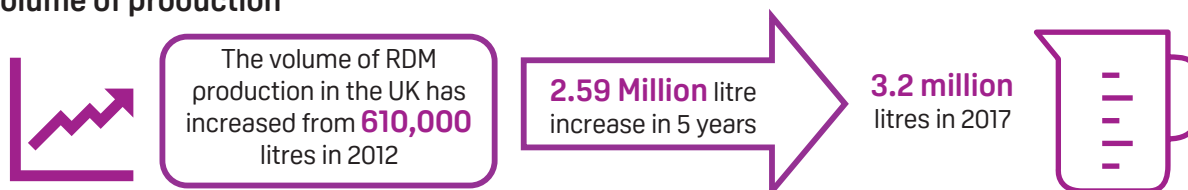
increased since this issue was considered by the Board in July 2015.

Based on the qualitative microbiological risk assessment classification scheme, the risk for the subpopulation that consumes RDM is currently considered to be medium (occurs regularly) with medium uncertainty. The increased risk reflects greater levels of exposure due to increases in the number of registered producers and volume of production and consumption, alongside an increase in the number of outbreaks of human illness associated with RDM.

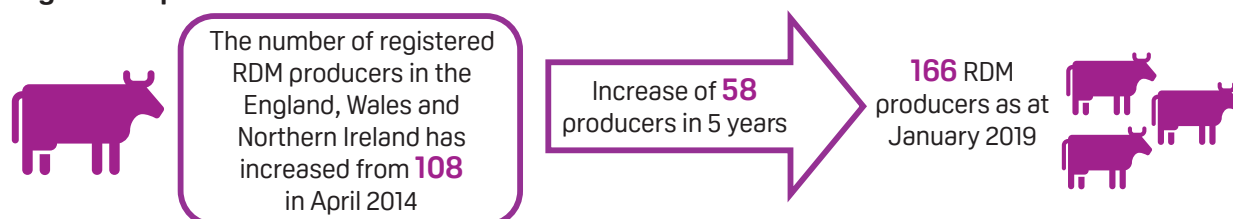
Summary of key findings:

An increased focus on RDM is needed due to the change in the RDM environment:

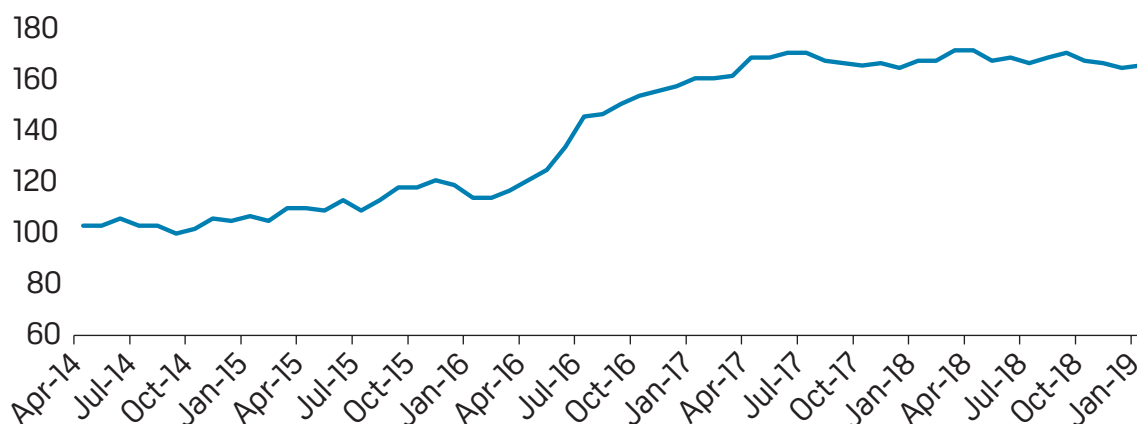
Volume of production



Registered producers



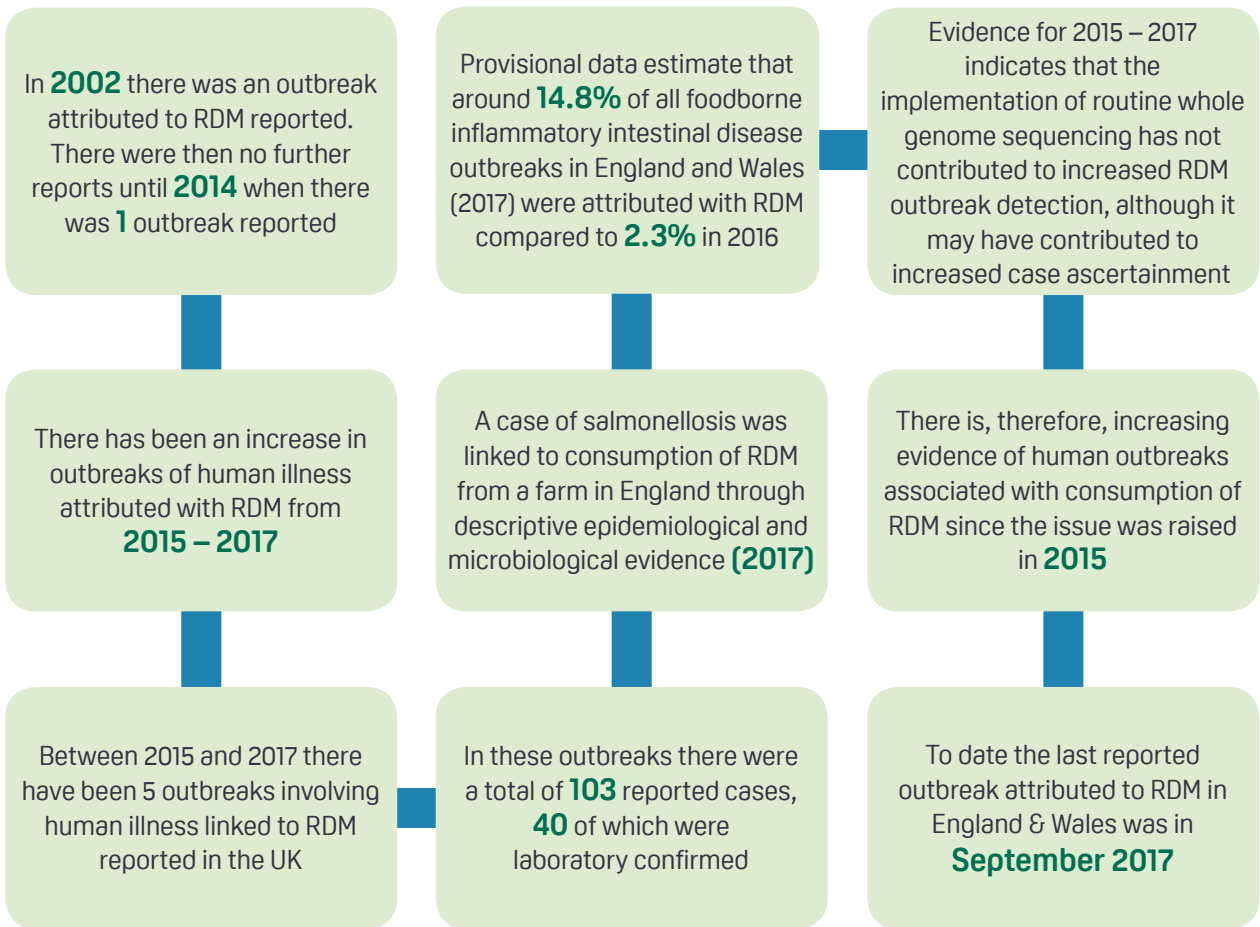
Number of registered RDM producers 2014 – 2017



Producer guidance:

Conclusions in the FSA Board paper published in June 2018⁴ suggested there was a lack of producer guidance, particularly for new RDM producers and that there was limited guidance issued in England and Wales as part of the registration process. The FSA has been working in partnership with the National Farming Union and the newly formed Raw Milk Producers Association to produce guidance documents that can be used by producers to aid with best practice and legal requirements. We have published a ‘Frequently Asked Questions’ document⁵. At the June 2018 meeting, the FSA Board also agreed to a review of RDM controls and these changes are in the process of being implemented. Included within this are changes to the registration process.

Outbreaks of human illness:



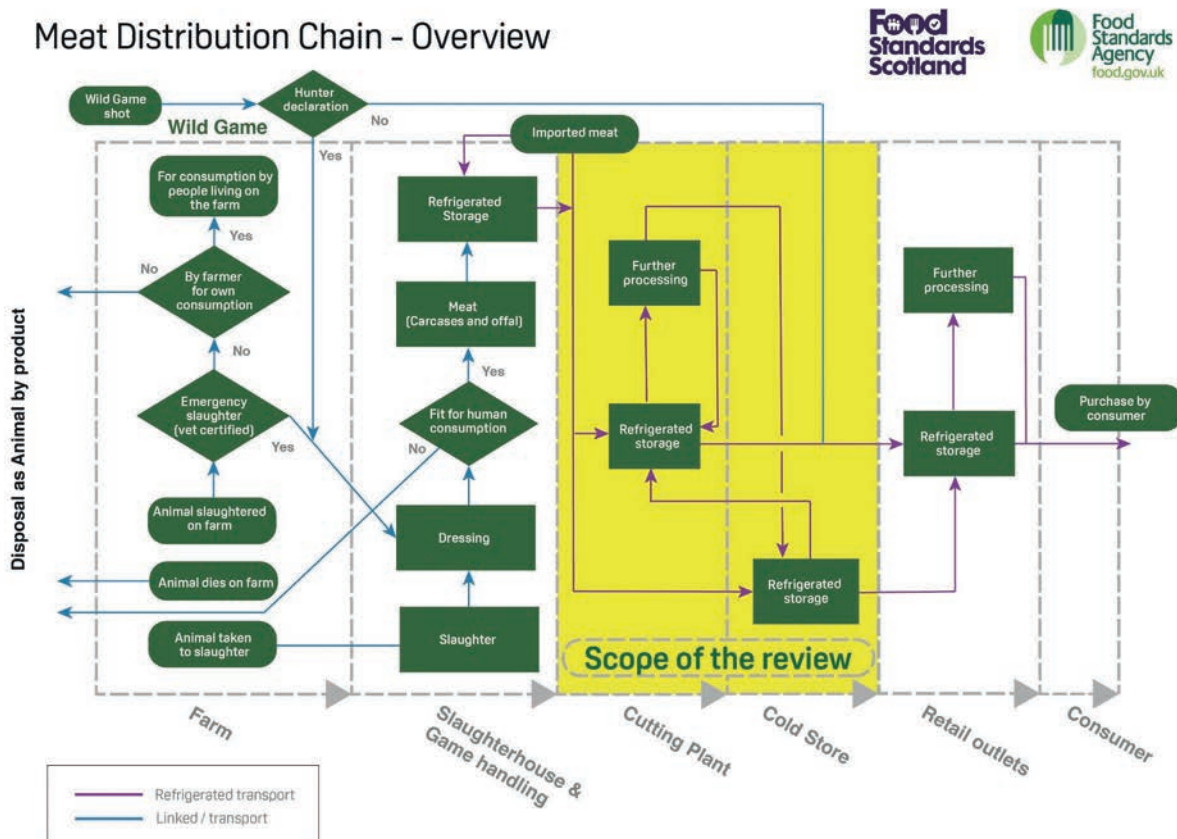
4 www.food.gov.uk/sites/default/files/media/document/Raw%20Drinking%20Milk%20-%20FSA%2018-06-07.pdf
 5 www.food.gov.uk/safety-hygiene/raw-drinking-milk

CUTTING PLANT AND COLD STORE REVIEW

Overall objective:



In last year’s Annual Report and Accounts, we committed to completing a UK-wide review of cutting plants and cold stores in the wake of non-compliance issues identified at a number of cutting plants during 2017 and early 2018. The review was undertaken to improve levels of public confidence in the safety and authenticity of meat processed in the UK and identify potential improvements in the way in which this important sector operates and is regulated. To provide further context, the meat distribution chain can be seen below:

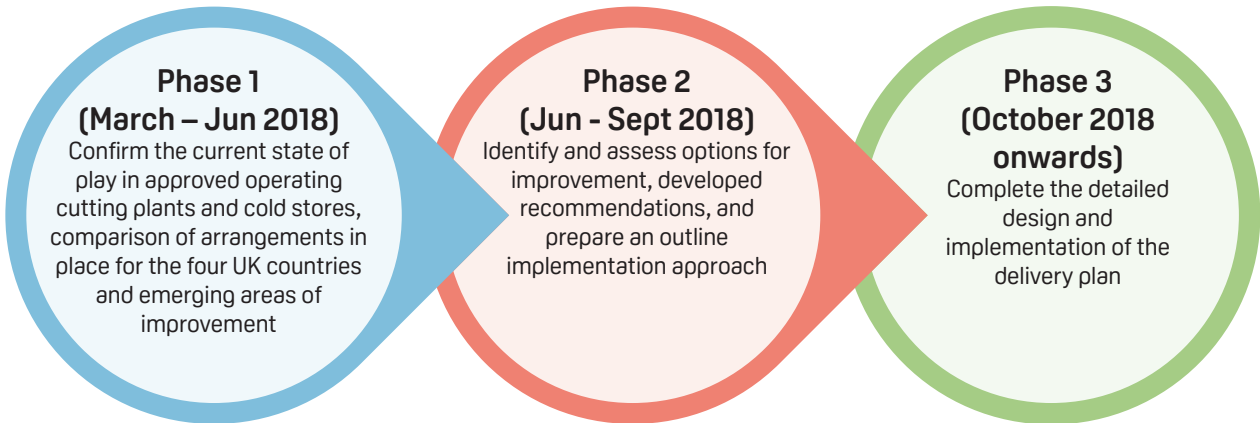


Objective 2018/19:

The objective of this review was to publish a report of findings and present findings and recommendations for improvement to the joint FSA/FSS Board in autumn 2018. The review team published a report of findings report in October 2018 and presented those findings and **19 recommendations** for improvement to the joint FSA/FSS Board meeting in Edinburgh on 17 October. Both Boards fully endorsed findings and recommendations and agreed that each organisation should take forward implementation of recommendations as part of their individual modernisation programmes, whilst maintaining regular engagement to ensure alignment.

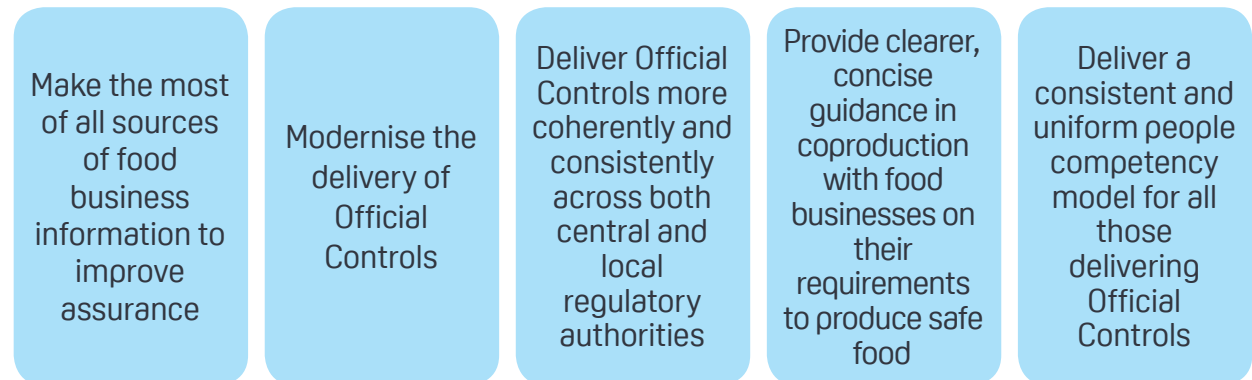
Review methodology:

The review was split into three phases:



Review findings and recommendations:

The review findings confirmed the legislative and regulatory framework was largely fit for purpose but identified several ways to make the system more effective by encouraging industry to take its responsibilities for food safety more seriously. The actions and responses that industry and the regulatory authorities will take will:



Progress against objectives:

Following the FSA Board endorsement of the findings and recommendations from the review the FSA has:

- Formally incorporated delivery and assurance activity from this review into the Regulating Our Future programme as part of the Operational Transformation strand
- Mobilised a dedicated team to prioritise the implementation of recommendations and provide status reports to the FSA Board Business Committee – the first of which is due in June 2019
- Set up a cross-industry Steering Group to oversee implementation of recommendations and maintain a collaborative working approach
- Made good progress towards implementing the first 7 recommendations with a March 2019 delivery milestone

SCIENCE AND EVIDENCE



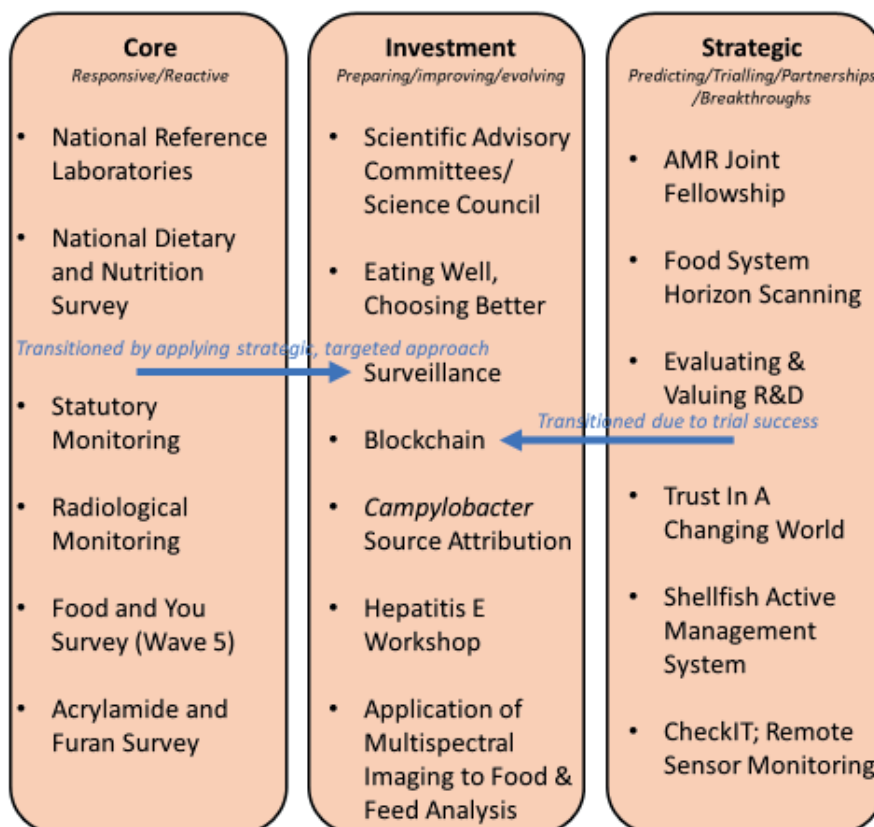
Science, evidence and information continue to underpin all our work, ensuring we target the right issues in the most effective ways, and that we can evaluate the impact of what we do. Science is core to the FSA; shaping our strategic priorities and informing and assessing their delivery. Science, evidence and analysis underpins all the work reported throughout the rest of this report, from identifying new and emerging risks, such as antimicrobial resistance (AMR); through understanding trends in foodborne

illness and consumer concerns to informing options that improve food safety; and evaluating and demonstrating impact. The FSA Board receives a regular cycle of reports on FSA science, discussing strategic view on progress, risks and opportunities at its spring meeting, and an annual performance report on delivery in the autumn Business Committee. These discussions inform the Board’s discussion of priorities and planning for future financial years.

Science spend:

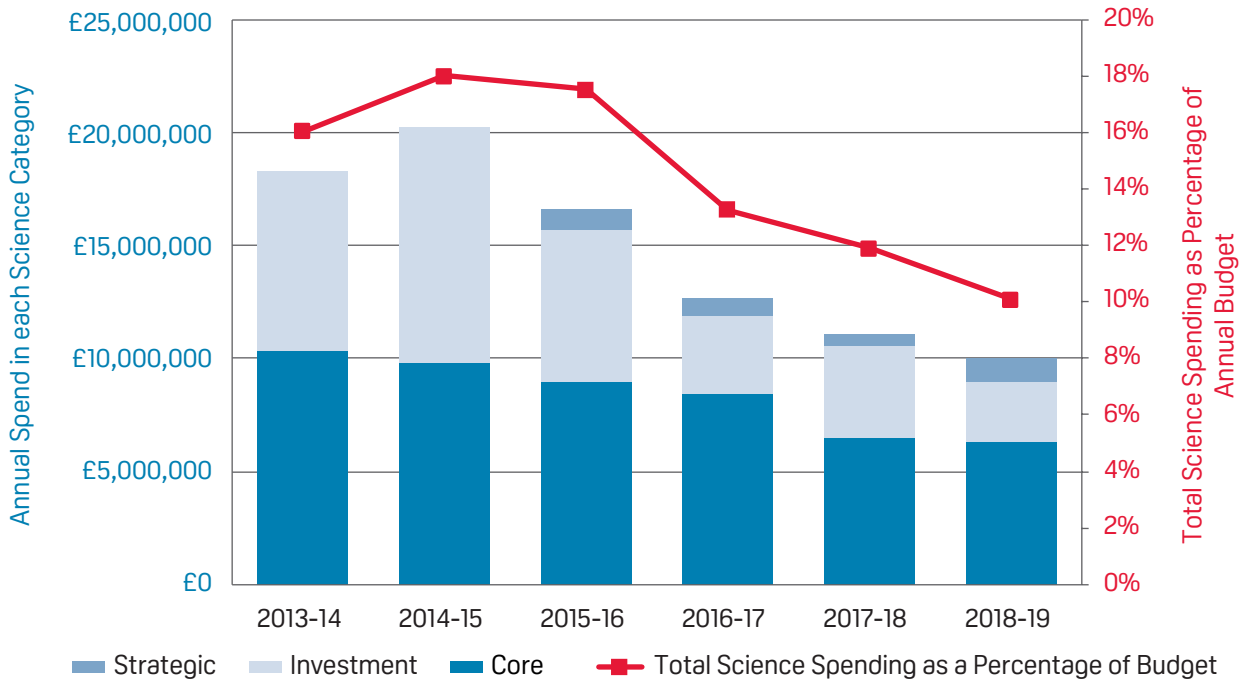
The FSA’s spend on externally-commissioned science is categorised as *Core*, *Investment* or *Strategic*, with each supporting development and delivery of FSA priorities/activities in a different way (Figure 2).

Figure 2: Examples of FSA external science by spend categorisation



Having seen significant declines 4-5 years ago, the 2018/19 total external science spend has largely stabilised when compared to 2017/18 (Figure 3).

Figure 3: External science spend and total science spend as proportion of FSA budget 2013-2019



Within these totals, we can highlight some trends:

- increased exploitation of the Strategic Evidence Fund compared with previous years
- an ongoing shift in the balance of spend from *core* to *investment* and *strategic*, in line with the trajectory approved by the Board
- regular cycles in the level and type of spend on specific objectives, as they mature.

We would expect future science priorities to continue these trends. Strategic work will develop further fellowships and partnerships, in addition to identifying opportunities to invest in new work informed by the insights and access to expertise generated by our fellowships on AMR/genomics, data, and behavioural insights. We anticipate more work on AMR, informed by our work to date, including that of the Advisory Committee on the Microbiological Safety of Food (ACMSF) Task and Finish Group, and science to keep us at the forefront of risk assessment. The new Advisory Committee for Social Science will help us identify opportunities to invest in social science focused on FSA priorities, and, looking further forward, the proposed new Science Council Working Group on Data Science will help us identify where we can best invest to further exploit use of data, advanced diagnostics and artificial intelligence (including for ROF and our future operations). Further information can be found at: <https://www.food.gov.uk/sites/default/files/media/document/fsa-18-09-17-science-update-2018.pdf>

Developing our science capability:

The Science, Evidence and Research Directorate (SERD) has expanded significantly (total projected growth of **35%** between December 2017 and April 2019), boosting critical capacity for microbiological and toxicological risk assessment, in preparation for an increase in demands for national risk assessments with EU Exit.

Transforming our use of social sciences:

Our transformation of our social science function as recommended in the FSA Review of Social Science (2017) has now been implemented. We committed to increasing the social science capacity within the Agency itself; clarifying what social science expertise the FSA needs in-house and what type of expertise it can bring in externally, ensuring that there is more senior support for social science; and increasing the understanding of how social science can help the FSA deliver its objectives. The review identified behaviour change and risk communications as two areas where we might improve our capability.



Evidencing the link between food hygiene compliance and food safety:

Work published in 2019⁶ reported the results of work carried out by FSA experts and external scientists looking at the relationship between compliance with food hygiene law as reflected in Food Hygiene Rating Scheme (FHRS) scores and intermediate measures of food safety, namely microbiological contamination of food samples and outbreaks of foodborne illness. In order to build up evidence for the relationship between compliance with food hygiene law and food safety, a series of statistical analyses was conducted using intermediate measures of food safety, namely (data was taken from two different datasets holding microbiological samples results):



The relationship between food business compliance and microbiological contamination sample outcomes



The relationship between food business compliance and identified foodborne disease outbreaks

⁶ www.sciencedirect.com/science/article/pii/S0956713518304432

These provided **37,304** and **7,115** sample results respectively which were linked to the premises' FHRs rating prior to the sample being taken. Similarly, data on **150** outbreaks were to linked to premises to obtain the premises' rating prior to the outbreak. Statistical analysis was undertaken to determine if there were differences between a premises' rating and the likelihood of an unsatisfactory microbiological result or an outbreak of foodborne illness.

Although compliance with food hygiene law does not eliminate the risk of outbreaks or unsatisfactory samples results, this analysis indicates that premises with higher ratings are less likely to have unsatisfactory results or encounter outbreaks.



Broadly compliant premises (FHRs rating 3, 4, or 5) are likely to have a smaller proportion of unsatisfactory samples than those from premises not broadly compliant (FHRs rating 0, 1, and 2) and poorly compliant (FHRs rating 0 and 1). Fully compliant (FHRs rating 5) premises are likely to have a smaller proportion of unsatisfactory samples than all other premises. Similarly, outbreaks are less likely to occur at broadly compliant premises than those not broadly compliant.

