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**CAMPYLOBACTER**

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# Annual Report and Accounts 2022-23

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# 1. Performance Report

# Chair & Chief Executive's Report

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As another year passes it gives us time to reflect on what has, once again, been a period of significant change and challenge for Food Standards Scotland (FSS) and the communities we represent. As we cover all aspects of the food chain potentially impacting on public health our dedicated staff have continued in their efforts to protect consumers from food safety risks and promote public health nutrition.

While our departure from the European Union may have officially taken place a number of years ago, the knock-on effects of this momentous decision are still being felt across the organisation. A huge amount of already limited resource has been unnecessarily pulled into planning around the Retained EU Law (REUL) (Reform and Revocation) Bill. However, the Bill, which was published on 22 September 2022 could have resulted in the removal of consumer protections relating to food which have applied in Scotland and the rest of the UK for many years. Although the original sunseting proposals have changed, the extent of work already carried out within FSS has been monumental and the changed approach is welcome because it ensures that we will continue to have a functioning food law system. The Retained EU law Act, the Internal Market Act and the Common Frameworks will continue to impact on FSS, potentially quite significantly, so we welcomed the opportunity to attend the Health and Sport Committee to discuss our work. Given FSS is directly accountable to Parliament, we believe that continued scrutiny will be important going forward.

Another significant piece of work which took place over the last 12 months is our prioritisation exercise. Following a reduced budget allocation, it was essential to focus on the key areas of work for FSS. This was by no means a simple task and involved input from staff across the organisation. Although this work will be ongoing – because the need to shift focus and priorities will be an iterative process –, we now have clarity and vision for our way forward, with clear priorities for the coming 12 months. This includes data and digital transformation, which will act as a means to drive future efficiencies in data collection, analytics, process and governance, which will serve us well in dealing with the regulatory challenges and budgetary position in the future. Although we have identified the key priorities, we recognise the huge amount of work that goes on day-to-day to ensure we maintain our statutory responsibilities, and again we are indebted to our extremely talented and dedicated team of staff who often go above and beyond for this organisation.

As part of our work to protect consumers from food safety risks, we created a new online allergen training tool to support food businesses and give their staff a better understanding of food hypersensitivities. The Advanced Online Allergen Training, launched in May, will also help businesses get to grips with the legal requirements for providing ingredient and allergen information to consumers. We also delivered risk assessments on listeria in smoked fish and blue cheese, norovirus in oysters and allergenic risks of the substitution of oils resulting from the invasion of Ukraine – these are all substantial pieces of work which will help to inform consumers and allow them to make choices which will help keep them safe from food safety risks.

While a lot of work goes on behind the scenes to protect consumers, we have also been involved in some very successful consumer-facing campaigns. These included: the promotion of the risks of campylobacter to vulnerable groups; a campaign to encourage people in Scotland to take Vitamin D supplements between October and March; and a farm prevention campaign to help protect livestock from the deadly consequences of lead poisoning. All of these campaigns resulted in widespread press and media coverage and very positive engagement across our web and social media platforms.

With continued change and a squeeze on resources as a backdrop, it is worthy to reflect on some of the considerable successes that have been achieved during this time. In March 2023 the FSS Board agreed our new Public Health Nutrition Strategy designed to deliver our statutory duty to improve the extent to which members of the public have diets conducive to good health in Scotland. The strategy builds on our previous work and centres around the current science and evidence base on public health nutrition. This was a significant piece of work and we have engaged with a wide array of stakeholders on the strategy to encourage collaboration and drive its success. Aligned to the nutrition piece, we also published wave 14 of our consumers tracker, which focused on diet and nutrition across the nation. The results of this survey drove further research into consumer behavioural change as a result of the rising cost of living crisis.

We are delighted to be able to present not only our successes in this Annual Report, but evidence of our continuing resilience and dedication to our mission in the face of significant challenges.

We would also wish to recognise the contribution and service of three of our inaugural Board Members who stepped down from the Board on the 31 March 2023. Carrie Ruxton, Sue Walker and Louise Welsh all ended their terms of office after eight years of valuable contribution to the strategic direction, oversight and governance of the organisation. We are grateful for their contribution in establishing FSS and guiding our development to the organisation we are now.



Heather Kelman,  
Chair



Geoff Ogle,  
Chief Executive

# Our year in Numbers (2021/22 figures in brackets)

## Operations and Delivery



**96** (97)

Total number of approved Meat plants at 31 March 2023

**8412** (13481)

Export Health Certificate requests



**1028** (456)

Animal Feed Registrations



**354** (266)

Completed Inspections



Investigated

**139** (120)  
Incidents

## Science and Policy

Contracted **29** (31) Science and Nutrition Projects and issued **8** (6) Publications



**70** (217) Stakeholder engagements and Science outreach

**501** (1493)

applications made to Regulated Products Application Service



**4755** (2408)

Samples tested and reported for chemical, microbiological, substitution and Labelling



## Our Organisation

**8** (8)

Health & Safety Site Visits



**287.8** (313.7)  
FTE Staff

**1** (1)

Reportable Health & Safety Incidents



Civil Service People Survey  
**72%** (73%) employment engagement index score

**3** (5)

Digital Campaigns



**96%** (95%)

of invoices paid within 10 day payment target



Net cost of FSS  
**22.5 million** (20.7m)

# About Food Standards Scotland

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FSS is Scotland's public sector food body. It is a Non-Ministerial office (NMO) of the Scottish Administration, working alongside but separate from the Scottish Government (SG), and accountable directly to the Scottish Parliament.

## Purpose and Statutory Background

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**FSS's purpose is public health protection – making sure that food is safe to eat, ensuring consumers know what they are eating, and improving diet and nutrition.**

**Its statutory objectives are to:**

- protect the public from risks to health which may arise in connection with the consumption of food;
- improve the extent to which members of the public have diets which are conducive to good health; and
- protect the other interests of consumers in relation to food.

**Its statutory functions are to:**

- develop and help others develop policies on food and animal feed;
- advise the SG, other authorities and the public on food and animal feed;
- keep the Scottish public and users of animal feed advised to help them make informed decisions about food and feed stuffs; and
- monitor the performance of food enforcement authorities.

As a 'competent authority' and an 'enforcement authority', FSS implements and monitors Scottish and retained European Union food and feed regulations and protects consumers through delivery of a robust regulatory and proportionate enforcement approach.

## Our Mission

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To be Scotland's leading authority on food safety, standards and healthy eating; using data and evidence to provide assurance and advice that inspires consumer confidence and improves public health.

## Our Vision

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A safe, healthy and sustainable food environment that benefits and protects the health and well-being of everyone in Scotland.



# Our Values and Guiding Principles

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## Consumer Focussed

- Keep public health and consumer protection at the heart of what we do.
- Ensure our actions are targeted, recognising the diversity of people in Scotland and taking account of health inequalities.

## Evidence Based

- Ensure our work is underpinned by robust science and data.
- Maintain an understanding of the issues that matter most to consumers in Scotland.

## Fair and Proportionate

- Protect public health and support economic growth – promote compliance by regulating fairly, firmly and proportionately.
- Establish trust, ensuring regulatory objectives are transparent and our actions are consistent and timely.

## Independent

- Preserve our independence, working at arm's length from government and industry.
- Influence UK policy development through robust risk analysis, recommending decisions which are in the best interests of consumers in Scotland.

## Inclusive and Open

- Respect the rights of every individual, organisation and business to have a say in the matters that affect them, and work collaboratively to achieve the greatest benefit for the people of Scotland.
- Ensure transparency in our decision making, advice and recommendations, by publishing our evidence base and enabling those impacted to understand the issues.

## Use of evidence

As an evidence-based organisation, it is important that FSS gather and use evidence effectively. The [FSS Science, Evidence and Information Strategy \(SEI\)](#) supports the FSS statement of performance of functions, including how FSS operates, to ensure that appropriate science governance arrangements are in place to aid the delivery of the FSS vision, policy and strategic priorities.

The SEI strategy helps provide a link for staff between organisational and SEI values under three key themes by providing underpinning approaches and assurance of FSS SEI for the Chief Scientific Advisor and Board.

## Scottish Regulator's Strategic Code of Practice

The Regulatory Reform (Scotland) Act 2014 included powers for Scottish Ministers to issue a code of practice for regulators. We are committed to the better regulation principles enshrined in the Scottish Regulators' Strategic Code of Practice. The Code seeks to support an enabling approach by applying the key principles of better regulation: transparent, consistent, proportionate, accountable and targeted.

# Overview

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This overview sets out how we are organised, funded and our priorities.

## Organisational Structure

The non-executive Chair and Board Members provide strategic direction, and the staff are led by a Chief Executive Officer and the Strategic Leadership Team (SLT) with an independent Chief Scientific Adviser. Staff work in a variety of locations, delivering official controls in abattoirs and meat cutting plants across Scotland. Following the COVID-19 pandemic, FSS implemented guidance on hybrid working for office staff in conjunction with the SG's hybrid working principles upon the re-opening of Pilgrim House in February 2022. The agreed hybrid working guidance is still in place for office based staff.

Due to the uncertainties around the Retained EU Law (REUL) Bill and the Scottish Veterinary Service (SVS) (detail on [page 64](#)) and to allow FSS to maintain a degree of flexibility a temporary reconfiguration of the FSS structure was implemented from 1 February 2023. This introduced two directors to head up new directorates formed by moving teams and reporting lines across certain areas in the existing structure. The SLT changes are detailed in the Directors' Report within the report. The reconfiguration was driven by the organisational need and the intention to drive efficiency and effectiveness to deliver on FSS's agreed priorities whilst presenting development opportunities across FSS. It also created capacity and increased diversity of expertise at a senior level which will help improve organisational resilience and strategic focus both internally and externally.

To achieve its goals, FSS works in partnership with public bodies, other research funders, enforcement authorities, industry, the private sector and third sector and government departments in Scotland and across the UK.

## Planning and organising our work

The [2021-26 Strategy](#), titled Healthy, Safe, Sustainable: Driving Scotland's Food Future, provides a high level description of our aims to improve Scotland's diet, reduce food safety risks, and promote compliance; setting out our challenges in adapting to a changing food environment. It defines our ambition to play a more prominent role in representing consumer interests in wider food issues, with particular regard to sustainability. The five key outcomes detailed in the strategy, with delivery based on six goals, contribute to the SG's National Performance Framework. The six goals describe how we aim to achieve our objectives through the use of data and evidence, maintaining regulatory assurance, driving improvements to the food environment, strengthening our profile and through our relationships with stakeholders, and by engaging more effectively with different communities across Scotland to ensure our advice has impact and lasting benefit.

The [2021-24 Corporate Plan](#) supports the strategy and describes the activities we will undertake between 2021-24 towards delivery of each of the six goals. It describes how all areas of FSS business will contribute to our strategic outcomes whilst enabling us to deliver new responsibilities and address the challenges that have arisen as a result of EU Exit, the war in Ukraine and the COVID-19 pandemic. The table on [page 13](#) shows how the goals link to the outcomes in the strategy. The Board paper detailing the funding allocations can be found on the [FSS website](#).

### **Prioritisation Exercise**

FSS has been heavily impacted by leaving the EU and actual experience post-EU Exit has brought significant financial and staffing pressures on pre-existing and ongoing operational delivery. The SG's Resource Spending Review 2022-27 further impacted on FSS's financial situation where the budget was flatlined for the duration of the review.

This resulted in FSS instigating a prioritisation exercise during the year. The prioritisation was assessed against a set of FSS Organisation Descriptors, Principles and associated weightings. This exercise identified FSS activities which will be continued and those that should be halted, paused, scaled back or not started while ensuring we maintain our statutory obligations.

The outputs of the prioritisation exercise were presented to the FSS Board in December who agreed the proposals and the Board Chair wrote to Scottish Ministers advising them of the Board's decision.

Work was then undertaken to note the impact on the prioritisation on the 2021-24 Corporate Plan. This resulted in a paper to the SLT which detailed Year 2, and planned Year 3, Corporate Plan deliverables which were to be stopped, paused or scaled appropriately as a result of the prioritisation exercise.

The agreed proposed priority areas for FSS, underpinned by a resilient and innovative Corporate Services support function, are:

- The Scottish Authorities Food Enforcement Rebuild (SAFER) programme
- Food Crime and Incidents
- Data and digital transformation
- Official Controls (OC) for food and feed
- SVS
- REUL
- Diet and nutrition.

## Financial Resources

The budget for FSS is met from existing resources within the Scottish Consolidated Fund and through income received from industry and other Government Departments (OGDs) in relation to the delivery of Official Controls in approved meat establishments. FSS is classed as a directly funded external body which requires separate parliamentary approval from the SG portfolio and consequently the FSS budget is detailed separately in the relevant Budget (Scotland) Act.

The Budget (Scotland) Act 2022 confirmed the FSS budget of £23m with resource budget for the financial year 2022/23 of £22.65 million and Annually Managed Expenditure (AME) of £0.35m to cover the estimated provisions linked to pension liabilities that were transferred to FSS from the Food Standards Agency (FSA) as part of its establishment in 2015.

As part of the Spring Budget Revision, FSS was formally allocated £3.2 million of additional budget; internal transfers of £0.3m for the Pathsafe project, £2.8m technical changes for IFRS 16 Leases reclassification, AME budget £0.1m. The total approved budget for the year was £26.17m.

The outturn against the budget is reported in the performance analysis section on [page 21](#) and further detail in the [Financial Statements from page 96](#).

# Corporate Outcomes

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There are the five strategic outcomes as follows with delivery based on six goals. Further details can be viewed on the [FSS website](#).

## Outcome 1:



### **Food is Safe and Authentic**

We work with partners to understand risks to the food chain and implement measures which protect public health and consumer interests.

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## Outcome 2:



### **Consumers Have Healthier Diets**

We drive and influence policy aimed at improving Scotland's diet; helping to reduce levels of overweight and obesity and the burden of diet related disease.

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## Outcome 3:



### **Responsible Food Businesses are enabled to thrive**

We ensure regulations are applied fairly: enabling food and feed businesses in Scotland to comply with the law and gain the trust of consumers and export markets.

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## Outcome 4:



### **Consumers are empowered to make positive choices about food**

We promote a food environment which requires businesses to provide clear and accurate information that enables consumers to make informed purchasing decisions.

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## Outcome 5:



### **FSS is trusted and influential**

We are recognised by consumers and stakeholders as Scotland's leading authority on food law and public health nutrition.

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## Performance Summary

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The strategy outlines how FSS plans to achieve its vision to have a safe, healthy and sustainable food environment that benefits and protects the health and well-being of everyone in Scotland and highlights how its strategic outcomes contribute to the SG's purpose and outcomes.

FSS's strategic aims are underpinned by corporate objectives including those of the two change programmes. This section highlights delivery during 2022-23 against our Corporate Plan. Further detail on our performance within each outcome is provided in the Performance Analysis section of the [report](#).

# Our Goals

## The six goals and how they contribute to our strategic outcomes.

**Goal 1** A food safety and standards assurance system that commands international respect and consumer confidence, supporting the Scottish economy beyond EU Exit.

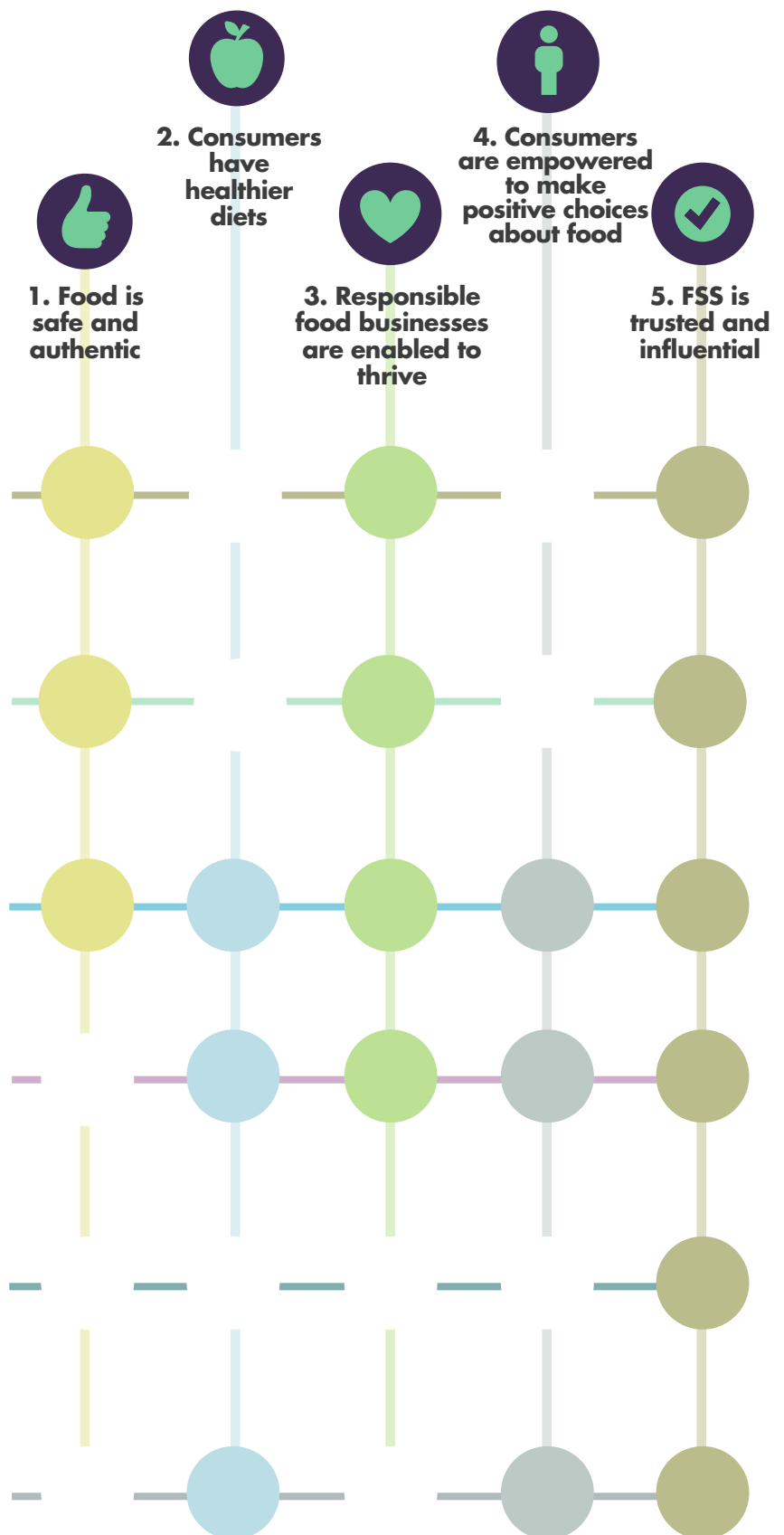
**Goal 2** A regulatory system that engages with businesses to educate and enable compliance, rewards best practice and applies appropriate sanctions when laws are broken.

**Goal 3** A research and data science capability which enables us to detect risks, monitor public health trends and consumer behaviours and translate evidence into action.

**Goal 4** A food environment which empowers consumers to make safe, healthy, and sustainable choices.

**Goal 5** Be respected as an authority on food protection and public health nutrition, promoting change through impactful relationships within and beyond Scotland that enable us to influence, learn and collaborate.

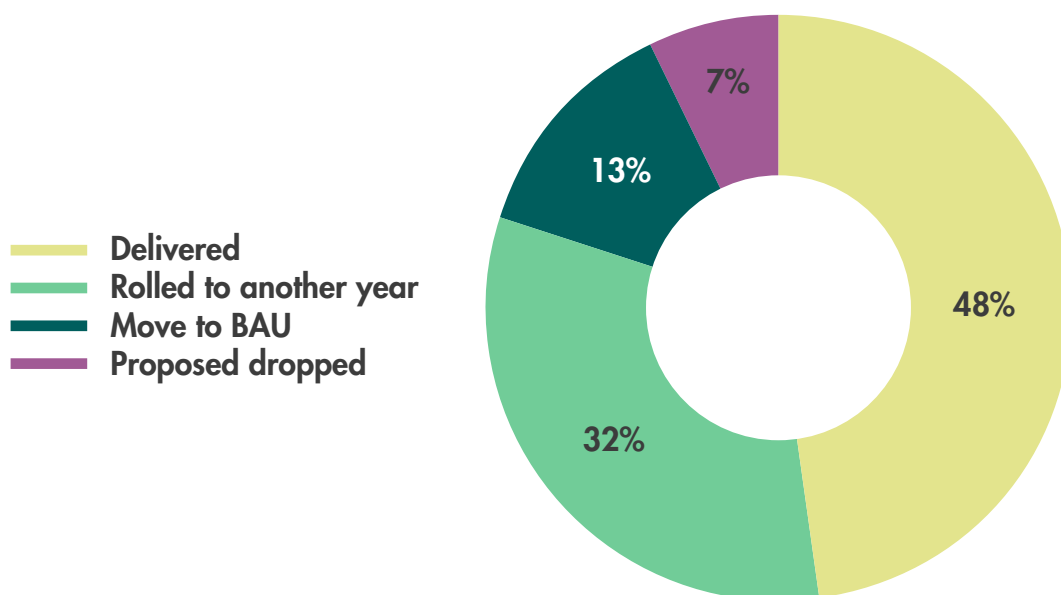
**Goal 6** Engage with all parts of society in Scotland; understanding the issues that matter to consumers and providing information that is tailored to their needs.