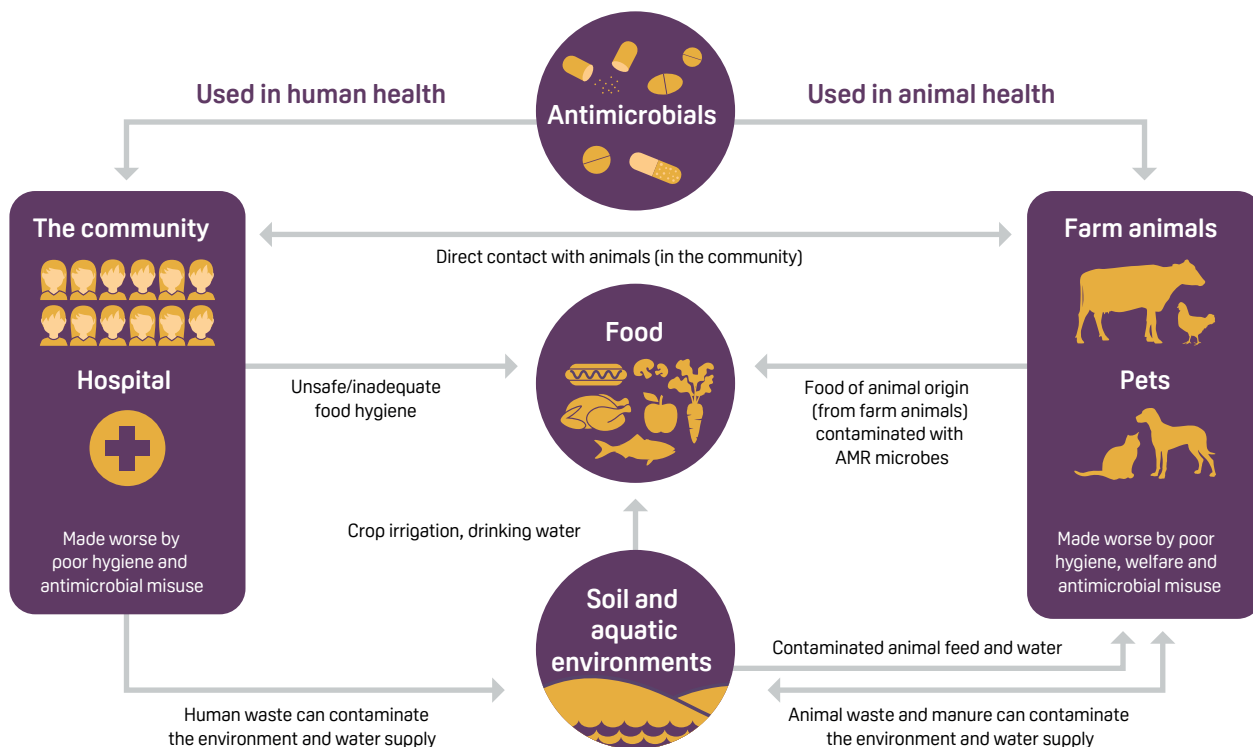
ANTIMICROBIAL RESISTANCE (AMR)

AMR is a national strategic priority for government and the FSA is playing its part by continuing to fill the evidence gap on the role that food plays in AMR. Since the Board paper on AMR in December 2017, we have worked with partners across government and helped develop a refreshed AMR strategy, published on the 24 January 2019, with a 'One Health' approach including a 20-year vision.

Food safety is a component of the new strategy and provides an opportunity to highlight the surveillance and research areas needed to improve the scientific evidence base concerning the role of food as a transmission pathway for AMR. The new strategy includes the environment as a key component and we will need to consider areas where there is an interface with the food chain. Internationally, the UK is contributing to the Codex Alimentarius Task Force on AMR which is revising the code of practice to help support everyone in the food chain to take actions to **minimise and contain antimicrobial resistance**. The Task Force is also developing guidelines on integrated monitoring and surveillance of foodborne AMR.

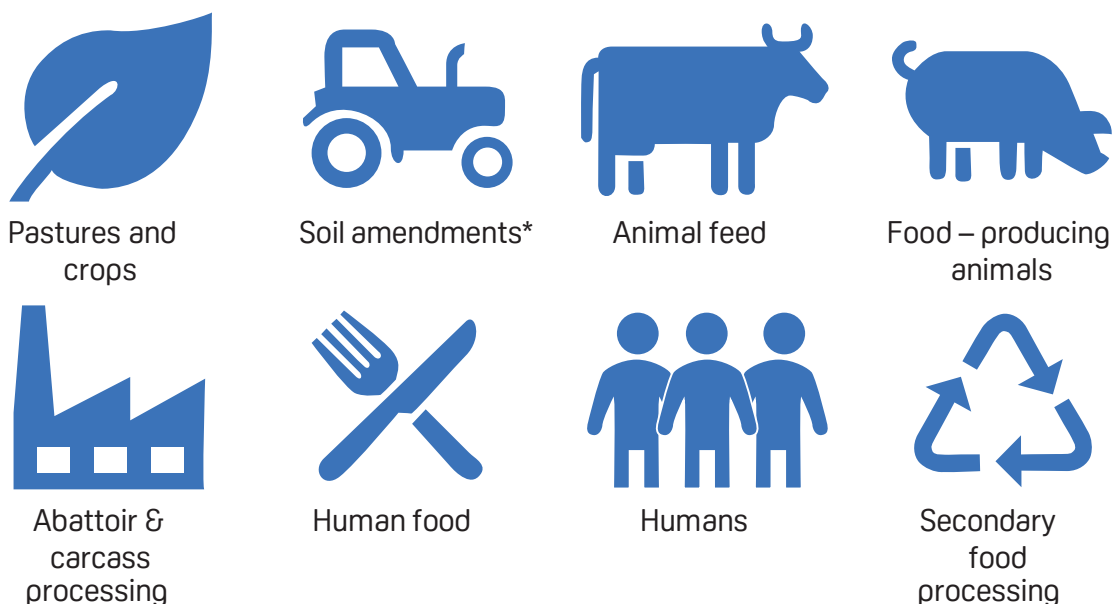
The complexities associated with AMR can be seen in Figure 4 below:

Figure 4:



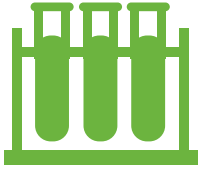
The group worked closely with colleagues from the FSA Microbiological Risk Assessment and Analytics team. They reviewed aspects of a cross governmental AMR systems map developed in 2014, relevant to the FSA, and developed a detailed systems map focussing specifically on the food chain.

The group identified eight main reservoirs with a potential AMR impact:



*Amendments refer to waste-derived materials that are spread onto land for some benefit (usually agricultural). For example, materials containing nitrogen, potassium or other nutrients may enhance crop growth, but can also contain chemical or biological contaminants.

FSA efforts with respect to AMR research and surveillance completed since December 2017:



- FS102109: Year 2 EU harmonised survey on AMR in Retail Meats.
- FS102121: Year 2 Survey of AMR in *Campylobacter jejuni* and *Campylobacter coli* from retail chilled chicken in the UK.
- FS101196: New Retail survey on AMR bacteria in retail chicken and pork mince.
- FS102121: Year 3 Survey of AMR in *Campylobacter jejuni* and *Campylobacter coli* from retail chilled chicken in the UK.

Continuing research includes:



- FS101185: Quadram Institute Fellowship update.
- FS101013: *Campylobacter* Source Attribution & AMR.

New research:









- FS301059: A Critical Review on the impact of food processing on AMR bacteria in meat & meat products.
- FS301050: Review to assess the burden of antimicrobial resistance genes in selected ready-to-eat foods.

ALLERGENS

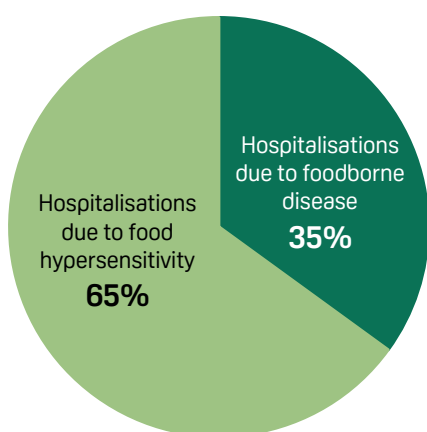
The prevalence of food allergy and intolerance varies across the world. In the UK, an estimated 2 million people are living with a diagnosed food allergy. There is no cure for food allergy or intolerance so the only way to manage the condition is to observe a strict avoidance diet. This puts a strain on the food allergic person, their family and friends. To avoid being the ‘awkward one’ who limits food choices or where to eat, the food allergic person often feels compelled to risk allergic reactions to fit in; this is especially true for young people.

Figure 5: Identifies the differences between food allergy and food intolerance

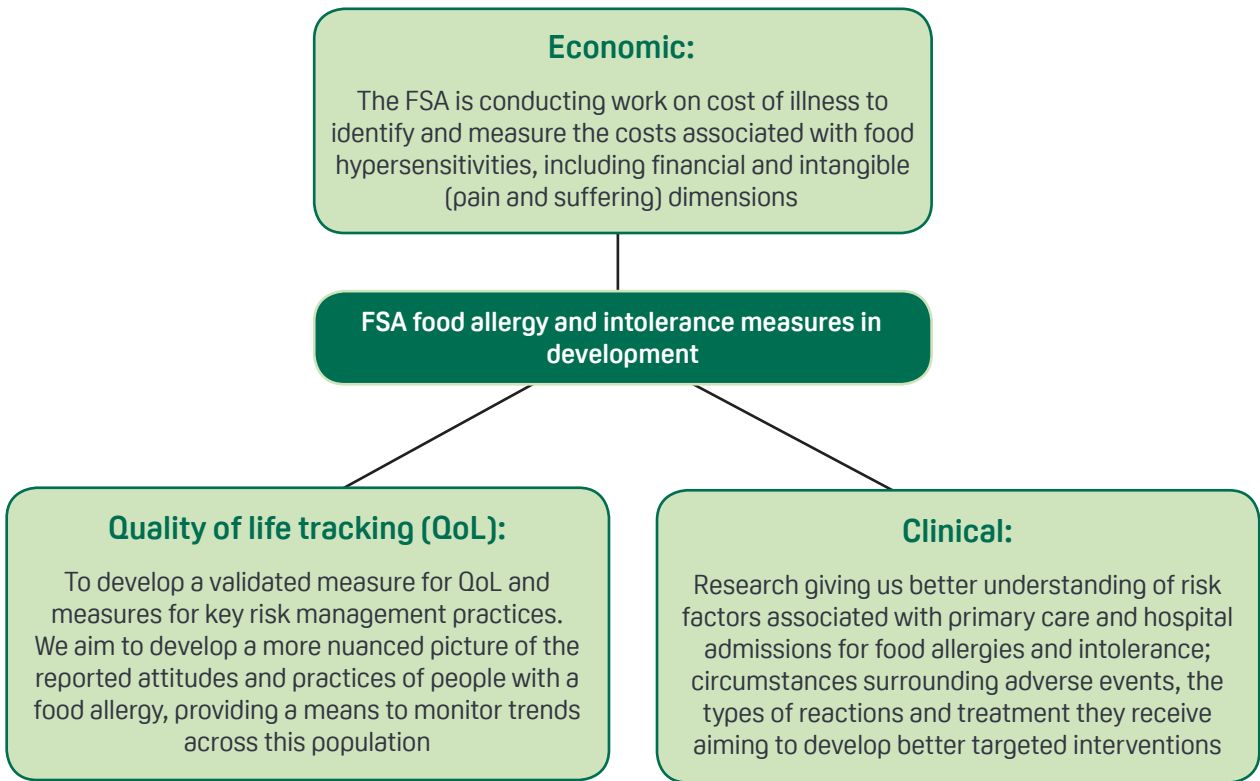
	Food allergy	Food intolerance
Time for reaction to occur	 Minutes to hours	 or Hours to days
Quantity of ingested food		
Severity of reaction	 Acute: Can be severe and life threatening	 Chronic symptoms

Performance indicators and measures for food hypersensitivities

Figure 6: Food hypersensitivity is responsible for a higher proportion of hospitalisations each year compared to foodborne disease. However, foodborne disease accounts for more time spent in hospital, 47,000 compared to 27,000 days, due to its severity.



The FSA publishes hospital admissions numbers for food allergies and food intolerance for England, Northern Ireland and Wales. The new labelling rules for allergens, introduced in December 2014, appear to have made little impact on numbers of hospital admissions, suggesting that labelling for allergens may not have a significant impact. Possible reasons for this may be that hospital admissions are more associated with food eaten in the home; with people who were unaware they had an allergy or who engage in risky behaviour. This does not mean that the introduction of food allergy labels has not had a positive impact on other outcomes, such as ease of managing the condition for those with a known allergy. To improve and widen out scope of measures, the FSA is beginning work to improve tracking and assessment of food allergies and intolerance in the UK.



Patterns and prevalence of adult food allergy

A robust evidence base regarding the prevalence of adverse reactions, their patterns and risk factors for their development is required to underpin the development of effective policies seeking to manage, prevent and treat such conditions. Since adult food allergy has not been studied systematically in the UK in recent times, it is not known whether the patterns, prevalence and phenotypes of adverse reactions to foods in adults have changed over the last 20 years in the UK.

Common food allergy in childhood	Common food allergy in adulthood
Peanuts	Peanuts
Tree nuts	Tree nuts
Fish	Fish
Shellfish	Shellfish
Cows' milk	Fruits, such as apples and peaches
Egg	Vegetables

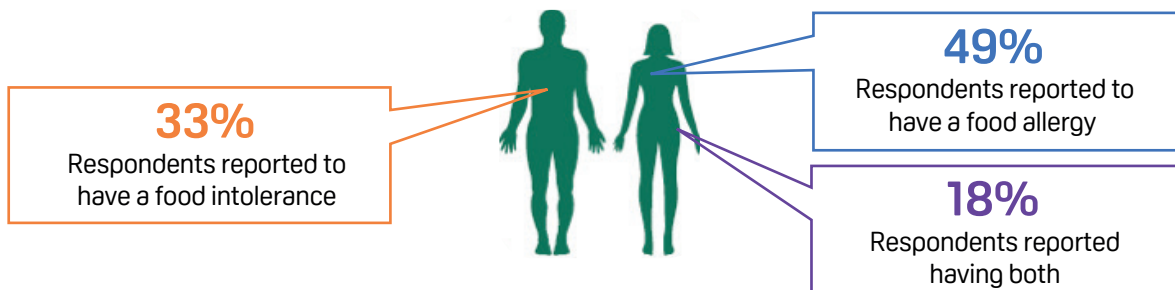
The FSA has commissioned a large research study in November 2018 to improve our understanding of food allergy in adulthood by determining its prevalence in the UK adult population. It will provide data to allow the trajectories of the condition in relation to both persistent allergy from childhood and adult-onset food allergy to be described, together with adverse reactions to foods that are not mediated by IgE. The study is expected to report at the end of 2021.

Young people and food allergies and intolerances

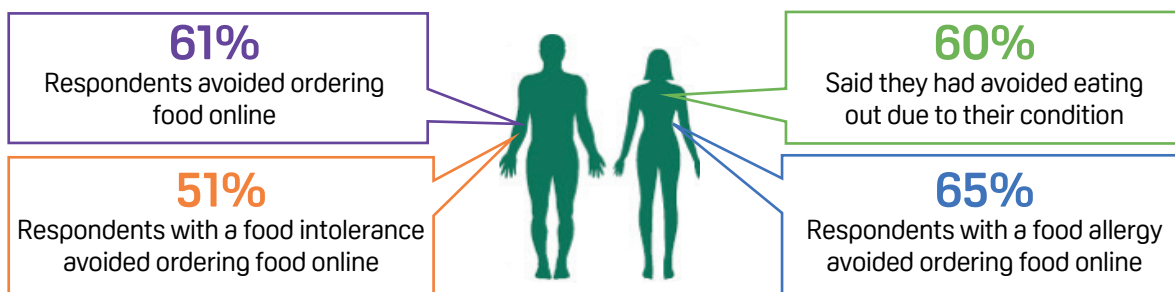
Our social science team have led research on young people with food allergies and intolerance to gain a deeper understanding of the challenges young people face living with their condition. This was conducted by us in partnership with Allergy UK and Anaphylaxis Campaign and fed into our #easytoASK campaign. The survey was based on responses

from 2,599 young people aged 16-24 in the UK. Further information and data can be found at: www.food.gov.uk/research/food-allergy-and-intolerance-research/young-people-and-food-allergies-and-intolerances.

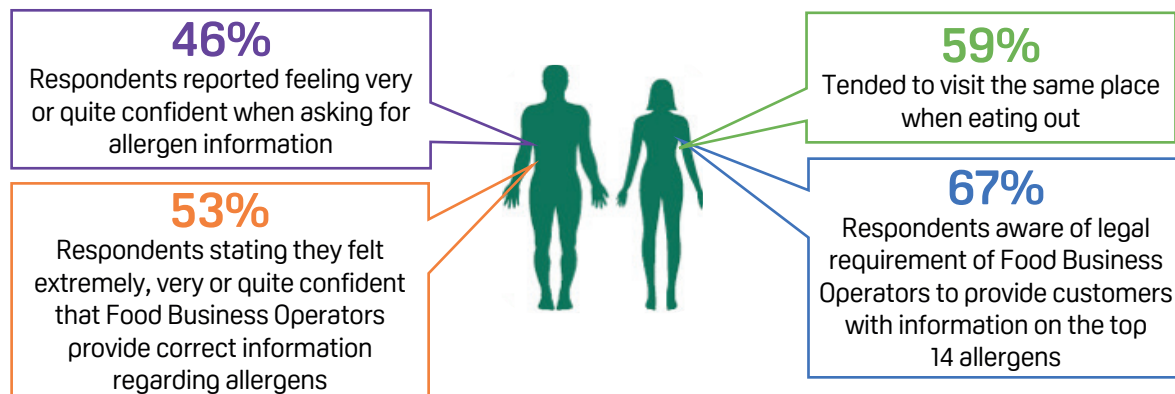
A summary of the key findings in relation to living with a food condition:



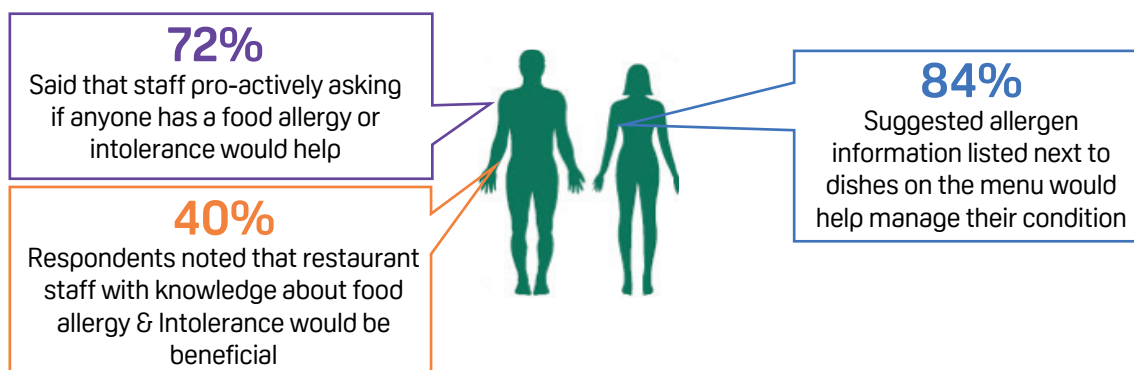
Eating out or ordering online in the past 6 months due to their condition:



In relation to support when eating out:



In relation to improvements:



Progress on FSA allergens policy for 2018/19:



Food allergy labelling review

- A significant piece of work ran in conjunction with Defra, Department of Health & Social Care and the Devolved Administrations with a focus of gathering evidence on how best to improve the provision of allergen information on pre-packaged for direct sale (PPDS) food products (October 2018).
- Four regulatory and non-regulatory options for consultation were developed:
 1. Best practice guidance
 2. Application of ‘ask the staff’ labels
 3. Application of a name of the food and allergen information sticker
 4. Provision of full ingredients labelling.
- The public consultation ran from 25 of January to the 29 March 2019 and targeted stakeholder meetings were held across the four countries to discuss the options. These workshops were attended by young allergic adults (16-24yrs), patient support groups and healthcare professionals, food businesses and local authorities.
- This ensured that we captured the full scope of policy implications from its stakeholders.
- We also held a strategic allergy dialogue with major food businesses. At the time of writing, the responses to the consultation are being evaluated by the FSA and Defra.



Food allergy & intolerance strategy

- We have been developing a new strategy for work on this for the next decade.
- **Aim:** Provide a clear strategic direction and outline actions we will take as a regulator and consumer champion, to protect allergic and intolerant customers.
- We held a strategic discussion day with over 40 national and international experts on food allergy and intolerance from a diverse range of organisations including Allergy Action, Anaphylaxis Campaign, Allergy UK, British Retail Consortium, Coeliac UK, Food and Drink Federation, Food Safety Authority of Ireland, Public Health England and several local authorities and universities (June 2018).
- Experts shared their views on what we should focus on as a regulator and consumer champion, playing a key role in designing our strategy. This is being finalised with the intent of presenting it for approval at the FSA Board later in 2019.



International influence & engagement

- We are increasing our involvement in international standard setting with key roles in the Codex Committees on Food Hygiene (CCFH) and Food Labelling (CCFL) where the UK and USA are co-chairs with the Chair Australia.
- The CCFH's Code of Practice on Allergen Management for FBOs, has progressed to Step 5 and is due to be adopted by the Codex Alimentarius Commission (July 2019).
- A new initiative will be discussed to review current Codex Standard on labelling of prepacked foods and to update allergen labelling standards within this (May 2019).
- These initiatives are aiming to improve our risk management guidance on risk assessment and the use of allergen reference does to underpin risk management decisions on the use of precautionary allergen labelling statements such as "may contain".
- These will improve the standard and safety of food in relation to food hypersensitivity and to help work towards having a single global approach to allergen management.



Expert witness & prosecutions

- We continue to support local authorities undertaking prosecutions through the provision of expert witness statements and testimony, resulting in successful prosecutions of food businesses who have failed to provide safe food for those with food allergies.
- During 2018 we provided an expert witness to the prosecution for a restaurant owner and manager in connection with the death of 15-year-old Megan Lee.
- Both men received custodial sentences of two and three years respectively.
- Prosecutions send a powerful message to FBOs of the consequences of a cavalier approach to allergen management and the harm from the undeclared presence of allergens in food.

ALLERGENS CAMPAIGN: EASY TO ASK



In the UK, hospital admissions for food allergy have increased by **500%** since 1990. It is also the cause of approximately 10 deaths a year; especially vulnerable are young adults (16-24) whom, research shows, are disproportionately affected by their allergies.

We conducted a survey, in partnership with Allergy UK (AUK) and Anaphylaxis Campaign (AC) among this cohort, which demonstrated that **60%** of young people with a food allergy or intolerance have avoided eating out in the last six months due to their condition. It showed that young adults take risks and can be too embarrassed to talk publicly about having a food allergy, putting themselves in unsafe situations.



To tackle this problem, we launched a campaign called 'easy to ASK' to raise awareness of the allergen labelling information that's required by law, and particularly to help young adults be more confident about asking for this information when ordering food.

Timed to coincide with young people living away from home and establishing new friendship groups, for the first time, the campaign was delivered in partnership with Allergy UK and Anaphylaxis Campaign. Using case studies to tell powerful real-life stories through both PR, social media and partners, we ensured that the campaign reached young adults in a relevant way and at a time when they will be looking for information.

Partners such as local authorities, trade bodies and retailers helped to actively back our campaign and share our messages through their own channels. Food businesses which supported the campaign also made sure that processes were in place to deal with allergen information requests, and to put customers at ease.

The campaign scored well above the set key performance indicators and also won the UK Government Campaign of the month (November 2018).

EASY TO ASK: SEASONAL EXTENSION FOR VALENTINE'S DAY

We also launched a piece of seasonal communications for Valentine's Day, as an extension of our successful #easytoASK campaign. We continued to target young people living with food allergy and intolerance, and shared tips to raise awareness of safe behaviours for the celebration – including steps for booking a restaurant if eating out; or planning an allergy-safe meal, if eating in and letting their date know they have an allergy. Prominent consumer charities Allergy UK and Anaphylaxis Campaign delivered this campaign in partnership with us. Given the target audience, we continued our previously proven approach of communicating via insta-stories and e-cards on our digital channels and used celebrity influencer Jack Fowler (who has a severe nut allergy) to highlight the importance of being confident and speaking out if you live with an allergy/intolerance. A range of partners, such as local authorities, trade bodies and retailers shared our messages through their own channels, during this week of activity. The seven-day social media campaign had a reach of over **1.2 million** people.

KEEP CUSTOMERS SAFE THIS VALENTINE'S DAY #easytoASK

- ♥ Remind staff to ask about allergies when taking reservations or orders over the phone, and again at the table
- ♥ Keep staff informed of allergenic ingredients when introducing new dishes to the menu
- ♥ Even when service is busy, double-check orders with specific allergen requirements
- ♥ Keep your allergen folders up-to-date with accurate information
- ♥ Clearly labelled ingredients and clean surfaces help avoid cross-contamination in busy kitchen and service areas

Logos: Food Standards Agency, AllergyUK, Anaphylaxis Campaign

KEEP SAFE THIS VALENTINE'S DAY #easytoASK

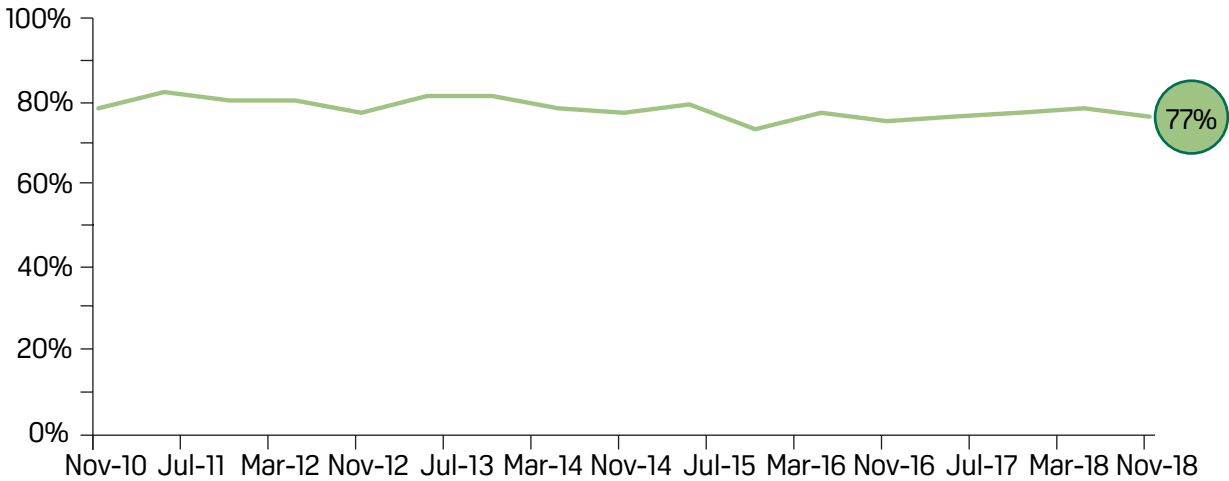
- Be prepared**
Call the restaurant in advance to ask about allergens, then double-check once you're there
- Drop a hint**
Point your date in the direction of your favourite allergy-friendly gifts
- Take protection**
Keep your EpiPen with you at all times
- Hold back**
Ask your date to avoid risky foods if you're hoping for a kiss (Allergens can remain in the mouth for up to four hours!)
- You're worth it**
Remember, allergies are not a deal breaker if someone really cares for you

Logos: Food Standards Agency, AllergyUK, Anaphylaxis Campaign

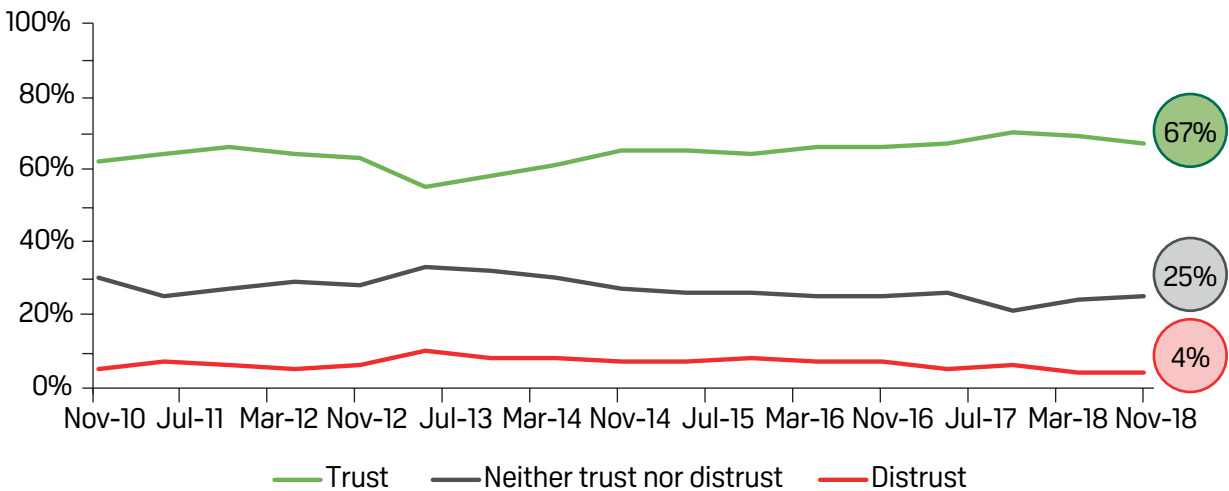
PUBLIC REPUTATION AND TRUST

We track public trust through a regular tracker since 2001. Questions cover several topics of interest for the Agency, including concern about food safety issues, awareness of food hygiene standards, awareness of the FSA and its responsibilities, trust in the FSA and the food industry, and confidence in food labelling.

Awareness of FSA



Trust FSA to do its job



At Wave 17 (November 2018), 77% of respondents reported being aware of the FSA. This is similar to the previous wave (79%).

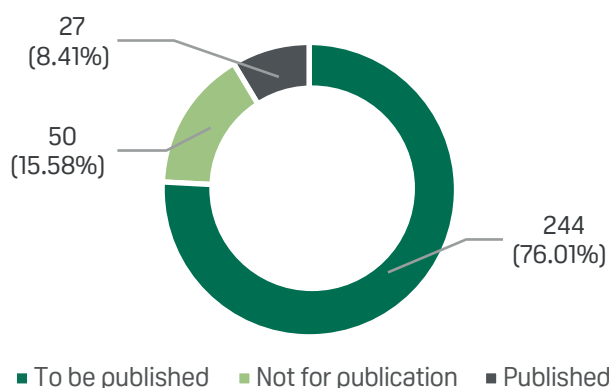
Of those aware of FSA, 69% trust it to tell the truth and 67% trust it to do its job. At a wider level, 74% trust that food is what it says it is and is accurately labelled, and 59% trust that the food industry is regulated fairly. Trust in the FSA varies slightly between people in Northern Ireland (86%), England (65%) and Wales (68%).

OPEN DATA

Open data is data that everyone can access, use and share. One of our objectives is to become a data-driven organisation and that our data is ‘open by default’. The FSA’s open data catalogue is available at <https://data.food.gov.uk/catalog>

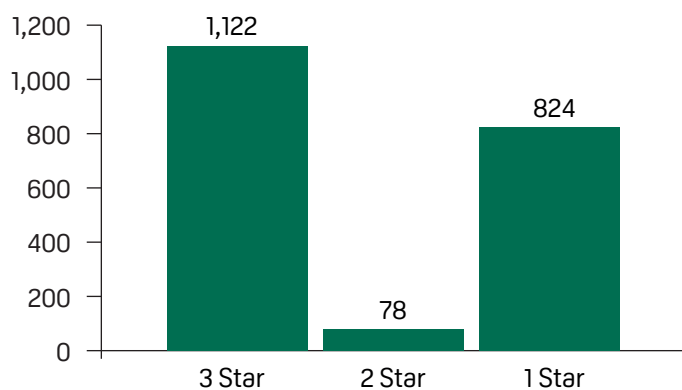
This year we have made great progress in achieving our target of publishing as much of our data as open data, helping users get their data fit to publish, and providing them with the skills and tools to publish it themselves. Next year we want to maintain our publishing rates and focus on improving the quality of our data sets and their supporting documentation. The charts below show progress in achieving our ‘open by default’ aim.

Open data publication progress: 321 datasets identified:



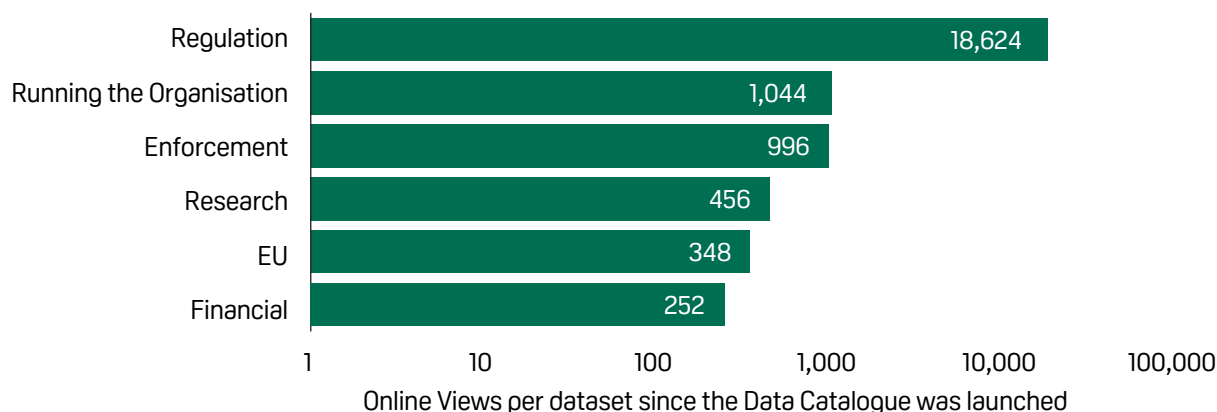
Target: To achieve as high a proportion of published data as possible, accounting for data that cannot be published for data protection, commercial, security or other associated reasons.

Openness rating of 2,024 published files:



Datasets are given a simple star-based rating based on the ‘Five Stars of Openness’ system developed by Tim-Berners-Lee. The criteria are based on published file format, our target is 3 stars.

Data catalogue online views by area of interest:



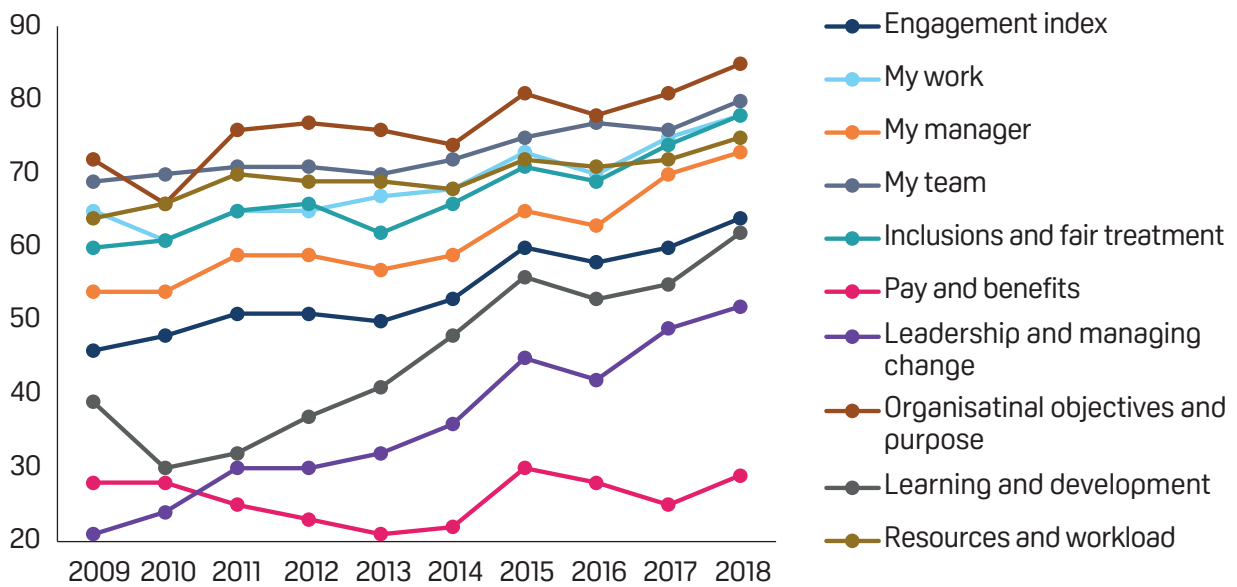
PEOPLE SURVEY



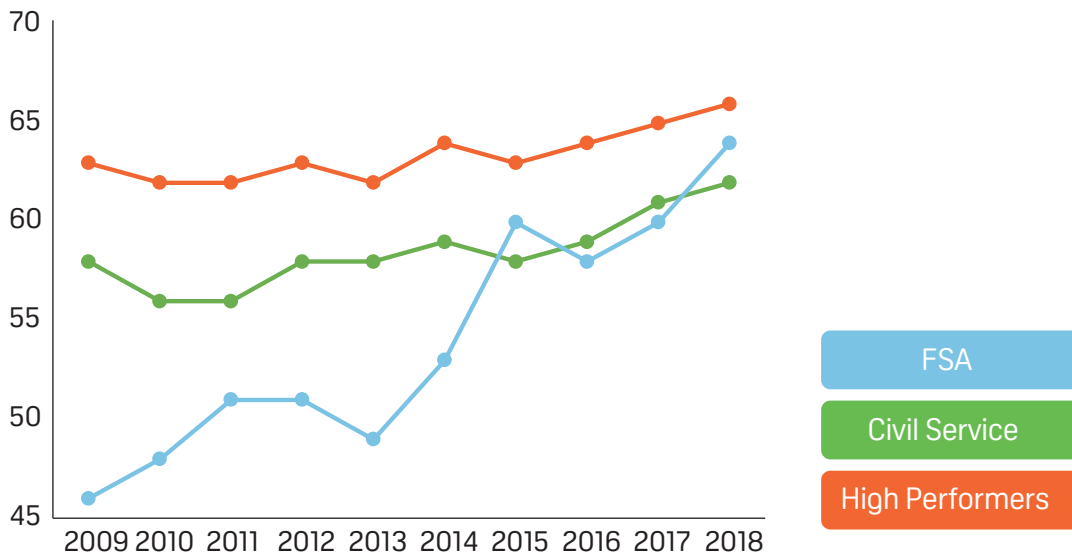
The Civil Service People Survey gives our people a voice and an opportunity to let senior managers know what helps them perform at their best and what more we can do to get better at communicating and working effectively together. We get lots of data on where there is room for improvement but also on what's going well in the FSA. This was conducted in October 2018 and the FSA employee engagement score increased from 60% in 2017 to 64% in 2018, our highest engagement level to date. Scores

have increased in all nine of the key themes with eight out of nine reaching their highest ever score. The largest increase was seen in "Learning and Development" (+7%).

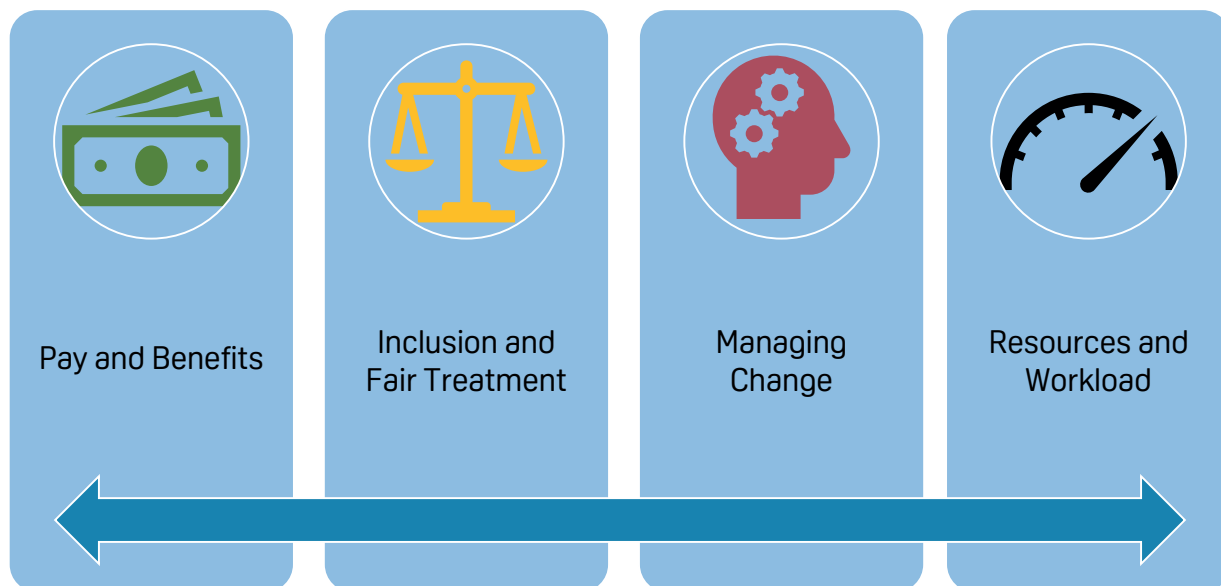
Civil Service People Survey 2009-2018



People Survey engagement



We have developed a corporate people survey action plan to address the issues identified in the survey. The action plan focuses on four key themes:



The infographic below shows the largest increases and largest decreases in % positive scores:



Increase in line managers who believe the FSA supports them to be good team leaders **(78%)**



Increase in those who believe there are opportunities to develop their career in the FSA **(60%)**



Increase in staff who would recommend the FSA as a great place to work **(58%)**



Decrease in those who think that where they work, effective action has been taken on the results of the last survey **(45%)**



Decrease in the number of people who said the FSA keeps them informed about matters that affect them **(59%)**



Decrease in the number of staff who feel they have the opportunity to contribute their views before decisions are made that affect them **(45%)**

DELIVERY THROUGH CAPABILITY BUILDING



For us to achieve the above priorities, and so deliver the best outcomes for consumers, it is necessary for the FSA to invest in building and developing its capabilities. We have done this by focusing on the key areas below.



Our Ways of Working (OWOW)

Overall objective: To build a vibrant, progressive, learning organisation that attracts and retains the best staff who are engaged, motivated to deliver, collaborative and well led.

Objectives for 2018/19:

Ensure staff have the right skills, tools, and equipment to enable them to collaborate and deliver from any location

Embed business processes, skills, and management tools to help maximise productivity and organisational benefit in the new working environment

Ensure that we are making best use of our new office environments (York and London)

Undertake a post implementation review of the new working contracts, to ensure that they are actively supporting location agnostic working, and active collaboration

Summary of achievements:

We have built upon the progress in previous years and has now completed delivery of its OWOW capability. Whilst earlier phases focused on rolling out new style working contracts to enable location agnostic working and modernising our offices spaces in London and York to enable collaborative working and reduce costs, the final phase concentrates on delivering the digital capability needed to consolidate the new ways of working. Activity this year has also focused on further embedding the cultural changes brought about by OWOW. As a result, it is now normal practice in the FSA for individuals and teams to work flexibly from the best location for them and the business. This transformation in work life balance for many staff has led to greater staff retention and satisfaction, and the ability to attract high calibre candidates.



Delivery



Creation of a new Digital Workplace to share all corporate information and help staff to feel better connected to the organisation from any location



Roll out of new digital collaboration tools (Skype, Yammer, OneDrive, Teams), and associated training and support for staff, including establishment of a Digital Super User Network



Premises based operational staff have been issued with consolidated contracts



Training to support roll out of smart phones and new PCs for premises based operational staff, providing quicker and more effective access to corporate information and collaboration tools



Post implementation review of new contract styles to ensure they are fit for purpose and are actively supporting location agnostic working



Post implementation review of how our new office environment is being utilised, to make sure that we are getting maximum value from it



People Strategy

Overall objective:

Build an effective, resilient organisation by creating an organisational model and workforce plan that enable us to achieve our corporate priorities while continuing to deliver our core business and remain compliant in all our people policies and practises. Building our leadership and management capability in all areas of the business so they are highly skilled, confident, empowering and engaging leaders who care about the organisation and their teams, recognise and value individual effort and continually strive to improve performance. Develop skills and capability to deliver the professional and technical skills that have been identified as key to delivering the corporate priorities and provide the infrastructure and support to enable people to develop their careers within the FSA.

Objectives for 2018/19:

To create well-motivated and engaged people, improve staff engagement to be on par with the high performing units

To lead and manage our people through change and build a highly effective resilient organisation

Develop people's skills and capabilities and deliver our strategy priorities to 2020

To create a skills and capabilities plan, to develop the capability of senior leaders, implement a new performance management scheme, talent management, and diversity strategy and roadmap

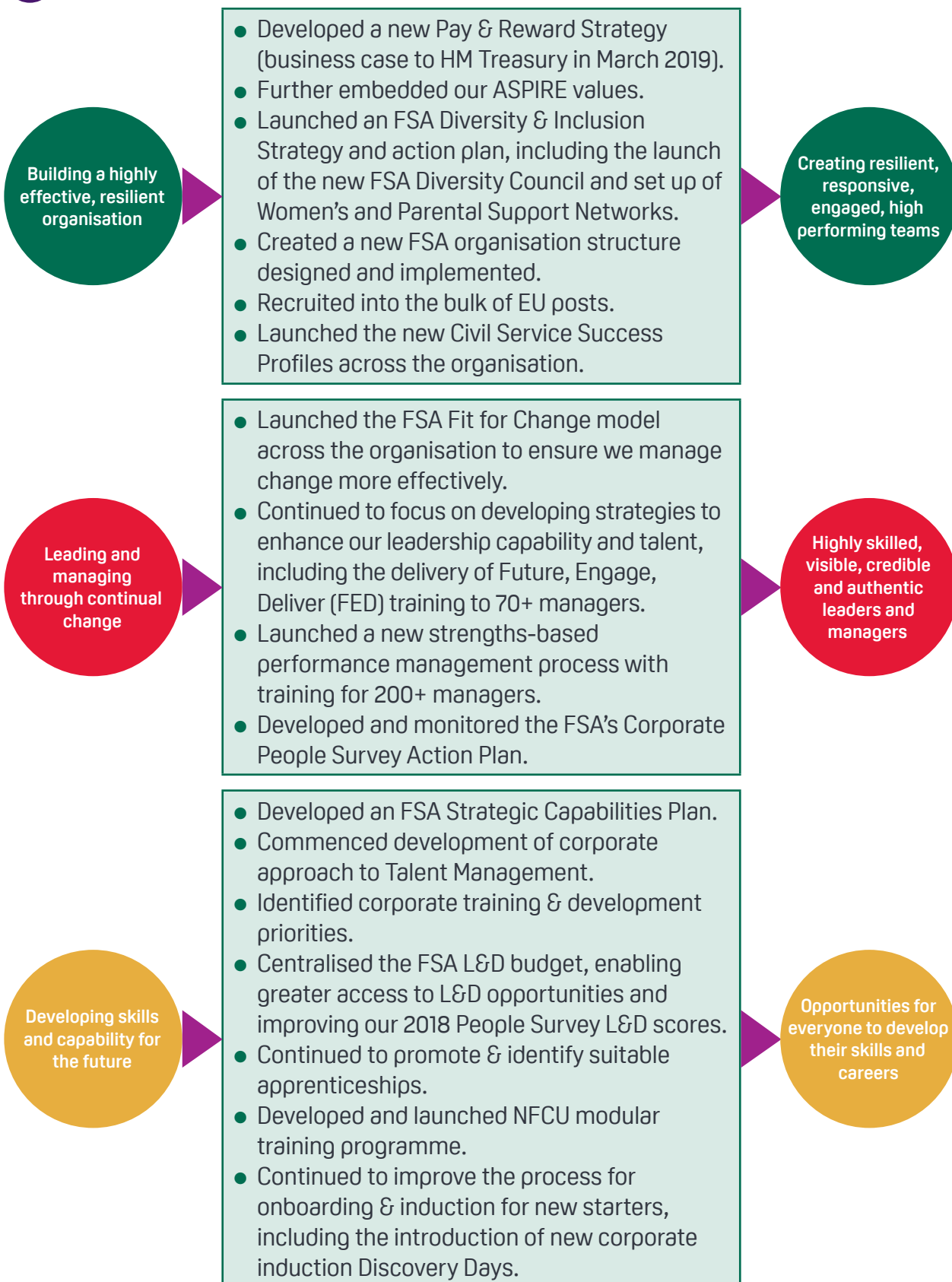
Summary of achievements:

In 2018/19, we have worked to ensure that the development of the People Strategy put the right people in the right place and that the recruitment and development of staff was forward looking and fit for purpose.

We also worked to ensure that the actions taken within the People Strategy took account of, and sought to address, those high-level action areas identified in the Corporate People Survey action plan and were delivered on time. This included our work on pay and benefits; bullying, harassment, discrimination and safe to challenge; managing change; and leadership. Through this work we achieved our best ever engagement results in the 2018 survey (64% – up 4% from 2017).



Delivery

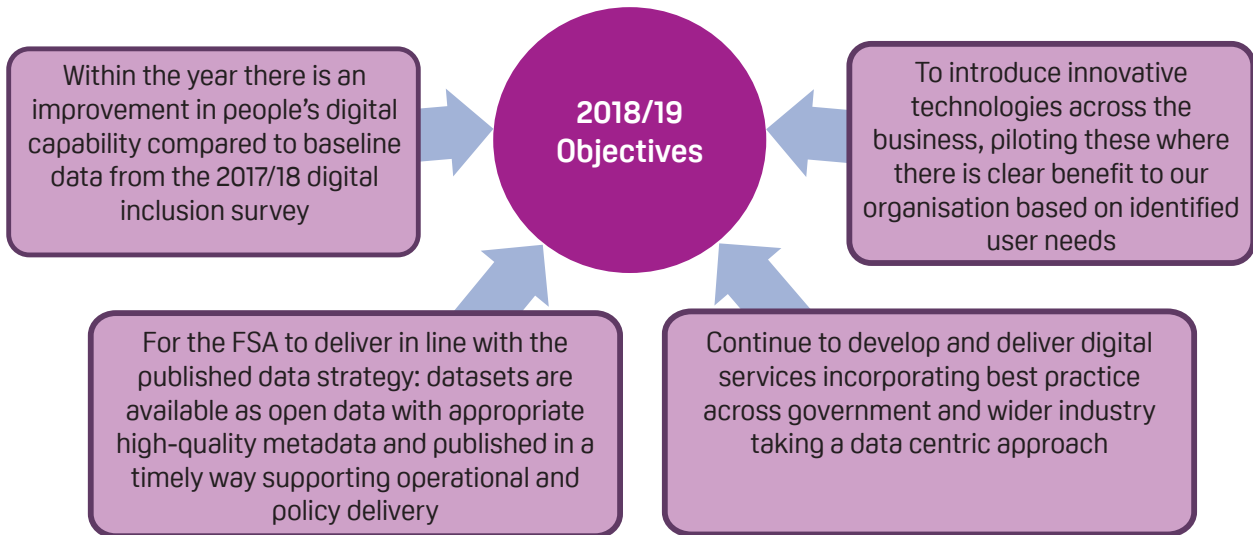




Data and Digital

Overall objective:

To have an effective data culture: data supports the FSA’s policy and operational delivery decision making and we meet our transparency commitments. To ensure our digital services meet the needs of our users.



Summary of achievements:

As a consequence of publishing our data strategy in 2017/18, the FSA continues to strengthen its capability to use data as a resource to support its decision making. We continue to publish our data by default. We are building our understanding of how and where our data is being used and if it is fit for purpose. We have developed digital services to improve internal business processes and to enable EU Exit. We have supported staff to adopt modern digital tools that facilitate different ways of working across the business with an emphasis on collaboration.