In the second year of our corporate plan there were 108 deliverables allocated to the six Goals, 120 including maintaining organisational excellence. The deliverables within each Goal were mapped to one or more of the strategic outcomes to show progress against the outcomes.

The summary of progress of the Year 2 deliverables against the Corporate Plan is detailed in the following chart.

### Year 2 Corporate Plan - Deliverables



### Progress during 2022/23

The deliverables are detailed in six tables in the Performance Analysis section, one for each Goal plus a table for Maintaining Organisational Excellence. The deliverables highlighted within the tables are then taken forward to the Performance section for further review. Key points to highlight:

48% of the Year 2 activities were delivered.

32% of the year 2 priority deliverables are rolled forward to year 3, of these:

- 8% were not started in year as planned, due to budgetary, resource and contractual challenges.
- 92% were started but not delivered as scheduled. Of these, 29% are anticipated to be completed early year 3 with the remaining majority anticipated to be delivered later in year 3.

13% of the year 2 priority deliverables have been paused, and 7% stopped, in their current form, as a consequence of the FSS prioritisation exercise, and/or identification of FSS priority areas, undertaken in 2022.



## Key Risks and Uncertainties

Whilst FSS approach to managing risk is covered in more detail in the Governance Statement, the key risks that FSS has managed in the interests of the public this year, and how their impact has been mitigated, are shown in the table below.

These have been considered by Board Members to be material to the development, performance, position and future prospects of FSS. The updated action plan to mitigate these risks can be viewed at [Mitigating Actions](#).

Risk Title	Risk Description	Mitigating Actions
<p><b>FOOD SECURITY</b></p> <p>Impacts of the cost of living and food production (e.g. caused by Ukraine invasion by Russia, energy costs, EU Exit) and likely impact on our food and feed supply chains, leading to new or increased risks to consumer interests and public health.</p>	<p><b>Event:</b> Disruptions in the supply chain across the food industry.</p> <p><b>Cause:</b> Events such as the Ukraine invasion by Russia, energy costs and EU Exit impacting on the cost of living and food production.</p> <p><b>Effect:</b> The integrity of our food supply chain is compromised, introducing food safety risks and opportunities for food crime.</p>	<p>FSS have established a internal Incident Management Team with Ian McWatt as Chair to oversee the Ukraine situation and any implications for Scotland's food and feed supply chain. He has set in place a number of organisational objectives and a series of mitigating actions.</p>

Risk Title	Risk Description	Mitigating Actions
<p><b>DELAYS IN RECRUITMENT</b></p> <p>There is a risk that the continued inconsistent delivery of shared services provision toward FSS by SG HR could lead to further negative implications upon delivery of FSS Operational services across Scotland.</p>	<p><b>Event:</b> Continual inconsistent and inadequate service provision provided to FSS from SG Shared Services.</p> <p><b>Cause:</b> Lack of SG investment in HR Resource, outdated IT, Silo working between SG Recruitment and Onboarding teams and a general failure to modernise its approach to recruitment.</p> <p><b>Effect:</b> Significant delays in FSS recruitment and Onboarding has led to a high number of vacancies and vulnerabilities which has placed acute pressures on FSS ability to deliver upon Operational services. This ineffective system could lead to severe criticism and reputational damage from Business Owners, Politicians and National Media.</p>	<p>New SG Recruitment platform in place since January 22 which is easing recruitment delays. Marked as ongoing until teething issues resolved.</p> <p>The Scottish Delivery Bodies Group have established a working group to review all recruitment issues and find solutions with SG. FSS have the Head of HR as part of the group.</p>
<p><b>MISINFORMATION</b></p> <p>Strengthen FSS brand and reputation to cut through misinformation, stand out in a noisy landscape and be the trusted source for information based on science and evidence.</p>	<p><b>Event:</b> Spread of third party false or negative information in the public domain reaching, or targeted at, FSS audience segments.</p> <p><b>Cause:</b> Negative publicity, unforeseen events or food related incidents, businesses with contradictory messages looking for commercial gain. The risk applies mostly to digital channels, for example social media.</p> <p><b>Effect:</b> Brand and reputational damage impacting FSS's authority as a trusted source.</p>	<p>Deliver a refreshed Incident Communications plan aligned with the incident prevention strategy.</p> <p>Review of current practice, processes, language and technology. Consider wider audience segments than simply British Sign Language (BSL).</p>

Risk Title	Risk Description	Mitigating Actions
<p><b>CHANGES TO FSS's ROLE AND REMIT</b></p> <p>Scottish Ministers drive changes in FSS Strategy and delivery responsibilities.</p>	<p><b>Event:</b> Changes to FSS strategy and work plan are needed based on Ministerial decision on our roles and responsibilities.</p> <p><b>Cause:</b> FSS is directed by Scottish Ministers to deliver on new responsibilities or that we have responsibilities relieved from us. Presently potential changes include a risk that the proposed SVS announced by Mairi Gougeon would remove or change our meat hygiene inspection functions. Given financial constraints, Scottish Ministers (SM) may defer setting up a Food Commission under the Good Food Nation Act and expect FSS to pick up the function pending its creation.</p> <p><b>Effect:</b> For SVS a reduction in our staffing and budget for Official Veterinarians or an expectation that more be delivered by FSS on Good Food Nation (GFN), additional work may flow to FSS should a Food Commission be deferred whilst GFN plans continue to be developed.</p>	<p>SVS: FSS involvement and influence through the SVS Programme Board (attended by I McWatt) and Steering Group (attended by B Campbell and E Gafenco). Programme Board has agreed a notional Programme timescale up to April 2025 however milestones potentially affecting FSS will be ongoing).</p> <p>Good Food Nation: Maintain contact with GFN Bill team, through both Nutrition Science &amp; Policy (NSP) team in terms of input to draft plan/ public health intersect (NSP team) and UKIRT for wider FSS interests</p>

The most important issues to FSS are those which will affect the delivery of the strategic objectives and key goals. Two Risks were deemed to have materialised during the year and agreed to be managed as ongoing issues.

Strategic Issue	Issue Description	Actions
<p><b>FSS BUDGET ALLOCATION</b></p> <p>FSS budget allocation is no longer adequate to meet all of FSS's priority activities, noted in the Corporate Plan, which will impact on the successful delivery of our 2021–24 strategy.</p>	<p>FSS has been heavily impacted by leaving the EU and actual experience post-exit is bringing significant financial and staffing pressures on pre-existing and ongoing operational delivery. FSS was monitoring the above via Risk no: 3 on the FSS Strategic Risk Register. The June 2022 SG announcement, relating to the spending review, further impacted on FSS's financial situation in that it showed a project FSS allocation of £23m for 2022/23 to 2026/27. This represented a real terms cut of the spending period</p>	<p><b>Prioritisation and tactical management of budget:</b> Schedule and run an extended workshop, with FSS Board and Heads of Division support, to review all functions through the model.</p> <p><b>Prioritisation exercise:</b> Hold a DGG quality assurance exercise and produce a FSS Board paper advising prioritisation results.</p>
<p><b>PUBLIC SECTOR RESOURCING</b></p> <p>Increasing pressures on Local Authorities and FSS result in a delivery model which lacks the resilience needed to meet future challenges.</p>	<p>The Public Sector has failed to invest in the training and supply of professional resource, mainly due to funding cuts, therefore Local Authorities are unable to deliver food law requirements as prescribed in the Food Law Code of practice. The demand for professionally qualified staff within Local Authority Environmental Health and Public Analyst Services, therefore, far outstrips supply risking the ability to meet statutory food law intervention requirements.</p>	<p><b>Animal Feed Delivery</b> Establish a fully resourced animal feed delivery team and ensure a plan is in place to implement new inspection and sampling regimes at producers and Border Control Posts in Scotland. Feed Team not yet adequately resourced.</p> <p><b>LA Delivery</b> Consider areas of simplification to the current delivery model developing a system that targets resources towards the highest risk. Blueprint development underway, series of workshops delivered and planning for phases on track. Papers being prepared for relevant stakeholder and partners as well as ELT and the Board.</p>

# Performance Analysis

This section provides a review of the budget spend for the year including expenditure for each strategic outcome and analysis of a number of deliverables against each of the outcomes.

## Financial Performance

Each year a budget is agreed with SG (known as Departmental Expenditure Limit or DEL). This is to cover cash costs, accrued expenditure (capital and operating), net of income from other sources and non-cash costs of depreciation, amortisation and certain impairments.

FSS's financial performance against delegated budget is shown in the table below.

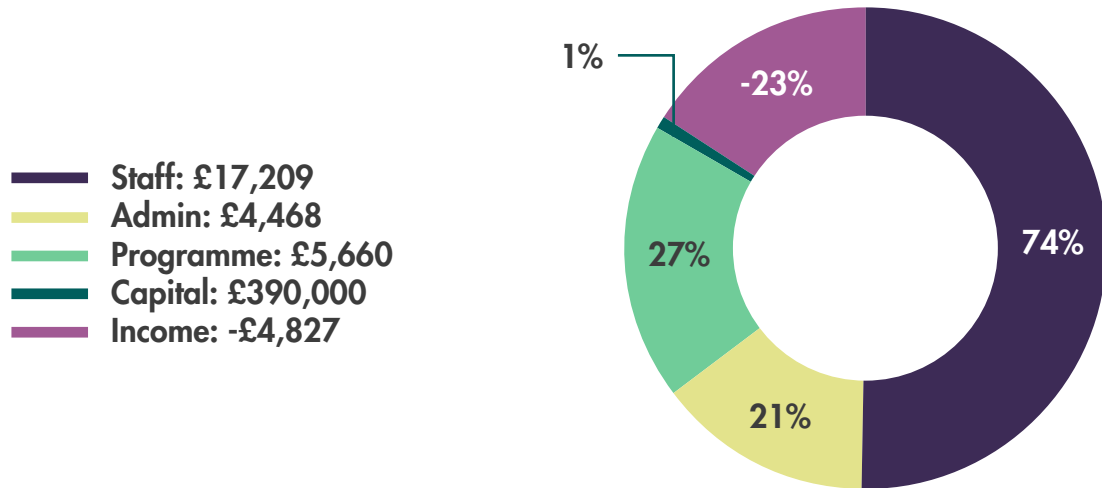
Financial Performance	Actual £m	Budget £m	Variance £m
DEL Operating Expenditure	22.20	22.61	0.41
DEL Capital Expenditure	0.36	0.39	0.03
Total DEL	22.56	23.00	0.44
Total AME	0.32	0.42	0.10
Total expenditure	22.88	23.42	0.54
IFRS 16 reclassification	3.17	2.75	-0.42
Total	26.05	26.17	0.12

Exclude DEL Capital to align with Net operating expenditure in SOCNE on [page 96](#).

FSS drew down £19.7m (2021/22: £21.2m) in cash terms to cover its capital and net operating costs for the year. This has resulted in a bank balance of £1.0m (2021/22: £3.8m) at the end of the financial year which is required to cover accruals in relation to invoices due to be paid less income due but yet to be received at the beginning of 2022/23.

### Income and Expenditure

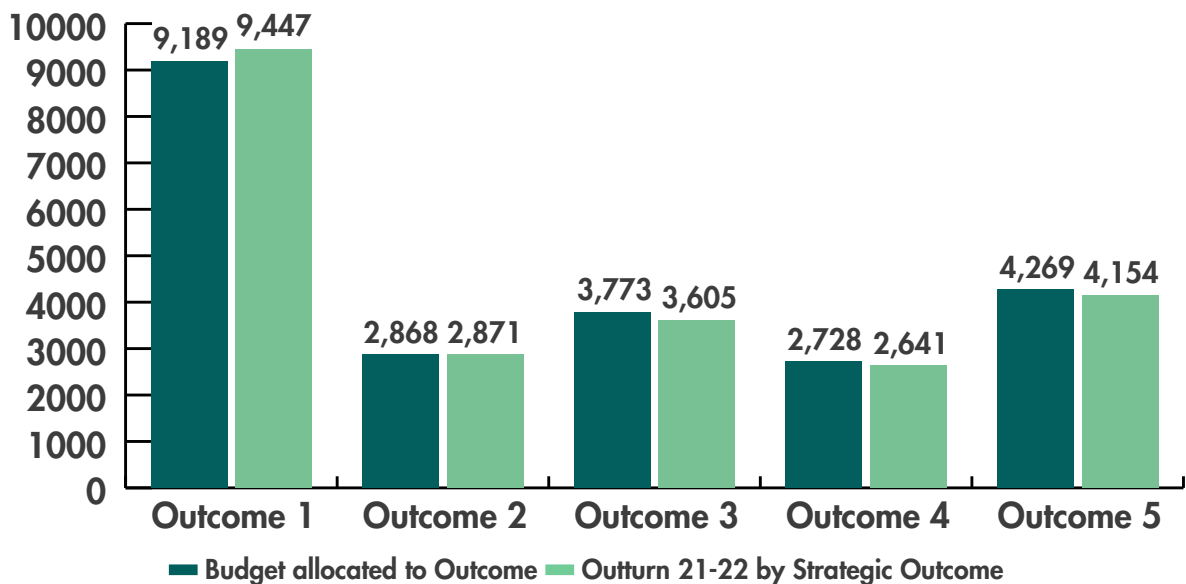
FSS's total resource budget was allocated to deliver essential core activities and the two change programmes. This budget included additional funding of £0.3m for the FSS pilot of the Shared Outcomes Project (Pathsafe).



### Spend by Outcome

The budget and expenditure is allocated across the five strategic outcomes which achieved our corporate plan objectives. The budget allocation shows the revised position following the in-year budget review exercise. The actual spend for each outcome represents the outturn for the year.

**Budget vs Full Year Outturn allocated to Strategic Outcomes £'000**



# Deliverables Achieved by Goal 2022/23

The deliverables highlighted in the following tables are analysed within the appropriate strategic outcome in the Performance section. A review took place of all those that had been delivered during the year and an assessment made where good evidence was held to demonstrate delivery. In addition, we also looked to provide a breadth of reporting from across the organisation to show work that is enabling progress in meeting the strategic outcomes.

## Goal 1

Deliverable Description	Strategic Outcome Number
<b>Risk Analysis</b> Review FSS's procedures, capacity and capability for ensuring the UK risk analysis process takes full account of Scotland's interests. This will include a review of the risk analysis commitments in FSS-FSA Memorandum of Understanding (MOU) with a view to ensuring it more accurately reflects roles and responsibilities for risk assessment and risk management in line with the expectations of Scottish Ministers.	1
<b>Risk Analysis</b> Continue to deliver the UK risk analysis process in Scotland to support Ministerial decision making and implementation of legislation where required.	1
<b>Capacity and Capability</b> Implement new operational structure and begin to measure the benefits.	1, 3, 5
<b>Capacity and Capability:</b> Measure the impacts of the new operational structure and undertake a benefits realisation exercise.	1, 3, 5
<b>Food Crime</b> Publish the FSS Food Crime Control Strategy, outlining the food crime priorities for 2022/23.	1
<b>Incidents</b> Enhance the current incident management system capability, streamlining processes to develop data and performance analysis.	5
<b>Joint Annual Report</b> Publish the joint FSS/FSA Annual Report on Food Standards and lay in the Scottish Parliament in June 2022.	1, 5
<b>Imports</b> Deliver a training programme for relevant FSS and local authority staff on the Official Controls regime for imports.	1

<b>Imports – International Assurance:</b> Input into the new UK strategy for providing assurance over the safety and standards of food and feed imported into Scotland; working with SG, the FSA and DEFRA to ensure the appropriate SPS checks are carried out prior to approval of new imports.	1
<b>Audit Assurance</b> Deliver a risk-based programme of audit focussed on the dissemination of best practice and continuous improvement covering the delivery of Official Controls by local authorities and FSS.	1
<b>Anticipated delivery early Financial Year 3, Q1</b>	
<b>Food Crime</b> Implement a food crime prevention strategy, in relation to food and feed crime through analysis, education and a partnership working structure.	1, 5

## Goal 2

<b>Deliverable Description</b>	<b>Strategic Outcome Number</b>
<b>Feed</b> Produce an animal feed sampling plan to examine the level of compliance within the feed producing industry and identify the responses required from FSS as the Competent Authority.	1
<b>Feed</b> Deliver a plan to implement new inspection and sampling regimes at producers in Scotland.	1
<b>Feed</b> Produce a training programme for relevant FSS and local authority staff on the feed Official Controls to ensure an acceptable level of competence in delivery of feed Official Controls on behalf of FSS.	1
<b>Regulatory Assurance</b> Develop a proposal for utilisation of vTPA data for implementation of earned recognition for food businesses in Scotland.	2
<b>Meat Delivery</b> Complete recruitment and training of new Meat Hygiene Inspectors and Official Veterinarians and develop a Learning & Development Strategy for all FSS Authorised Officers.	1, 3, 5
<b>Anticipated delivery early Financial Year 3, Q1</b>	
<b>Food Crime/Incidents</b> Implement the food crime vulnerability assessment tool to assist industry in the identification, prevention and reduction of food/feed crime and incidents.	3, 5
<b>SND Development</b> Publish the FHIS data from SND (replacing 32 x LA publications) and use of the data identify sensitive / private businesses.	2



## Goal 3

Deliverable Description	Strategic Outcome Number
<b>Research Strategy</b> Develop a new approach for delivering FSS's research portfolio under a Food and Health Research Programme (FHRP), which supports the prioritisation and monitoring of evidence needs across policy development, regulatory and risk analysis functions, ensuring an appropriate balance across strategic outcomes and goals.	1, 2, 3, 4, 5
<b>Food Safety Research &amp; Surveillance Programme</b> Commission an evidence review to support the design of a future risk based sampling programme for contaminants in fish and fishery products landed in the UK.	1, 3
<b>Food Safety Research &amp; Surveillance Programme</b> Publish a survey on the chemical contamination of oats, oat products and plant-based milks.	1, 4
<b>Nutrition Science</b> Publish the rapid evidence review on calorie labelling and consumer research on mandatory calorie labelling.	2, 3, 4, 5
<b>Nutrition Science</b> Publish omnibus survey results of parents living in Scotland, exploring their views on diet.	2, 4, 5
<b>Nutrition Policy</b> Deliver the partial BRIA, HIIA, EQIA and Fairer Scotland IA on proposals for mandatory calorie labelling to SG.	2, 3, 4, 5
<b>Nutrition Policy</b> Provide evidence for SG to support drafting of policy instructions for mandatory calorie labelling regulations and restriction of HFSS promotions in the SG Public Health Bill.	2, 3, 5
<b>Nutrition Monitoring</b> Publish market research data on food and drink retail and out of home purchasing alongside data on eating patterns and behaviours.	2, 4, 5
<b>Nutrition Monitoring</b> Deliver an analysis of Intake24 data for diet chapter in the 2021 Scottish Health Survey of measuring food intake against the Scottish Dietary Goals.	2, 5
<b>Anticipated delivery early Financial Year 3, Q1</b>	
<b>Nutrition monitoring</b> Deliver proposals for monitoring and evaluation of policies designed to improve the out of home food environment.	2, 3, 4, 5
<b>Research Strategy:</b> Develop a work plan, In collaboration with Public Health Scotland, for integrating FSS data on food and diet with epidemiological data and foodborne illness risks.	1

## Goal 4

Deliverable Description	Strategic Outcome Number
<b>Nutrition Policy</b> Publish and promote the healthier catering guides translated into 4 other languages	2, 3, 5
<b>Nutrition Policy</b> Deliver a draft code of practice for healthier children's menus	2, 4, 5
<b>Nutrition Policy:</b> Report on development of proposals for an Eating Out, Eating Well Framework	2, 4, 5
<b>Nutrition Policy</b> Publish guidance for industry on implementing voluntary calorie labelling in Scotland	2, 3, 5
<b>Labelling</b> Review progress with proposals to amend retained EU legislation with respect to the food information, labelling and composition standards on trade and the UK internal market.	4
<b>Allergens</b> Evaluate the impact of the new labelling requirements for products which are PPDS in partnership with FSA	4
<b>Allergens</b> Deliver the Allergen Training Video for food businesses.	3
<b>Anticipated delivery early Financial Year 3, Q1</b>	
<b>Consumer Information Scheme</b> Commission a social science research project to establish what consumers want included in a Consumer Information Scheme (CIS) and develop a plan for consulting with consumers and stakeholders.	3, 4