Delivery

Deployed the most appropriate business intelligence tool to meet our user’s needs and have begun to embed it across the Agency

Rolled out new digital tools with appropriate coaching and support to improve capability and effectiveness

Developed our Application Programming Interface (API) strategy

Decentralised our data and content publishing capability by training content editors and data publishers across the Agency

Trialled distributed ledger technology for animal conditions and export health certification

Our digital workplace is now live, meaning staff have a consistent experience to access the digital tools and information they need

Surveillance

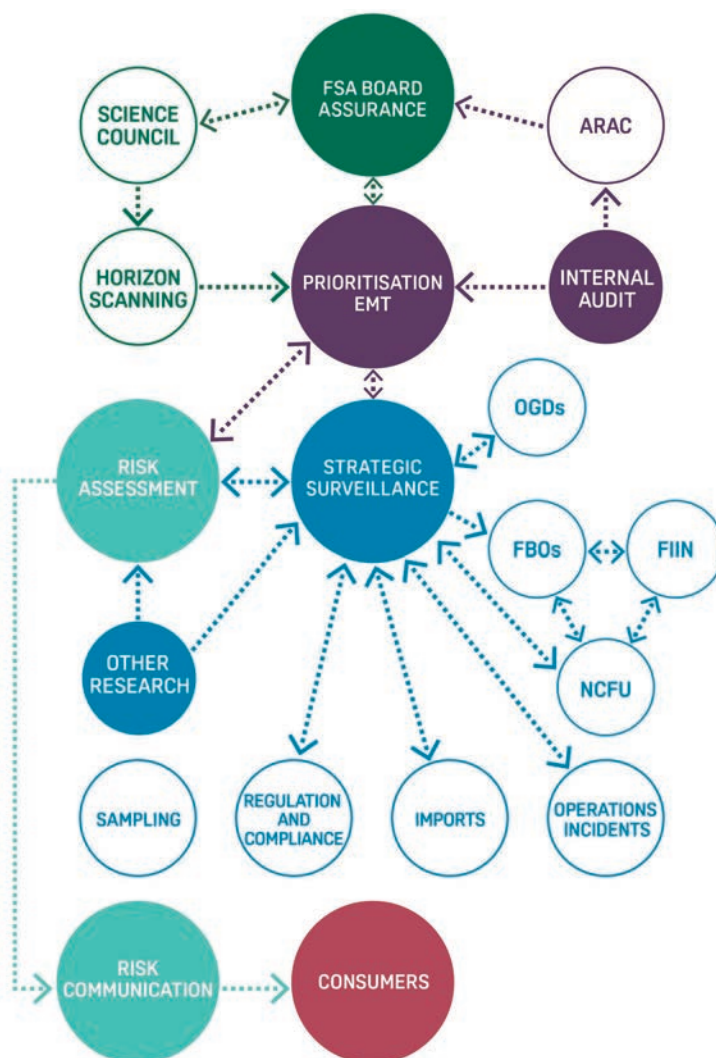
Overall objective:

To develop a new strategic approach to food and feed surveillance, which meets the World Health Organization definition of the ongoing systematic collection, collation, analysis and/or interpretation of data, followed by dissemination of information so that directed action may be taken.

Objectives for 2018/19:

To systematically be generating actionable knowledge that shapes and informs risk management interventions that are made by the FSA and by our stakeholders.

A schematic showing how the elements of surveillance fit together is presented below:

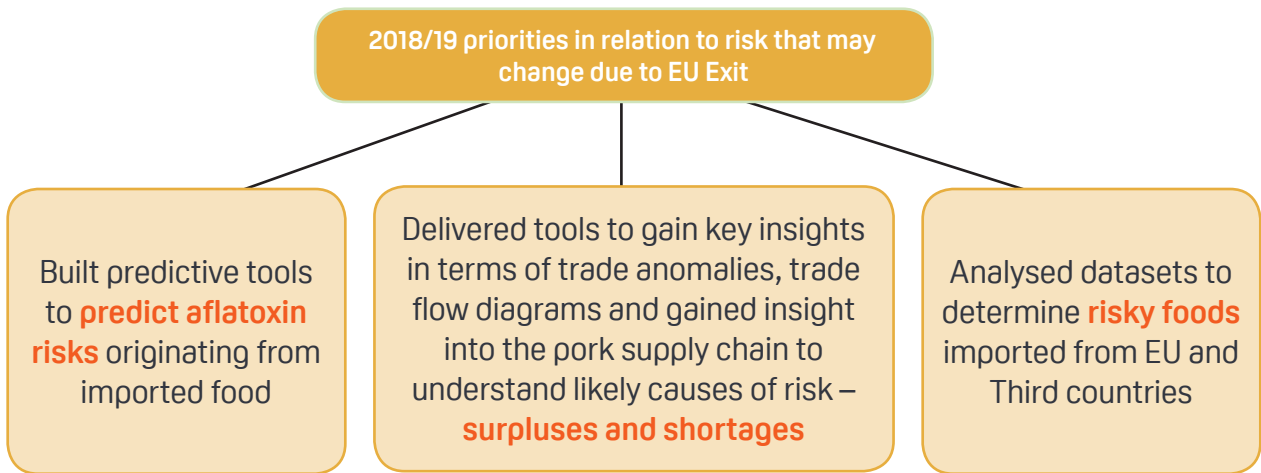


Summary of achievements:

We have taken an innovative approach to the development of the new service. We have not created a large monolithic data warehouse. We have found that there is a lot of open and freely available data, and similarly open source algorithms and tools, which make this a very cost-effective approach.

The frequency that FSA surveillance information is used and results in decision making is something important to us. We have demonstrated success with different types of data science suppliers, giving us flexibility, access to key skills and the ability to scale up or down. We have learnt that data algorithms and machine learning models can be re-used which we can develop further into a quality assurance system. We are in a better position than before to identify risks in a predictive way.

We are building capability to understand where risks may arise before they become issues to consumers. This is fundamentally different from much of surveillance undertaken now: we need to see risk emerging and be able to address, rather than observe it as it has already happened.



Delivery

The surveillance programme has:

- Identified opportunities with technology and intelligence networks to enhance the prototype model for surveillance
- Enhanced the process design
- Concluded an analysis of the pork supply chain to help us identify surpluses and shortages
- Built a model that allows us to predict Aflatoxin contamination of food and feed
- Created a new approach to identify risky foods being imported into the UK
- Worked to create enriched datasets by linking available FSA and external data
- Concluded initial work to investigate allergens by using social media listening tools

PRINCIPAL RISKS AND UNCERTAINTIES

We set out our approach to managing risk as part of the FSA Governance Statement 2018/19 on page 87. Risks within the FSA are **Identified, Assessed, Managed, Reviewed and Recorded** at the appropriate level across the FSA. Governance is provided through:

- monthly exception
- review/challenge quarterly, ensuring the right risks are prioritised, and
- annually as part of the corporate business planning process

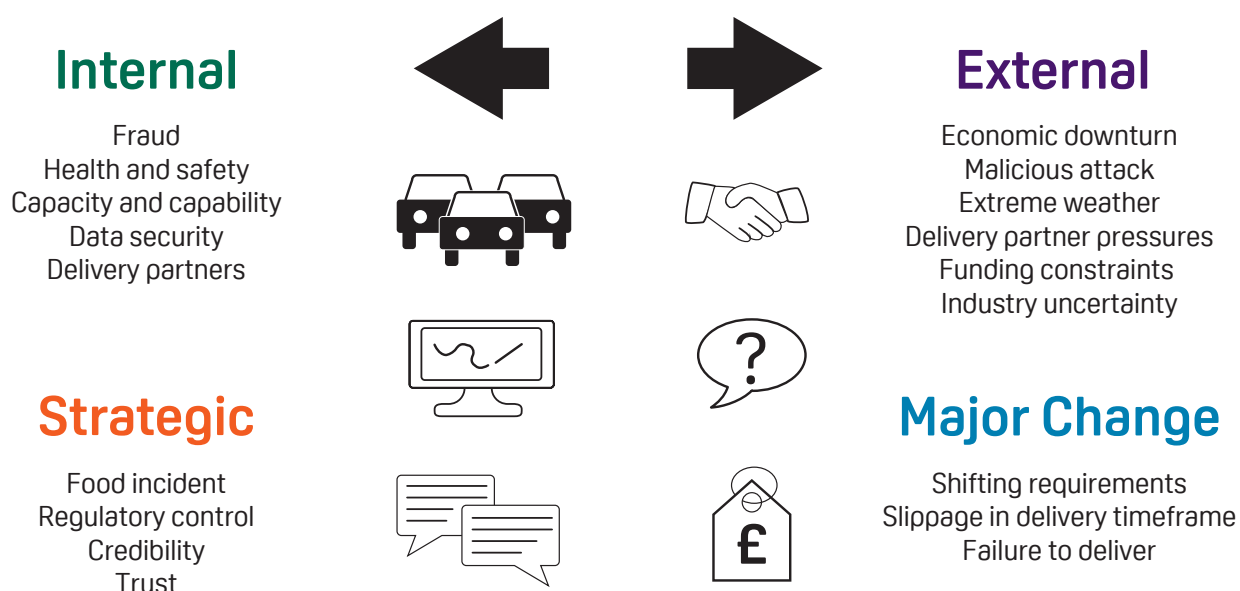
Risk Registers are used to record our risks, aid assessment, prioritise actions and monitor progress.

To deliver ‘Food we can trust’ whilst managing reducing resources and external uncertainty we have an appetite to take considered risks and exploit opportunities and innovation.

Our approach to innovate or safeguard can differ depending on the nature of the risk and therefore we align risks to themes and state our appetite boundaries to how we respond.



FSA risks are identified and categorised in the following way:



To support the appropriate analysis, treatment and monitoring our policy is to use risk registers (a number of which are mandatory) as part of our management approaches. Where appropriate, risk registers will be used to record the escalation or de-escalation, transfer or aggregation of risks to ensure that they are managed at the most appropriate level within the FSA and by those best placed to take decisions as to how best to handle them.

At the end of the financial year the risks on the FSA's corporate level risk register focused on our top three strategic priorities and included:

- the failure of the FSA have ready the minimum requirements to ensure that food and feed safety and authenticity are not compromised up to, from and beyond Day 1 of exiting from the EU
- the risk of failing to provide an adequate response to a food incident
- the risk of failing to achieve the agreed level of progress towards a new regulatory model to ensure 'Food we can trust' in terms of food safety and authenticity, in a modern, sustainable global food system

Corporate Risk Register

The risk that the Food Standards Agency fails to provide an adequate response to a major food incident

The risk of a failure to put in place effective contingency and resilience arrangements to manage major food safety incidents affects our ability to minimise consumer detriment and reduces consumer confidence in the food sector.

Mitigation

We have continuously improved the agency's response and management of incidents by conducting lessons learned reviews of our handling of non-routine incidents; through the delivery of a programme of activities to develop and build capability and capacity across the agency and through the implementation of a continuous improvement programme focused on the development, implementation and review of our incident management plans and operating procedures. This will ensure we have the right capability and capacity to be able to respond to a major incident/s. We have also undertaken a programme of work to deliver improvements to the food withdrawal and recall systems.

The risk of not working effectively and cohesively across countries

An increased divergence, complexity and variation between systems that may result in consumers being less well protected. Making sure there is a single FSA that works across England, Northern Ireland and Wales and ensures co-ordination of efforts with Food Standards Scotland (FSS). It is important there are mechanisms for collaboration across the three/four nations to ensure effective joined up working to safeguard consumer protection. This is as important as ever as we move towards the point the UK exits the EU and the FSA's Regulating Our Future programme moves into its delivery phase.

Mitigation

We have worked with suppliers to develop training materials and are piloting training for our policy development colleagues to raise awareness and understanding of the devolved political landscape and how these impact on policy making. We also regularly schedule quarterly update meetings between the FSA Chair and Ministers across the three/four countries and remain alive to the latest risks to ensure Wales and Northern Ireland contribute to ROF programmes including a Regulatory Forum.

Managing Service Level Agreements contracts and delivery partners

There is a risk of failure of the FSA's service delivery partners to deliver the agreed level of service and required transformational change, as a result of economic, social, or demographic issues. The FSA's current approach to delivering our regulatory functions has developed over a long period of time. Through our regulatory role, we interact with those producing and selling food, to make sure consumer interests are protected. FSA delegates responsibility to deliver many food official controls (OC) to local authorities (LAs) under Codes of Practice and Framework Agreements; and other Governments Departments and private contractors via Service Level Agreements (SLA) and contracts, respectively.

Mitigation

We have increased our capability around embedding change and strong communications skills to engage with local authorities, which we plan to implement using a phased approach by April 2020. We also plan to undertake an open policy making approach allowing rigorous options challenge and develop a balanced scorecard setting standards to facilitate better monitoring and give actionable insight into local authority performance. We will also ensure strategic coherence in relation to ROF programmes with longer-term work planned on the regulatory strategy and EU Exit.

Managing challenges relating to EU Exit

Failure to have prepared the minimum requirements to ensure that food & feed safety and authenticity are not compromised up to, from and beyond Day 1 of exiting from the EU. The decision to leave the EU impacts on the work of the FSA in several ways. The vast majority of the legislation for which the FSA is a Central Competent Authority and a Competent Authority is directly applicable EU legislation. The FSA has a key role to play in the work to transition from EU to UK legislation in a way that continues to protect the interests of consumers and which is clear on the responsibilities of food businesses to safely produce food.

Mitigation

The FSA established and delivered a formal programme of activity to manage response to exit. The programme's scope focussed on Day 1 readiness and then a transition to the longer term, more stable position that allows us to maximise on opportunities. These included recruiting and training additional staff to take on responsibilities to be repatriated from EU, necessary amendments to legislation to ensure a functioning body of law on exit day, changes to processes to take account of loss of access to key systems. We work closely with other government departments, port health authorities and local authorities to ensure a joined-up approach. The FSA also secured an additional £14m in 2018/19 and £16m for 2019/20 to support delivery.

Maintaining relationships across government & internationally to advance consumer protection

The risk of failure to influence/inform Government (within the UK, EU or internationally) relationships affects our ability to protect consumers, now and in the future. It is vital that we are able to influence Government effectively, in Westminster, Wales, Northern Ireland, the EU, and beyond (e.g. in Codex). Doing so will help ensure that our work is understood and supported and that we are able to achieve changes that benefit consumers. The right relationships are critical to creating an environment where our work is understood and supported, and action will be implemented.

Mitigation

We continue to review stakeholder plans ensuring active management of stakeholder relationships and work closely with government departments to contribute to and influence thinking on key priorities.

Maintaining public confidence in FSA public reputational trust

Any loss of confidence, trust and credibility in the FSA poses a risk of reputational damage that then impacts on our ability to deliver our strategic objectives. The FSA's capital is all about trust and confidence (of consumers, media, government, industry and partners). Reputation tracking indicates a slight rise (1%) in trust in the FSA among consumers, an all-time high. Early indication that handling of major incidents has increased credibility with consumers. If lost, this would jeopardise both our day to day delivery in the protection of consumers and achievement of our strategy.

Mitigation

We have emphasised our openness and transparency and the role of the science council as the building blocks as to why we believe citizens have trust in us. We are also implementing a more robust, and proactive planning, listening and horizon scanning.

Being adequately resourced

The risk that the FSA has insufficient resources, financial and people, or fails to effectively utilise the resources available resulting in detriment to consumers. The FSA has had a reducing budget for several years, and our settlement in the 2015 Spending Review means that our budget will reduce by a 7% in real terms over the four years to 2019-2020.

Mitigation

We have developed guidance and skills for managers in relation to the Our Ways Of Working (OWOW) programme phase 2. We transition OWOW into business as usual whilst also working with Executive Management Team to deliver priority actions to further drive value for money. The OWOW Phase 3 plan has now been delivered, and residual activities identified. We are now in the process of handing over these residual activities to Business as Usual. A suite of benefits for the Programme are in place and will be monitored going forward by the FSA Benefits Manager. A final report detailing all aspects that the Programme has delivered is being prepared, and Programme Assurance at close down will be provided by the Programme and Project Delivery Team

We have also developed a Strategic Capabilities Plan which will help us ensure that our people have the right skills and capabilities to support delivery of the FSA Strategy for the next 2-3 years. An organisation restructure has been implemented in preparation for EU Exit. This, together with any subsequent organisational changes required within the business, will ensure that we are appropriately structured and fit for the future.

PERFORMANCE ANALYSIS

FORMAL ENFORCEMENT ACTION (ENGLAND, WALES)

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.

England and Wales: formal and informal enforcement action taken during 2018/19

Formal action	Number of notices 1 April 2017 to 31 March 2018	Number of notices 1 April 2018 to 31 March 2019
Hygiene Emergency Prohibition Notice , served under the Food Safety and Hygiene (England) Regulations 2013 and the Food Hygiene (Wales) Regulations 2006, giving a 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 Safety and Hygiene (England) Regulations 2013 and the Food Hygiene (Wales) Regulations 2006	152	165
Remedial Action Notice served under the Food Safety and Hygiene (England) Regulations 2013 and the Food Hygiene (Wales) Regulations 2006	245	231
Informal action	Number of notices 1 April 2017 to 31 March 2018	Number of notices 1 April 2018 to 31 March 2019
Written warning	2,433	2,642

FORMAL ENFORCEMENT ACTION (NORTHERN IRELAND)

Northern Ireland: formal and informal enforcement action taken during 2018/19

Formal action	Number of notices 1 April 2017 to 31 March 2018	Number of notices 1 April 2018 to 31 March 2019
Hygiene Emergency Prohibition Notice , served under the Food Hygiene Regulations (Northern Ireland) 2006, giving a 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 Regulations (Northern Ireland) Regulations 2006	8	5
Remedial Action Notice served under the Food Hygiene Regulations (Northern Ireland) 2006	3	3

Informal action	Number of notices 1 April 2017 to 31 March 2018	Number of notices 1 April 2018 to 31 March 2019
Written warning	67	31

The continued downward trend in formal and informal enforcement actions is largely because of improved compliance levels by food business operators.

PROSECUTIONS

Following an investigation referral and full criminal investigation, prosecutions of offences committed at approved premises can be taken by the relevant enforcement authority. In England and Wales, prosecutions for food hygiene breaches are taken by the FSA. Cases in relation to alleged breaches of animal welfare, animal by-products and some transmissible spongiform encephalopathy (TSE) requirements are prosecuted by the Crown Prosecution Service (acting on behalf of the Department for Environment, Food and Rural Affairs) or the Welsh Government. In 2018/19, the FSA Criminal Investigation Branch accepted 75 referrals from Operations Directorate for investigation with a view to prosecution.

The timescales for prosecutions mean 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 cases referred for investigation in 2018/19 have yet to be concluded.

During 2018/19, ten cases investigated by the FSA were concluded at court with convictions secured against 12 defendants. A further 12 cases are currently being prosecuted.

There were 100 recorded investigation referrals in England and Wales during 2017/18. The outcomes or status of those referrals are as follows:

Outcomes/current status	Number of referrals
Convictions	15
Warning letters issued	16
Ongoing prosecutions in Court	11
Acquittals	1
Withdrawn prosecutions	1
No prosecutions taken	56

COMPLAINTS INCLUDING THOSE MADE TO THE PARLIAMENTARY AND HEALTH SERVICE OMBUDSMAN

The FSA will always seek to learn from, and address any issues identified through, its complaints process. We aim to resolve all complaints quickly and as close as possible to the point of delivery and therefore complaints are handled initially at a local service level. If, however, a complainant is not satisfied by a local response, they can refer their complaint, using our two-stage complaints process, information on which can be found online: www.food.gov.uk/contactconsumersfeedback/complaints-and-comments

If having exhausted the FSA's complaints process the complainant remains dissatisfied, they can refer the matter to the Parliamentary and Health Service Ombudsman (PHSO).

During 2018, 11 complaints progressed beyond the level of a local response. Of these:

- 5 cases were not upheld
- 5 were partially upheld and 1 was withdrawn
- no cases were investigated by the PHSO.

RECONCILIATION OF NET RESOURCE EXPENDITURE BETWEEN ESTIMATES, BUDGETS AND ACCOUNTS

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

	£000 2017/18	£000 2018/19
Net resource outturn (estimates)	78,975	84,817
<i>Adjustments to remove:</i>		
<i>Provision vote for earlier years</i>	–	–
<i>Adjustments to additionally include:</i>		
<i>Non-voted expenditure in the OCS</i>	–	–
<i>Consolidated fund extra receipts in the OCS</i>	–	–
<i>Reductions in planned spend unable to be included in the Estimate</i>	–	–
Other adjustments		
Net operating cost (accounts)	81,951	87,112
<i>Adjustments to remove:</i>		
Capitalised Research & Development	(2,976)	(2,295)
Capital grants to local authorities	–	
Capital grants financed from the capital modernisation fund	–	
European Union income and related adjustments	–	
Voted expenditure outside the budget	–	
<i>Adjustments to additionally include:</i>		
Other consolidated fund extra receipts	–	
Resource consumption of non-departmental public bodies	–	
Unallocated resource provision	–	
Other adjustments	–	
Resource budget outturn (budget)	78,975	84,817
of which		
Departmental expenditure limits (DEL)	77,816	81,801
Annually managed expenditure (AME)	1,159	3,016

The net cost of the FSA was £84.8m against available funding of £98.1m to 31 March 2019.

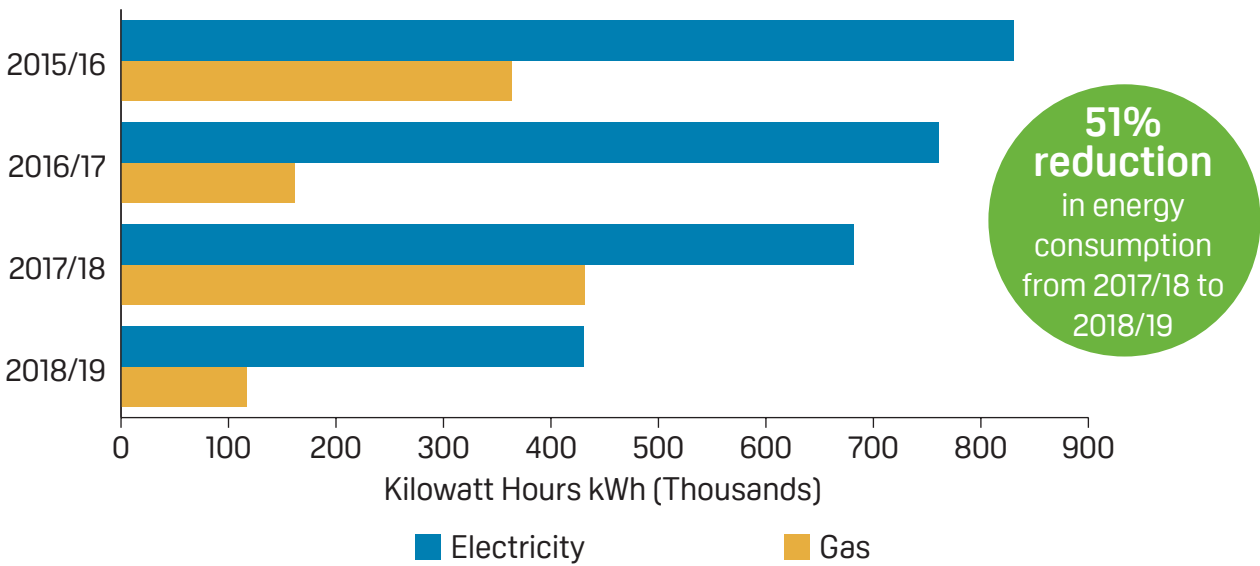
Total net expenditure was 14% lower than estimate by £13.3m. The Westminster funded saving of £13.3m is largely due to a £6.6m underspend on annually managed expenditure (AME), mainly through built in capacity for pension provision volatility, allowing for wide variations in actuarial assumptions. A Programme underspend of £5.0m was due to re-prioritisation of resource to support preparation for EU Exit.

SUSTAINABILITY REPORTING

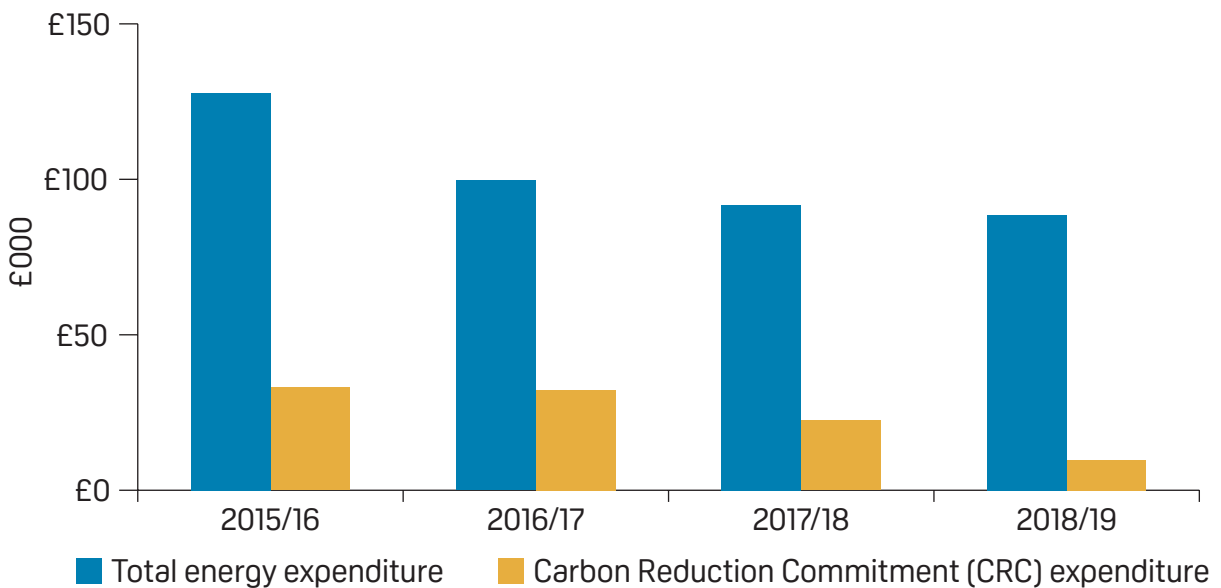
Greenhouse Gas Emissions – Scope 2 (indirect)¹

2018/19 was the FSA’s first full year of occupancy in Clive House as our London headquarters. Our overall accommodation strategy is closely tied to the wider Our Ways of Working Programme (OWOW) that gives staff greater flexibility about where they do their work. Through moving from Aviation House to Clive House, we have reduced our office floorspace, with a subsequent reduction in our energy consumption.

Energy Consumption



Expenditure

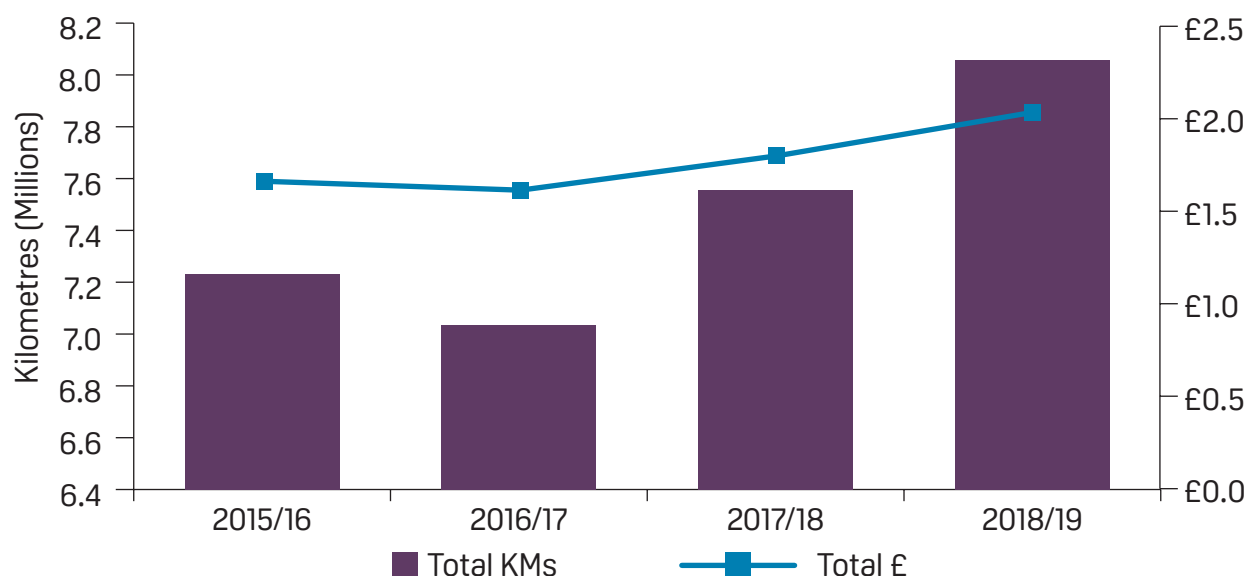


¹ Data relates to FSA headquarters in London only. Data for office in York is accounted for by Defra.

Greenhouse Gas Emissions – Scope 3 (indirect)²

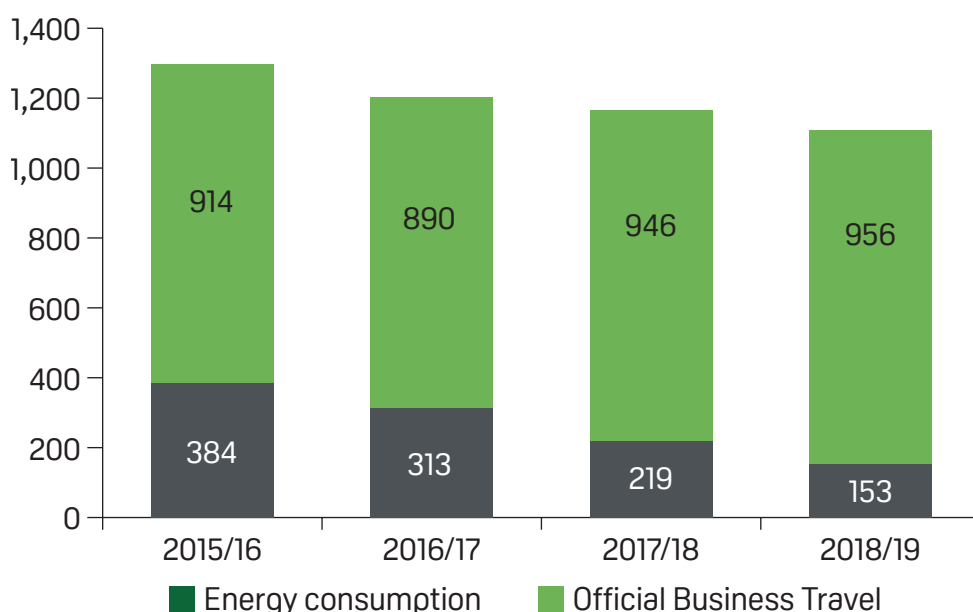
Embedding OWOW during 2018/19, including the move to more flexible working, has led to an increase in reportable business travel, although it is presumed that this is partly offset by reduced private commuting. EU Exit has also required greater cross Government collaboration and so an additional increase in business travel. During 2018/19, the FSA has invested in new tools and equipment, for example improved Skype facilities in all offices and improved Microsoft Office 365 tools, that should start to challenge the need to travel. The FSA will be actively monitoring this in 2019/20 to identify further opportunities to manage business travel effectively.

Official Business Travel



Greenhouse Gas Emissions – Scope 2 + Scope 3 (indirect)

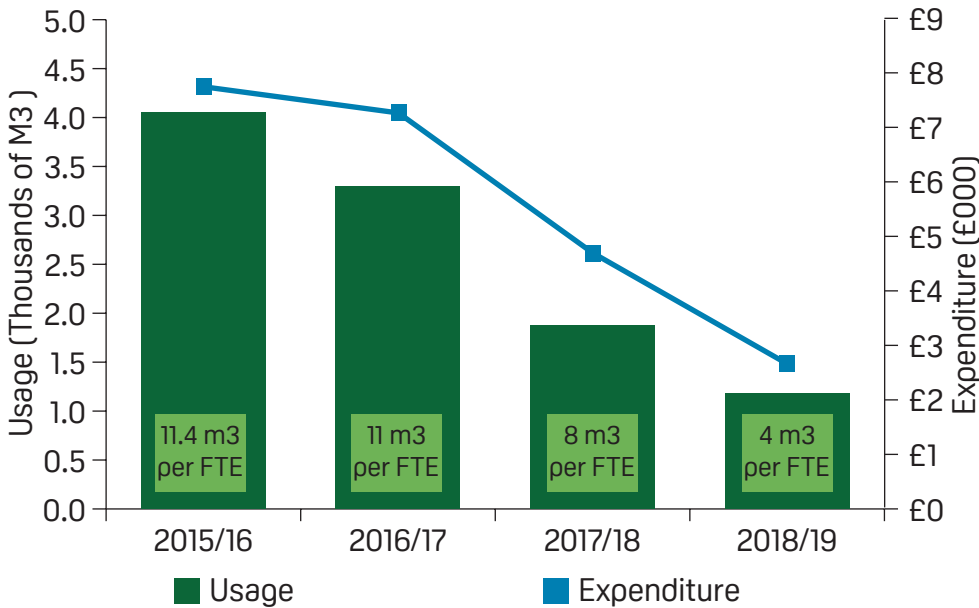
Total CO₂e Tonnes (Scope 2 + Scope 3)



56 CO₂e tonnes reduction
from 2017/18 to 2018/19

² UK-wide data.

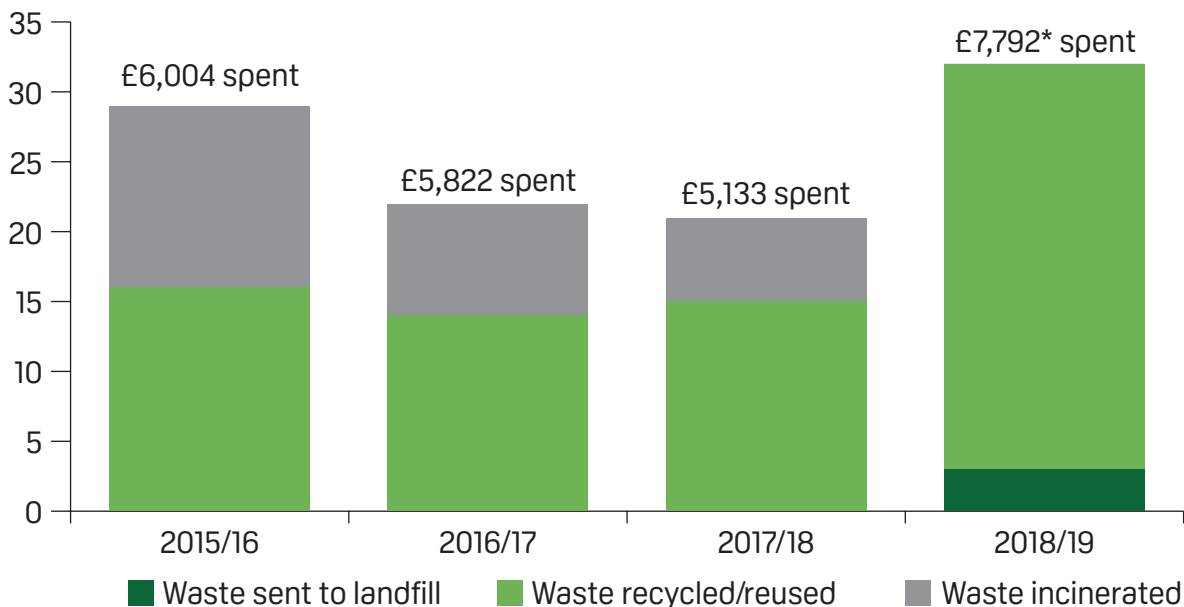
Finite Resource Consumption Water Consumption



50% reduction
in Water Consumption/FTE from 2017/18 to 2018/19

The reduction in office space in London, delivered through the OWOW programme, has led to 50% reduction in water usage per fulltime equivalent (FTE).

Waste Minimisation and Management Waste (Tonnes)



*costs for 2018/19 are extrapolated.

Under the new accommodation arrangements, as part of a multiple-occupancy site, the waste figures reported for 2018/19 are a percentage split of the whole building figures, based upon our occupancy space. Therefore, whilst we can implement initiatives to reduce waste this may not always be reflected in our reported figures due to this allocation process.

Sustainable Procurement

During 2018 /19, we have continued to invest in technology, to maximise the use of alternatives to travel, such as improved Skype and video conference facilities in our offices. We continue to raise awareness around alternatives to travel and seek new ways to manage this in future. As tenants in buildings, we are obligated to pre-existing contractual arrangements for food and catering services.

Climate Change Adaptation

Climate resilient designs are incorporated in our accommodation arrangements. In addition, we have robust business continuity plans in place to manage occurrences of extreme weather events.



Rod Ainsworth

Acting Chief Executive and Interim Accounting Officer

9 July 2019

DIRECTORS' REPORT

The FSA⁷ is a non-Ministerial Government Department. Staff are accountable through a Chief Executive to the Board, rather than directly to ministers. The Board consists of a Chair, Deputy Chair and up to 12 members. The Chair and Deputy Chair are appointed by the Secretary of State for Health and Social Care in agreement with health ministers in Wales and Northern Ireland. The Board is mainly appointed by the Secretary of State for Health, with one member appointed by the Welsh Health Minister and one by the Northern Ireland Health Minister.

The Board is responsible for the overall strategic direction of the FSA, ensuring that it fulfils its legal obligations so that its decisions or actions take proper account of scientific advice, the interests of consumers and other relevant factors. Day-to-day management of the FSA is delegated to officials through the Chief Executive. In addition to the FSA Board, the FSA has advisory committees, chaired by Board members, in 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.

DETAILS OF THE BOARD AND DIRECTORS

The FSA Board⁸

During the year, the membership of the non-executive FSA Board was:	
Heather Hancock DL LVO	FSA Chair
Laura Sandys	Deputy Chair
Dr Ruth Hussey CB OBE	Chair of the Welsh Food Advisory Committee
Colm McKenna	Chair of the Northern Ireland Advisory Committee
Paul Williams	Board member
Rosie Glazebrook	Board member
Stewart Houston CBE	Board member
David Brooks	Board member
Mary Quicke MBE DL	Board member
Ram Gidoomal CBE	Until April 2018
Stuart Reid CBE	Board member

⁷ More information about our organisation and structure can be found on our website: www.food.gov.uk/about-us/who-we-are

⁸ More information about our Board members can be found on our website: www.food.gov.uk/about-us/our-board

Executive Management Team⁹

During the year, the membership of the Executive Management Team was:	
Jason Feeney CBE	Chief Executive
Professor Guy Poppy	Chief Scientific Advisor
Colin Sullivan	Chief Operating Officer
Rod Ainsworth	Director of Strategy, Legal & Governance
Chris Hitchen	Director of Finance and Performance
Julie Pierce	Director of Openness, Data, Digital & Wales
Steve Wearne	Director of Science
Maria Jennings	Director of Regulation, Compliance, People & Northern Ireland
Nina Purcell	Director, FSA Wales and Local Delivery (until October 2018)
Michael Wight	Interim Director of Policy

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.

⁹ More information about members of the EMT can be found on our website: www.food.gov.uk/about-us/leadership-team

FSA advisory committees¹⁰

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

Northern Ireland	
Colm McKenna	Chair
Fiona Hanna	
Lorraine Crawford	
Aodhan O'Donnell	
Dr Liz Mitchell	
Sara McCracken	
Phelim O'Neill	

Wales	
Dr Ruth Hussey CB OBE	Chair
Alan Gardner	
Dr Philip Hollington	
Beca Lyne-Pirkis	
James Wilson	
Dr Norma Barry	
David Peace	
Ronnie Alexander	

Audit and Risk Assurance Committee

Membership of the FSA Audit and Risk Assurance Committee:

Non-executive members	
Colm McKenna	Chair
Dr Ruth Hussey CB OBE	
Paul Williams	
Mary Quicke MBE DL	
Ram Gidoomal CBE	Until April 2018
Laura Sandys	

¹⁰ More information about the committees of the FSA Board can be found on our website: www.food.gov.uk/about-us/committees-of-the-fsa-board

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 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 2018/19, 92% of all invoices were paid within this target. The policy is to remain the same for 2019/20.

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 significant interest rate risk or currency risk.

Consultancy

Consultancy spend in 2018/19 was £1,290,375 (2017/18 £450,981) relating to 14 suppliers with the greatest spend by one supplier being £590,110. This work included establishing a robust business case for funding to support the National Food Crime Unit.

Details of paid sponsorship agreements over £5,000

We have not secured any paid-for sponsorship deals, preferring to work with partners who can offer help for free through their own channels and networks.

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 will be met by future funding from Parliament.

Pensions

FSA employees are civil servants. Most are members of the Principal Civil Service Pension Scheme (PCSPS) and Civil Servant and Other Pension Scheme (CSOPS). These are central government unfunded pension schemes. Pension payments are made through the resource account. Board members are not civil servants therefore they are not members of these schemes. However, some have similar pension arrangements independent of the m. 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: <https://www.food.gov.uk/about-us/our-board>

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 £87,000 (2017/18 £85,000). 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.

The Comptroller and Auditor General contracted out delivery of the financial audit to Mazars in 2018-19. Mazars have delivered £46k of non-audit services in respect of taxation advice and auditing the Charge Out Rate calculation. No payments have been paid to the Comptroller and Auditor General for non-audit work in 2018/19 (2017/18 £nil).

Public sector information

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

Reporting of personal/sensitive data losses and/or incidents

This information is provided as part of the FSA Governance Statement 2018/19 on page 87.

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

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

Departmental Core Tables – Westminster only

This information can be found on our website: www.food.gov.uk/about-us/reports-and-accounts.

PERFORMANCE IN CORRESPONDENCE WITH PUBLIC

The FSA does not centrally record all incoming and outgoing correspondence and contact with members of the public. Contact details for FSA business areas are available on the FSA website for members of the public and food businesses to contact directly. During 2018, the FSA's general enquiries helpline handled 2,592 emails and 10,234 phone calls from members of the public. Additionally, FSA Private Office officials managed 252 items of correspondence, including items sent by members of the public to Ministers, the FSA Chair, FSA Chief Executive or other, replying to 86.7% within target.

BETTER REGULATION

Excessive or unclear regulations place an unnecessary burden on business and hinder effective delivery of intended benefits to consumers. The FSA strives to take a clear, proportionate and risk based regulatory approach and remove unnecessary burdens.

We apply the principles of good regulation to all our regulatory activities – this includes our approach to EU Exit preparation and the development and implementation of our Regulating Our Future programme – to improve the way we deliver regulatory controls for food and create a modern, risk-based, proportionate, robust and resilient system. We also promote the UK Government's better regulation agenda in EU negotiations, where the vast majority of UK food law originates.

Business Impact Target (BIT) reporting

In line with our statutory reporting requirements the FSA published details of its regulatory activities in June 2018, reporting that between 9 June 2017 and 20 June 2018 the FSA introduced no qualifying regulatory provisions under the BIT. A statement was also published detailing the FSA's Non-Qualifying Regulatory Provisions introduced during this period. Full details of the FSA BIT reporting are available on our website at www.food.gov.uk/about-us/regulatory-approach.

PUBLICITY, ADVERTISING & SPONSORSHIP

National Food Safety Week: The People Who Protect Your Plate



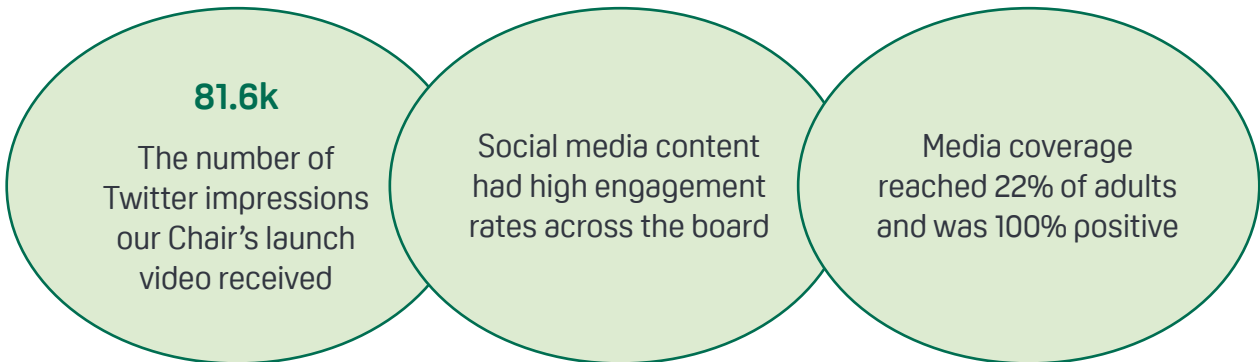
Every year the FSA launches its National Food Safety Week. This year our focus was on the work of the FSA staff and thousands of others across the food supply chain working behind-the-scenes to ensure that food is safe and what it says it is. The aim was to increase trust in the FSA and wider food industry. Spend on this reached **£76,000**.

It was a fully integrated campaign using PR, partners and social media (organic and paid for). The week showcased the wide range of people who work to keep food safe, including:

- local authorities (trading standards and environmental health officers)
- meat wine and shellfish inspectors
- novel food policy team
- incidents team
- food fraud team



The content included 12 videos, where employees discussed their role in keeping food safe in their own words.



4Cs: Safe Summer Food and Season's Eatings

We continued to build awareness of the 4Cs of food hygiene: cleaning, cooking, chilling and avoiding cross-contamination. Particularly focussing on clearing up common misconceptions around barbecuing in summer and turkey preparation around Christmas. Most of this activity was carried out in-house and included PR, digital and partnership activity. Media reached **24%** of all UK adults. A wide range of organisations shared our messaging including: retailers such as Aldi, Mumsnet and various universities. Spend on this was **£23,000**.

Northern Ireland campaign: Know Your Calories



In late January 2019 we launched the next phase of a campaign in Northern Ireland called 'Know Your Calories' which ran until mid March. It aimed to raise awareness of the recommended calorie intake for men and women and where to find calorie information on labels, both on the front of packaged food and on menus when eating out. The seven-week campaign continued to target adults in lower socio-economic groups using existing

continued to target adults in lower socio-economic groups using existing campaign from the initial phase in February 2018. The media channels included paid for social media, digital (Belfast Telegraph & Belfast Live) and adverts on video demand channels (ITV.com and All 4). We also engaged stakeholders, encouraging them to communicate these important messages to members of the public and wider audiences. The evaluation of media channels and display advertising showed the activity performed well, exceeding targets, as did our St Patrick's Day video content. Spend on this was **£24,998**. The next phase is planned for early 2020.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

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

The Accounting Officer is required to confirm that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

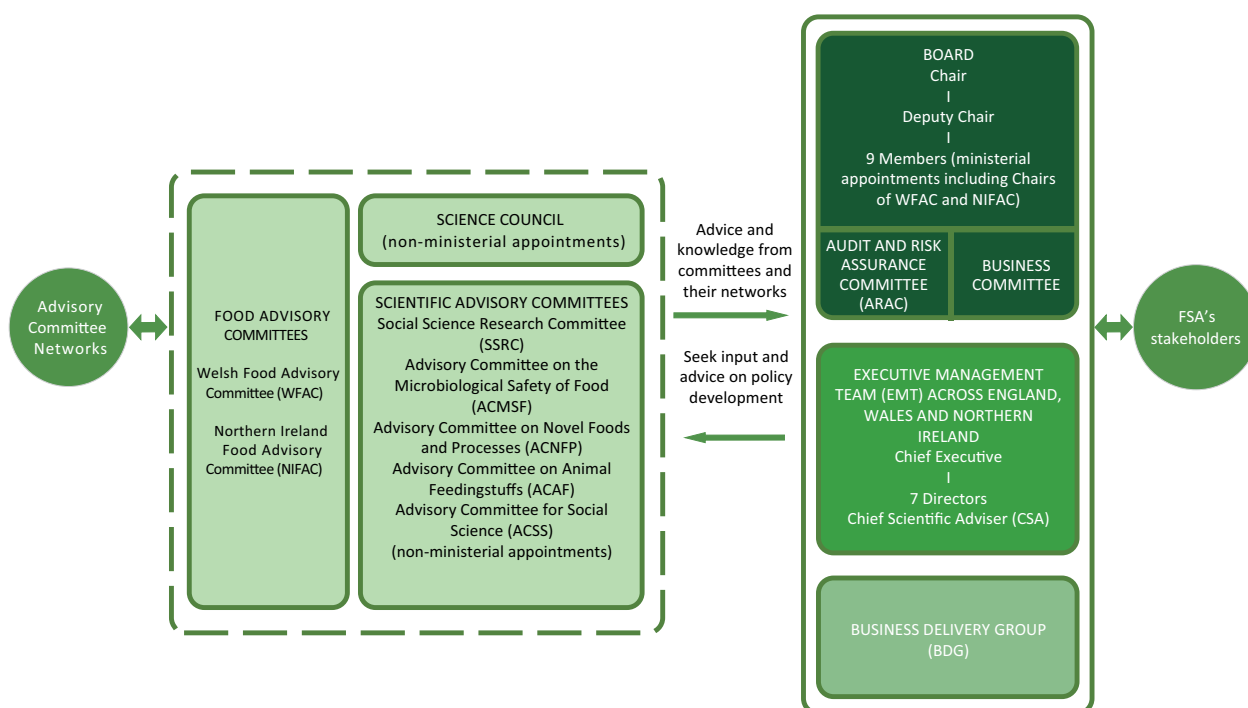


Rod Ainsworth
Acting Chief Executive and Interim Accounting Officer

9 July 2019

FSA GOVERNANCE STATEMENT 2018/19

Governance structure



1. As an independent, non-Ministerial Government Department, the FSA has a statutory obligation to protect public health and consumers' wider interests in relation to food. The FSA consists of a non-Executive Board which complies with the relevant requirements of the Corporate Governance Code for central Government Departments. In line with the FSA's culture of openness, the Board holds its decision-making meetings in public, and they are broadcast live via the FSA's website. The agendas and minutes of Board and Business Committee meetings are also published on the FSA website, where recordings of all meetings are also accessible.¹¹
2. Heather Hancock was re-appointed as Chair of the FSA Board for a further three-year term from 1 April 2019 until 31 March 2022. Laura Sandys stood down as Deputy Chair of the FSA Board at the end of March 2019. The term of office for Rosie Glazebrook came to an end on 31 March 2019. David Brooks was re-appointed for a two-year term from 1 April 2019 until 31 March 2021.
3. Board members including the Chair and Deputy Chair are appointed by the Secretary of State for Health and Social Care, with Devolved Administration approval. One Board member is appointed by Welsh Ministers, and one Board member by Northern Ireland Ministers.

¹¹ www.food.gov.uk/about-us/our-board/meetings

4. Collectively, Board members share responsibility for the FSA in England, Wales and Northern Ireland and are expected to act in the interests of all consumers.
5. The Board has two Committees: the Business Committee comprises the full Board and Executive, and the Audit and Risk Assurance Committee (ARAC) comprises a smaller number of Board members.
6. Board members review the impact and outcome measures set for the FSA strategic priorities, to track delivery of the annual business plan through the quarterly Performance & Resources Report.
7. The Board takes advice from Food Advisory Committees (FACs) in each of the Devolved Administrations. The Chairs of these Committees report formally to each Board meeting on issues considered.
8. In December 2017, the FSA Chair asked Laura Sandys, as Deputy Chair, to review the FACs' contribution to FSA insight and decision making, and to recommend improvements for the future, including value for money considerations. The findings from the review were reported to the Board at its June 2018 meeting¹². The Board agreed to all the review's recommendations, and an implementation plan for each of Wales and Northern Ireland is being kept under review by the Chair of the Board, together with the FAC Chairs. The first evaluation of progress will be undertaken in June 2019.
9. In 2018, the FSA and its equivalent body in Scotland, Food Standards Scotland, met to review the joint working between the two departments, and to confirm the effective operation and continuing appropriateness of the Memorandum of Understanding between FSA and FSS.
10. The Chair of ARAC provides the FSA Board with an oral update following each committee meeting and reports formally in writing annually. Full written reports will be sent after each meeting from April 2019.
11. As Accounting Officer, I attend all Board and Business Committee meetings, and I am invited to attend all ARAC meetings.

FSA Board Performance and Effectiveness Review

12. The Deputy Chair held individual discussions with FSA Board members to review their personal and wider Board effectiveness and future development during the 2018/19 financial year. The outcomes have been fed into the future Board member induction programme; have driven adjustments to the forward agenda for Board meetings, and to the more effective use of Board briefings and strategic awaydays.
13. The effectiveness of the Board is also considered annually. In 2018/19, this was a more extensive exercise than usual, with the focus on how to adjust, clarify and confirm the governance and assurance roles of the Board and its Committees in the light of significant implications for the FSA of the UK's Exit from the EU. This was discussed by the Board at its

¹² www.food.gov.uk/sites/default/files/media/document/Food%20Advisory%20Committees%20Review%20-%20FSA%2018-06-11.pdf

September 2018 meeting.¹³ Terms of reference for the Board, for the Business Committee and for ARAC were amended in the light of this review, and the findings have flowed into the design of the Board's role in relation to the FSA's risk assessment and risk management functions after EU Exit. The Board agreed that twelve months on, a full external review of Board effectiveness should be commissioned in the light of the changes from EU Exit.