## Goal 5

Deliverable Description	Strategic Outcome Number
<b>Reporting</b> Deliver joint FSS/FSA contribution to UKG s42 report on the UK-Australia Free Trade Agreement.	5
<b>Nutrition Advice</b> Publish the updated healthy eating tutorial to support key stakeholders who are involved in disseminating nutrition information.	5
<b>Nutrition Strategy:</b> Publish a refreshed Diet and Nutrition Strategy	5
<b>Communication</b> Drive media engagement and coverage around new FSS Chair, including a media event building on from the strategy launch in 2021.	5
<b>Food Crime/Incidents</b> Establish a consistent 4 nations data capture process in relation to the recording of food crime and food/feed safety incidents for ease and accuracy of reporting.	5
<b>Food Crime</b> Deliver EMPACT operational action plans in partnership with the Netherlands Food and Consumer Product Safety Authority (NVWA), NFCU, Europol, Interpol and other international participating countries	5
<b>Partnerships</b> Secure FSS agreement to a Strategic Partnership Agreement with Public Health Scotland.	5
<b>Foodborne illness reduction strategy</b> Develop a refreshed work plan for delivering FSS's foodborne illness reduction strategy, identifying priority areas for action based on current evidence relating to reported incidence and risk factors.	5
<b>Marketing &amp; Communications Strategy</b> Deliver a communications and engagement strategy around the publication of joint annual report.	5
<b>Press and Media</b> Deliver an engagement plan to cement existing relationship and build new ones positioning FSS as a trusted source of information and a 'go to' for comment.	5
<b>Sustainability</b> Deliver a sustainability strategy which sets out FSS's ambitions in this area and empowers teams to understand the environmental impacts of their work and make decisions with confidence.	5

## Goal 6

Deliverable Description	Strategic Outcome Number
<p><b>Campaigns</b> Deliver a healthy eating consumer campaign that positions FSS as an authority on all things diet and nutrition. Give particular focus on reaching C2DE audiences and minority groups. Deliver pre and post campaign evaluation and consumer insight to inform future strategy and tactics.</p>	2, 4
<p><b>Food Safety Messaging</b> Deliver a new evidence based communications approach for raising awareness of the risks of Campylobacter to the population groups which suffer the greatest burden of illness in Scotland. Develop collaborations with organisations and sectors which provide new channels for extending our reach and communicating with target groups at local, regional and national levels.</p>	4, 5
<p><b>Consumer tracker</b> Deliver wave 14, with focus on Diet &amp; Nutrition.</p>	2, 4, 5
<p><b>Consumer tracker</b> Deliver the wave 15 with a focus on food safety.</p>	4, 5
<p><b>Campaigns</b> Run a targeted vitamin D campaign through the winter months to promote awareness and uptake of our recommendations.</p>	4, 5
<p><b>Digital communications</b> Deliver a social media strategy to elevate FSS's position, levels of following and engagement.</p>	5
<p><b>Anticipated delivery early Financial Year 3, Q1</b></p>	
<p><b>Marketing and communications Strategy</b> Deliver a robust strategy that will take the organisation through to 2026.</p>	5
<p><b>Food crime</b> Deliver a campaign to promote new digital food crime vulnerability assessment tool and promote the Scottish Food Crime Hotline generally with key stakeholders and consumers.</p>	5

## Maintaining Organisational Excellence

Deliverable Description	Strategic Outcome Number
Produce an action plan based on the results of the Civil Service People Survey 2021.	All
Establish a People Board to ensure delivery of Workforce Plan recommendations and HR Strategies.	All
Prepare and deliver the Annual Report and Accounts 2021/22.	All
Create a HR SharePoint site for staff and managers to improve service and add value.	All
Deliver an effective FSS Operations recruitment strategy.	All
Consider recommendations from SG Delivery Bodies shared services working group.	All
Finalise Best Value Framework.	All
Progress recommendations from the Internal Audit of Information Security and Cyber Resilience across FSS.	All
Undertake a HR Department review – redefine roles and responsibilities to support People Strategy	All
Undertake a staff Health & Safety culture review and develop a related action plan.	All
<b>Anticipated delivery early Financial Year 3, Q1</b>	
Progress recommendations from the internal Audit of FSS Procurement processes.	All

# Performance and Achievements

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The performance analysis below reports on some of the key goals that FSS has delivered on during the year, as highlighted in the Goal 1-6 tables, that have contributed to moving towards delivering our strategic outcomes.

As previously mentioned 48% of the 108 deliverables were achieved. This percentage was less than the previous year; however, there was a reduction in the number of deliverables for the year as some were paused or stopped due to the prioritisation exercise.

The deliverables change each year but there are themes and programmes of work that run across the years for example Risk Analysis, Feed Delivery, Research and Surveillance programme, Allergens and Campaigns work. The focus has been for these to continue so we can deliver our statutory functions and provide advice to consumers on food safety, standards and healthy eating.

## Outcome 1: Food is Safe and Authentic

### Risk Analysis – Goal 1

**Review FSS's procedures, capacity and capability for ensuring the UK risk analysis process takes full account of Scotland's interests. This will include a review of the risk analysis commitments in the FSS-FSA MOU with a view to ensuring it more accurately reflects roles and responsibilities for risk assessment and risk management in line with the expectations of Scottish Ministers.**

**Continue to deliver the UK risk analysis process in Scotland to support Ministerial decision making and implementation of legislation where required.**

From 1 January 2021, FSS (with the FSA) took on responsibility for many functions previously carried out by the European Commission and the European Food Safety Authority.

Risk analysis is the process of assessing, managing and communicating food and animal feed safety risks. It is how we ensure the UK maintains high standards of food and feed safety and protect consumers by identifying and assessing risks and providing guidance to mitigate against them.

The stages of the risk analysis process are outlined on the [FSS website](#).

Our approach to risk analysis is applied to the new UK process to advise government ministers on [authorising regulated food and feed products](#).

### Objectives of the risk analysis process

The aim of the risk analysis process is to provide assurance that FSS advice delivers public health protection; considers consumers' other interests in relation to food; is informed by science and evidence; and is independent. FSS follows globally recognised frameworks for risk analysis. The process must be open and transparent and provide for a four-country model across the UK.

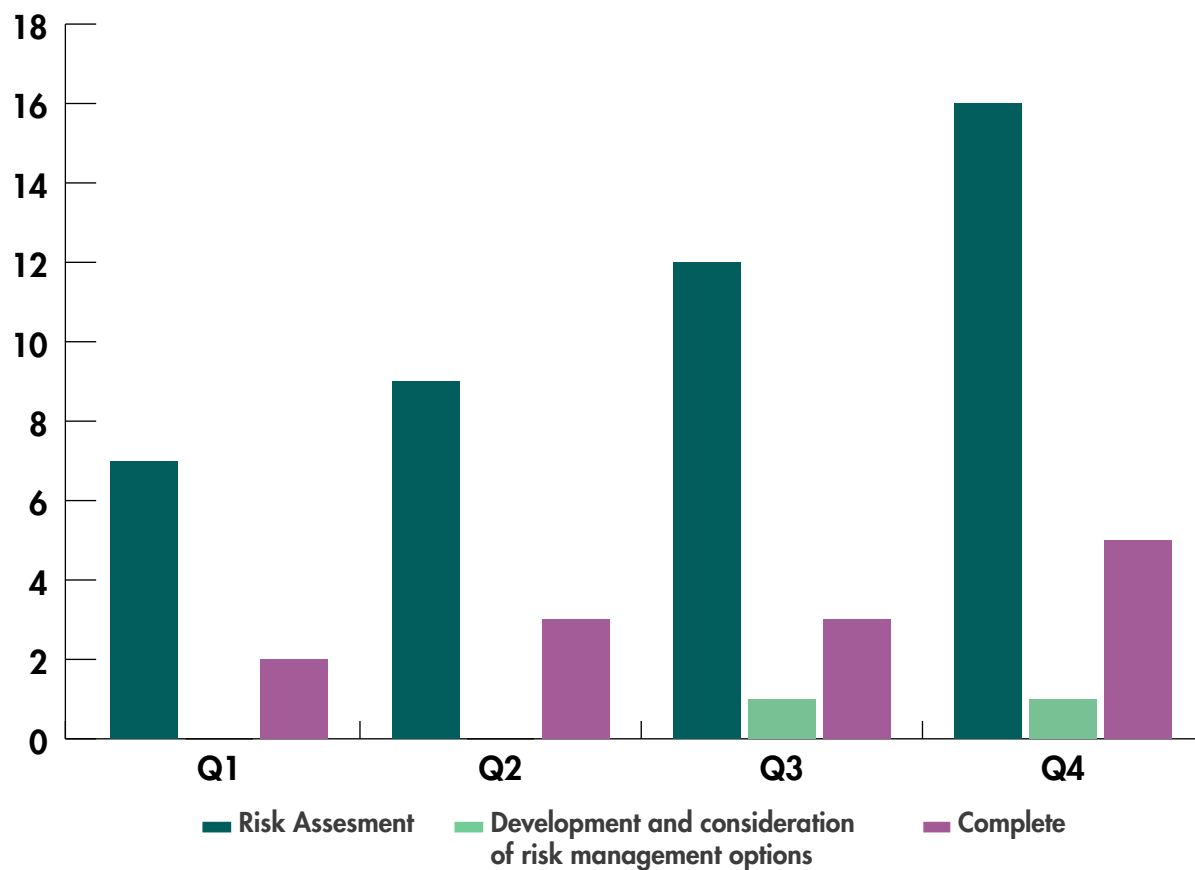
Following establishment of the enhanced risk analysis process in January 2021 and its implementation in the first year of operation, our objective for 2022/23 was to review and further embed a structured risk analysis function in FSS, and to deliver risk assessment and risk management outputs that support a food safety and standards assurance system that commands international respect and consumer confidence, ensuring recommendations are made to Scottish Ministers within required regulatory timescales.

In the second year of operation, alongside the FSA, FSS has:

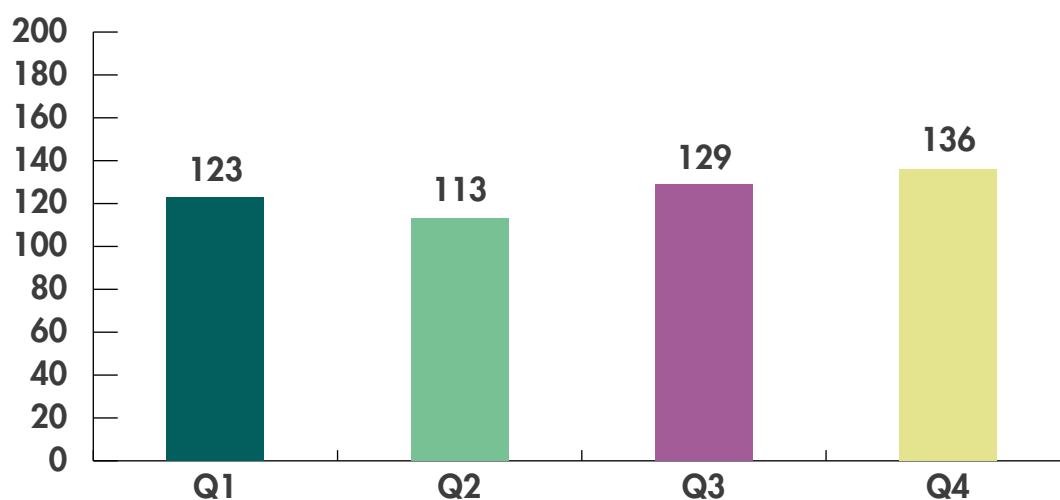
- Reviewed FSS's internal risk analysis governance arrangements, refreshed terms of reference for the FSS Risk Analysis Forum, and commenced recruitment of additional policy posts.
- Completed a review of the risk analysis commitments in the FSS-FSA MOU to ensure it accurately reflects roles and responsibilities for risk assessment and risk management.
- Delivered risk assessments on:
  - risk to vulnerable groups from the consumption of smoked fish contaminated with *Listeria monocytogenes*
  - levels of norovirus in oysters
  - allergenic risks of the substitution of oils resulting from the invasion of Ukraine
  - risk to vulnerable consumers of *Listeria monocytogenes* in blue cheese.
- Presented to relevant Scientific Advisory Committees, including on titanium dioxide and smoke flavourings.
- Worked with other government departments to determine the model parameters for import health risks of high risk foods of non-animal origin and of animal origin.
- Completed work on a high-profile review of controls on imported food from Japan following the Fukushima nuclear incident, with the removal of enhanced sampling and controls for imports into Great Britain from June 2022.
- Delivered a review of controls on imports of high risk food and feed of non-animal origin into Great Britain, with import controls updated in January 2023.
- Progressed work on 438 live regulated products applications, with 34 having been completed by March 2023.

## Headline Applications Data

Risk Analysis issues by stage in the process 22/23 (excluding regulated products)



Contacts made to the regulated products application service 21/22 (total per quarter)





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## Food Crime Publish the FSS Food Crime Control Strategy, outlining the food crime priorities for 2022/23 - Goal 1

The [FSS food crime control strategy](#) has been developed in order to manage the threat from food crime and set out a clear path for the organisation by setting food crime priorities and actions to be taken to prevent food crime, detect and deter criminality and prosecute offenders. The work to develop the control strategy involved assessing information and intelligence from a range of sources as well as being supported by contributions from partner agencies and industry. You can read the control strategy on the [FSS website](#).

### Imports – International Assurance – Goal 1

FSS input to the new UK strategy for providing assurance over the safety and standards of food and feed imported into Scotland; working with SG, the FSA and DEFRA to ensure the appropriate SPS checks are carried out prior to approval of new imports.

This activity was scaled back during the reporting year as part of the prioritisation exercise. Our on-going participation in the function is however detailed in a letter to the UK Office of Sanitary and Phytosanitary Trade Assurance.

### Audit Assurance – Goal 1

**Deliver a risk-based programme of audit focussed on the dissemination of best practice and continuous improvement covering the delivery of Official Controls by local authorities and FSS.**

Performance monitoring and audit provides assurance for key stakeholders that the delivery of official controls is compliant with UK legal requirements and official guidance and play a significant role in protecting consumers and making sure that food is safe.

### FSS Audit of Official Control Delivery

Article 6 of Retained Regulation (EU) 2017/625[1] requires that competent authorities shall carry out internal audits or have audits carried out on themselves and shall take appropriate measures in the light of their results, to ensure that they are achieving the objectives of this regulation. These audits are subject to independent scrutiny and carried out in a transparent manner. The audits of the delivery of official controls involve verifying compliance with relevant legislation and centrally issued guidance. All audits of FSS are reported to the Audit and Risk Committee.

Audits Undertaken	Outcome Rating	Q4 Update
Q1 – Withdrawals, Recalls, Issue of Alerts	Substantial Assurance	Final report including action plan completed, presented to ARC.
Q2 – Enforcement Referrals for Investigation	Reasonable Assurance	Final report including action plan completed, presented to ARC.
Q3 – Delivery of Feed Official Controls	Insufficient Assurance	Draft Report with Feed Delivery Team for comment.
Q4 – Export Health Certification – Fish Hubs	Reasonable Assurance	Final Report including action plan completed.

An action plan is in place to address the issues raised from the Q3 – Delivery of Feed Official Controls audit and is being actively being taken forward by management.

### Local Authority Performance Monitoring

The Food (Scotland) Act 2015 and The Official Feed and Food Controls (Scotland) Regulations 2009 as amended, put in place provision for monitoring the performance of, and promoting best practice by enforcement authorities in enforcing food and feed (and audit) legislation. FSS fulfils this role using various forms; Scottish National Database data review, bespoke surveys as required and verification checks through formal audit.

As a designated competent authority as defined within Schedule 5 of The Official Feed and Food Control (Scotland) Regulations 2009 as amended, Local Authorities are required to comply with Article 6 of Retained Regulation (EU) 2017/625. In order to assist Local Authorities in fulfilling this requirement, (as part of its central role under the Food (Scotland) Act 2015 and The Official Feed and Food Control (Scotland) Regulations 2009, FSS will deliver external audit arrangements in conjunction with the LA performance monitoring role. Read about [audit arrangements](#) on the FSS website.

Audits Undertaken	Outcome Rating	Q4 Update
Q1 – Perth & Kinross – Capacity & Capability	Reasonable Assurance	<b>Final Report Published</b> <a href="#">Audit &amp; Monitoring   Food Standards Scotland</a>
Q2 – Inverclyde – Implementation of the Interventions Code of Practise	Reasonable Assurance	<b>Final Report Published</b> <a href="#">Audit &amp; Monitoring   Food Standards Scotland</a>  <b>Audit file closed. All Recommendations addressed</b>
Q2 – Clackmannanshire – Implementation of the Interventions Code of Practice	Reasonable Assurance	<b>Final Report Published</b> <a href="#">Audit &amp; Monitoring   Food Standards Scotland</a>  <b>Audit file closed. All Recommendations addressed</b>
Q3 – Orkney Islands – Implementation of the Interventions Code of Practice	Limited Assurance	<b>Final Report Published</b> <a href="#">Audit &amp; Monitoring   Food Standards Scotland</a>
Q3 – Glasgow City – Implementation of the Interventions Code of Practice	Insufficient Assurance	<b>Final Report Published</b> <a href="#">Audit &amp; Monitoring   Food Standards Scotland</a>
Q3 – Aberdeen City – Implementation of the Interventions Code of Practice	Insufficient Assurance	<b>Final Report Published</b> <a href="#">Audit &amp; Monitoring   Food Standards Scotland</a>
Q4 – South Lanarkshire Council – Implementation of the Interventions Code of Practice	Reasonable Assurance	<b>Final Report</b> <a href="#">Audit &amp; Monitoring   Food Standards Scotland</a>

Each LA is responsible for taking forward actions to address recommendations made as a result of their audit.

## Feed – Goal 2

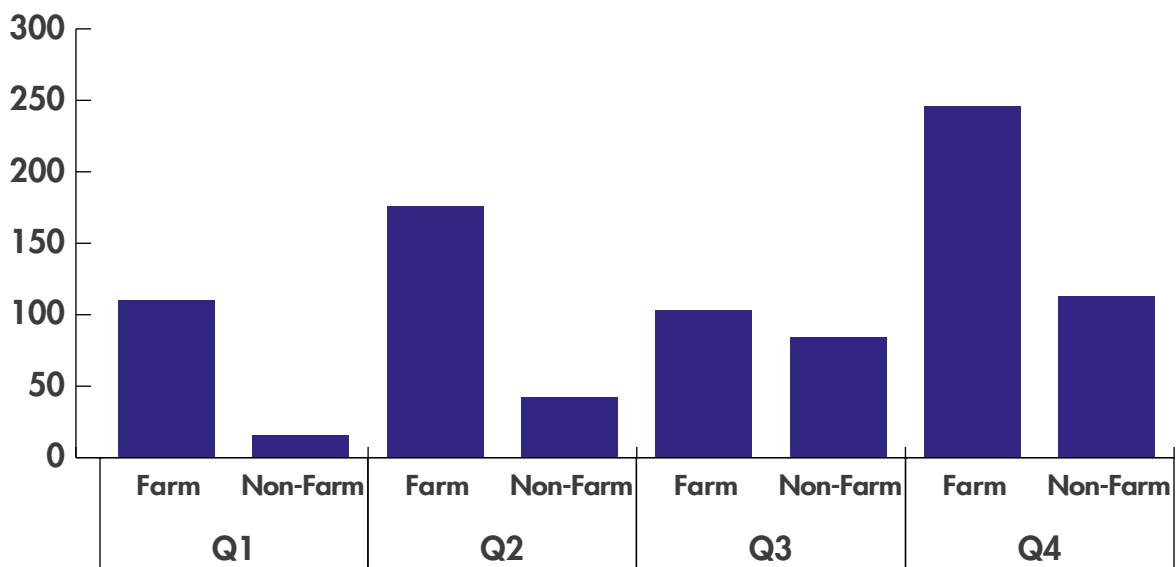
**Produce an animal feed sampling plan to examine the level of compliance within the feed producing industry and identify the responses required from FSS as the Competent Authority**

An animal feed surveillance sampling programme throughout different local authority areas helps to identify any potential problems with feed for food producing animals. No adverse results affecting the safety or authenticity of food were received to necessitate taking action.

## Deliver a plan to implement new inspection and sampling regimes at producers in Scotland

An annual inspection regime to different types of animal feed businesses by local authorities under a delegated authority model helped FSS deliver animal feed official controls to ensure that animal feed is safe for food producing animals. Of all completed inspection visits, 97% of non-farms and 99% of farms achieved satisfactory compliance or better

### Completed Feed Inspections 2022-23



## Produce a training programme for relevant FSS and local authority staff on the feed Official Controls to ensure an acceptable level of competence in delivery of feed Official Controls on behalf of FSS.

A training programme was delivered on animal feed legislation, sampling and HACCP etc. to help maintain officer competency in animal feed official controls to ensure that animal feed for food producing animals is safe, working towards FSS objective of making food "safe and authentic".

## Feed Training Workshops held during 2022/23

Session	Title of Course	Number of attendees
Session 1	General Feed Legislation	76
Session 2	General Feed Legislation	44
Session 3	Feed HACCP	39
Session 4	Online Theory Feed Sampling	58
Session 5	Practical Feed Sampling day 1 East Coast Viners	13
Session 6	Practical Feed Sampling day 2 EWOS Bathgate	11
Session 7	Feed Labelling	40

There was no target number for attendance at training events. The training was made available to sixteen LAs who put forward staff who they believed would benefit from the training. There were approximately 50 staff from LAs eligible to attend the events as well as other officers including Trading Standards (TS) with feed a small part of their overall TS duties. As training was mostly held on Teams it meant the events could accommodate more attendees including FSS staff and public sector analysts. For the Practical Feed Sampling events the training was carried on an actual business site, hence the smaller number of attendees.



## Outcome 2: Consumers Have Healthier Diets

### Regulatory Assurance – Goal 2

#### Develop a proposal for utilisation of vTPA data for implementation of earned recognition for food businesses in Scotland.

At present many Food Business Operators (FBOs) use Quality Assurance Systems, including Voluntary Third-Party Assurance (vTPA) programmes, to reduce supply chain risks, confirm food safety outcomes and to increase commercial trade opportunities. FSS is committed to perform official controls on FBOs on a risk basis and with appropriate frequency taking into consideration operators' past record as regards to compliance and the reliability and results of the businesses' own controls performed by the operators or by a third party (including private assurance schemes).

FSS recognises the need to reward FBOs that demonstrate maintained levels of compliance by reducing the frequency of official inspections at those businesses and diverting the Competent Authority resources to inspect less compliant businesses that pose higher risk to public health. This ties in with the FSS strategic goal number 3 "Responsible Food Businesses are Enabled to Thrive".

Based on this principle FSS has launched a project to assess the viability of using data from Third Party Assurance Schemes to inform Official Controls. This work is also a fundamental part of the new FSS SAFER project, which aims to modernise the delivery of official controls in Scotland.

### Nutrition Policy – Goal 4

#### Publish and promote the healthier catering guides translated into 4 other languages.

A series of short guides providing practical tips and advice on making changes to the food and drinks you buy, prepare, promote and serve to make it healthier. These sector specific guides can support making small, simple changes to help customers make healthier choices. These changes can add up to make a big difference, supporting people living in Scotland to be healthier – it's both good for business and good for the health of the nation.

The guides have been published in Mandarin, Punjabi, Urdu, Bengali and are available on the [FSS website](#).

### Consumer tracker – Goal 6

#### Deliver wave 14 of the consumer tracker, with focus on Diet & Nutrition

Wave 14 of the consumer tracker survey was conducted in late summer and was [published on the website in October 2022](#). The results pointing to increasing levels of concern about food affordability in Scotland prompted us to undertake a bespoke piece of research to understand in more detail how consumers may be changing their behaviours to save money. Questions looked at behaviours relating to areas of concern for FSS such as food safety at home and food purchasing behaviours.

Key findings were quite alarming, in particular for those that fall into the C2DE socio-economic group and those with mental health conditions. Almost half of adults have eaten food past its use by dates, with 29% of these claiming to be doing it more often. 10% have changed the thermostat in their fridge and 41% have changed methods of cooking.

Given these behaviours could have significant impacts on consumer health and may lead to food poisoning, we have used the results to inform a strand of our marketing and communications activity. These included, but are not limited to: a press release highlighting the findings and associated risks; and publishing of findings on the website with relevant links to the [Eat Well, Your Way](#) tool and other sections of the FSS website where consumers can find helpful information. We also developed a social media plan highlighting messages around use by dates, food waste and 'kitchen crimes'.



## Outcome 3: Responsible Food Businesses are enabled to thrive

### Capacity and Capability – Goal 1

#### **Implement new operational structure and begin to measure the benefits.**

FSS implemented a new operational delivery structure on 1 April 2022 and have since gone on to recruit all posts to support the implementation of the new structure. This has included the creation of a new role of a Field Operations Coordinator to support delivery and line management of the Meat Hygiene Inspector cohort.

The benefits of the new structure have been measured throughout the year at the Divisional meetings and wider Operational Management Meetings (OMT). The 2023 people survey results for Areas 1 and 2 were also the highest ever recorded for Operational Delivery.

At the Operations conference in March 2023 a large focus for the event was on the implementation of the new structure. It is planned to complete a review of the new structure during 2023/24.

### Research Strategy – Goal 3

#### **Develop a new approach for delivering FSS’s research portfolio under a Food and Health Research Programme (FHRP), which supports the prioritisation and monitoring of evidence needs across policy development, regulatory and risk analysis functions, ensuring an appropriate balance across strategic outcomes and goals.**

Under Goal 3 of FSS’s strategy for 2021-26 we have committed to implement a new research strategy which takes account of the changing food environment and consumer behaviours, promoting collaboration and ensuring FSS evidence needs are clearly defined and communicated throughout the science community. We designed a new framework, FHRP, for aligning our evidence needs more clearly to our strategic priorities.

The FHRP has 6 themes spanning across our research interests relating to dietary health, foodborne illness, food safety and standards, regulatory compliance and emerging trends in the food system. It provides us with a means of tracking spend and resource allocation against current priorities, and mapping our evidence needs onto research programmes funded by other parts of government to help us to identify scope for collaboration and joint funding. The FHRP was presented to the FSS Board in [December 2022](#).

The development of our FHRP has provided a basis for promoting our research needs through a re-design of our science and evidence web-page, which is planned for 2023/24.



### **Food Safety Research and Surveillance Programme – Goal 3**

#### **Commission an evidence review to support the design of a future risk-based sampling programme for contaminants in fish and fishery products landed in the UK.**

As part of its obligations under Retained Regulation 2017/625 ('Official Control Regulation'), FSS is required to ensure a risk-based monitoring programme is in place to verify that fish and fishery products landed in Scotland are compliant with retained EU regulations EUR 1881/2006 and EUR 2019/627 regarding maximum levels for contaminants in foodstuffs. This has historically been undertaken through the commissioning of periodic surveys to identify geographic locations and species which could present an increased risk of contamination, and should therefore be targeted for future monitoring to inform public health and environmental protection measures.

In order to update the design of our monitoring regime to take account of current data sets, and provide appropriate evidence to support requirements for Export Health Certification (EHC) post EU Exit, FSS (with co-funding from the FSA), commissioned a review of contaminant risks associated with fish and fishery products landed from UK waters. Intelligence gathered from this project will be used to develop an up to date risk based sampling regime to underpin our future monitoring approach, and will be shared with the industry and enforcement authorities to enable the targeting of checks on these products. The final report for this project is due to be published during 2023.

### **Nutrition Policy – Goal 3**

#### **Provide evidence for SG to support drafting of policy instructions for mandatory calorie labelling regulations and restriction of HFSS promotions in the SG Public Health Bill.**

We commissioned a research consortium to conduct qualitative research with consumers experiencing socioeconomic disadvantage. This sought to explore their views on calorie labelling when eating out of home (OOH), calorie labelling on alcoholic drinks, and the development of a code of practice for children's menus.

#### [Out of Home Calorie Labelling and Children's Menu Research with those Experiencing Socioeconomic Disadvantage](#)

We carried out a rapid review of the best available evidence to determine the extent to which calorie labelling could support a reduction in calories consumed OOH in Scotland. This review evaluates the effectiveness of calorie labelling as an intervention, and provides an estimate of impact on population level calorie intakes.

#### [Rapid Evidence Review: How Effective is Calorie Labelling in the Out of Home Sector?](#)

## Allergens – Goal 4

### Deliver the Allergen Training Video for food businesses.

The [new video](#) has been delivered and is available on our website and will be distributed to all Scottish Local Authorities. The resource has been widely publicised at the Scottish Food Enforcement Liaison Committee and was subject to a presentation at the Local Authority conference event in March. In addition, the FSS Communications and Marketing team has promoting the new resource widely.



## Outcome 4: Consumers are empowered to make positive choices about food

### Food Safety Research & Surveillance Programme – Goal 3

#### **Publish a survey on the chemical contamination of oats, oat products and plant-based milks.**

This survey was commissioned to address gaps in our evidence base relating to potential chemical contaminant risks in oat products and non-dairy alternative drinks. Consumption of non dairy drinks is growing in Scotland, notably those made from oat, soya, almond and coconut, and there is a need to understand whether this trend could have any consequences on public health, particularly in light of changes to SG school food policy, which now makes these products available as a milk alternative for children. Non-dairy alternative drinks have the potential to become contaminated with a range of chemical contaminants during their manufacture including mycotoxins (which can occur in oats and nuts), phytoestrogens (which can be found in soya), 3 MCPD (which can be formed during the processing of coconut), as well as heavy metals.

As well as drinks, this survey also targeted a wider range of oat products (rolled oats and oat cakes) to collect additional data which would help us to assess the impact of proposals from the EU to introduce new regulatory levels for a specific group of mycotoxins called T2/HT2 toxins. This survey has provided baseline data on contaminant risks associated with these products to support our risk analysis process and the targeting of future monitoring programmes in this area. The [Report](#) was published in November 2022.

### Campaigns – Goal 6

#### **Run a targeted vitamin D campaign through the winter months to promote awareness and uptake of our recommendations.**

The vitamin D campaign was the third annual campaign to encourage people in Scotland to take a supplement between October and March. Despite a significantly lower budget compared to previous years (£60k in 2022 vs £110k in 2021), the campaign delivered well with evaluation showing that messaging was clear to consumers. Channels utilised included digital advertising, press activity, social media and stakeholder engagement. Results showed that the [website landing page](#) saw a 2% increase in visitors YOY; the average time spent on the vitamin D dedicated blog was 5 minutes 23 seconds, 218% higher than the average for the site overall; the press release was picked up by all major titles including but not limited to The Herald, Daily Express, The Sun, The Sunday Post and the Daily Record; and of those consumers surveyed post campaign 44% spontaneously recalled seeing or hearing advertising about vitamin D recently.

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## Outcome 5: FSS is trusted and influential

### Nutrition Advice – Goal 5

**Publish the updated healthy eating tutorial to support key stakeholders who are involved in disseminating nutrition information.**

Our [Healthy Eating Tutorial](#) is a helpful tool for those who are looking for an introduction to nutrition and who may be required to provide healthy eating messages to others as part of their job. This could include those working in health and social care, education, community groups, local authorities, retail, catering and/or food manufacturing. This tutorial may also be of interest to consumers who want to learn more about healthy eating.

The updated [tutorial](#) was published in September 2022 and is now REHIS accredited for 1.5 hours CPD.

### Nutrition Strategy – Goal 5

**Publish a refreshed Diet and Nutrition Strategy**

In March 23 the FSS Board agreed our new [Public Health Nutrition Strategy](#) designed to delivery our statutory duty to improve diets conducive to good health in Scotland. The Strategy builds on our previous work and is based the current science and evidence base on public health nutrition.

It formally sets out our revised approach towards improving the diet of the population in Scotland, signalling a greater focus on measures to influence the food environment supporting healthier and more sustainable options for consumers. The overarching Strategy vision is to drive Scotland towards a healthier and more sustainable food environment.

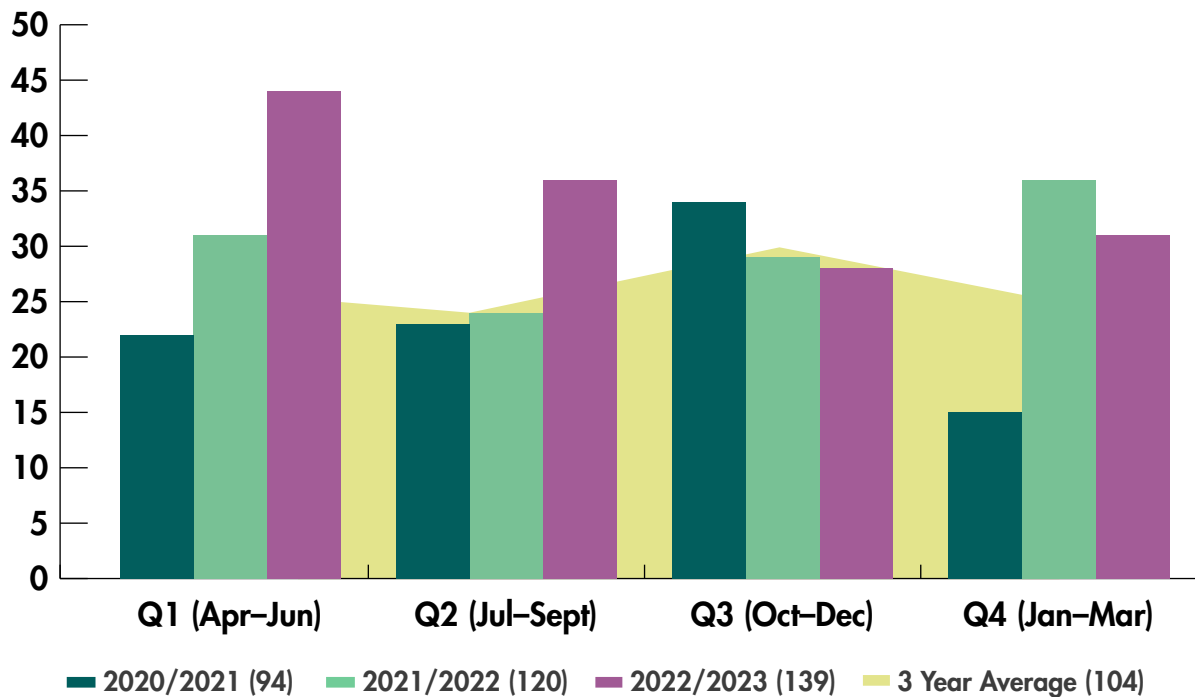
### Food Crime/Incidents – Goal 5

**Establish a consistent 4 nations data capture process in relation to the recording of food crime and food/feed safety incidents for ease and accuracy of reporting.**

From a food crime perspective, FSS and the FSA focus on the number of investigations and the number of disruptions. These figures are used to formulate the food crime input into the FSA/FSS annual report. Agreement has been reached between the National Food Crime Unit (NFCU) at FSA and the Scottish Food Crime and Incident Unit (SFCIU) at FSS on how to formulate these figures for consistency purposes. This has now been adopted and used in compiling both the 2021 and 2022 annual reports.

From an Incidents perspective FSS and FSA teams have met and agreed categorisation of incident types and food types to obtain consistency. These changes have been made by FSS on CLIO, however, the process is more difficult for FSA with their SIMS system and they have working groups established to develop the system appropriately to mirror FSS categorisation.

### Number of FSS Incidents (per Quarter)



#### Sustainability – Goal 5

**Deliver a sustainability strategy which sets out FSS’s ambitions in this area and empowers teams to understand the environmental impacts of their work and make decisions with confidence.**

The food environment is at the centre of many of today’s global sustainability challenges and opportunities, and the concept of sustainability has become increasingly important to the people of Scotland. It is an area where consumers and stakeholders have indicated that FSS has a role to play and as such we have published a [Sustainability Plan](#). As the independent, public sector food body for Scotland, FSS is well placed to positively contribute towards a regulatory environment where businesses and consumers can contribute and support Scotland meeting the SG’s target of net zero by 2045 and the plan lays out our commitments to work towards doing so.

#### Digital Communications – Goal 6

**Deliver a social media strategy to elevate FSS’s position, levels of following and engagement.**

Recently developed strategic digital guidelines provide direction and set best practice for all FSS social content to create efficiencies and ensure consistency in visual style and the tone of our content across both business and consumer audiences.

## Maintaining Organisational Excellence

### Establish a People Board to ensure delivery of Workforce Plan recommendations and HR Strategies.

A People Board was convened in May 2022 to provide a framework, ensure accountability and oversight of the delivery of strategic staff related actions identified in the FSS People Strategy and supports Maintaining Organisational Excellence – People and Skills as detailed in the FSS Strategy and Workforce Plan.

Key stakeholders from across the organisation were invited to bi-monthly meetings throughout the year, with the purpose of monitoring, reviewing and contributing to the delivery of strategic and people based actions identified. This enabled driving forward progress and recommendations across the business, ensuring all actions meet the needs of FSS, its statutory obligations and overall Corporate and Strategic goals.

The specific activities, responsibilities and measures of success are tracked in a Project Plan. The People Board is required to report on progress to SLT and Finance Business Committee (FBC) on a six-monthly basis on progress against actions to date. Key deliverables to date include:

- Implementation of FSS People Strategy 2022-26 which clearly sets out how we as an organisation want to adapt to the post-COVID-19 environment and specifically the way we want to recruit, develop and retain our people, so not only are we effective as an organisation, but also somewhere people want to be.
- FSS HR Team transitioned to a proactive Business Partnering model aimed at transforming our people-related services to ensure aligned with business needs, collaboratively working across organisational departments and delivering on projects. An example would be project management of the 2022 Civil Service People Survey lifecycle and action planning, employee engagement increased in HR action focussed areas including 15% increase in staff feeling that FSS had taken action on the survey results, and result of our anti-bullying 'Stamp it Out Campaign' a 16% increase in staff believing FSS had taken action to combat discrimination.

The People Board will continue to proactively review actions identified going forward and ensure these remain aligned with overall business and strategic goals and objectives. A detailed summary of performance and key HR metrics are included in the Remuneration and Staffing section of this report.

### **Finalise Best Value Framework.**

The duty of Best Value (BV) places an expectation on FSS to make reasonable arrangements to demonstrate continuous improvement in the way in which its functions are exercised. Our approach to implementing best value is proportionate and geared towards the monitoring of performance and added value in all we do. In keeping with the best value themes, the following actions were undertaken in the year:

- A prioritisation exercise across the organisation using robust data which clearly articulates our long term business priorities and our approach to governance and accountability.
- Our approach to partnership working, which underpins much of what we do, involving our commitment to working with partner organisations to seek opportunities for joined up services to meet stakeholder and community needs.
- Our customer-focussed approach, reflected in our communications, campaigns and events, which recognises the issues that matter most to consumers in Scotland, and through collaborative working across the UK and robust risk analysis, we influence decisions which are in the best interests of consumers in Scotland.
- Our approach to equality is evident in our planning, design and continuous improvement of services, management structure, and an organisational culture that encourages equal opportunities and actively working towards the elimination of discrimination.
- The monitoring of our performance through an enhanced business performance reporting process, which is tracked throughout the year and reported quarterly to our SLT to ensure we are meeting our strategic outcomes.

### **Progress recommendations from the Internal Audit of Information Security and Cyber Resilience across FSS.**

FSS has a named SLT member responsible for organisational cyber resilience arrangements. We have appropriate structure and reporting lines within the FSS Digital Team for the monitoring and management of cybersecurity incidents. Our Cybersecurity action plan 2022-2023, was benchmarked against the Scottish Public Sector Cyber Resilience Plan, ISO 27001 and National Cyber Security Centre (NCSC) Active Cyber Defence programme. Additionally, there is great awareness about information security and cybersecurity across FSS, with articles on cybersecurity produced and added to the CEO's weekly blog.

All recommendations of the June 2022 Cyber Security and Resilience audit carried out by SG Audit & Assurance team have been actioned, with policies, procedures and plans created or updated. Communicating the policies and procedures at individual, team, divisional and directorate levels, provide a robust internal information security control across FSS.

There is good collaborative engagement between FSS digital team, system owners and their respective system suppliers. The good collaborative approach in monitoring our systems, ensures that we receive regular information security updates from all our system suppliers, and secures our systems and data against cybersecurity vulnerabilities and attacks. Our Cybersecurity Incident Response Plan has been reviewed and tested. We have also refreshed our business continuity/disaster recovery processes, including testing. There were no personal data incidents or losses reported to the UK Information Commissioner in 2022/23.