14. Our Scientific Advisory Committees (SACs) have been strengthened by the creation of a Science Council to provide advice and challenge to the Board and the FSA's science function and Chief Scientific Adviser. All the SACs continue to provide an independent expert advice, challenge and assurance function.
15. In addition to the Science Council, the FSA is lead sponsor for five such bodies: the Advisory Committee for Social Science (ACSS); the Committee on Toxicity (COT); the Advisory Committee on the Microbiological Safety of Food (ACMSF); the Advisory Committee on Novel Foods and Processes (ACNFP); and the Advisory Committee on Animal Feedingstuffs (ACAF). The Science Council and the ACSS are Departmental Expert Committees of the FSA and the other four SACs are Advisory Non-Departmental Public Bodies (ANDPBs).
16. Professor Sandy Thomas, Chair of the Science Council gave her annual formal report to the FSA Board at the March Board meeting in 2019.
17. The Board agreed the FSA's priorities and high-level budget for the financial year 2019/20 at its March 2019 meeting.

Attendance at Board and ARAC meetings 2018/19

18. Records of each Board member's attendance at Board meetings and at ARAC meetings are detailed below.

Record of attendance FSA Board meetings 2018/19

Board Member	June 2018	September 2018	December 2018	March 2019
Heather Hancock DL LVO	✓	✓	✓	✓
Laura Sandys	✓	✓	✓	✓
Ruth Hussey CB OBE	✓	✓	✓	✓
Colm McKenna	✓	✓	✓	✓
Paul Williams	✓	✓	✓	✓
Stewart Houston CBE	✓	✓	✓	✓
David Brooks	✓	✓	✓	✓
Rosie Glazebrook	✓	✓	✓	✓
Mary Quicke MBE DL	✓	✓	✓	✓
Stuart Reid CBE	✓	✓	✓	✓

¹³ www.food.gov.uk/sites/default/files/media/document/fsa-18-09-08-governance-report_0.pdf

Record of attendance ARAC meetings 2018/19

Board Member	May 2018	June 2018	September 2018	December 2018	February 2019
Ruth Hussey CB OBE	✓	✓	✓	✓	✓
Colm McKenna	✓	✓	✓	✓	✓
Laura Sandys	✓	✓	✓	✓	✓
Mary Quicke MBE DL	✓	✓	✓	✓	✓
Paul Williams	✓	absent	✓	✓	✓

Audit & Risk Assurance Committee

19. ARAC considered a range of issues in the year including: the FSA's consolidated accounts for 2017/18; the National Audit Office's (NAO) Audit Completion Report; the Head of Internal Audit's annual opinion; various internal audit reports (details of which are outlined in the Chair's Annual Report); and the audit assurance plan for 2019/20. ARAC sought to comply with the requirements of HM Treasury's Audit & Risk Assurance Committee Handbook whilst undertaking its duties.
20. The Committee discussed the Corporate Risk register at all full meetings. Members' discussions focused on the Executive's assurance to ARAC that risks were being managed effectively, challenging where needed.
21. Committee members had bilateral meetings with representatives of the FSA's external auditors, the NAO and their contractors Mazars, and with the Head of Internal Audit to ensure a clear understanding of expectations and current issues.
22. Committee members completed a self-assessment on the effectiveness of the ARAC in line with HM Treasury guidance which advises that a self-assessment is completed annually. Agreed actions from that assessment were implemented during the year.
23. In the Committee's annual report to the FSA Board, the ARAC Chair noted that sufficient and comprehensive work was undertaken by ARAC and that internal and external assurances were received during the year to adequately inform the Committee's assessment on the effectiveness of FSA risk management control and governance arrangements. Based on this, he concluded that the arrangements in place during the year were satisfactory.
24. Throughout the year ARAC reviewed and considered the management of risks associated with the FSA strategic programmes including EU Exit, Regulating our Future (RoF), Surveillance and Our Ways of Working (OWOW).
25. Paul Williams was appointed to the Committee during the year to bring the membership in line with the Terms of Reference for the Audit and Risk Assurance Committee (ARAC).

The Leadership Team

26. The Executive Management Team (EMT) provides corporate leadership to the FSA and supports me, as the FSA's Accounting Officer, in delivering the FSA strategy, directing the day-to-day business of the FSA and championing the values of the FSA. EMT meets in person once a month and meets via teleconference weekly in between the face to face meetings.
27. On 31 March 2019 membership of the EMT comprised seven Directors, including a suitably qualified Finance Director, the FSA's Chief Scientific Advisor and Jason Feeney as Accounting Officer. Michael Wight continued as Acting Director of Policy. Rebecca Sudworth's appointment as Director of Policy from April 2019 was announced. In January 2019 Jason Feeney announced his decision to retire from the Civil Service after 38-years. On 6 July 2019 I assumed responsibility as Interim Accounting Officer and Acting Chief Executive pending the recruitment of Jason Feeney's replacement.
28. The FSA's performance is discussed in public by Board members and EMT at the Business Committee meetings, which gives assurance over the FSA's delivery of the strategic plan, key objectives and value for money.

Business Delivery Group

29. In July 2018, the Business Delivery Group (BDG) was established to oversee the day to day delivery of the FSA's priorities as set out in the annual business plan. The BDG is made up Senior Management representative from each Directorate, meeting monthly. Its purpose is to take a lead role in developing the FSA's Business Plan, take forward key programmes and deliver day-to-day business. whilst enabling EMT to focus on strategic challenges.

Select Committees

30. The FSA has provided the following evidence to Select Committees during 2018/19.

Committee	Inquiry title	Written evidence	Oral evidence
Science and Technology (Commons)	Energy Drinks	Provided in April 2018	Dr Kevin Hargin, 10 July 2018
Lords EU Energy and Environment Sub-Committee	Brexit: Plant and Animal Biosecurity	None provided	Professor Guy Poppy, 9 May 2018
Lords EU Energy and Environment Sub-Committee	Food Safety Risk Management Post-Brexit	None provided	Heather Hancock, 4 July 2018
Environment, Food and Rural Affairs (Commons)	Visit to 2 Sisters Plant (12 July)	Short brief provided	–
Public Bills Committee	Agriculture Bill	None provided	Jason Feeney, 23 October 2018
Lords EU Energy and Environment Sub-Committee	Food Safety Risk Management (follow-up)	None provided	Heather Hancock, 6 March 2019

External Assurance Reviews

31. The FSA has undergone a number of external reviews. These reviews have contributed to assurance on the effectiveness of our governance framework and also identified some opportunities for improvement, which have been implemented.
32. Reports issued during the year have included reviews of official controls by Directorate F (formerly the Food and Veterinary Office) of the European Commission, which covered import controls, contaminants in food, composite products and anti-microbial resistance in food producing animals.
33. Other external reviews covered penetration testing and vulnerability assessment for the IT solution at remote sites and an IT security test of the FSA's internal and public facing infrastructure.
34. The FSA has also been engaged with the NAO Value For Money team on their review of the Food System. The scope of the review included FSA, Defra, Local Authorities and others, and focused on the responsibilities across government, the resources and the performance of the food system in England. The report was published on 12th June 2019.

INTERNAL MANAGEMENT

FSA risk management framework and capacity to handle risk

35. The FSA has a well-established risk management framework that is used to provide assurance to the FSA Board, ARAC and me as Accounting Officer that risks to achieving business objectives are being effectively identified and managed and that those involved understand their roles and responsibilities.
36. The framework is founded on a Risk Management Strategy, which outlines our plans for continuing to embed a risk management culture across the FSA and further raise the FSA's maturity in risk management as set out in HM Treasury's Risk Management Assurance Framework.
37. EMT's regular discussions of risk clearly drive mitigating actions that reduce the level of risk. In addition, ARAC reviewed progress at their quarterly meetings, and there was a joint Board and Executive workshop in January 2019 which considered the strategic risks the organisation faces and reviewed the FSA's risk appetite.
38. The high-level focus during the year by EMT and Board members on the corporate-level risk register was complemented by systematic risk management at different levels across the FSA. We have an established network of risk advisors, who engage with cross-Government risk management networks and who share best practice and help ensure that good risk management practice and processes are consistently embedded across the FSA.

39. Corporate-level risks are defined by the FSA as those which:
- materially alter our ability to achieve our strategic outcomes; and/or
 - fundamentally damage the ability of the FSA to operate (including reputational risks); and/or
 - cannot be managed or mitigated at a lower level within the organisation
40. As Accounting Officer, I have overall responsibility for risk management, and each of the risks on the corporate risk register has an executive 'owner' and a mitigation plan. At the end of the financial year, the risks on the FSA's corporate level risk register included:
- the risk of failing to provide an adequate response to a food incident;
 - the risk of failing to deliver a new regulatory model to ensure 'Food we can trust' in terms of food safety and authenticity, in a modern, sustainable global food system; and
 - the risk of failing to deliver the minimum requirements to ensure that food & feed safety and authenticity are not compromised up to, from and beyond day 1 of exiting from the EU.
41. The Board considered Strategic Risk in its March meeting, recognising that the FSA is a risk-based organisation with our primary purpose being to protect consumers from unacceptable food safety risk.

Director Assurance Statements

42. In March 2018 the FSA Board approved the FSA budget, and the Accounting Officer notified Directors of their budget delegation to deliver the priorities agreed. Throughout the year the Accounting Officer ensured that the FSA has been on track to deliver its priorities within budget through performance management, monthly financial forecasting, and risk management, which is underpinned with corporate governance.
43. We have continued to increase our focus on performance management, and further improved the EMT performance report which is used to ensure key performance indicators are met.
44. Quarterly 'in-year' reviews are held to ensure key milestones for our Corporate priorities are delivered and progress made each quarter in delivering our business plan. The reviews also identify any potential areas in need of extra support to deliver business objectives.
45. The FSA Investment Board has continued to improve the Value for Money the FSA delivers. It considers all discretionary expenditure, in particular the strategic alignment, benefits and cost and prioritises accordingly. Investment Board reports back to EMT after each meeting with recommendations on which programmes of work to start, change in some way or stop, and continuously re-prioritises our work to align to our priorities.

46. To support the Governance Statement, we have continued to undertake an annual assurance framework mapping assessment of each directorate. In an environment of increasing expectations and declining resources, assurance maps are increasingly seen as a key part of good governance.
47. The assurance map is a structured means of identifying and mapping the main sources of assurance in the organisation, and it provides a holistic view of assurance being given and aids identification of where assurance is duplicated or absent. The use of the assurance maps has strengthened the FSA's existing assurance arrangements by providing a consistent, comprehensive overview of assurance provision across the organisation. It has aided Directors in completing their end of year assurance statement by setting out how an effective system of internal controls has been maintained. All the end of year assurance statements produced by my Directors were reviewed and I can confirm that no serious issues have been reported in relation to the effectiveness of our internal controls.

Information security

48. The Director of Openness, Data and Digital is responsible for Information Security. Safeguarding our information assets against an evolving and changing cyber risk landscape continues to be a priority. We take a proportionate view of the threat to our organisation based on the nature of our business, the information we handle, our risk appetite, and our approach to transparency.
49. All staff are required to complete the Responsible for Information e-learning course annually which is provided by Civil Service Learning. In addition to the Responsible for Information training we have also conducted awareness campaigns to support the introduction of the new GDPR legislation and to raise and promote security awareness.
50. We have a robust security incident management policy and, in line with the HMG Government Standards, we have reporting and compliance controls in place.
51. There were no incidents that required reporting to the Information Commissioner's Office (ICO) in 2018/19.

Effectiveness of the FSA whistleblowing and raising a concern policy

52. As Accounting Officer, I am committed to;
 - ensuring that the FSA's Whistleblowing and Raising a Concern Policy provides a framework within which staff are encouraged to raise their concerns about a qualifying disclosure and/or breach of the Civil Service Code;
 - affirming the FSA's commitment to investigating and responding to any such concerns; and
 - offering to those who do raise concerns protection from any detrimental treatment or victimisation on the grounds of them doing so.

53. In 2018 we re-published our Whistleblowing and Raising a Concern Policy to reflect learning from past experience and provide more and clearer guidance to staff and managers. We also trained a group of managers to serve as an Investigating Officer when a case arises. This now ensures we will always have immediate access to competent and independent investigators allowing an expedient and thorough response.
54. We again held our annual whistleblowing and raising a concern awareness campaign utilising and adding to material developed by Civil Service Employee Policy. In addition, using data from the Civil Service People Survey of 2017 we targeted areas of the organisation where evidence showed we needed to do more in building confidence in our approach to this subject. The results for the People Survey 2018 placed the FSA amongst the Civil Service 'high performers' against two of the three 'civil service code questions' and saw a year-on-year 5 percentile increase against the third, placing us above the Civil Service median. In building confidence amongst staff in how cases are responded to, we recognise that more work needs to be done by the FSA, and the wider Civil Service, and work on this will continue throughout 2019.
55. Through annual whistleblowing reports to the Executive Management Team and FSA Board (the latter via live streaming), we continue to monitor developments and progress in this important area and ensure that senior officials shape our approach.
56. In 2018/19 we handled 4 case referrals, none of which identified deliberate wrongdoing. One identified no issues to address, one led to a process adjustment within field operations, one to a refreshed focus on a specific human resource matter and one to local refresher training and a review of wider process application.

Shared Services

57. The FSA uses the Oracle Shared Service provided by Shared Services Connected Ltd (SSCL) for its Finance and Procurement systems. FSA moved along with the Defra network to SSCL's new Oracle system (known as the Single Operating Platform – SOP) in May 2016. This system is being used by many other government departments including DWP and Ministry of Justice. Although some weaknesses and failings have been identified in SSCL's controls through the year FSA has worked closely with SSCL to monitor and improve the services provided to FSA.
58. A third-party assurance report for SSCL for the year ending 31 March 2019 noted that bar the exceptions noted above, the controls in place were suitably designed and operated effectively. The exceptions noted, mostly, are not applicable to FSA as these services have not been required. FSA, however, will continue to monitor such reports and work to mitigate any risks.

Macpherson Review of Quality Assurance of Government models

59. In line with the recommendations of the Macpherson Review of Quality Assurance of Government, we maintain an up-to-date list of business-critical models and have processes in place to quality assure their inputs, methodology and outputs.

Head of Internal Audit's Opinion

60. Based on the results of the audit work completed during the year and understanding the FSA's control environment, the Head of Internal Audit's opinion is that the FSA has maintained adequate risk management, control and governance arrangements.
61. The majority of internal audits completed were placed in the top two categories of audit assurance opinions and none were in the lowest, fourth category. Where issues have been reported, management have taken appropriate actions to address these and have proactively involved Internal Audit where necessary in identifying root causes for the issues highlighted in Audit Reports.
62. Business planning and prioritisation of resources processes are now well established and ensure resources target key priorities. These are supported by maturing risk management and assurance frameworks which ensure risks at corporate, directorate and programme or project level are identified, assessed and mitigated appropriately.

Looking ahead

63. As part of the FSA's Value for Money Programme, as Accounting Officer and CEO I continued the 'Star Chamber' approach to budget setting for 2019/20. This constituted a review of the FSA priorities and budget, and a cross-challenge by all Directors on the priorities and resources presented. This resulted in a first draft budget being presented to Business Committee for early comment at the January 2019 Board Retreat. Final revisions were made and presented for approval at the March 2019 Board meeting. This approach has allowed planning for the 2019/20 year to start earlier than in prior years.
64. The FSA has worked closely with HMT to agree additional funds of £14m in 2018/19 for EU Exit funding which will enable it to put in place the changes needed to successfully manage food safety after we exit the EU. The FSA has secured an additional £16m funding for 2019/20 to ensure the implementation of a solid and resilient regulatory regime following the departure from the EU.
65. We will continue to improve the integration of the business planning and budgeting process and to continue to build the link to risk management all of which will support the delivery of the strategy within the FSA's Spending Review settlement to March 2020.

Significant internal control weaknesses

66. I am able to report that there were no significant weaknesses in the FSA's systems of internal controls in 2018/19 which affected the achievement of the FSA's key strategic outcomes, aims, objectives and policies.
67. I can also confirm that there have been no Ministerial Directions given during the course of the year.

Exiting the European Union

68. The Food Standards Agency's priority as the UK prepares to leave the EU is to ensure that there remains a robust and effective regulatory regime for maintaining the safety of food for the benefit of UK consumers and of the UK food industry. We are working closely with the Department for Exiting the European Union, Department for Health and Social Care, Department for Environment, Food and Rural Affairs, other government departments and the devolved administrations of the UK in order to fulfil this objective.
69. The UK will be subject to EU requirements until it leaves the EU and all the rights and obligations of EU membership remain in force. During this period the UK will continue to negotiate, implement and apply EU legislation. The European Union (Withdrawal) Bill will convert EU law into UK law as it applies in the UK at the moment of exit.
70. When the UK leaves the EU imports to the UK will use Defra's import notification system IPAFFS. The FSA has played a pivotal role in defining the scope and development of this system, in line with our support for ensuring the introduction of a robust, national import controls system. When exporting to the EU business will have to notify the EU via the TRACES system.

Northern Ireland

71. The Northern Ireland Assembly was dissolved from 26 January 2017 for an election which took place on 2 March 2017, on which date Ministers also ceased to hold office. An Executive has not been formed following the election. The budget for 2018-19 was approved by Westminster by means of the Northern Ireland Budget Act 2018. To date there has been no operational impact on FSA in Northern Ireland.



Rod Ainsworth

Acting Chief Executive and Interim Accounting Officer

9 July 2019

REMUNERATION REPORT

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

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

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

Service contracts

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

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

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

This report has been prepared in accordance with guidance EPN 571. The tables in the remuneration report are subject to audit.

Service contracts for Board members are listed below:

Name	1st Term of Appointment	Duration of 1st Term Contract	2nd Term of Appointment	Duration of 2nd Term of Contract
Heather Hancock DL LVO Chair ¹	1 April 2016	3 years	1 April 2019	3 years
Laura Sandys Deputy Chair ⁵	1 September 2017	3 years		
Ram Gidoomal CBE ⁵	1 May 2014	3 years	1 May 2017	1 year
Colm McKenna	1 September 2016	3 years		
Mary Quicke MBE DL	1 September 2017	3 years		
Stuart Reid CBE	1 September 2017	3 years		
Rosie Glazebrook ⁵	1 April 2016	3 years		
David Brooks	1 April 2016	3 years	1 April 2019	2 years
Stewart Houston CBE	1 June 2016	3 years		
Dr Ruth Hussey CB OBE	1 July 2016	3 years		
Paul Williams	1 June 2016	3 years		
Jim Smart ⁴	1 May 2014	3 years		
Heather Peck ⁴	1 May 2014	3 years		
Tim Bennett Deputy Chair ^{2,4}	1 May 2012 ³	3 years (extended to 13 September 2015)	1 April 2016	1 year

Notes

1. Heather Hancock previously served as Deputy chair 14 September 2015 – 31 March 2016.
2. Tim Bennett served as Interim Chair 28 July 2013 – 13 September 2015 and as Chair 14 September 2015 – 31 March 2016. Tim Bennett's contract was extended for 2 weeks into April 2017 to allow him to assist with board recruitment.
3. Tim Bennett previously served as a Board Member from 1 March 2007 – 30 April 2012.
4. Board members who left during financial year 17/18.
5. Board members who left during financial year 18/19.

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

All members of the Executive Management Team are permanent members of staff except Guy Poppy who is on secondment from Southampton University.

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 Team are detailed below and are subject to audit.

a) Remuneration

Executive Management Team

18/19 figures with 17/18 comparators in brackets.

Single total figure of remuneration					
	Salary (£000)	Bonus Payments (£000)	Benefits in kind (to nearest £100)	Pensions benefits (to nearest £1000) ¹	Total (£000)
Jason Feeney CBE (Chief Executive)	140–145 (135–140)	15–20 (5–10)	17,800 (13,400 ³)	15 (276) ⁶	190–195 (430–435)
Maria Jennings (Director of Regulation, Compliance, People & Northern Ireland)	95–100 (90–95)	5–10 (5–10)	– (100 ⁴)	88 (22)	195–200 (120–125)
Rod Ainsworth (Director of Strategy, Legal & Governance)	115–120 (110–115)	5–10 (–)	– (–)	45 (44)	165–170 (155–160)
Julie Kettell (Director of Openness, Data, Digital & Wales) (aka Pierce)	110–115 (110–115)	5–10 (5–10)	12,800 (8,100 ³)	44 (43)	175–180 (170–175)
Steve Wearne (Director of Science)	105–110 (105–110)	– (–)	– (–)	30 (27)	135–140 (130–135)
Chris Hitchen (Director Finance & Performance)	95–100 (95–100)	0–5 (–)	– (–)	39 (39)	140–145 (135–140)
Colin Sullivan (Chief Operating Officer from 23/09/17) ⁵	105–110 (50–55)	– (–)	– (–)	41 (21)	145–150 (75–80)
Nina Purcell (Director FSA, Wales and Local Delivery to 05/10/18) ⁵	50–55 (95–100)	– (–)	– (–)	1 (77)	50–55 (175–180)
Michael Wight (Interim Director of Policy & Science from 21/12/17) ⁵	90–95 (20–25)	5–10 (–)	– (–)	128 (23)	225–230 (40–45)

Single total figure of remuneration					
	Salary (£000)	Bonus Payments (£000)	Benefits in kind (to nearest £100)	Pensions benefits (to nearest £1000) ¹	Total (£000)
Richard McLean (Strategy Director from 21/08/17 – 28/01/18) ⁵	– (30–35)	– (–)	– (–)	– (22)	– (55–60)
Alec Martin Evans (Acting Chief Operating Officer from 31/03/17 – 23/04/17 and 19/06/17 – 05/11/17) ⁵	– (30–35)	– (–)	– (5,800 ³)	– (84)	– (120–125)
Simon Dawson (Acting Chief Operating Officer from 24/04/17 – 18/06/17) ⁵	– (10–15)	– (–)	– (1,300 ³)	– (5)	– (15–20)
Catherine Brown (Chief Executive to 31/03/17) ²	– (125–130)	– (10–15)	– (–)	– (–)	– (135–140)

Notes

- The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
- Catherine Brown chose not to be covered by the Civil Service pension arrangements during the reporting year. Catherine Brown stepped down from her role as Chief Executive on 31st March 2017.
- Benefit in kind relates to taxable travel.
- Benefit in kind relates to furniture for home working.
- Where individuals served for only part of the year only their actual pay and benefits during the period of the role is reported. FTE equivalents are: Alec Martin Evans £85k-£90k, Colin Sullivan £105k-£110k, Richard McLean £75k-£80k, Simon Dawson £85-£90k, Michael Wight £85k-£90k and Nina Purcell £95k-£100k.
- Restated Pensions Benefits due to recalculation by pensions provider.

In addition to these members of the Executive Management Team, Guy Poppy has been in the position of Chief Scientific Adviser since 01/08/14, on secondment from Southampton University. The FSA has been recharged salary costs by the university in the band £145k-£150k for the period to 31/03/19 (£140k-£145k to 31st March 2018).

Catherine Brown was FSA Chief Executive from 16/10/12 to 31/3/17. Catherine's last day of employment with FSA was 13/10/17. Between 1/4/17 and 12/10/17 Catherine worked on specific projects, and was not a member of the Executive Management Team and as such is not subject to any disclosure relating to her earnings during the 17/18 or 18/19 financial years. Her exit costs are reported as salary in the remuneration table above.

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.

Consolidated FSA	2018/19	2017/18
Band of Highest Paid Director's Total Remuneration	£155k–£160k	£160k–£165k
Median Total Remuneration	£34k	£33k
Ratio	4.68	4.90
Remuneration Range	£20k–£124k	£20k–£129k

The change in the ratio is due to the reduction of the Highest Paid Directors total remuneration from 17/18 to 18/19.

Westminster	2018/19	2017/18
Band of Highest Paid Director's Total Remuneration	£155k–£160k	£160k–£165k
Median Total Remuneration	£34k	£33k
Ratio	4.68	4.92
Remuneration Range	£22k–£124k	£21k–£129k

The change in the ratio is due to the reduction of the Highest Paid Directors total remuneration from 17/18 to 18/19.

Wales	2018/19	2017/18
Band of Highest Paid Director's Total Remuneration	£80k–£85k	£95k–£100k
Median Total Remuneration	£35k	£36k
Ratio	2.37	2.74
Remuneration Range	£23k–£67k	£23k–£81k

The change in the ratio is due to the change of leadership in Wales and reduction in the Highest Paid Directors total remuneration from 17/18 to 18/19.

Northern Ireland	2018/19	2017/18
Band of Highest Paid Director's Total Remuneration	£105k–£110k	£100k–£105k
Median Total Remuneration	£34k	£34k
Ratio	3.17	3.00
Remuneration Range	£20k–£69k	£20k–£67k

The change in the ratio is due to the increase in the Highest Paid Northern Ireland Directors total remuneration from 17/18 to 18/19.

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

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

Food Standards Agency Board

18/19 figures with 17/18 comparators in brackets.

Single total figure of remuneration				
	Salary (£000)	Benefits in kind (to nearest £100)	Pensions benefits (£000) ¹	Total (£000)
Heather Hancock DL LVO, Chair	60–65 (60–65)	– (–)	– (–)	60–65 (60–65)
Laura Sandys, Deputy Chair (to 31/03/19) ²	15–20 (10–15)	– (–)	– (–)	15–20 (10–15)
Ram Gidoomal CBE (to 30/04/18) ²	0–5 (10–15)	– (–)	– (–)	0–5 (10–15)
Colm McKenna	20–25 (20–25)	– (–)	– (–)	20–25 (20–25)
Mary Quicke MBE DL ²	10–15 (5–10)	– (–)	– (–)	10–15 (5–10)
Stuart Reid CBE ²	10–15 (5–10)	– (–)	– (–)	10–15 (5–10)
Rosie Glazebrook (to 31/03/19)	10–15 (10–15)	– (–)	– (–)	10–15 (10–15)
David Brooks	10–15 (10–15)	– (–)	– (–)	10–15 (10–15)
Stewart Houston CBE	10–15 (10–15)	– (–)	– (–)	10–15 (10–15)
Dr Ruth Hussey CB OBE	20–25 (20–25)	– (–)	– (–)	20–25 (20–25)
Paul Williams	10–15 (10–15)	– (–)	– (–)	10–15 (10–15)
Jim Smart ²	– (0–5)	– (–)	– (–)	– (0–5)
Heather Peck ²	– (0–5)	– (–)	– (–)	– (0–5)
Tim Bennett Deputy Chair ²	– (0–5)	– (–)	– (–)	– (0–5)

Notes

1. No FSA board members are in a pension scheme contributed to by FSA therefore there are no pension costs to report.
2. All starter and leaver salaries are shown for their actual period of employment. The corresponding full year equivalents for 17/18 were £15–20k for Laura Sandys, £10–15k for Mary Quicke, £10–15k for Stuart Reid, £10–15k for Jim Smart, £10–15k for Heather Peck and £20–25k for Tim Bennett. For 18/19 was £10–15k for Ram Gidoomal CBE.