### **Undertake a staff Health & Safety (H&S) culture review and develop a related action plan - Safety Climate Survey**

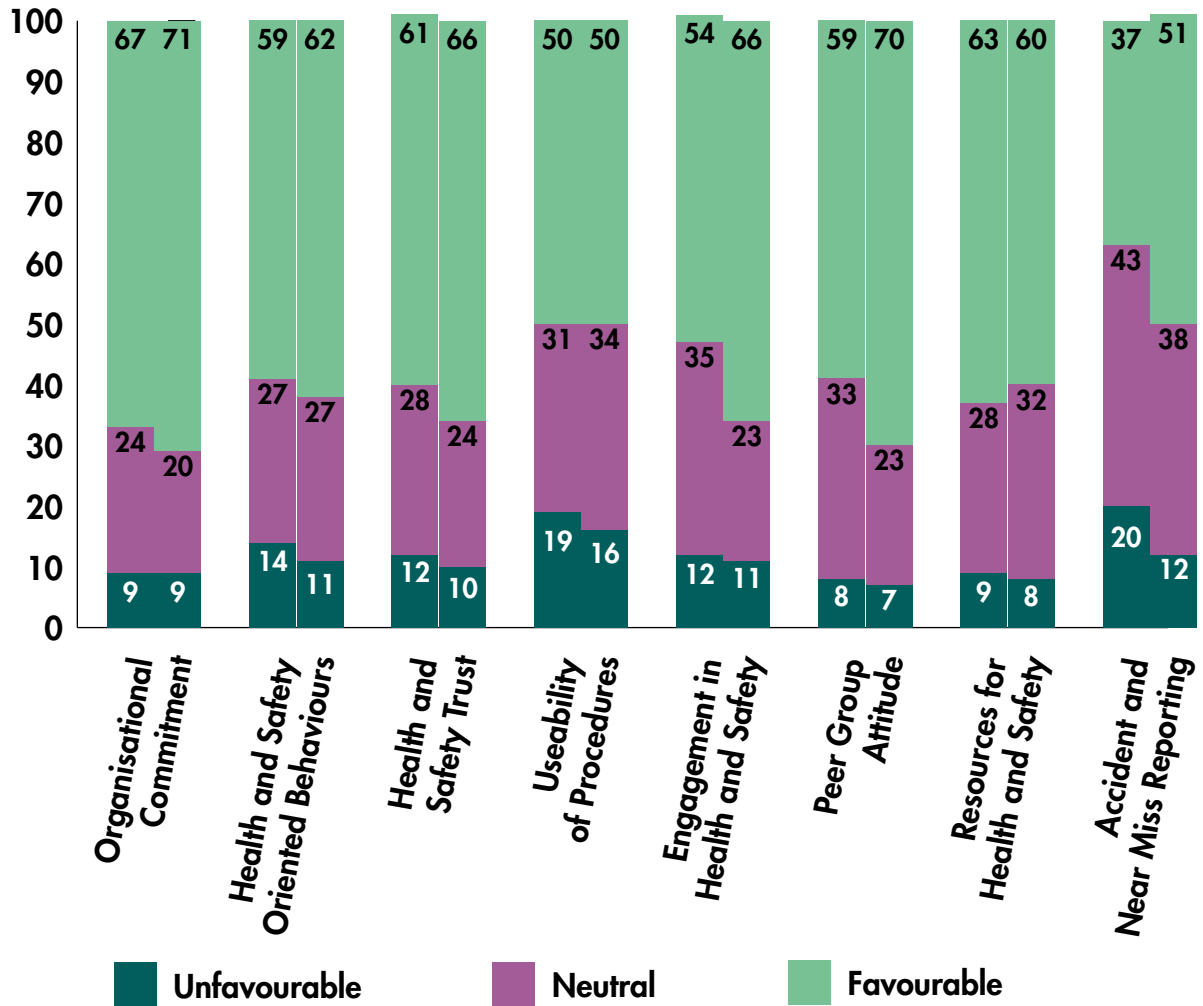
The Health and Safety Executive (HSE) Safety Climate Tool was made accessible to staff across FSS from 16th January to 28th February 2023. The tool measures safety culture, which can be seen as an evolving and maturing process, where improvements are put in place to affect change. The survey gathers feedback against eight factors, including Organisational Commitment, Health and Safety Oriented Behaviours, Health and Safety Trust and Engagement in Health and Safety.

The feedback and analysis from the 2023 survey has been used to scope programmes of work for the 2023-24 H&S plan. This plan, its programmes of work, and progress will feature across Health, Safety and Welfare (HSW) Committee meetings, along with further staff engagement throughout 2023-24. This work plays a key role in identifying and resourcing the drive for continuous improvement across health and safety.



A survey was also completed in 2019 and the results obtained reflect improvements over the three years across all eight factors as highlighted in the following table.

**Safety Climate Survey Results –2019 vs 2023**



## Environmental Matters

### Sustainability Plan

Our [Sustainability Plan](#) has been published, making a high level commitment to working in a sustainable manner, while influencing stakeholders to operate in a way that considers their footprint and associated impact.

The food environment is at the centre of many of today's global sustainability challenges and opportunities, and the concept of sustainability has become increasingly important to the people of Scotland. FSS recognises that, as regulators of the food industry in Scotland, there is a responsibility to do our part in the global effort to reach net zero.

The five key commitments outlined in the plan are:

- An overall approach focused on environmental sustainability as a key part of all future strategic plans.
- Environmental sustainability as part of every policy decision.
- A sustainable organisation reducing FSS's direct footprint.
- Simple, effective governance to deliver and report on the progress of our programme.
- To deliver a number of specific projects which support Scotland's environmental priorities.

Actions and work scopes will be developed using the principles highlighted in this plan and the resulting Carbon Management Plan will also be heavily influenced by this.

### Carbon Management

A Carbon Management Plan (CMP) is currently being developed, aimed to reflect the priorities featuring across the Sustainability Plan. The development of a CMP is in line with FSS commitment to reducing, to a level as low as is reasonably practicable, any associated adverse effects on the environment.

Active management and monitoring of environmental performance is key towards understanding overall environmental footprint. It also allows for the setting of objectives and targets by which to measure successes and identify remedial measures, where required.

Where CMPs were traditionally published over a three or five year period, an increased level of flexibility through an annual review will allow more frequent detailed plans to be implemented to help guide the changes required towards net zero.

## Environmental Reporting

FSS actively monitors and reports on its environmental performance, where climate change data is calculated and reported. These can be viewed on the [Sustainable Scotland Network website](#). FSS continually aims to improve on its environmental performance, measuring its annual report against previous years to understand where gains can be achieved.

SG's drive towards achieving net zero by 2045 now also features in the annual climate change report, where organisations are required to include details and forecasts to ensure alignment with both interim and overall net zero targets. Generic profiling text has been created to allow lower emitting bodies, such as FSS, to prioritise and target work, to help ensure net zero targets can be achieved. The FSS Net Zero Emissions Target Statement formed part of the Climate Change Report in 2021/22.

Emissions reporting previously followed a certain pattern, with some sources contributing more atmospheric carbon than others within the FSS emissions profile. Some emissions which contributed more than others included business travel and powering an office building, and this changed somewhat throughout and following COVID-19.

The inclusion of home working as an emission source has significantly altered the reportable figures. As increased home working from home and hybrid working becomes more established, more consistent work patterns will allow some relative comparison to be made with year on year emissions totals, but it is still too early to qualify these figures.

While 2021-22 showed an increased level of CO<sub>2</sub>e emissions, there is no realistic baseline with which to compare this against. The reporting total for 2022-23 may allow for improved comparison with a more established number of full time equivalent staff and hybrid working patterns becoming more established.

## Health and Safety

FSS operates a Health, Safety and Environmental Management System (HSE MS) with Health and Safety (H&S) Key Performance Indicators (KPIs). The Leading indicators aim to address any issues at source and put in place work scopes for continual improvement and implementing preventative measures. Examples have included checks on H&S systems and procedures, through to site audits and inspections with the purpose of further understanding how H&S is managed locally. Lagging indicators are more focused on assessing performance, on issues such as incident management and performance, through acting on an occurrence.

During 2022-23 the H&S KPIs focus was maintained on leading indicators, aimed at targeting front facing initiatives and work scopes. Some lagging indicators were still included in the year and will look to reduce going forward. The performance against the KPIs is detailed in the following table.

## H&S KPIs and Performance Figures

KPI	Descriptor Against KPI	2022-23 Baseline Target	2022-23 Stretch Target	2022-23 Actual YTD	R.A.G Rating
Office Inspections / FBO Safety Tours	Office Inspections and FBO Safety Tours completed on approved premises with permanent FSS presence.	90%	95%	100%	
Document Reviews for FSS HSE MS	Document reviews completed for FSS HSE MS (50 at start of year)	25%	35%	52%	
Regulatory Compliance	Responsive work with HSE (as applicable) within defined timelines.	100%	100%	100%	
Injury (Per 100,000 hrs)	Manage and prevent injurious incidents	1.10	1.0	0.55	
TU / Safety Rep at HSW Committee	Presence of TU / Safety Reps at HSW Committees	90%	100%	90%	
Mandatory HSE Training Completed	Timely completion levels of staff's mandatory HSE Training	85%	90%	94%	
TU / Safety Rep at Safety Tours	TU or Safety Rep contribution to Safety Tours and office Inspections	40%	50%	30%	
Internal Communication of H&S Articles	Articles on H&S issues to feature in 'For the Field', weekly blog, or other	4	6	16	
RA / Safety Tour Review Post Incident	Completion of post incident topical safety tour or risk assessment review where required	85%	90%	83%	
Accompanied Site Visits	Number of site visits over reporting year with additional independent representation	5	10	5	
Incidents Close Out < 30 Working Days	Timescale for incident close out following submission of report	85%	90%	67%	
Risk Assessment Review	Review of live risk assessments to ensure they are up to date, effective and relevant	90%	95%	92%	
Incidents Investigated < 1 Working Day	Timescale for commencing investigation into H&S incidents	90%	95%	100%	
Incidents Reported < 1 Working Day	Timescale of reporting of incidents, near misses and undesired circumstances.	90%	95%	80%	
Sharing of Incident Reports < 3 Days	Timescale for sharing of incident reports with stakeholders	80%	90%	100%	
Site Audit Action Tracking	Site audit actions closed out < 6 months	80%	90%	89%	

An audit programme was developed with Operations staff and planned to run from 2021-24, has been completed a year in advance. The actions taken as a result of the initial audits highlighted a need for improved document control, risk assessment and staff awareness. Systems were reviewed while making the processes more simple and this has been noted as an effective change in later audits.

Going forward into 2023-24 the 16 KPIs reported in 2022-23 will be reduced to 8 to allow the focus on target areas and driving change.

### **Payment Performance**

In line with SG policy, FSS requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. FSS aims to pay all these invoices, including disputed invoices once the dispute has been settled, on time in these terms. During the year ended 31 March 2023, FSS paid 100% (2021/22, 100%) of invoices within these terms.

Additionally, in accordance with SG's guidance on prompt payment, an associated 10 day payment target also exists, for all valid and undisputed invoices. During the year ended 31 March 2023, FSS paid 96% (2021/22, 95%) of invoices within these terms.

### **Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose a duty on FSS to publish information on certain expenditure it has incurred during the year. The relevant areas are: public relations; overseas travel; hospitality and entertainment and; external consultancy. In addition, FSS is also required to publish any relevant information on what it has done to promote sustainable growth, improve efficiency, effectiveness and economic stability in the exercise of its functions.

The information is required to be published as soon as is reasonably practicable after the end of each financial year. The information required to comply with these disclosure requirements is not an integral part of the annual report and accounts but is published quarterly on the [FSS website](#).

### **Human Rights, Anti-Corruption and Anti-Bribery**

FSS respects the human rights embodied within the European Convention on Human Rights, giving them due consideration in all its actions and decisions.

FSS has a gifts and hospitality policy, incorporating guidance on the requirements of the Bribery Act Counter-fraud and whistleblowing policies and procedures are in place to ensure the effective management of risks associated with these issues. An annual whistle blowing disclosure is published on the website each year.

## Plans for 2023/24

The continuing constraints affecting Scottish public finances due to the exceptionally challenging financial and economic climate has meant taking tough decisions on prioritising the work and deliverables for the organisation. The flatlined budget for 2023/24 is giving significant constraints to enable the delivery of the FSS strategy. This has led to two of the risks for FSS becoming strategic issues as they have now materialised: FSS budget allocation and public sector resourcing.

FSS has three key challenges going forward: REUL, SAFER and SVS which are three of the seven key priorities agreed following the prioritisation exercise last year. Further details on these priorities are in the governance statement on [page 63](#).

The main changes in the year ahead will be the implementation of the SG corporate transformation priorities. SG is making internal processes, systems, and policies more efficient and effective in the service of Scotland. When implemented these will replace the current HR, Purchasing and Finance systems that are used by staff in the organisation.

FSS is also involved in the Public Sector Reform Programme to deliver sustainable public services third sector organisations which tackle inequality and support inclusive economic growth across Scotland. This programme will become a greater focus and delivery in the coming year.

A key set of Strategic Performance Indicators (sKPIs) were developed to report against the FSS strategy. The revised strategic outcomes format support both monitoring outcomes against the strategic goals and the associated strategic risk management process. The benefits of this refreshed approach include:

- A more focused report on progress towards FSS strategic outcomes.
- A clearer line of sight on FSS's deliverables and a shift away from reporting on issues and metrics FSS has no direct control over.

The 2022/23 financial year was a baseline year for the sKPIs and the FSS Board and Management Short Term Working Group (SLWG) has been reconvened to reflect on the strategic indicators to ensure they are still appropriate and consider the target and trend setting thereafter.

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**Geoff Ogle**

Chief Executive and Accountable Officer

Date: 24th November 2023

## 2. Accountability Report

In this section of the report we set out:

- o Corporate Governance Report
  - o Directors' Report
  - o Statement of Accountable Officer's responsibilities
  - o Governance statement
  - o Governance framework
- o Remuneration and Staff Report
- o Parliamentary Accountability Report

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The Accountability Report comprises of three elements; Corporate Governance Report; a Remuneration and Staff Report and a Parliamentary Accountability Report. In this section of the report we set out:

- Corporate Governance Report
  - Directors' Report
  - Statement of Accountable Officer's responsibilities
  - Governance statement
  - Governance framework
- Remuneration and Staff Report
- Parliamentary Accountability Report

The Annual Report and Accounts are prepared to meet the requirements of Section 15 Food (Scotland) Act 2015. The Accounts for the financial year ended 31 March 2023 have been prepared in accordance with the Accounts Direction given by Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000. The Board has a role in approving FSS's Annual Accounts and ensuring that the Annual Report and Accounts are laid before Parliament. The Annual Report and Accounts were approved by the Board and authorised for issue by the Chief Executive and Accountable Officer on 20 September 2023.



# Corporate Governance Report

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## Directors' Report

The Directors' report provides information relating to membership of the Board and the Senior Management Team, and on the auditors of FSS.

### Register of interests

A [register of members' interests](#) is maintained and is available for inspection by members of the public. Declarations of conflicts of interest are standing agenda items at each Board and Committee meeting. Members of the Executive are required to note and update a register of interests but there is no requirement to publish the details.

### Auditors

Audit Scotland were the auditor for FSS since the organisations inception but from 2022/23 – 2026/27, under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland has appointed Deloitte LLP as auditor of FSS. The duties of the auditor are set out in the Code of Audit Practice approved by the Auditor General. Details of the external auditors' fee of £48,730 is explained and shown at note 1.8.

### FSS Board

The FSS [Board](#) is responsible for the exercise of all functions of FSS. It exercises its powers and authorities through a [Scheme of Delegation](#), which it determines and approves.

Board Members are subject to the Ethical Standards in Public Life (Scotland) Act 2000 and the Board's Code of Conduct, Terms of Reference and Standing Orders are published [online](#).

Board Appointments are made by Scottish Ministers through an open public appointments process and appointments are overseen by the Commissioner for Ethical Standards in Public Life in Scotland.

### Membership of the Board is as follows:

Board Member	Appointed to Board	Term	Date at which current term of appointment ends
Heather Kelman (Chair)	1 April 2022	1st	31 March 2028
Louise Welsh (Deputy Chair)	1 April 2015	2nd	31 March 2023
Carrie Ruxton	1 April 2015	2nd	31 March 2023
Susan Walker	1 April 2015	2nd	31 March 2023
Alban Denton	1 July 2021	1st	30 June 2025
Carol Evans	1 July 2021	1st	30 June 2025
Aileen Brown	1 January 2022	1st	31 December 2025
Phillip Couser	14 November 2022	1st	13 November 2026

Heather Kelman, who has been a member of the FSS Board since its creation in 2015, was appointed as the new FSS Chair and took up the post on 1 April 2022. Phillip Couser was appointed to the FSS Board on 14 of November 2022. Due to three Board Members tenure ending on the 31 of March 2023 three new members have been appointed from 1 of April 2023 (Kate Richards, Christina Bichan and Paula Charlesworth).



The Board meets in public and did so four times during 2022/23. Due to the death of Her Majesty the Queen the FSS Board meeting on 14 of September 2022 was cancelled. Minutes of the Board meetings are publicly available on the [FSS website](#), together with the Board Members' Code of Conduct. In addition to its formal meetings, the Board attended briefing seminars to increase its understanding of a wide range of relevant topics.

All Board Members have the opportunity for on-going training and are subject to an annual appraisal by the Chair. The Chair is subject to annual appraisal by the Director General for Health and Social Care.

### **Audit and Risk Committee**

The Audit and Risk Committee (ARC) has been appointed by the Board and has been established to provide assurance to the Board and Chief Executive, as Accountable Officer, that the appropriate risk management, governance structures and internal controls are in place. It is also responsible for reviewing the integrity of financial statements and the annual report.

The ARC, which meets at four times per a year, is currently comprised of four non-executive members and the Chair is appointed from the membership of the ARC by the FSS Chair under delegated powers. The external and internal auditors attend its meetings and have free and confidential access to the Chair of the ARC. The Committee operates independently of, but reports to, the Board and provides quarterly reports to inform the Board of the committee's discussions and an annual report on its activities. The ARC also provides an annual assurance statement to assist the Board in its consideration of the Annual Report and Accounts.

Relevant induction training and development has been, and will continue to be, provided to members of the Committee. The ARC annually reviews its own effectiveness and reports the results of that review to the Board and Accountable Officer, recommending any changes it considers necessary. An ARC Effectiveness Review was completed on 30 November 2022.

### **Finance and Business Committee (FBC)**

The Board has established the FBC as a Committee of the Board to give appropriate high-level oversight of financial and operational matters at Board level and support the translation of policy into effective results through a process of constructive challenge.

The FBC will meet at least four times per year and is comprised of three non-executive members which includes the Chair of the FBC (Deputy Chair of the FSS Board). The first meeting of the FBC, which was established in 2022-23, took place on 31 August 2022.

### Board, ARC and FBC Attendance 2022/23

Board Member	Board	ARC	FBC
Heather Kelman (Chair)	5/5	N/A	N/A
Louise Welsh (Deputy Chair)	5/5	N/A	3/3
Aileen Brown	5/5	5/5	2/3
Alban Denton	4/5	N/A	3/3
Carol Evans	4/5	5/5	N/A
Phillip Couser	2/2	2/2	N/A
Carrie Ruxton	4/5	5/5	N/A
Susan Walker	4/5	4/5	N/A

## SLT

The SLT provides corporate leadership to FSS and support in delivering of its statutory objectives as well as directing the day-to-day business of the organisation.

The responsibilities of our SLT, who were in post during the period 1 April 2022 and 31 March 2023, are set out below:



### **Geoff Ogle, Chief Executive**

Provides strategic leadership and direction to FSS.



### **Ian McWatt, Deputy Chief Executive**

From the 1 February 2023, with the appointment of Garry Mournian as temporary Director of Policy and Science, Ian's job title changed to Deputy Chief Executive. Ian's reporting branches also changed to LA Delivery and SAFER, Audit Assurance and SFCIU. From 1 April to 31 January 2023 Deputy Chief Executive & Director of Policy, Science and Operations, had responsibility for food and feed official controls delivery and policy, FSS science teams, local authority enforcement, incident and intelligence response, veterinary audit and technical advice.



### **Julie Hesketh-Laird, Deputy Chief Executive**

From the 1 February 2023, with the appointment of Garry McEwan as temporary Director of Corporate Services, Julie's job title changed to Deputy Chief Executive. Julie's reporting branches changed to the Public Health Nutrition team and Operational Delivery.

From 1 April to 31 January 2023 Deputy Chief Executive & Director of Strategy and Corporate Affairs, had responsibility for the delivery of our regulatory strategy, nutrition and digital programmes. Also had overall responsibility for audit assurance, nutrition policy, marketing and communications, governance and infrastructure, including HR, finance and information and communication technology.



**Professor David Gally, Chief Scientific Advisor**, is responsible for providing expert advice on the development of our science and evidence strategy. In addition, he also delivers assurance and governance over procedures for commissioning and evaluating research, risk analysis and public health advice.