Salary

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

Bonuses

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

The Committee provides a breakdown of awards to the Cabinet Office, covering performance group distribution, analysis of bonuses awarded and feedback on the operation of the system. The bonuses reported in 2017/18 relate to performance in 2016/17 and bonuses reported in 2018/19 relate to performance in 2017/18.

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.

(b) Pension benefits

Executive Management Team

		2018/19				
		Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/19	CETV at 31/03/18	Real increase in CETV
		£5,000	£2,500			
		(£000)	(£000)	(£000)	(£000)	(£000)
Jason Feeney CBE	Chief Executive	65–70 plus lump sum of 195–200	0–2.5 plus lump sum of 2.5–5	1,484	1,333 ¹	14
Maria Jennings*	Director of Regulation, Compliance, People & Northern Ireland	45–50	2.5–5	766	619 ¹	64
Rod Ainsworth	Director of Strategy, Legal & Governance	20–25	2.5–5	423	343	37
Julie Kettle (aka Pierce)	Director of Openness, Digital, Data & Wales	30–35	2.5–5	552	467 ¹	34
Steve Wearne	Director of Science	40–45 plus lump sum of 95–100	0–2.5 plus lump sum of 0	814	714	13
Chris Hitchen	Director of Finance & Performance	20–25	0–2.5	255	198	19
Colin Sullivan	Chief Operating Officer	0–5	0–2.5	51	16	26
Michael Wight	Director of Policy	40–45 plus lump sum of 130–135	5–7.5 plus lump sum of 17.5–20	1,020	812 ¹	127
Nina Purcell	Director FSA Wales and Local Delivery (to 05/10/18)	50–55 plus lump sum of 155–160	0–2.5 plus lump sum of 0–2.5	1,195	1,144	1

Notes

- * 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.
1. Retrospective changes required recalculation and restatement of 17/18 figures.

		2017/18				
		Accrued pension at pension age as at 31/03/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18	CETV at 31/03/17	Real increase in CETV
		£5,000	£2,500			
		(£000)	(£000)			
Jason Feeney CBE	Chief Executive	60-65 plus lump sum of 190-195	10-12.5 plus lump sum of 35-37.5	1,333 ²	1,015	249 ²
Maria Jennings*	Director, FSA Northern Ireland and Organisational Development	40-45	0-2.5	619 ²	575 ²	6
Rod Ainsworth	Director, Regulatory and Legal Strategy	20-25	2.5-5	343	292	33
Julie Kettle (aka Pierce)	Director Openness, Data & Digital	30-35 ²	2.5-5	467 ²	411 ²	31
Steve Wearne	Director, Policy	35-40 plus lump sum of 95-100	0-2.5 plus lump sum of 0	714	661	9
Nina Purcell	Director, FSA Wales and Local Delivery	50-55 plus lump sum of 150-155	2.5-5 plus lump sum of 10-12.5	1,144	1,002	75
Chris Hitchen	Director, Finance & Performance	15-20	0-2.5	198	169	16
Colin Sullivan	Chief Operating Officer (from 23/09/17)	0-5	0-2.5	16	-	12
Richard Mclean	Strategy Director (21/08/17-28/01/18)	15-20 plus lump sum of 35-40	0-2.5 plus lump sum of 0-2.5	210	196	10
Alec Martin Evans ¹	Acting Chief Operating Officer (31/03/17-23/04/17, 19/06/17-05/11/17)	40-45 plus lump sum of 75-80	7.5-10 plus lump sum of 7.5-10	764	633	102
Simon Dawson	Acting Chief Operating Officer (24/04/17-18/06/17)	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	575	568	4
Michael Wight	Interim Director of Policy & Science (from 21/12/17)	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 2.5-5	812 ²	783	21

Notes

- * 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.
- 1 Due to limitations with the actuarial calculations required, Alec Martin Evans' Pension and CETV figures relate to the full 17/18 year however he only served on EMT during the periods detailed.
- 2 Retrospective changes required recalculation and restatement of 17/18 figures.

Food Standards Agency Board

A number of former FSA Board members benefit from a by-analogy pension scheme similar to the PCSPS. The scheme is now closed to new members and there are no active scheme members.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 01/04/15 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined Alpha.

Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three (Classic, Premium or Classic plus) providing benefits on a final salary basis with a normal pension age of 60; and one (Nuvos) providing benefits on a whole career basis with a normal pension age of 65.

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, Nuvos and Alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 01/04/12 remained in the PCSPS after 01/04/15. Those who were between 10 years and 13 years and 5 months from their normal pension age on 01/04/12 will switch into Alpha sometime between 01/06/15 and 01/02/22.

All members who switch to Alpha have their PCSPS benefits 'banked'. Those with earlier benefits in one of the final salary sections of the PCSPS have those benefits based on their final salary when they leave Alpha. The pension figures quoted for officials show pension earned in PCSPS or Alpha – as appropriate. Where the official has benefits in both the PCSPS and Alpha the figure quoted is the combined value of their benefits in the two schemes.

Employee contributions are salary-related and range between 4.6% and 8.05% for members of Classic, Premium, Classic plus, Nuvos and Alpha. 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 initial 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 for service before 01/10/02 calculated broadly as per Classic and benefits for service from 01/10/02 worked out as in Premium.

In Nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in Alpha build up in a similar way to Nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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, 65 for members of Nuvos, and the higher of 65 or State Pension Age for members of Alpha. The pension figures quoted for officials show pension earned in PCSPS or Alpha – as appropriate. Where the official has benefits in both the PCSPS and Alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out 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.

STAFF REPORT

Staff costs comprise:

The following section is subject to audit.

A Administration costs

	2018/19					2017/18
	£000					£000
	FSA WESTMINSTER					
	STAFF	BOARD	SUB-TOTAL	DEVOLVED OFFICES	TOTAL	TOTAL
Wages and salaries	19,322	87	19,409	2,698	22,107	19,232
Social security costs	2,155	8	2,163	297	2,460	2,186
Other pension costs	3,935	–	3,935	542	4,477	3,874
Sub total	25,412	95	25,507	3,537	29,044	25,292
Agency Staff	1,596	–	1,596	141	1,737	1,505
Inward Secondment	–	–	–	40	40	0
Total	27,008	95	27,103	3,718	30,821	26,797
Less recoveries in respect of outward secondments	(46)	–	(46)	–	(46)	(78)
Total net costs	26,962	95	27,057	3,718	30,775	26,719

B Programme costs

	2018/19	2017/18
	£000	£000
Wages and salaries	17,983	18,275
Social security costs	1,933	1,980
Other pension costs	3,474	3,520
Agency Staff	265	185
Contract inspectors and veterinary costs	24,379	21,576
Total	48,034	45,536
Less recoveries in respect of outward secondments	(11)	(50)
Total net costs	48,023	45,486

Programme wages and salaries includes the cost of employed meat hygiene inspectors, veterinary managers, Operations support staff, National Food Crime Unit and Incidents Unit.

C Principal Civil Service Pension Scheme

The Principal Civil Service Pension Schemes (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” are unfunded multi-employer defined benefit schemes but the FSA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012 and you can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)

For 2018/19, employers’ contributions of £6.1m (2017/18 £5.0m) were payable to the PCSPS at one of four rates in the range of 20.0% to 24.5% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018/19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £38,567 (2017/18 £30,020) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. The FSA as an employer also matches employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,647 (2017/18 £1,240) at 0.5% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Reporting of Civil Service compensation scheme – exit packages

	2018/19		
Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	–	–	–
£10,000 – £25,000	–	1	1
£25,000 – £50,000	–	4	4
£50,000 – £100,000	–	4	4
£100,000 – £150,000	–	2	2
£150,000 – £200,000	–	–	–
£200,000 and above	–	–	–
Total number of exit packages	–	11	11
Total resource cost £	–	674,528	674,528

	2017/18		
Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	–	–	–
£10,000 – £25,000	–	4	4
£25,000 – £50,000	–	8	8
£50,000 – £100,000	–	7	7
£100,000 – £150,000	–	1	1
£150,000 – £200,000	–	–	–
£200,000 and above	–	–	–
Total number of exit packages	–	20	20
Total resource cost £	–	900,831	900,831

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. All costs in relation to exit packages were not over the contractual amounts payable and appropriate authorisation sought when exceeding Cabinet Office limits.

There were 2 early retirements on ill health grounds in 2018/19 at a cost of £14,151. There were 2 early retirement on ill health grounds in 2017/18 at a cost of £76,351.

D Local Government Pension Scheme

The Local Government Pension Scheme is a defined benefit scheme which is administered by London Pensions Partnership and governed by the Local Government Pension Scheme Regulations 1995. For the year ended 31 March 2019, contributions of £1.8m (2017/18 £1.9m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2019, this rate was 19.4% (2017/18 16.7%) of pensionable remuneration.

On the basis of the full actuarial valuation the FSA Fund deficit was £13.5m as at March 2016 (March 2013 £20.8m). The Agency agreed to increase the funding to the scheme, payable for 12 years from 2014. For 2018/19 an additional deficit reduction amount of £1.5m was paid and for 2019/20 £1.5m will be paid.

The next full actuarial review of the scheme will show the position at 31 March 2019. This triennial valuation process will be carried out in the summer of 2019 and will determine the FSA's employer contribution rate for a three year period starting 1 April 2020, including the deficit payment.

An updated valuation, under IAS19 criteria, resulted in a calculated deficit of £75.4m as at 31 March 2019 compared with a calculated deficit of £84.2m as at 31 March 2018. The projected unit method of valuation has been used to calculate the service cost under IAS19.

E Average number of persons employed

The average number of whole-time equivalent persons employed during the year 2018/19 and 2017/18 was as follows.

	Average number of persons employed	
	2018/19	2017/18
Westminster – permanent staff		
Regulatory & Legal Strategy Directorate	162	76
Policy Group (with Science in 17/18)	52	–
Science Group	31	110
Operations	536	552
Finance & Performance	86	84
Organisational Development	25	21
Openness, Data & Digital	65	58
Regulatory Delivery Division	54	56
Westminster – permanent staff total	1,011	957
Westminster – temporary staff		
Regulatory & Legal Strategy Directorate	1	2
Policy Group (with Science in 17/18)	–	–
Science Group	–	–
Operations	494	469
Finance & Performance	5	16
Organisational Development	–	–
Openness, Data & Digital	2	8
Regulatory Delivery Division	2	–
	504	495
Board	10	10
Devolved Offices – permanent staff	73	68
Devolved Offices – temporary staff	4	1
Total	1,602	1,531

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

Number of SCS staff by pay band

Pay band	Westminster	Wales	Northern Ireland	Total
SCS1	11	1	0	12
SCS2	6	1	1	8
SCS3	1	0	0	1

Staff numbers and costs

Number of persons of each sex (as of 31 March 2019):

	Male	Female
Executive members	6	2
Board members	4	3
Other employees	694	386

Diversity and employment of disabled persons

The FSA maintains its commitment to providing equality of opportunity to all (including disabled persons) and is working to eliminate all forms of discrimination, harassment and bullying,

to create a diverse workforce and an inclusive working environment in which everyone feels involved, respected and valued. The FSA's vision is for a workplace in which everyone feels:

- we can be ourselves
- our unique contribution is recognised and respected
- achieving a healthy balance between work and the rest of our lives is valued
- we can find meaning in our work
- we belong and there is space for us to grow
- we serve each part of the community in a way that reflects its needs

The Diversity Working Group discusses organisational priorities and initiatives that support the FSA's Diversity Vision. We report our diversity workforce information, recruitment statistics, along with a narrative on how we respect diversity and inclusion in ways that are non-HR related, in our Annual Diversity Report, which is available on food.gov.uk.¹²

Employee involvement

The FSA provides employees with relevant information, and we invite responses and feedback through our intranet site (FoodWeb) and through Yammer, an internal social media network.

Our external website (www.food.gov.uk) provides information on the Agency, including performance related and financial information. The FSA is committed to maintaining effective employee relations with staff and their trade union representatives. The FSA's Recognition and Facility Agreement looks to maintain effective arrangements for formally and informally communicating, consulting and negotiating with staff and/or their union representatives. The FSA Staff Group is a consultative group that forms a link between staff and directors on a wide range of issues; and the Policy Advisory Group is a consultative group that helps to ensure that human resources policies reflect the structures, processes and culture within the FSA and supports effective people management. The Civil Service People Survey is a key

¹² <https://www.food.gov.uk/about-us/equality-and-diversity>

tool for the FSA in understanding and improving employee engagement: all staff are invited to participate in this annual survey and contribute to follow-up action plans at both a local and organisation-wide level. In 2018, 85% of staff participated in the survey, providing a valuable insight into employee engagement and experience of working for the FSA, with engagement increasing to 64% (2017 60%).

Reporting of sickness absence data

The provisional figure for staff absence as a result of physical and mental illness including injuries, disability or other health problems is approximately 4.6 days per employee, compared with 6.6 and 7.1 for the previous 2 years.

Table 1: Sickness data by country

	2018/19	2017/18	2016/17
Westminster	4.8	6.6	7.1
FSA in Wales	1.0	2.5	1.5
FSA in Northern Ireland	4.3	8.7	10.7
Consolidated	4.6	6.6	7.1

OFF-PAYROLL ENGAGEMENTS

The FSA is required to publish information on our highly paid and/or senior off-payroll engagements.

Table 1: For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months

	FSA
No. of existing engagements as of 31 March 2019	8
Of which:	
No. that have existed for less than one year at time of reporting	7
No. that have existed for between one and two years at time of reporting	1
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

All existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months

	FSA
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	8
Of which...	
No. assessed as caught by IR35	5
No. assessed as not caught by IR35	3
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

Table 3: For any off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2018 and 31 March 2019 departments must also disclose:

	FSA
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	0
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	19

HEALTH & SAFETY REPORTING

Health and Safety Reporting

The Health, Safety and Wellbeing of our employees remains a forefront consideration for the Agency.

Annual employee health surveillance and mandatory wearing of Respiratory Protective Equipment, where identified by risk assessment remain important measure of protection for Operations staff working in abattoirs, where biological agents such as bovine TB may be present.

The Health and Safety leads cohort continued to promote a positive health and safety culture amongst our staff across the Agency, while providing assurance to our central health, safety and wellbeing unit (HSWU) and support to managers on health, safety and wellbeing matters.

Our National Health and Safety Committee continues to facilitate meaningful consultation with Trade Unions (TU) on health and safety matters and has provided a platform for positive collaboration and joined up working amongst TU, our Service Delivery Partner, our managers and staff, which has been reflected in organisational health and safety policy. In addition, we continue to share health, safety and wellbeing expertise externally within the HSE & Meat Industry Joint Working Party arrangements.

We continued to benchmark widely with other Government Departments to support the implementation of the CS-wide Health and Wellbeing Strategy. Employer mental health support continues to be an issue of focus across the Civil Service and for all employers. In addition to established occupational health provision, we launched a Mental Wellbeing Supporters (MWS) network, made up from a group of volunteers who have been additionally trained in mental health first aid. With help from the MWS cohort, our focus has been upon improving subject knowledge of mental health awareness, encouraging open mental health conversations and providing support.

Bullying and harassment is an on-going concern for our staff. We continue to support our employees and contractor staff wherever they work when instances of bullying and harassment arise and we continue to work collaboratively with our staff, our managers, with Food Business Operators (FBOs) and their representative organisations to uphold our expected standards of behaviour.

The Agency's online health and safety incident reporting system continues to enable our central HSWU and managers to better identify trends or issues to enable targeted interventions and the improvement of organisational health and safety.

Progress against the 2017-20 Health and Safety targets is as follows:

Target 1 – is to reduce lost days due to work related injury; seeking an overall improvement of 15% over the period 2017-20 when compared against the average of lost days for 2014-17, which was 4.3%. Lost days were 2.5% for 2017/18 and 5.8% for 2018/19, an average of 4.1%.

Target 2 – is the elimination of accidents at work that cause harm serious enough to be reportable under RIDDOR. The table below denotes the number of RIDDOR reportable incidents over the preceding three years.

**Reportable Incidents, Diseases and Dangerous Occurrences (RIDDOR)
2016/17 – 2018/19.**

RIDDOR Category	2016/17	2017/18	2018/19
Fatal	0	0	0
Major	1	0	1
<7 day	5	5	2
Disease	1	1	1
Dangerous Occurrence	0	0	0
Total	7	6	4

Target 3 – The total accident incidence rate (AIR) was 4,409 in 2018/19 compared to 5,056 in 2017/18. The target is to maintain or improve upon the AIR annually over 2017-20. The total accident incidence rate is a widespread employer measure of workplace injury incidence and that can be easily measured, benchmarked and evaluated.

RECRUITMENT PRACTICE

The FSA recruitment policy follows the Civil Service recruitment principles and is based on appointment of the best candidate on merit, identified through a process of open and fair competition. The recruitment policy is set out on our intranet site and provides a transparent approach that identifies high calibre individuals and promotes equality and diversity. All external recruitment is currently subject to internal approval by either the Director for FSA Northern Ireland, People & Organisational Change or the Head of People & Organisational Change. Occasionally we do appoint individuals by exception, and the use of exceptions along with external recruitment activity is reported to the Civil Service Commission on a quarterly basis.

Temporary agency staff are employed via an agency and are engaged on an ad hoc or temporary basis to fulfil requirements within established posts which involve providing cover (e.g. for a vacancy, holiday or sickness) or additional resource requirements. These engagements can be either administrative or professional roles.

TRADE UNION (FACILITY TIME PUBLICATION REQUIREMENTS) REGULATIONS 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect from 1 April 2017. These regulations were laid following the enactment of the Trade Union Act 2016. The Trade Union Act was passed in May 2016; one of the elements of this Act is the requirement for employers in the public sector to publish information on facility time.

Facility Time is the provision of time off from an employee's normal role to undertake TU duties and activities when they are elected as a TU representative.

Trade Unions (TUs) play an important role in the modern workplace and there are considerable benefits to both employers and employees when organisations and unions work well together.

Table 1 Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
33	32.4

Table 2 Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	16
1-50%	17
51%-99%	0
100%	0

Table 3 Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

First Column	Figures
Provide the total cost of facility time	£32,329
Provide the total pay bill	£52,433,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.06%

Table 4 Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

The following information has been subject to audit.

Losses and Special Payments

There are no reportable losses in 2018/19.

FSA made 17 special payments totalling £1,640k in 2018/19. One of these was in excess of £300k. Further details are not disclosed due to commercial sensitivity.

(In 2017/18 there were no reportable losses or special payments).

Fees and Charges

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

	2018/19			2017/18		
	£000	£000	£000	£000	£000	£000
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
Industry	24,763	46,281	(21,518)	23,839	44,565	(20,726)
Other Government Departments	2,578	2,460	118	2,520	2,240	280
Meat Hygiene inspection in Northern Ireland	4,066	6,447	(2,381)	3,926	6,394	(2,468)
Assessments and consultations on radioactive discharges	1,147	1,350	(203)	1,299	1,567	(268)
	32,554	56,538	(23,984)	31,584	54,766	(23,182)

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

The FSA's financial objective is to recover costs fully. There currently remains a shortfall between the costs for the FSA of delivering meat official controls and the income received from Food Business Operators (FBOs) for these controls. This is effectively a subsidy of £21.5m from the FSA to the meat industry. It should be noted that this figure includes some costs which are not included in the hourly charge rates for meat official controls because they are not included in the budget that is used to calculate the charge rates. This is because the FSA does not include certain costs in its budgeting, such as severance costs for operational staff, even though they are costs of meat official controls. It also does not take account of some costs which would normally be included in the charge rates but were not anticipated when the charge rates for 2018/19 were calculated.

There was a further rise in the full cost of the controls provided to the meat industry of over £1.7m from £44.6m in 2017/18 to £46.3m in 2018/19. This largely reflected increased contractor cost that was not anticipated prior to 2018/19.

Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of IAS 37 (Note 13), the department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability. As of 31 March 2019 there are two remote contingent liabilities concerning potential legal cases against the FSA (2017/18 nil).



Rod Ainsworth

Acting Chief Executive and Interim Accounting Officer

9 July 2019

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

Opinion on financial statements

I certify that I have audited the financial statements of the Food Standards Agency for the year ended 31 March 2019 under the Food Standards Act 1999. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Food Standards Agency's affairs as at 31 March 2019 and of net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Food Standards Act 1999 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Food Standards Agency in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Food Standards Agency's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Food Standards Act 1999.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Food Standards Agency's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Food Standards Act 1999;
- in the light of the knowledge and understanding of the Food Standards Agency and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports 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 parts of the Accountability 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.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

11 July 2019

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the period ended 31 March 2019

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

	Note	2018/19 £000	Restated 2017/18 £000
Revenue from contracts with customers	4	(32,659)	(31,673)
Other operating income	4	(423)	(6,886)
Total operating income		(33,082)	(38,559)
Staff costs	Accountability Report	78,855	72,333
Purchase of goods and services	3	18,840	18,733
Depreciation and impairment charges	3	1,393	2,422
Provision expense*	3	2,837	2,575
Other operating expenditure	3	27,694	33,310
Total operating expenditure		129,619	129,373
Net operating expenditure		96,537	90,814
Finance expense*	12	2,130	2,396
Net expenditure		98,667	93,210
Other comprehensive net expenditure			
– Actuarial (gain)/loss on pension scheme liabilities	12	(11,390)	(8,327)
Comprehensive expenditure for the year		87,277	84,883

*Prior year restatement of £2,396k between provision expense and finance cost. Please see Note 3 on page 138 for further information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

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

	Note	2018/19 £000	2017/18 £000
Non-current assets:			
Property, plant and equipment	5	4,830	3,971
Intangible assets	6	3,412	1,209
Total non-current assets		8,242	5,180
Current assets			
Trade and other receivables	9	4,689	5,206
Other current assets	9	4,686	3,799
Cash	8	1,147	1,713
Total current assets		10,522	10,718
Total assets		18,764	15,898
Current Liabilities			
Trade and other payables	10	(2,098)	(1,770)
Provisions	11	(836)	(603)
Other liabilities	10	(14,755)	(15,400)
Total current liabilities		(17,689)	(17,773)
Total Assets less current liabilities		1,075	(1,875)
Non-current liabilities			
Provisions	11	(2,320)	(1,964)
Other payables	10	(49)	–
Net pension liability	12	(76,288)	(85,231)
Total non-current liabilities		(78,657)	(87,195)
Total Assets less total liabilities		(77,582)	(89,070)
Taxpayers' equity and other reserves			
General fund		(77,582)	(89,070)
Total taxpayers' equity		(77,582)	(89,070)



Rod Ainsworth

Acting Chief Executive and Interim Accounting Officer

9 July 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2019

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

		2018/19 £000	2017/18 £000
Cash flows from operating activities	Note		
Net operating cost	SOCNE	(98,667)	(93,210)
Adjustment for non-cash transactions	3 & 12	8,659	10,140
(Increase) /Decrease in trade and other receivables	9	(370)	1,143
Increase/(Decrease) in trade and other payables	10	(268)	(7,206)
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure	10	566	2,430
Use of provisions	11 & 12	(2,540)	(4,477)
Provisions not required written back	11	(143)	(571)
Cash contribution to pension deficit	12	(1,460)	(1,426)
Net cash outflow from operating activities		(94,223)	(93,177)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,884)	(3,311)
Purchase of intangible assets	6	(2,571)	(345)
Proceeds from disposal of Property, Plant and Equipment		–	61
Net cash outflow from investing activities		(4,455)	(3,595)
Cash flows from financing activities			
From the UK Consolidated Fund (Supply)		87,071	83,007
From Northern Ireland Assembly		7,841	8,257
From National Assembly for Wales		3,200	3,078
Net Financing		98,112	94,342
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(566)	(2,430)
Cash and cash equivalents at the beginning of the period	8	1,713	4,143
Cash and cash equivalents at the end of the period	8	1,147	1,713

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the period ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Food Standards Agency, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Total Reserves £000
Balance at 31 March 2017		(101,044)	(101,044)
Net Parliamentary Funding		96,772	96,772
Comprehensive net expenditure for the year		(93,210)	(93,210)
Auditors remuneration	3	85	85
Actuarial gain/(loss)	12	8,327	8,327
Balance at 31 March 2018		(89,070)	(89,070)
Net Parliamentary Funding		98,678	98,678
Comprehensive net expenditure for the year		(98,667)	(98,667)
Auditors remuneration	3	87	87
Actuarial gain/(loss)	12	11,390	11,390
Balance at 31 March 2019		(77,582)	(77,582)

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

1 Statement of Accounting Policies

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Food Standards Agency (FSA) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the FSA are described below. They have been applied consistently in dealing with items which are considered material to the accounts.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities where material.

1.3 Basis of Consolidation

These accounts comprise the consolidation of the core FSA (Westminster funded) results and results from the FSA devolved offices in Northern Ireland and Wales for 2018/19. These are funded directly by the Northern Ireland Assembly and National Assembly for Wales respectively. The Westminster funded FSA and Food Standards Agency in Northern Ireland each produce and publish their own annual accounts. The FSA also prepares accounts for its activities which are funded by the National Assembly for Wales.

1.4 Significant Accounting Policies and Material Judgements

Estimates and the underlying assumptions are reviewed on a regular basis by the FSA's senior management. Areas of significant judgement made by management are:

- IAS19 Employee Benefits – FSA management are responsible for the assumptions and judgements behind the calculations of the defined pension liability. FSA management use professional experts to ensure the numbers in this report reflect a true and fair view of the liability.
- IAS37 Provisions – judgement is made on the best estimate of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

- IFRS15 Revenue from Contracts with Customers - FSA have reviewed its income streams and the impact of IFRS 15 on the income reflected in the accounts is nil. FSA application of the IFRS 15 five step model is detailed in note 4.

1.5 Non-Current Assets

Non-current assets are items of the Agency's property that have a value greater than or equal to £5,000 (inclusive of irrecoverable VAT) and have a useful life of greater than one year. The capitalisation policy applies to all construction, capital improvements which enhance the functionality of a building, major equipment purchases and other capital projects totalling £5,000 or more. This also applies to multiple low cost items of a similar nature which are functionally interdependent or collectively improve efficiency within the FSA. When consolidated, these create an asset to the Agency. If these collectively have a cost in excess of £5,000 and an intended useful period in excess of a year then the items are usually consolidated as one asset.

1.6 Property, Plant and Equipment

The FSA does not currently own any land or buildings. All property, plant and equipment assets are carried at depreciated historic cost as a proxy for fair value. This is in accordance with FReM requirements as these assets have short useful lives or low values or both. Assets under construction are not depreciated until the month after they are brought into use. All assets are owned.

1.7 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. Intangible assets under construction are not amortised until the month after they are brought into use. The FSA has developed an external facing website (www.food.gov.uk) primarily for the promoting and advertising of its own services. This website will not generate future economic benefits and consequently all expenditure incurred on developing it is recognised as an expense as it occurs and is not capitalised.

1.8 Depreciation and Amortisation

Assets are depreciated from the month following the date of being available for use. Depreciation and amortisation are applied on a straight-line basis to write off costs evenly over the asset's anticipated life. Estimated useful lives are reviewed during the year and assets are assigned new end of useful life dates where applicable. The below information shows the useful lives of the assets currently on the non-current asset register.

	2018/19	2017/18
Property, plant and equipment		
Computer equipment	1 – 7 years	1 – 5 years
Office machinery	4 – 11 years	4 – 10 years
Furniture, fixtures and fittings	2 – 10 years	2 – 8 years
Intangible assets:		
Computer software and software licences	2 – 7 years	2 – 7 years

1.9 Research & Development Expenditure

Expenditure on research is not capitalised and is treated as an operating cost as it is incurred. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets those criteria specified in IAS38.

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

1.10 Operating Income

Operating income is income which relates directly to the operating activities of the FSA. Income for the year is recognised on an accruals basis reflecting the value of the work undertaken and is shown net of Value Added Tax. The FSA has income from meat official controls and related work, milk and dairies sampling and from assessments and consultations on radioactive discharges.

Income from meat official controls and related work is recognised as time recorded by staff multiplied by charging rates and invoiced to both industry and government customers. For the majority of meat industry customers discounts are applied to charges.

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

The FSA's income is now assessed against IFRS 15 Revenue from contracts with customers and detailed in note 4 and is shown separately from 'Other Operating Income'. The impact of IFRS 15 on the income reflected in the accounts is nil. FSA application of the IFRS 15 five step model is detailed in note 4.

1.11 Pensions

FSA past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PSCPS) and the Civil Servant and Other Pension Scheme (CSOPS) known as "alpha". The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PSCPS and alpha of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PSCPS and alpha. In respect of the scheme, the Department recognises the contributions payable for the year. Further details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at www.civilservicepensionscheme.org.uk.

There are currently 296 FSA employees who are active members of the Local Government Pension Scheme (LGPS). LGPS is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 2005, and administered by Local Pensions Partnership. The scheme is subject to regular valuations by an independent, professionally qualified actuary. These determine the level of contributions required to fund future benefits. The LGPS changed to a career average revalued earnings basis as of 1 April 2014 with a change of retirement age from 65

to that of the individual member's state pension age. All pensions in payment or built up before April 2014 are protected.

Pension assets and liabilities attributable to the FSA in the LGPS are recorded in line with IAS19 with a valuation undertaken annually to measure the value of pension assets and liabilities at the Statement of Financial Position date, determining the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is included within interest receivable/payable. The change in value of assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position. The IAS19 valuation includes sensitivity analysis and the potential impact and this information can be found in Note 12.2.5.

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

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

The contributions to PCSPS are set out in the Accountability Report and the costs in relation to the LGPS scheme are in Note 12.

1.12 Operating Leases

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

Operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are recognised as a reduction in the rental expenses and are allocated over the shorter of the lease or the period in which the rental has been reduced by the lessor. The allocation is on a straight line basis. The FSA does not currently have any finance lease liabilities.

1.13 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Her Majesty's Revenue and Customs is shown as a receivable or payable on the Statement of Financial Position. Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, or if it is incurred on the purchase of a non-current asset, it is capitalised in the cost of the asset.

1.14 Provisions

Provisions are recognised in accordance with IAS37. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation, arising from a past event, at the Statement of Financial Position date.

The Early Retirement and Westminster Dilapidation provision have been discounted at the rates set by HM Treasury. Other provisions have not been discounted as the resulting adjustments are not considered material to these accounts.

1.15 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, the FSA discloses, for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. The rules for notifying liabilities to parliament are:

- there is no need to tell parliament about:
 - new liabilities arising under statutory powers unless the legislation calls for it;
 - liabilities taken on in the normal course of business, except for those not in standard form and above £300,000;
- departments should notify parliament of:
 - statutory liabilities, in the form expected by the legislation;
 - any liability outside the normal course of business and above £300,000;
 - any liability of a non-standard kind undertaken in the normal course of business;
 - any liability which is novel, contentious or significant in relation to the organisation's (of the particular programme) expenditure, which is large and unquantifiable.

1.16 Financial Assets and Liabilities

The FSA holds the following financial assets and liabilities:

1) Assets

- Trade and other receivables
- Other current assets
- Cash

2) Liabilities

- Trade and other payables
- Provisions
- Other Liabilities

Financial Assets and Liabilities are accounted for under IFRS 9.

Cash balances are measured as the amounts received in FSA's bank account. The FSA does not currently have cash equivalents. Trade receivables are measured at fair value with an impairment review carried out on a monthly basis under IFRS 9. 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.

1.17 Early adoption of IFRSs, amendments and interpretations

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

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

There are two new Standards being introduced by the International Accounting Standards Board (IASB). IFRS 17 Insurance Contracts (expected to be adopted by FReM in 2021-22) is not likely to be applicable to the financial statements of the FSA. IFRS 16 Leases (expected to be adopted by FReM in 2020-21) is expected to have future impact on the financial statements of the FSA and will be reported in accordance with FReM.

2 Net Costs by Group

Group					2018/19	2017/18
	Administration		Programme		Net operating cost	Net operating cost
	Costs	Income	Costs	Income		
	£000	£000	£000	£000	£000	£000
Strategy, Legal & Governance (incl. EU Exit)	13,462	1	–	15	13,446	4,935
Openness, Data and Digital	9,510	–	903	–	10,413	13,239
Policy (Policy & Science were combined in 17/18)	2,987	85	2,140	1,177	3,865	12,984
Science	2,368	121	5,017	33	7,231	23,447
Operations (incl. NFCU)	515	–	54,648	27,440	27,723	8,120
Finance & Performance	8,281	3	–	–	8,278	4,442
People & Organisational Change	2,570	7	–	–	2,563	8,476
Regulatory Compliance (incl. ROF)	3,694	15	3,317	–	6,996	–
Centrally Managed	1,441	27	5,195	12	6,597	6,308
Westminster Totals	44,828	259	71,220	28,677	87,112	81,951
Devolved Authorities						
Wales	2,150	–	1,252	–	3,402	3,329
Northern Ireland	2,888	18	9,411	4,128	8,153	7,930
Totals	49,866	277	81,883	32,805	98,667	93,210

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

Groups derive income from the following activities or services:

Strategy, Legal & Governance – Sundry services

Openness, Data and Digital – Sundry services and secondments

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

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

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

Finance & Performance – Sundry Services and Recovered court costs (Sub-letting of accommodation in 17/18)

Centrally Managed – Recovered court costs and fees

People & Organisational Change and Operations both have notional income for use of Apprentice Levy.

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

3 Expenditure

	2018/19 £000	Restated 2017/18 £000
Staff Costs		
Wages and salaries	40,090	37,507
Social security costs	4,393	4,166
Other pension costs	7,951	7,394
Agency Staff and Inward Secondments	2,042	1,690
Contract inspectors and veterinary costs	24,379	21,576
	78,855	72,333
Goods and services	18,840	18,733
	18,840	18,733
Depreciation and impairment charges: Non-cash		
Depreciation	1,024	1,813
Amortisation	369	609
	1,393	2,422
Provision expense*	2,837	2,575
	2,837	2,575
Other operating expenditure		
Rentals under operating leases	2,059	6,465
ICT outsourcing, maintenance and support of networks and systems	7,812	9,513
Travel & Subsistence, Hospitality and Conference costs	3,754	3,184
Accommodation costs including rates, estate management and security	2,545	4,784
Operational costs (laundry, sampling and equipment)	1,581	1,234
Grants	2,509	2,344
Research and Development expenditure	1,888	2,515
Training and Development	806	366
Legal costs	189	443
HR, Payroll and Pension services	325	252
Stationery, Printing and Postage	265	307
Welfare costs	111	149
Consultancy	1,290	
Other Professional Services	744	
Other	1,710	1,669
Non-cash items: Auditors' remuneration and expenses	87	85
Non-cash Items: Apprentice Levy Utilisation	19	0
	27,694	33,310
	129,619	129,373

* The restated provision expenditure has been reduced by £2,396k in line with financial reporting guidance, reflecting the net interest costs associated with the LGPS and Board Pension Provisions separately on the SOCNE as a Finance expense and not a Provision expense within Other Expenditure. These amounts are identified as amounts of £26k (Board pension) and £2,370k (LGPS) within Notes 12.1 and 12.2.2.

4 Income

4.1 Revenue from Contracts with Customers

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

	2018/19 £000	2017/18 £000
Income for official controls charged to industry	28,829	27,812
Income for meat hygiene work charges to other government departments	2,578	2,520
Assessments and consultations on radioactive discharges	1,147	1,299
Income from Joint Nutrition Projects	62	–
Milk and Dairy Hygiene – sampling	43	42
Total income from contracts with customers	32,659	31,673

IFRS 15 requires the FSA to recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the FSA expects to be entitled in exchange for those goods or services. The breakdown above best reflects the income generated from FSA assessed against IFRS 15.

The £32,659k income from official controls charged to industry, milk and dairy inspections, meat hygiene work carried out for other government departments and radiological assessments is contractual income that is invoiced in arrears and thus the performance obligation has already occurred.

There is no variable element to the transaction price. The transaction price is the cost of staff time carrying out services using an hourly rate for the grade of staff supplied/service provided. FSA does not accept non-cash consideration for payment nor does it offset consideration due to a customer against that due from the same party. Invoices are due on receipt and there is no time value of money or financing offered.

Payment terms are immediate on receipt of the FSA invoice as all invoices are issued in arrears for services carried out in the month or quarter before. There is no separation of price invoiced against performance obligation as the obligation has already occurred. Invoices are calculated on a time basis less discount as described in the Fees and Charges Note on page 127.

In line with IFRS 15, revenue is recognised at the point of service provided to the customer, at the point of invoice raised or by accrual for services performed in month to be invoiced in future. There is no invoicing in advance of service provision.

4.2 Other Operating Income

	2018/19 £000	2017/18 £000
Income for sub-letting of accommodation space, including dilapidations contributions	(6)	6,440
Secondment income	57	128
Other income	251	156
Income from sale of goods and services	102	162
Notional Income – Apprentice Levy Grant	19	–
Total other operating income	423	6,886

5 Plant and equipment

	2018/19			
	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
Cost at 1 April 2018	4,007	25	3,236	7,268
Additions	691	31	1,162	1,884
Disposals	–	–	–	–
At 31 March 2019	4,698	56	4,398	9,152
Depreciation				
Cost at 1 April 2018	2,238	24	1,035	3,297
Charged in year	237	5	783	1,025
Disposals	–	–	–	–
At 31 March 2019	2,475	29	1,818	4,322
Carrying amount at 31 March 2019	2,223	27	2,580	4,830
Carrying amount at 31 March 2018	1,769	1	2,201	3,971
Asset financing				
Owned	2,223	27	2,580	4,830
Carrying amount at 31 March 2019	2,223	27	2,580	4,830

	2017/18			
	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
Cost at 1 April 2017	2,567	180	5,077	7,824
Additions	1,734	–	1,577	3,311
Disposals	(294)	(155)	(3,418)	(3,867)
At 31 March 2018	4,007	25	3,236	7,268
Depreciation				
Cost at 1 April 2017	1,818	146	3,326	5,290
Charged in the year	653	33	1,127	1,813
Disposals	(233)	(155)	(3,418)	(3,806)
At 31 March 2018	2,238	24	1,035	3,297
Carrying amount at 31 March 2018	1,769	1	2,201	3,971
Asset financing				
Owned	1,769	1	2,201	3,971
Carrying amount at 31 March 2018	1,769	1	2,201	3,971

6 Intangible assets

Intangible assets comprise computer software and software licences

	2018/19 Computer software and software licences £000
Cost or valuation	
Cost at 1 April 2018	2,060
Additions	2,571
Disposals	–
At 31 March 2019	4,631
Amortisation	
Cost at 1 April 2018	851
Charged in year	368
Disposals	–
At 31 March 2019	1,219
Carrying amount at 31 March 2019	3,412
Carrying amount at 31 March 2018	1,209
	2017/18
Cost or valuation	
Cost at 1 April 2017	
Additions	2,741
Disposals	345
At 31 March 2018	(1,026)
	2,060
Amortisation	
Cost at 1 April 2017	
Charged in year	1,268
Disposals	609
At 31 March 2018	(1,026)
	851
Carrying amount at 31 March 2018	1,209

7 Financial Instruments

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

8 Cash and cash equivalents

	2018/19 £000	2017/18 £000
Balance at 1 April	1,713	4,143
Net changes in cash and cash equivalents	(566)	(2,430)
Balance at 31 March	1,147	1,713

	2018/19 £000	2017/18 £000
The following balances at 31 March were held at:		
Government Banking Service	1,147	1,713
Balance at 31 March	1,147	1,713

9 Trade receivables, financial and other current assets

	2018/19 £000	2017/18 £000
Amounts falling due within one year:		
Trade receivables	2,022	2,731
VAT recoverable	2,590	2,437
Other receivables	77	38
	4,689	5,206
Other current assets:		
Prepayments and accrued income	4,686	3,799
	4,686	3,799
Total	9,375	9,005

10 Trade payables and other current liabilities

	2018/19 £000	2017/18 £000
Amounts falling due within one year		
Trade payables	2,069	1,765
Other payables	29	5
	2,098	1,770
Other current liabilities:		
Accruals and deferred income	13,608	13,687
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,147	1,713
	14,755	15,400
Lease adjustment as per IAS 17	49	–
	49	–
Balance at Period End	16,902	17,170

11 Early departure and other provisions

	2018/19 £000			2017/18 £000		
	Early departure	Legal claims	Dilapidations	Early departure	Legal claims	Dilapidations
Balance at 1 April	2,299	139	129	2,786	149	1,883
Provided in the year	497	672	95	170	280	214
Provisions not required written back	(42)	(101)	–	(3)	(50)	(518)
Provisions utilised in the year	(472)	(62)	–	(662)	(240)	(1,450)
Borrowing costs (unwinding of discount)	2			8		
Balance at 31 March	2,284	648	224	2,299	139	129

Analysis of expected timing of discounted flows

	2018/19 £000			
	Early departure	Legal claims	Dilapidations	Total
within one year	188	648	–	836
Total current provisions liability	188	648	–	836
between one and five years	627	–	132	759
between five and ten years	665	–	18	683
thereafter	804	–	74	878
Total non-current provisions liability	2,096	–	224	2,320
Provisions balance at 31 March 2019	2,284	648	224	3,156

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

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

11.1 Early departure costs

Early departure cost refers to liabilities to staff for early retirement. The FSA historically met the additional costs of benefits beyond the normal PCS and LGPS pension scheme 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 HM Treasury discount rate of 0.29% (2017/18 0.10%) in real terms.

11.2 Other

Legal Claims

A provision has been created to cover legal issues affecting the FSA. This is described below.

The FSA holds a provision for personal injury claims to cover the estimated amounts required to settle the claims and costs for which the FSA has admitted liability. Claims against the FSA where liability has been denied are not included.

Dilapidations

A provision has been created in respect of estimated dilapidation costs for Apex House in Birmingham, Clarendon House in Belfast and Southgate House in Cardiff. The provision was created based on an independent survey carried out by the third party and the Apex House provision was discounted by the medium-term HM Treasury rate of 1.14%

12 Provisions for liabilities and charges

Pension provisions

	2018/19 £000			2017/18 £000		
	Board Pension	LGPS Pension	Total	Board Pension	LGPS Pension	Total
Net pension liability at 1 April	916	84,315	85,231	931	89,217	90,148
Total service and interest costs	23	5,892	5,915	26	6,943	6,969
Employer contributions	(33)	(1,975)	(2,008)	(34)	(2,099)	(2,133)
Deficit payment	–	(1,460)	(1,460)	–	(1,426)	(1,426)
Actuarial (gain)/loss	(64)	(11,326)	(11,390)	(7)	(8,320)	(8,327)
Net pension liability at 31 March	842	75,446	76,288	916	84,315	85,231

12.1 FSA Board Pension Provision

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

The capitalised value of the pension benefits payable by the FSA's Pension Schemes as at 31 March 2019 is £842,000 (2017/18 £916,000).

The scheme is closed and therefore it is likely that the current scheme liabilities will gradually decrease over time, as the expected pension payments are made to the scheme members.

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

Financial assumptions

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

	31/03/19	31/03/18
Discount rate	2.90%	2.55%
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment	2.60%	2.45%
CPI inflation assumption	2.60%	2.45%

Mortality

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

	31/03/19		31/03/18	
	Males	Females	Males	Females
Current Pensioners	22.7 years	24.3 years	22.6 years	24.2 years

Present value of scheme liabilities

	Value at 31/03/19 £000	Value at 31/03/18 £000	Value at 31/03/17 £000	Value at 31/03/16 £000	Value at 31/03/15 £000
Liability in respect of					
Active members	–	–	–	–	–
Deferred pensioners	(216)	(221)	(235)	(197)	(199)
Current pensioners	(626)	(695)	(696)	(618)	(796)
	(842)	(916)	(931)	(815)	(995)

Analysis of movement in scheme liability

	2018/19 £000	2017/18 £000
Scheme liability at 1 April	(916)	(931)
Movement in the year:		
Current service cost (net of employee contributions)	–	–
Interest cost	(23)	(26)
Actuarial (Loss)/Gain	64	7
Benefits paid	33	34
Net pension liability at 31 March	(842)	(916)

Analysis of amount charged to operating profit

	2018/19 £000	2017/18 £000
Current service cost (net of employee contributions)	–	–
Interest cost	(23)	(26)
	(23)	(26)

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

	2018/19 £000	2017/18 £000
Experience (losses)/gains arising on the scheme liabilities	55	(40)
Changes in financial assumptions underlying the present value of scheme liabilities	9	47
Net total actuarial (loss)/gain recognised in the statement of changes in taxpayers' equity	64	7

History of experience gains and losses

	2018/19	2017/18	2016/17	2015/16
Experience (losses)/gains on scheme liabilities:				
Amount (£000)	55	(40)	7	(14)
Percentage of scheme liabilities	6.5%	(4.4%)	0.8%	(1.7%)

12.2 Provision for LPFA Pension Liability

12.2.1 The Local Government Pension Scheme is a defined benefit scheme which is administered by Local Pensions Partnership and governed by the Local Government Pension Scheme Regulations 1995. For the year ended 31 March 2019, contributions of £1.9m (2017/18 £2.1m) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the period ended 31 March 2019, this rate was 19.42% (2017/18 19.4%) of pensionable remuneration.

On the basis of the full actuarial valuation the FSA Fund deficit was £13.5m as at March 2016 (March 2013 £20.8m). The Agency agreed to increase the funding to the scheme, payable for 12 years from 2014. For 2018/19 an additional deficit reduction amount of £1.5m was paid and for 2019/20 £1.5m will be paid.

The next full actuarial review of the scheme will show the position at 31 March 2019. This triennial valuation process will be carried out in the summer of 2019 and will determine the FSA's employer contribution rate for a three year period starting 1 April 2020, including the deficit payment.

An updated valuation, under IAS19 criteria, resulted in a calculated deficit of £75.4m as at 31 March 2019 compared with a calculated deficit of £84.3m as at 31 March 2018.

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

The actuary has estimated the employer's contributions for 2019/20 to be £3.4m.

Financial Assumptions

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

	31/03/19	31/03/18
Inflation/Pension increase rate (RPI)	3.45%	3.35%
Inflation/Pension increase rate (CPI)	2.45%	2.35%
Salary Increases	3.95%	3.85%
Pension Increases	2.45%	2.35%
Discount Rate	2.40%	2.55%

Mortality

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

	31/03/19		31/03/18	
	Males	Females	Males	Females
Retiring today	20.7	23.2	21.7	24.3
Retiring in 20 years	22.5	24.9	24.1	26.6

Movement in liabilities

	2018/19 £000	2017/18 £000
Opening Defined Benefit Obligation	239,076	238,917
Current service cost	3,584	3,928
Interest cost	6,022	6,372
Change in financial assumptions	9,873	(4,062)
Change in demographic assumptions	(11,075)	–
Experience loss/(gain) on defined benefit obligation	–	–
Liabilities assumed/(extinguished) on settlements	–	–
Estimated benefits paid net of transfers in	(6,383)	(7,069)
Past service costs, including curtailments	–	450
Contributions by Scheme participants	635	678
Unfunded pension payments	(138)	(138)
Closing Defined Benefit Obligation	241,594	239,076

Movement in assets

	2018/19 £000	2017/18 £000
Opening Fair Value of Employer's Assets	154,761	149,700
Interest on assets	3,915	4,002
Return on assets less interest	10,124	4,258
Other actuarial gains/(losses)	–	–
Administration expenses	(201)	(195)
Contributions by Employer including unfunded	3,435	3,525
Contributions by Scheme participants	635	678
Estimated benefits paid plus unfunded net of transfers in	(6,521)	(7,207)
Settlement prices received/(paid)	–	–
Closing Fair Value of Employer Assets	166,148	154,761

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

	Value at 31/03/19 £000	% at 31/03/19	Value at 31/03/18 £000	% at 31/03/18
Equities	90,390	54%	94,632	62%
LDI/Cashflow matching	–	0%	–	0%
Target return portfolio	44,308	27%	34,684	22%
Infrastructure	10,011	6%	6,769	4%
Commodities	–	0%	–	0%
Property	15,624	9%	11,137	7%
Cash	5,815	4%	7,539	5%
Market value of assets	166,148	100%	154,761	100%
Present value of scheme liabilities	(241,594)		(239,076)	
Net pension liability	(75,446)		(84,315)	

12.2.2 Movement in deficit during the year

	2018/19 £000	2017/18 £000
Scheme liability at 1 April	(84,315)	(89,217)
Service cost	(3,584)	(3,928)
Administration expenses	(201)	(195)
Employer contributions	1,975	2,099
Payment of deficit	1,460	1,426
Past service cost	–	(450)
Other finance net interest charged (note 12.2.3)	(2,107)	(2,370)
Actuarial (loss)/gain (note 12.2.4)	11,326	8,320
Net pension liability	(75,446)	(84,315)

12.2.3 Analysis of the amount charged to operating deficit

	2018/19 £000	2017/18 £000
Service cost	3,584	3,928
Administration expenses	201	195
Past service cost	–	450
	3,785	4,573
Employer contributions to be set off	(1,975)	(2,099)
Amount (credited)/charged to operating cost	1,810	2,474

Analysis of the net amount charged to operating cost

	2018/19 £000	2017/18 £000
Net interest on the defined liability/(asset)	2,107	2,370

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

	2018/19 £000	2017/18 £000
Return on Fund assets in excess of interest	10,124	4,258
Other actuarial gains/(losses) on assets	–	–
Changes in financial assumptions	(9,873)	4,062
Change in demographic assumptions	11,075	–
Experience gain/(loss) on defined benefit obligation	–	–
Actuarial gain/(loss) recognised in the Statement of Changes in Taxpayers' Equity	11,326	8,320

12.2.5 Sensitivity Analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of Total Obligation	237,527	241,594	245,734
Projected Service Cost	3,505	3,580	3,657
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of Total Obligation	242,024	241,594	241,167
Projected Service Cost	3,580	3,580	3,580
Adjustment to pension increases and deferred valuation	+0.1%	0.0%	-0.1%
Present value of Total Obligation	245,298	241,594	237,953
Projected Service Cost	3,657	3,580	3,505
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of Total Obligation	250,124	241,594	233,355
Projected Service Cost	3,703	3,580	3,461

13 Contingent liabilities

The Department has the following contingent liabilities:

There are a number of claims being made by employees and others for injuries sustained in the workplace totalling approximately £100k. No provision has been made for these cases, however, a provision of £648k has been made for personal injury claims where liability has been admitted (Note 11).

The FSA has contingent liabilities of £260k relating to various potential legal claims including FBO charges.

The FSA has an unquantified contingent liability relating to a staff benefits dispute. The nature of the work carried out by the FSA can mean that it may be subject to various claims and legal actions in the ordinary course of its activities with the position being uncertain and therefore unquantifiable.

The total quantified contingent liabilities are £0.4m (2017/18 £0.4m).

FSA has assessed the impact of the McCloud judgement on its LGPS Pension Liability. The worst case impact of £1.5m increase to the liability was considered to be non-material and as such has not been reflected in the published accounts.

14 Commitments under leases

14.1 Operating leases

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

	2018/19 £000	Restated 2017/18 £000
Obligations under operating leases comprise:		
Land and buildings:		
Not later than one year	1,857	503
Later than one year and not later than five years	7,195	1,919
Later than five years	5,970	1,703
	15,022	4,125
Other:		
Not later than one year	141	92
Later than one year and not later than five years	140	51
	281	143

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).

	2018/19 £000	2017/18 £000
Total future minimum lease rental income from CIEH		
Land and buildings:		
Not later than one year	14	14
Later than one year and not later than five years	30	44
Later than five years	–	–
	44	58

14.2 Other financial commitments

The FSA did not have any other financial commitments as at 31 March 2019.

15 Capital commitments

At 31 March 2019 there were no commitments for the purchase of capital items (31 March 2018 Enil).

16 Related-Party Transactions

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

The FSA had a number of significant transactions with other Government Departments and other central Government bodies including Public Health England, Defra, CEFAS, Cabinet Office and its public bodies and agencies, Department of Health, APHA, LPFA and MRC.

Details of remuneration provided to Senior Civil Servants and Board Members can be seen in the Remuneration Report on page 98.

17 Entities within the Departmental Boundary

The FSA has no other entities within the Departmental Boundary.

18 Events after the reporting period

In accordance with the requirements of IAS10, Events after the Reporting Period 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.

Rod Ainsworth assumed responsibility as Interim Accounting Officer and Acting Chief Executive on 6 July 2019, following Jason Feeney stepping down from the Chief Executive role. There are no further reported events after the reporting period.

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH PARAGRAPH 4(2) OF SCHEDULE 4 TO THE FOOD STANDARDS ACT 1999

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

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

Karen Sanderson
Deputy Director, Government Financial Reporting
HM Treasury

21 February 2013