From 1 February 2023 Garry Mournian and Garry McEwan joined the Strategic Leadership team in their temporary roles:



**Garry Mournian, Director of Policy and Science**, Garry has overall responsibility for Policy and Regulatory affairs and FSS's Science division and oversees the regulatory policy function.



**Garry McEwan, Director of Corporate Services**, Garry has overall responsibility for FSS's Comms and Marketing, Corporate Support, Digital Transformation, Finance and Procurement and HR functions.

Full biographies can be found on our [website](#).

### Summary of changes to SLT during the year

SLT member	To 31 January 2023	From 1 February
Ian McWatt	Deputy Chief Executive and Director of Policy, Science and Operations	Deputy Chief Executive
Julie Hesketh-Laird	Deputy Chief Executive and Director of Strategy and Corporate Affairs	Deputy Chief Executive
Garry Mournian	N/A	Temporary Director of Policy and Science
Garry McEwan	N/A	Temporary Director of Corporate Services

### Statement of Accountable Officer's Responsibilities

Under Section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, FSS is required to prepare annual accounts for each financial year in the form and on the basis set out in the Accounts Direction issued by Scottish Ministers at the end of these financial statements.

The accounts are prepared on an accruals basis and must give a true and fair view of FSS's state of affairs at the year end and of its comprehensive net expenditure, cash flows and changes in taxpayers' equity for the financial year.

The Permanent Secretary of the Scottish Administration has appointed me, the Chief Executive, as the Accountable Officer for FSS. In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and applying 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 FReM have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the accounts on a going-concern basis.

The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which they are answerable, for keeping proper records and for safeguarding FSS's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

The Accountable Officer confirms that so far as they are aware, all relevant audit information has been made available to the auditors. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.

The Accountable Officer confirms that the Annual Report and Accounts as a whole are balanced, understandable and present a fair view of FSS's state of affairs as at the end of the financial year. They take personal responsibility for the Annual Report and Accounts and the judgements required for determining that taken together they are fair, balanced and understandable.

## Governance Statement

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of FSS's policies, aims and objectives. I am also responsible for safeguarding the public funds and assets, in accordance with the Scottish Public Finance Manual (SPFM).

FSS is a non-Ministerial office and part of the Scottish Administration, with direct accountability to the Scottish Parliament. Whilst our accounts are not consolidated with those of the SG, we liaise with SG colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn; and to inform preparation of the annual Scottish Budget Act.

Our [Framework Document](#), which is our agreement with the SG and sets out our relationship, was revised in May 2021 and is published on our website.

## External Impacts/ Key Priority Areas for FSS

### REUL

On the 22nd of September 2022 the UK Government introduced its REUL Bill. The Bill seeks to completely overhaul a body of UK domestic law: EU derived subordinate legislation (such as Scottish SIs implementing EU obligations) and retained direct EU legislation (EU legislation that had direct effect, including instruments made under that legislation since IP completion day), collectively retained EU law (REUL). The Board paper detailing further information on how the Bill will affect FSS can be found on the [FSS website](#).

### SAFER Programme

The lack of resources within LAs for food law enforcement is the highest risk on the FSS Risk Register (the highest possible score). This risk is a shared risk between FSS and the Minister. An effective food law enforcement regime is an essential measure to protect public health but is also an essential component in supporting a vibrant food industry to operate and access markets. The Scottish Authorities Food Enforcement Rebuild (SAFER) is a project that aims to modernise the food law regime to ensure that there are sufficient resources for an effective food law enforcement regime, through increasing the resources available, reducing the demand and increasing efficiencies.

SAFER is to be delivered in partnership with Local Authority partners. Both the Society of Chief Officers of Environmental Health (SoCOEHS) and the Society of Local Authority Chief Executives (SoLACE) are supportive. It is anticipated that LAs will temporarily release officer expertise to assist with the design. SAFER will be reliant on the introduction of a new centralised database to facilitate an intelligence driven system and improve efficiencies. SAFER will introduce a wider range of competencies, a move towards more business self-service, a wider suite of interventions, and consider a wide array of intelligence to inform the intervention programme. The October 2022 Board paper on SAFER can be found on the [FSS website](#).

### SVS

The SVS is a SNP manifesto commitment that seeks to take over functions currently delivered by APHA through a Service Level Agreement (SLA) agreement between SG and Defra. SG commissioned two reviews by Professor Charles Milne that considered whether setting up an SVS was feasible. It was concluded it was but the reports also suggested that other functions beyond those currently delivered by APHA should be included. Those functions included those undertaken by FSS, LAs and Marine Scotland. FSS sits on the SVS Programme Board that was established to set up the service.

Recent decisions on the budget have raised question marks on the affordability of a stand-alone SVS and work is being undertaken to look at the various organisational models that could be applied. The SVS Programme Board originally proposed ten options which has reduced to two options and recommendations are to be provided to the Programme Board for agreement, and subsequently to Scottish Ministers by the end of May 2023.



## Governance Framework

As Accountable Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. The FSS Governance Framework accords with the SPFM and these processes have been in place for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

The system implemented by FSS is designed to manage risk to a reasonable level, rather than eliminate all risk. It is proportionate and provides reasonable assurance of effectiveness.

Within FSS, the systems of internal control are a key element of the assurance and governance framework, based on an on-going process designed to:

- identify and prioritise risks to the achievement of FSS's statutory purpose, aims and strategic objectives;
- evaluate the likelihood of those risks being realised, and the impact, should they be realised; and
- manage them efficiently, effectively and economically.

FSS relies on core SG Divisions for the provision of certain business critical functions, such as core services relating to IT network provisions, procurement support and human resources shared services. Assurance within these areas is primarily provided through the work of the SG's Internal Auditors.

### Risk and Control Framework

ARC has responsibility for risk, control assurance and governance and can raise any issues with the Board. The committee recommends the appointment of our internal auditors and receives our annual accounts and internal and external audit reports.

The Board reviewed the Risk Management Policy & Guidance and carried out the annual review of the FSS Strategic Risk Register at its [December](#) meeting. Board Members also consider risks in relation to each of the papers presented at its meetings.

FSS has continued to adopt the principles of the SG approach to managing risk. The FSS Risk Management Policy outlines the FSS risk appetite and how FSS seeks to consistently identify and manage risks effectively, through a tiered approach. SLT reviews all risk registers monthly and report to the ARC at their quarterly meetings.

## Internal Audit

The internal audit function, which is a key element of the internal controls and governance arrangements, is provided by SG Directorate of Internal Audit and Assurance (DIAA). The relationship with SG DIAAs is formalised through a Memorandum of Understanding (MoU) between the two parties which runs until 31 March 2024. Internal Audits are conducted in accordance with the UK Public Sector Internal Audit Standards (PSIAS) and are based on an annual audit plan which is approved by the Accountable Officer and the ARC.

During 2022/23, the DIAA committed to undertake four risk based audits covering People Strategy, Cyber Security and Resilience, Procurement and Assurance Branch. One audit People Strategy was deferred and will take place in the following year. All audits were completed and received a Limited, Reasonable and Substantial assurance rating respectively.

The Internal Auditors issued their report on Internal Audit Activities for 2022/23, including their annual assurance opinion of FSS. A Substantial annual assurance opinion for 2022/23 has been provided by SG DIAA in respect of FSS risk management, control and governance arrangements.

## Official Controls Delivery Assurance

Audit of delivery of official controls is carried out by FSS Audit Assurance Team who follow the principles contained with the [EU produced guidance \(page 22\)](#) on the implementation of the audit requirements. The Official Controls annual audit plan is developed through discussions with FSS management to ensure activities included in the plan reflect FSS's risk-based priorities and strategic objectives for Official Controls. The Audit plan for 2022/23 was approved by FSS ARC on 9 March 2022.

During 2022/23 the Audit Assurance Team undertook four audits covering Withdrawals/Recalls, Enforcement Action, Feed Function and Export Health Certificates. Action plans put in place to address recommendations are routinely followed up by the Head of Audit and Assurance who will formally close the audit files once the action plan has been satisfactorily implemented.

We can report that one audit file from the 2021/2022 programme (Food Business Operator) has been closed and two audits of the 2022/2023 programme (Withdrawals/Recalls, Enforcement Action), as the action plans put in place to address the recommendations raised have been satisfactorily implemented.

The FSS Head of Audit Assurance issued their annual assurance statement which indicated that whilst official controls are suitable to achieve their objectives, there is a need to continue the strengthening of processes and controls necessary to ensure that official controls are carried out in compliance with planned arrangements and that the planned arrangements are applied effectively.

### **Controls Assurance Statements**

As part of the year-end process, the Deputy Chief Executive Officer & Director of Policy, Science and Operations and the Deputy Chief Executive Officer & Director of Strategy and Corporate Affairs complete an assurance statement, based on the requirements of the SPFM Internal Controls checklist. These statements set out how an effective system of internal controls has been maintained within their respective business areas. I have reviewed all of the statements produced and can confirm that no serious issues have been reported in relation to the effectiveness of internal controls.

### **Information Security**

During 2022/23, FSS continued to safeguard the security and protection of all personal information that we process, and to provide a complaint and consistent approach to data protection. FSS is dedicated to developing a data protection culture across all business areas that is effective, fit for purpose and demonstrates an understanding of, and appreciation for the UK General Data Protection Regulation (GDPR) and the Data Protection Act (DPA) 2018.

FSS's Data Protection Officer and Senior Information Risk Officer provided strategic leadership in data protection and information security and are active members of our Executive Leadership Team. Information Asset Owners have provided assurance of the security of their respective assets, and updating information assets on the Information Asset Register on a regular basis. FSS Records Management Plan is regularly reviewed and updated to comply with the requirements of the Public Records (Scotland) Act 2011.

### **Fraud, corruption and bribery**

FSS have counter-fraud policies and procedures in place and no cases of fraud were reported during 2022/23. The FSS internal whistleblowing policy and procedure is available to all staff on the FSS intranet.

FSS have also published details on its [website](#) of how anyone might report suspected food fraud, and of the protection afforded to employees by the Public Interest Disclosures Act 1998.

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### **Review effectiveness of internal control and risk management**

The review of effectiveness is informed by the work and structures highlighted in the Governance Statement and supported by the work of internal and external audit and through the oversight and views provided by the ARC on the assurance arrangements within FSS.

FSS continues to demonstrate a reasonable assurance that it has sufficient levels of internal controls in place to mitigate the risks to which the organisation is exposed. The Assurance Mapping framework is integrated into the new risk management policy and guidance. The framework reflects best practice as outlined in the internal control checklist section of SPFM. Whilst there have been no significant governance issues raised, it is recognised that FSS is still developing some areas of our systems of internal control and there is a commitment to improve continually in this area.

As Accountable Officer, I can confirm I am content with the effectiveness of FSS's current arrangements to ensure good standards of governance and systems of internal control in compliance with generally accepted best practice principles and relevant guidance. There are, in my opinion, no other significant matters arising which would require to be raised specifically in the Governance Statement.

# Remuneration & Staff Report

The sections marked (audited) in this Remuneration and Staff Report are subject to a separate opinion by Deloitte LLP. The other sections of the Remuneration and Staff Report were reviewed by Deloitte LLP to ensure they were consistent with the financial statements.

## Remuneration policy

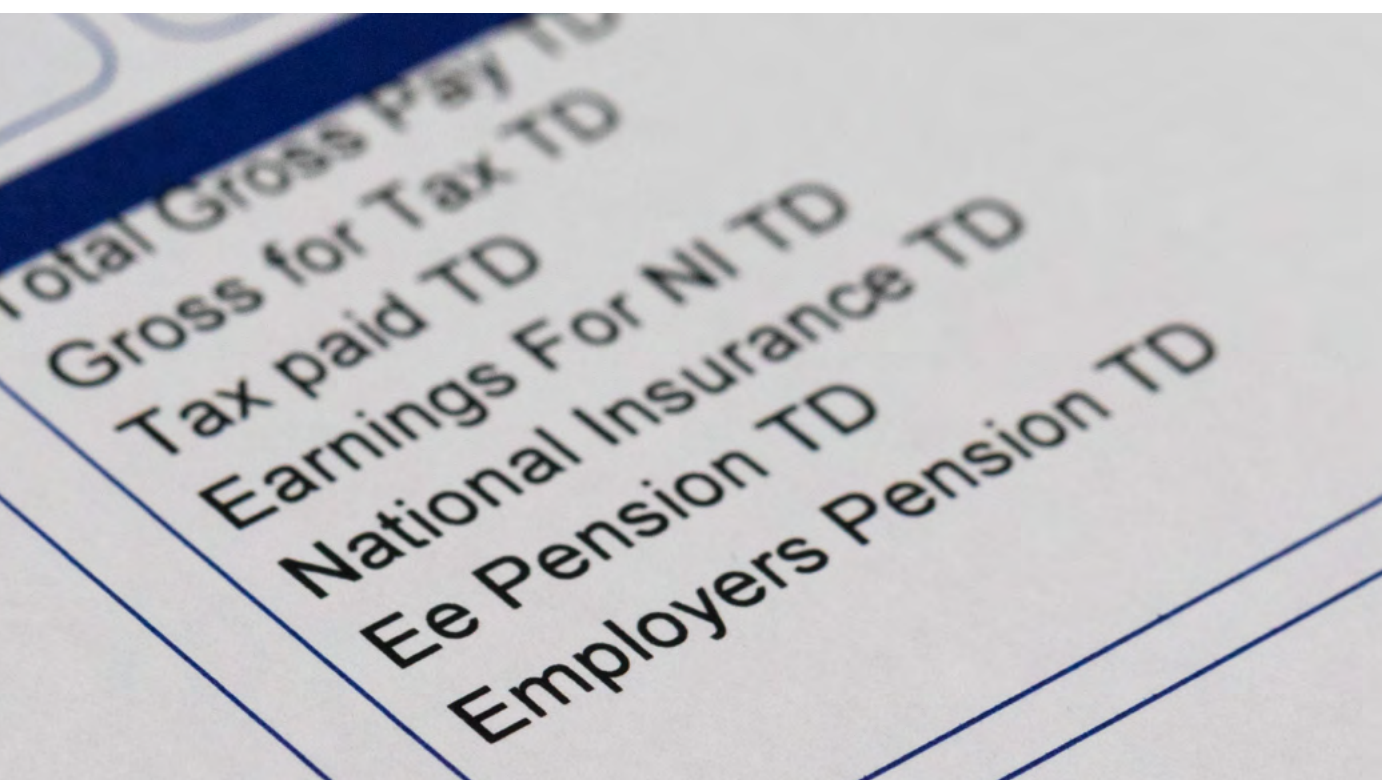
The remuneration, allowances and expenses paid to Board Members comply with specific guidance issued by Scottish Ministers. Further information about the policy may be found on the [SG website](#).

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [www.civilservice.gov.uk](http://www.civilservice.gov.uk)) and with independent advice from the Senior Salaries Review Body (SSRB). Further information on the work of the SSRB can be found at [www.gov.uk](http://www.gov.uk).

Staff employed below senior civil service level are part of the SG main collective bargaining unit for the determination of salary. Remuneration is determined by the SG and, in determining policy, account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the UK Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

## Salaries, benefits in kind and pension entitlements (audited)

Full details of the remuneration of Board Members and the remuneration and pension interests for SLT are detailed below and are subject to audit.



Single total figure of remuneration (audited)	Salary £'000		Pension benefits (to nearest £'000) <sup>1</sup>		Total £'000	
	22/23	21/22	22/23	21/22	22/23	21/22
Heather Kelman	25-30	10-15	-	-	25-30	10-15
Carrie Ruxton	10-15	10-15	-	-	10-15	10-15
Susan Walker	10-15	10-15	-	-	10-15	10-15
Louise Welsh	10-15	10-15	-	-	10-15	10-15
Carol Evans	10-15	5-10	-	-	10-15	5-10
Alban Denton	10-15	5-10	-	-	10-15	5-10
Aileen Brown	10-15	0-5	-	-	10-15	0-5
Philip Couser	0-5	N/A	-	-	0-5	N/A
Ross Finnie	N/A	25-30	-	-	N/A	25-30
Marieke Dwarshuis	N/A	5-10	-	-	N/A	5-10
Anne Maree Wallace	N/A	0-5	-	-	N/A	0-5
Geoff Ogle <sup>2</sup>	110-115	110-115	-	-	110-115	110-115
Ian McWatt	85-90	80-85	-15-20	15-20	70-70	95-105
Julie Hesketh-Laird	85-90	80-85	30-35	30-35	115-125	110-120
David Gally <sup>3</sup>	65-70	45-50	-	-	65-70	45-50
Garry Mournian <sup>4</sup>	10-15	N/A	0-5	N/A	10-20	N/A
Garry McEwan <sup>4</sup>	10-15	N/A	0-5	N/A	10-20	N/A

### Notes

<sup>1</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>2</sup> Geoff Ogle opted to join Partnership Pension schemes from 1 April 2018. As such it is not possible to disclose the pension benefits above as the pension is no longer provided by Principal Civil Service Pension Scheme (PCSPS). The employer contributions towards the Partnership pensions for Mr Ogle have been disclosed within the Pension benefits table as part of this Remuneration and Staff report.

<sup>3</sup> David Gally is the organisation's Chief Scientific Advisor, on secondment from the University of Edinburgh working 3 days per week on FSS business (0.6 FTE) and FSS are charged for this time only. Pay and Pension benefits remain the responsibility of University.

<sup>4</sup> Garry Mournian and Garry McEwan became part of SLT on 1 February 2023.

## Salary (audited)

'Salary' includes gross salary, overtime and any other allowances to the extent that it is subject to UK taxation. This report is based on accrued payments made by FSS and recorded in these accounts.

## Pension Benefits (audited)

	Accrued pension at pension age as at 31/3/23	Real increase in pension and related lump sum at pension age	CETV at 31/3/23	CETV at 31/3/22	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Geoff Ogle <sup>1</sup>	-	-	-	-	-	16700
Ian McWatt	45-50	0	813	751	-28	-
Julie Hesketh - Laird	0-5	0-2.5	60	33	18	-
Garry Mournian <sup>2</sup>	0 - 35 plus a lump sum of 55 - 60	0 - 2.5 plus a lump sum of 0	434	417	0	-
Garry McEwan <sup>2</sup>	0-5	0-2.5	42	38	3	-
David Gally <sup>3</sup>	N/A	N/A	N/A	N/A	N/A	N/A

### Notes

<sup>1</sup> Geoff Ogle opted to join Partnership Pension schemes from 1 April 2018. As such it is not possible to full disclose the information required in the table above in relation to Accrued Pension, Real increase in pension, CETV and Real increase in CETV.

<sup>2</sup> Garry Mournian and Garry McEwan became part of SLT on 1 February 2023.

<sup>3</sup> David Gally's pension and associated benefits are paid by the University of Edinburgh.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 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: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) 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 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having 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.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.60% 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 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension 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 partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 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](http://www.civilservicepensionscheme.org.uk)

### **Cash Equivalent Transfer Values (CETV) (audited)**

This 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 pension benefits they have 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. 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 (audited)**

This reflects the increase in CETV that is 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.

### Fair Pay Disclosure (audited)

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.

Total remuneration includes salary, non-consolidated payments and job specific allowances . It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2022/23	2021/22
Band of Highest Paid Director's Total Remuneration	£110,000 - £115,000	£110,000 - £115,000
Remuneration Range (Band)	£22,182 - £115,000	£21,045 - £115,000
% change from previous year of highest paid director	2%	N/A
% change from previous year of all employees	6.1%	N/A
Lower Quartile Remuneration	£31,541	£30,039
Ratio	3.6	3.7
Median Remuneration	£34,725	£31,542
Ratio	3.2	3.6
Upper Quartile Remuneration	£42,855	£39,659
Ratio	2.6	2.8

The reduction in the current financial year's pay ratios compared to the previous year is attributable to the pay and benefits of the FSS employees taken as a whole. The median pay ratio for 2022/23 is consistent with the pay, reward and progression policies for the entity's employees.

# Staff Report

## Staff Costs (audited)

Overall staff costs for the year were £16.6m. Staff costs comprises wages & salaries, social security costs and other pension costs for all staff as well as agency costs. It excludes the wages & salaries and pension costs of the Board Members and those of Contract Inspectors and Official Veterinary costs.

### A Administration costs

	£'000	£'000	2022/23 £'000	2021/22 £'000
	Staff	Board	Total	Total
Wages and salaries	11,616	101	11,717	10,461
Social security costs	1,312	6	1,318	1,109
Other pension costs	2,982	-	2,982	2,636
<b>Sub total</b>	<b>15,910</b>	<b>107</b>	<b>16,017</b>	<b>14,206</b>
Apprenticeship Levy	44	-	44	38
Agency Staff	494	-	494	1,117
Inward secondment	227	-	227	212
<b>Total</b>	<b>16,676</b>	<b>107</b>	<b>16,782</b>	<b>15,572</b>
Less recoveries in respect of outward secondments	(96)	-	(96)	(137)
<b>Total net costs</b>	<b>16,580</b>	<b>107</b>	<b>16,687</b>	<b>15,435</b>

### B Programme costs

	2022/23 £'000	2021/22 £'000
Contract inspectors and veterinary costs	177	227
<b>Total</b>	<b>177</b>	<b>227</b>
Less recoveries in respect of outward secondments		
<b>Total net costs</b>	<b>177</b>	<b>227</b>

## Civil Service Pension Schemes

### PCSPS

For 2022/23, employers' contributions of £2.749 million (2021/22, £2.334 million) were payable to the PCSPS at one of four rates in the range of 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022/23 to be paid when the member retires and not the benefits paid during this period to existing members.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £23,666 (2021/22, £20,185) were paid to one appointed stakeholder pension provider. Employer contributions are age-related and range from 8–14.75% of pensionable pay.

### Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a defined benefit scheme which is administered by London Pensions Fund Authority and governed by the Local Government Pension Scheme Regulations 2013. There are currently 32 (2021/2022, 42) FSS employees who are active members of LGPS. For the year ended 31 March 2023, contributions of £193k (2021/22, £380k) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2023, this rate was 19.6% (19.6% in 2021/22) of pensionable remuneration.

On the basis of the updated actuarial valuation, under IAS19, the FSS fund surplus at 31 March 2023 was £4,693m (2021/22, £5.323 million deficit). In 2022/23, the actuary did not require employer's monthly contributions to reduce the deficit as it did previous years. FSS did however contribute an additional single lump sum payment of £150k in March 2023 (2021/22, £200k). The transaction has been posted to the Net Pension Liability to reduce the deficit.

The inter-valuation period review set the FSS contribution rate (19.6%) for the period from 1 April 2020 to 31 March 2023. This review did not include any required minimum deficit payment reduction amounts for those three years. A triennial valuation process carried out in autumn 2022 determined FSS's employer contribution rate (9.3%) for a three year period starting 1 April 2023. The actuary has estimated the employer's contributions for 2023/24 to be £91k.

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

## Average Number of Persons Employed

The average number of full-time equivalent (FTE) persons employed at 31 March 2023.

### Number of Senior Civil Service Staff

Band	2022/23	2021/22
SCS 2	1	1
SCS 1	2	2

### Full Time Equivalent Persons Employed

	2022/23	2021/22
Board*	8	8
Directly Employed Staff	271.6	288.6
Temporary Staff	3.9	14.8
Inwards Loan/Secondments	4.3	2.3
<b>Total</b>	<b>287.8</b>	<b>313.7</b>

\*Board Members are not employed full time but have been included for completeness and to provide a full picture of the persons employed within FSS (these figures do not include employees on Maternity/Paternity Leave).

### Average Number of Persons Employed

	2022/23	2021/22
Board*	7.3	7
Directly Employed Staff	277.3	264.7
Temporary Staff	6.9	17
Inwards Loans/Secondments	3.6	2.9
<b>Total</b>	<b>295.1</b>	<b>291.6</b>

\*Board Members are not employed full time but have been included for completeness and to provide a full picture of the persons employed within FSS (these figures do not include employees on Maternity/Paternity Leave).

### Staff Turnover

Staff turnover was 7.04% based on the average headcount of permanent staff and those members of staff that left the organisation during the year.

## People

In addition to delivering our strategic goals and priorities, it is important for FSS to continue to operate effectively as a public body. In June 2022, FSS launched its People Strategy 2022-26 which was an action identified in our Workforce Plan. Everyone at FSS plays an important part in delivering our outcomes. People across our organisation are our greatest asset, and we rely on well trained, skilled and motivated individuals and teams working collaboratively to achieve results. The People Strategy sets out our high-level outcomes and strategic objectives. The People Strategy is a 'living document' providing the flexibility to respond to future changes, retaining focus on our core pillars. Our Four Core People Pillars are:

- Pillar 1 – Effective Leadership
- Pillar 2 – Internal Change
- Pillar 3 – Employee Experience
- Pillar 4 – Talent & Skills

Equality, Diversity and Inclusion is the 'golden thread' which underpins each of the pillars. In May 2022, the FSS People Board was established to monitor the delivery of all People related actions.

## Resourcing

FSS resourcing is undertaken by SG HR Resourcing team as part of our Shared Services complement. Their policies align with the Civil Service recruitment principles. All recruitment during the year was carried out in accordance with these principles as well as internal FSS policies and procedures relating to the approval of recruitment of staff. The FSS HR team work closely with line managers and SG colleagues to ensure policy and practice are consistently applied.

Our People are our best asset; our Workforce Plan was introduced in 2022 and covers the period from 2022 to 2026. Analysing the makeup of our current workforce and comparing against predicted future demands will allow FSS to determine where any capacity and capability gaps may be. This will enable us to plan for how we can potentially address these gaps within our resource budget allocation. A number of recommendations for action were made within the Workforce Plan and the FSS People Board monitors progress of these actions to ensure these are delivered across the business providing regular updates on progress to SLT and the FBC.

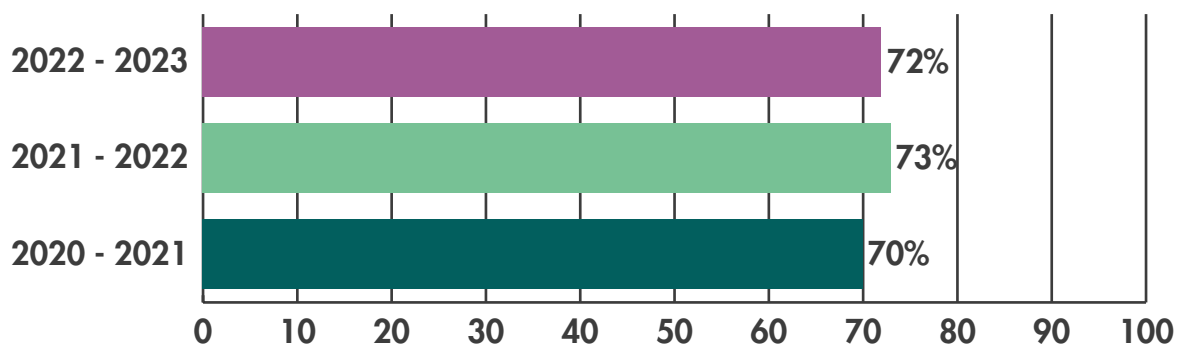
## Disability Confident Scheme

FSS is committed to equality of opportunity in employment and welcomes applications from all sections of society. FSS holds Disability Confident Employer status and disabled applicants who meet the minimum criteria for vacant posts will be invited for interview, and ensure we offer and implement where required, reasonable adjustments to the recruitment and selection process as necessary. This commitment enables us to draw from the widest possible talent pool and ensure that disabled people get a fair chance through the Guaranteed Interview Scheme.

FSS recognise that staff may also develop a long term health condition or disability during the course of their employment. The scheme recognises our commitment and there are a range of FSS and SG HR policies which take into account the wider employment of staff who may require additional support and reasonable adjustments to enable them to remain in work. In March 2023, we launched the Employee Passport which is a tool to enable staff to facilitate a conversation with their line manager to discuss any adjustments they may require or to review existing arrangements. FSS HR Team are encouraging staff and managers to utilise this tool where required.

### Employee Engagement

FSS also took part in the Civil Service People Survey 2022. The employee engagement index score of 72%, a decrease of one percentage point from 2021, ranked FSS once again in the Civil Service high performers, one of a quarter of participating organisations which had a score at or above 68%.



FSS ensures that staff are kept informed and engaged in its work through a variety of modes of communication. During the year 2022/23 these include:


- Fortnightly Head Office and Monthly Field Staff meetings.
- Guest speakers – range of internal and external guest speakers, broad range of topics.
- In person events including Health and Wellbeing Day in March 2023.
- Weekly Blogs & newsletters including a dedicated newsletter for the Field and HR Business Partners provided a monthly written update to their client groups.
- Communications and Information sharing via MS Teams Channels including Healthy Working Lives Teams Channel and Equality, Diversity and Inclusion (EDI) Teams Channel.
- Internal Comms Group.

## Employee Wellbeing

Employee Wellbeing is a key aspect of our Employee Experience which is a Pillar in our People Strategy. FSS has successfully retained the Healthy Working Lives Gold Award for a number of years and our Healthy Working Lives Group and HR Team continue to lead on the provision of a diverse programme of Health Promotion Activities across FSS. Public Health Scotland are removing the award programme from their portfolio and we retained our award status until 31 March 2023. FSS will continue to use the framework in planning Employee Wellbeing activities which align with our Strategy and Objectives. In March 2023, our Healthy Working Lives team in conjunction with HR organised a Health and Wellbeing Day focussing on Mental Health and Wellbeing, Employee Passport Launch and Eat Well Your Way. Health Checks were also offered to staff on the day. Further events will be arranged in future.

## Sickness Absence Data

There continues to be an increase in the level of sickness absence during the year 2022/23. Since May 2022, COVID-19 related absence is no longer excluded from absence statistics following the removal of testing and easing of restrictions. In November 2022, we saw a sharp peak in short term absence levels during the traditional cold/flu season with colds, flu and respiratory illnesses the main cause of absence. Over the early months of 2023, short term absence has started to decrease and overall level of average working days lost due to short term absence has decreased by 0.5%. Long term absence increased by 0.8% however this remains relatively low by comparison to SG Core and some other public bodies. Long term absence occurs when employees have been absent for 4 weeks or more. Over the past year the number of staff on long term absence remains relatively low. The HR team with closely with line managers to review long term absence cases, arranging Occupational Health referrals and other adjustments to aid return to the workplace.

	Average total sick days per employee 2022/23	Average total sick days per employee 2021/22
Short Term Absence	3.0	3.5
Long Term Absence	3.0	2.2
<b>Total</b>	<b>6.0</b>	<b>5.7</b>
<b>TREND</b>		




## Equality and Diversity

The Equality Act 2010 and the Equality Act (Specific Duties) (Scotland) Regulations 2012 set out a single equality duty and statutory specific duties for listed public bodies in Scotland. Listed organisations, including FSS, must meet these duties in order to ensure positive and real change for people with protected characteristics.

In accordance with statutory responsibilities, FSS carries out regular monitoring of equality and diversity data relating to the nine protected characteristics, this includes data relating to recruitment and its workforce. This enables FSS to identify any gaps or issues in its recruitment and employment practices to find ways innovative ways to try to address any inequalities.

FSS continues to encourage the self-declaration of equality and diversity information which staff can self-report via the Human Resource (eHR) system.

## Ethnicity

	2022/2023	2021/2022
No. of staff from an ethnic minority	2.0%	2.3%
<b>TREND</b>		

2.0% of the FSS workforce are from an ethnic minority; this continues on downward trend and has decreased by 0.3% from 2021/22. This could be attributed to a number of factors including freeze on recruitment and ongoing impact of EU Exit. FSS HR team is liaising with SG HR in relation to Overseas/International Recruitment, particularly in regards to Official Veterinarian and Trainee Official Veterinarian roles and we may see an increase in this number as recruitment increases. It is worthy of note that there is also a significant amount of data suppressed to protect identity due to low numbers declared. It is important to note that the data is management information only and should not be considered as official statistics as this may vary from other sources of information.

## Gender Balance

At 31 March 2023, the number of persons of each gender who were Board Members, Senior Managers and employees was as follows:

	Female		Male		Total	
	22/23	21/22	22/23	21/22	22/23	21/22
Board Members	6	6	2	2	8	8
Senior Management Team (Inc. Chief Executive and Deputy Chief Executive)	1	1	2	2	3	3
Employees	140	139	149	157	289	296
<b>Total</b>	<b>148</b>	<b>146</b>	<b>152</b>	<b>161</b>	<b>300</b>	<b>307</b>

### NOTE:

These figures do not include agency temps and based on actual headcount not FTE. The data is management information only and not considered Official Statistics and may vary from figures in other sources

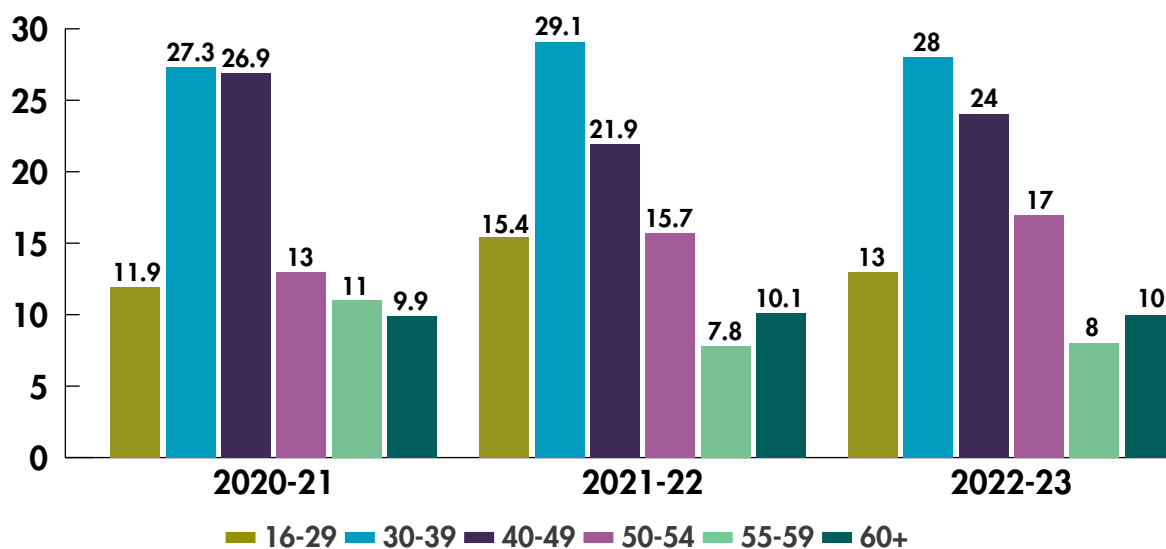
## Age

As of 31 March 2023, approx. 36% of staff in the organisation were 50 or over, which is an increase of 1.3% from the previous year.

The proportion of staff in FSS in the 16–29 category has decreased slightly to 13%. This could be attributed to a decrease in recruitment over the past year. We will continue to promote entry level A3/A4 posts within FSS and seek opportunities to promote Modern Apprenticeship opportunities as part of our long term Talent Management strategies. The proportion of staff in the 30–49 category remains broadly the same as the previous year with 52% of staff in this age group.

As with previous years it had been identified that we have a high proportion of field-based staff in the 55+ category who are nearing retirement age. During 2022-23 we received a small number of partial retirement and retirement applications from staff in the field. To address potential skills gaps, FSS has introduced opportunities for trainee Meat Hygiene Inspectors and are recruiting a further 5 trainees. Trainee Official Veterinarian posts have also been recruited to address gaps in the Veterinary field and plans are in place to recruit a further 3 trainees.

### FSS Staff Age Distribution (% by Age Group)



### Equalities Mainstreaming Report

FSS published the main [Equality and Mainstreaming Report](#) on 12 April 2022. This is a statutory requirement which we are required to publish every four years, progress report published every two years.

The report sets out our plans for how we will embed equality across FSS in order to meet the general and specific duties, as well as looking at how delivery of its functions impacts on those with protected characteristics. Since publishing our last report FSS has set up an Equality, Diversity and Inclusion (EDI) Group who will focus on the delivery of priorities identified in the Action Plan and ensure actions are delivered as well as developing an EDI Strategy to embed this across the business. Due to the year FSS was established we are out of sync with other Public Sector bodies and our next Equalities Mainstreaming Progress Report is due for publication on 30 April 2024.

### Fair Work Framework

We are guided by the Fair Work Framework, which sets out the ambition that, by 2025, people in Scotland will have a world-leading working life, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society. FSS aligns to the SG's Fair Work Agreement.

### Trade Union Relationship (TUS)

FSS is committed to working in partnership with its recognised trade unions and believes that a partnership approach to employee relations is at the heart of ensuring it's a fairer, more successful employer. The local Partnership Group consider common employee relations issues and FSS has positive working relationships with both PCS and Prospect Unions. Involving the trade unions as partners contributes to the success of FSS and the well-being of its employees.

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017 there is a requirement for public sector employers to report annually on paid time provided to TUS representatives for trade union duties and activities:

Number of employees who were relevant union officials during 2022/23	2
Full Time Equivalent (FTE) Employee Number	2
Percentage of time spent on facility time	1 = 0%
0%	1 = 1-50%%
1 – 50%	
51% - 99%	
100%	
Percentage of pay bill spent on facility time	0.01%
Time spent on paid trade union activities as a percentage of total paid facility time hours	57.69%

### Compensation for loss of office (audited)

There have been no leavers who received compensation for loss of office during the 2022/23 financial year.

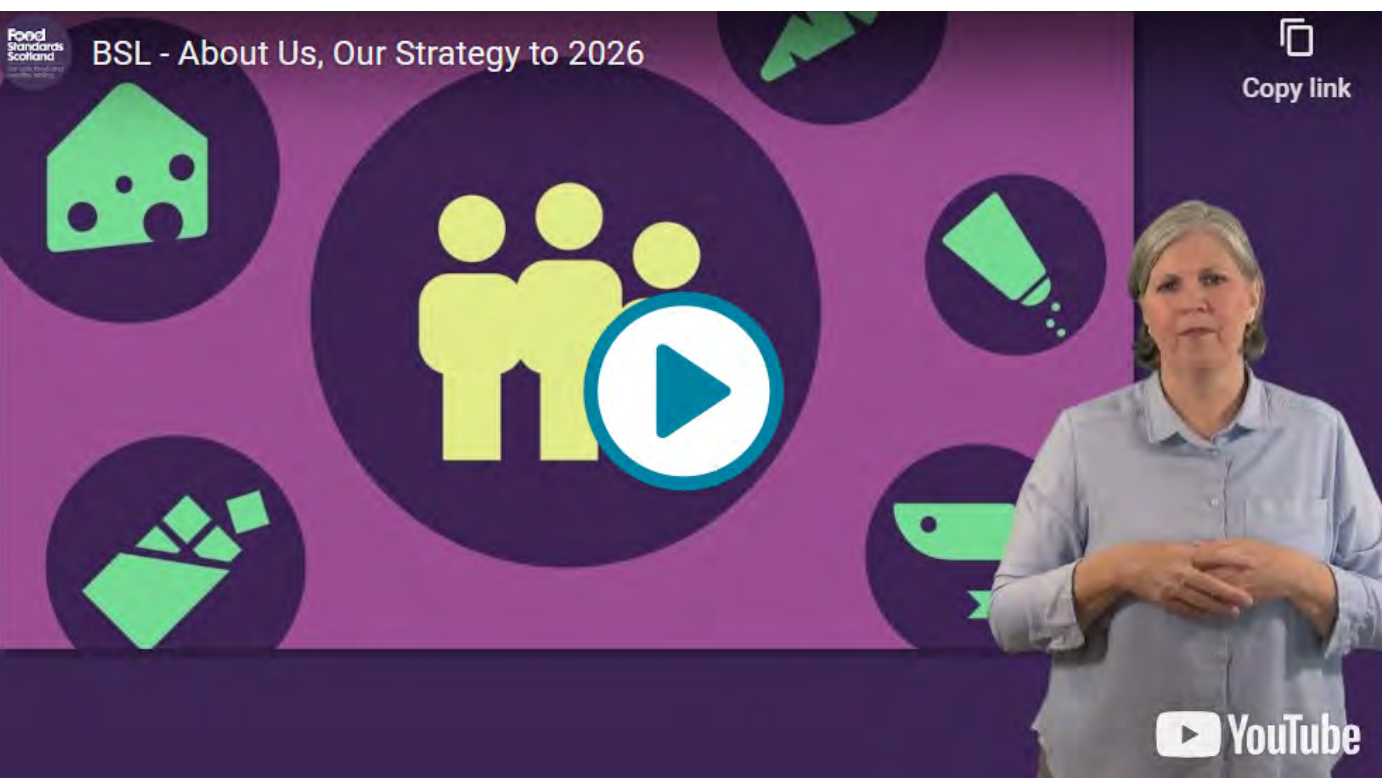
FSS had no redundancy and other departure costs in 2022/23 related to active staff members. Exit costs are accounted for in full in the year of departure. Where FSS has agreed early retirements, the additional costs are met by the FSS and not by the Civil Service pension scheme.

Ill-health retirement costs are met by the pension scheme and are not included in the table. There were no retirements made on ill-health grounds in 2022/23.

### Community, social and human rights

We continue to make BSL translations of FSS resources. During 2022/23 an interview with Ian McWatt, Deputy Chief Executive and the British Deaf Association (BDA) as well as our Campylobacter guidance video was translated into BSL and shared on social media.

FSS will continue to engage with the deaf community and commits to improving the accessibility of FSS services and resources, with the overall aim to improve accessibility of information, advice and services for BSL users. Development work is underway to better integrate BSL translations across the FSS website. Currently we have a [BSL section on the website](#) and we are pleased with the volume of content translated. However, having translations integrated across relevant pages would be more intuitive and user friendly.



# Parliamentary Accountability Disclosures

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## Consultancy

There were no contracts for consultancy services during the year.

## Charitable Donations, Gifts and Paid Sponsorships

FSS did not make any charitable donations during the year. In line with the SPFM, no gifts were given or donated by FSS during 2022/23.

## Losses and Special Payments

During the year to 31 March 2023, there were no losses and special payments recorded in the Statement of Comprehensive Net Expenditure (SOCNE) (2021/22, nil).

## Fees and Charges

To comply with EC Regulation 882/2004, FSS provides a range of services, regulated and non-regulated in approved meat establishments in Scotland. Some of these services are paid for by other Government Departments and others are charged to FBOs. The charges for these services are covered in more detail in our 'Charges for Official Controls in Approved Meat Establishments in Scotland' which is published on the [FSS website](#).

As the result of transition from FSA to FSS agreement was reached with industry stakeholders to continue with a discount on the full costs of providing this service to industry. To comply with the requirements of the SPFM regarding full-cost recovery, approval by the Cabinet Secretary for Finance and Sustainable Growth to continue with partial cost recovery was agreed in February 2014.

With the discount system in place, there currently remains a shortfall between the costs for FSS of delivering meat official controls and the income received from FBOs for these services. This was effectively a subsidy of approximately £1.3m to the meat industry for the 2022/23 financial year, with an adjustment being made for plant closures since 2015.

The income received from industry and Government for services provided by FSS during the year is outlined below:

	2022/23			2021/22		
	£'000	£'000	£'000	£'000	£'000	£'000
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
Industry	4,488	5,580	(1,092)	4,674	5,829	(1,155)
Government	322	322	-	274	274	-
Other (Assessment Centre charges)	80	80	-	31	31	-
<b>Total</b>	<b>4,890</b>	<b>5,982</b>	<b>(1,092)</b>	<b>4,979</b>	<b>6,134</b>	<b>(1,155)</b>

### Guarantees, indemnities and letters of comfort

No guarantees or letters of comfort were provided during the 2022/23 reporting year.

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**Geoff Ogle**  
 Chief Executive and Accountable Officer

Date: 24th November 2023



### 3. Independent Auditor's Report



# Independent Auditor's Report to Food Standards Scotland, the Auditor General for Scotland and the Scottish Parliament

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## Independent auditor's report to Food Standards Scotland, the Auditor General for Scotland and the Scottish Parliament

### Reporting on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Food Standards Scotland for the year ended 31 March 2023 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Public Finance and Accountability (Scotland) Act 2000.
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the requirement to operating within the revenue budget set by the SG as part of the Budget (Scotland) Act. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we obtained confirmation of the revenue budget via the Budget (Scotland) Act and tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In addition, we identified a potential fraud risk in relation to the completeness of fee income. The risk is that management may be incentivised to allocate revenue to future years given future year financial pressures and projected surplus position. Hence, there is a risk that the revenue recognised is not complete, and that the cut off of income recognised at the year end is inaccurate. In response to this risk, we have developed an expectation of the fee income to verify completeness and performed testing of a sample of income recognised around the year end to assess whether it has been recorded in the correct period,

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

### Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

## Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

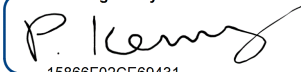
## Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

## Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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**Pat Kenny, CPFA (for and on behalf of Deloitte LLP)**

110 Queen Street  
Glasgow G1 3BX  
United Kingdom

24 November 2023

A photograph of three business professionals in a meeting. On the left, a man with a beard and a grey suit jacket looks at a laptop. In the center, a woman with glasses and a purple shirt looks at a document. On the right, a man with glasses and a light blue shirt looks at a document. They are sitting around a table with laptops and papers. The background shows a modern office with wooden beams.

# 4. Financial Statements

- Statement of Comprehensive Net Expenditure
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Taxpayers' Equity

# Statement of Comprehensive Net Expenditure

	Note	2022/23 £'000	2021/22 £'000
Other operating income	4	(4,889)	(4,979)
<b>Total operating income</b>		<b>(4,889)</b>	<b>(4,979)</b>
Staff costs	Staff Report	16,864	15,662
Purchase of goods and services	3	5,353	4,802
Depreciation and impairment charges	3	825	421
Provision expense/(Write back)	3	41	(7)
Pension expense	3	322	401
Other operating expenditure	3	4,002	4,437
<b>Total operating expenditure</b>		<b>27,406</b>	<b>25,716</b>
<b>Net operating expenditure</b>		<b>22,517</b>	<b>20,737</b>
<b>Other comprehensive net income</b>			
- Actuarial (gain)/loss on pension scheme liabilities	13.3	(6,214)	(4,471)
<b>Total comprehensive net expenditure</b>		<b>16,303</b>	<b>16,266</b>



# Statement of Financial Position

	Note	2022/23 £'000	2021/22 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	634	633
Intangible assets	6	598	648
Right of Use Asset	7	2,758	-
Net pension asset	13.3	826	-
<b>Total non-current assets</b>		<b>4,816</b>	<b>1,281</b>
<b>Current assets</b>			
Trade and other receivables	10	818	796
Other current assets	10	773	721
Cash and cash equivalents	9	1,033	3,792
<b>Total current assets</b>		<b>2,624</b>	<b>5,309</b>
<b>Total assets</b>		<b>7,226</b>	<b>6,590</b>
<b>Current Liabilities</b>			
Trade and other payables	11	(799)	(173)
Other liabilities	11	(1,712)	(2,544)
Provisions	12	(21)	(19)
Lease Liability	7	(364)	-
<b>Total current liabilities</b>		<b>(2,896)</b>	<b>(2,736)</b>
<b>Total assets less current liabilities</b>		<b>4,330</b>	<b>3,854</b>
<b>Non-current liabilities</b>			
Accumulated Dilapidation	12	(85)	(71)
Provisions	12	(120)	(118)
Net pension liability	13.3	(214)	(5,434)
Lease Liability	7	(2,448)	-
<b>Total non-current liabilities</b>		<b>(2,868)</b>	<b>(5,623)</b>
<b>Total Assets less total liabilities</b>		<b>1,677</b>	<b>(1,769)</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		1,677	(1,769)
<b>Total Assets less total liabilities</b>		<b>1,677</b>	<b>(1,769)</b>

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**Geoff Ogle**

Chief Executive and Accountable Officer

The Accountable Officer authorised these financial statements for issue on 24 November 2023

# Statement of Cash Flows

	Note	2022/23 £'000	2021/22 £'000
<b>Cash flows from operating activities</b>			
Net operating Expenditure	SOCNE	(22,521)	(20,737)
Adjustment for non-cash transactions	3, SoCiE	918	493
(Increase)/Decrease in trade and other receivables	10	(74)	139
(Decrease)/Increase in trade and other payables	11	(205)	657
Less movements relating to items not passing through the Statement of Comprehensive Net Expenditure			
Use of provisions	4,13	348	380
Cash contribution to pension deficit		(177)	(229)
Payment of lease liabilities	7	(390)	-
<b>Net cash outflow from operating activities</b>		<b>(22,102)</b>	<b>(19,297)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(167)	(134)
Purchase of intangible assets		(195)	(109)
Proceeds from disposal of property, plant and equipment	5	5	-
<b>Net cash outflow from investing activities</b>		<b>(357)</b>	<b>(244)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply)	SoCiE	19,700	22,100
<b>Net Financing</b>		<b>19,700</b>	<b>22,100</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(2,759)</b>	<b>2,559</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>3,792</b>	<b>1,233</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>1,033</b>	<b>3,792</b>

# Statement of Changes in Taxpayers' Equity

	Note	2022/23 General Fund £'000	2021/22 General Fund £'000
<b>Balance at 01 April</b>		<b>(1,769)</b>	<b>(7,661)</b>
<b>Transfers on absorption</b>			
Net Parliamentary Funding		19,700	22,100
Net operating expenditure for the year	SOCNE	(22,517)	(20,737)
Actuarial gain	13.3	6,214	4,471
Auditors' remuneration and expenses	3	49	49
Other		-	9
<b>Balance at 31 March</b>		<b>1,676</b>	<b>(1,769)</b>

# Notes to the Financial Statements

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## **1 Statement of Accounting Policies**

The accounts have been prepared in accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 and also in accordance with the FReM applicable for the year. 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 the most appropriate to the particular circumstances of FSS for the purposes of giving a true and fair view has been selected.

### **1.1 Basis of Accounting**

These accounts have been prepared under the historical cost convention. As at 31 March 2023, FSS has significant net asset £0.672 million after application of asset ceiling (deficit £5.434 million 2021/22) relating to pension for former FSA staff, both retired as well as current FSS employees, who are members of the Local Government Pension Scheme (LGPS). In addition, there is also a small liability for former FSA in Scotland Board Members who are members of the PCSPS. The FReM requires that preparers of financial statements should have regard to the underlying assumption that financial statements shall be prepared on a going concern basis. As a government department, any liabilities due for these pensions will be subject to allocation of additional funding from the Scottish Parliament as services are presumed to continue.

## 1.2 Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting policies, FSS are required to make judgements (other than those involving estimations) that have a significant impact on the amount recognised and to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the accounts, no critical accounting judgements have been made.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

### IAS 19 Employee Benefits

- Uncertainty – Estimation of the net liability/asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. This is further detail in note 13 to the accounts which includes a table setting out the potential sensitivity of change in assumptions on the pension liability. A firm of consulting actuaries is engaged to provide FSS with expert advice about the assumptions to be applied.
- Effect if Actual Results Differ from Assumptions - The effect on the net pension liability of changes in individual assumptions can be measured. For instance at note 13.1, a 0.5% increase in the discount rate assumption would result in a reduction in the pension liability of £2,000. However, the assumptions interact in complex ways. During 2022/23, the FSS's actuaries advised that the net pension liability had decreased in part by £19,000 following an update on assumptions.

### 1.3 Non-Current Assets

The capitalisation policy applies to all individual or group major equipment purchases and capital projects totalling £5,000 or more.

All 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 shown separately under Intangible Assets and are not depreciated until the month after they are brought into use.

Details of Non-Current Assets, including Assets Under Construction, are presented at notes 5 and 6.

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.

Depreciation and amortisation are applied on a straight-line basis to write off costs evenly over the asset's anticipated life. This is in accordance with FReM requirements as a proxy for current value in existing use or fair value as these assets have short useful lives or low values or both. Estimated useful lives are reviewed during the year and assets re-lived where applicable:

Asset	Estimated useful life
Computer equipment	2 to 5 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Furniture, fixtures and fittings - fit out Pilgrim House	14.5 years to over life of lease
Vehicles	7 years
Computer software and software licences	2 to 7 years

### 1.4 Operating Income

Operating income is income which relates directly to the operating activities of FSS. Income for the year is recognised on an accruals basis reflecting the value of the work undertaken and is shown net of VAT. FSS has income from meat official controls and related work including export health certificates.

Income from official controls and related work including export health certificates 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.

## 1.5 Administration and Programme Expenditure

The Statement of Net Comprehensive Expenditure is analysed between administration and programme costs. The classification of expenditure as administration or programme follows the definition of administration costs set out in Consolidated Budgeting Guidance 2022/23 by HM Treasury.

## 1.6 Pension Arrangements

Pension assets and liabilities attributable to FSS 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 13 together with the costs in relation to the LGPS scheme. Further details about LGPS pensions can be found at the website: [www.lpfa.org.uk](http://www.lpfa.org.uk)

Pension liabilities in the legacy FSA Board Pension Scheme are calculated by the Government Actuary's Department (GAD) 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.

## 1.7 Leases

### Accounting Policies

IFRS 16 Leases, issued by the International Accounting Standards Board (IASB) in 2016, has been adopted by FSS from 1 April 2022. It replaces the previous Standard IAS 17 Leases. Consequently, the comparatives for 2021-22 reflect the requirements of IAS 17 Leases.

### Scope and classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

### Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index.

### Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability.

### Transitional arrangements

The following determinations have been made:

- To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of Financial Position for 2021-22 reflect the requirements of IAS 17;
- For leases previously treated as operating leases:
  - To measure the liability at the present value of the remaining payments, discounted by the discount rate issued by HM Treasury;
  - To measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for that lease.

### Accounting for leases under IAS 17 (2021-22)

#### Operating leases

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

#### Lease Pilgrim House

IFRS 16 Leases impacts the accounting treatment of the rental expenditure for the lease of Pilgrim House in Aberdeen. A right-of-use (ROU) asset representing the right to use the underlying leased asset and a lease liability representing the obligation to make lease payments are recognised on the Statement of Financial Position. As a consequence, depreciation of the ROU asset and interest on the lease liability are recognised on the Statement of Comprehensive Net Expenditure, and cash repayments of the lease liability are classified into a principal portion and an interest portion and presented on the Statement of Cash Flows.



### 1.8 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. FSS is audited by Deloitte LLP as Appointed by the Auditor General for Scotland. No charge by Audit Scotland is made for this service but a non-cash charge representing the cost of the audit is included in the accounts. There were no non-audit services provided by Deloitte LLP that FSS was charged for in the year.

### 1.9 Value Added Tax (VAT)

Operating costs are stated net of VAT where VAT is recoverable by FSS. FSS is registered for VAT as part of the SG, which is responsible for recovering VAT from HM Revenue and Customs. 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.

### 1.10 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 Departure pension provision has 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.

### 1.11 Contingent Liabilities

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

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

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

## 1.12 Financial Assets and Liabilities

FSS holds the following financial assets and liabilities:

<b>Assets</b>	Trade and other receivables Other current assets Cash and cash equivalents
<b>Liabilities</b>	Trade and other payables Other liabilities Provisions

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

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

## 2. Net Costs by Group

Division	Administration		Programme		2022/23	2021/22
	Costs	Income	Costs	Income	Net operating cost	Net operating cost
	£'000	£'000	£'000	£'000	£'000	£'000
Board, Executive Leadership team & Private Office	657	-	-	-	657	567
<b>Directorate of Policy, Science and Operations</b>	673	-	-	-	673	640
Scottish Food Crime & Incidents Unit	1,296	-	28	-	1,324	1,145
Science, Delivery & Research	1,136	-	1,218	-	2,354	817
Food Safety & Standards Policy	1,007	-	-	-	1,007	934
Local Authority Delivery	1,434	-	1,073	-	2,507	1,091
Operational Delivery	7,179	-	2,838	(4,885)	5,133	7,232
<b>Directorate of Strategy and Corporate Affairs</b>	504	-	-	-	504	479
Governance & Infrastructure	4,636	(5)	-	-	4,631	4,762
UK and International Relations	337	-	-	-	337	378
Audit Assurance	407	-	-	-	407	323
Communications and Marketing	801	-	359	-	1,160	705
Public Health Nutrition, Science & Policy	562	-	450	-	1,012	162
Regulatory Strategy Work Programme	448	-	-	-	448	500
Diet and Nutrition Work Programme	-	-	-	-	-	397
<b>Totals</b>	<b>21,076</b>	<b>(5)</b>	<b>5,968</b>	<b>(4,885)</b>	<b>22,154</b>	<b>20,131</b>

FSS identifies reportable segments in the form of Directorates, Divisions and Programmes, 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. Staff costs by branch are contained within the Administration costs presented above.

Administration costs also include organisational wide expenditure such as facilities (depreciation and interest expenses relating to rent, rates, utilities), shared service costs (IT, Procurement, HR) and the pension liability payments we need to make in relation to legacy pension agreements that pre-date FSS and were transferred upon vesting in 2015.

The Audit figures presented above relate to the running costs associated with our Audit Assurance Branch. The work of this team involves conducting audits of local authorities and veterinary audits of FBOs to ensure compliance with the relevant regulations.

A summary of staff costs is shown in the table below. Additional detail regarding staff number and costs can be found in the [Staff Report](#) on [page 69](#).

	2022/23 £'000	2021/22 £'000
Staff Costs	16,017	14,206
Apprenticeship Levy	44	38
Agency Staff	494	1,117
Inward Secondment	227	212
Contract inspectors and veterinary costs	177	227
Less recoveries in respect of outward secondments	(96)	(137)
<b>Total net costs</b>	<b>16,864</b>	<b>15,662</b>

### 3. Non-pay Expenditure

	2022/23 £'000	2021/22 £'000
<b>Goods and services</b>	5,353	4,802
	5,353	4,802
<b>Depreciation and impairment charges: Non cash</b>		
Depreciation	167	176
Amortisation	244	245
Amortization of ROU asset	414	-
	825	421
<b>Provision expense</b>		
Dilapidation	14	14
Early Departure	26	(21)
	41	(7)
<b>Pension expense</b>	322	401
	322	401
<b>Other operating expenditure</b>		
Accommodation costs including rates, estate management and security	341	311
System Support Costs - Other	764	948
Legal costs	518	332
Other Admin costs	955	925
Internal auditors' remuneration and expenses	35	59
Travel & Subsistence and Hospitality	440	245
Training and Development	179	303
Other	9	35
IT Costs	166	201
Lease expense	79	473
Lease Interest	30	
Research and Development expenditure	438	556
Nominal charge: External auditors' remuneration and expenses	49	49
	4,002	4,437

#### 4. Operating Income

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

	2022/23 £'000	2021/22 £'000
Income for official controls charged to industry	4,488	4,674
Income for meat hygiene work charges to other government departments	322	274
Other income e.g. assessment centre charges	75	31
Profit on disposal of property, plant and equipment	5	
<b>Total income</b>	<b>4,889</b>	<b>4,979</b>

FSS's financial objective is to recover costs fully. There currently remains a shortfall between costs for FSS of delivering meat official controls and the income received from FBOs for these activities.

This is effectively a subsidy of £1.1 m to the meat industry as well as other corporate activities that are currently being charged to the industry. Retained EU regulations make provision for member states to take small/rural establishments into consideration when collecting fees and charges. However, the current system provides a level of subsidy to FBOs over and above that required by retained EU regulations. FSS can charge no more than the full cost. Invoices for any supplementary charges are issued quarterly in arrears.

## 5. Plant and Equipment

	Fixtures and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2022	812	342	680	152	1,986
Additions	22	-	145	-	167
Disposals	-	(80)	(23)	(16)	(119)
<b>At 31 March 2023</b>	<b>834</b>	<b>263</b>	<b>802</b>	<b>136</b>	<b>2,035</b>
<b>Depreciation</b>					
At 1 April 2022	507	332	464	50	1,353
Charged in year	46	4	96	19	167
Disposals	-	(80)	(23)	(16)	(119)
<b>At 31 March 2023</b>	<b>553</b>	<b>257</b>	<b>538</b>	<b>53</b>	<b>1,401</b>
<b>Carrying amount at 31 March 2023</b>	<b>281</b>	<b>6</b>	<b>264</b>	<b>82</b>	<b>633</b>
<b>Carrying amount at 31 March 2022</b>	<b>305</b>	<b>10</b>	<b>216</b>	<b>102</b>	<b>633</b>
<b>Asset financing</b>					
Owned	281	6	264	82	633
<b>Carrying amount at 31 March 2023</b>	<b>281</b>	<b>6</b>	<b>264</b>	<b>82</b>	<b>633</b>
<b>Cost or valuation</b>					
At 1 April 2021	812	335	624	81	1,852
Additions	-	7	56	71	134
Disposals	-	-	-	-	-
<b>At 31 March 2022</b>	<b>812</b>	<b>342</b>	<b>680</b>	<b>152</b>	<b>1,986</b>
<b>Depreciation</b>					
At 1 April 2021	431	316	389	41	1,177
Charged in year	76	16	75	9	176
Disposals	-	-	-	-	-
<b>At 31 March 2022</b>	<b>507</b>	<b>332</b>	<b>464</b>	<b>50</b>	<b>1,353</b>
<b>Carrying amount at 31 March 2022</b>	<b>305</b>	<b>10</b>	<b>216</b>	<b>102</b>	<b>633</b>
<b>Carrying amount at 31 March 2021</b>	<b>382</b>	<b>19</b>	<b>234</b>	<b>40</b>	<b>675</b>
<b>Asset financing</b>					
Owned	305	10	216	102	633
<b>Carrying amount at 31 March 2022</b>	<b>305</b>	<b>10</b>	<b>216</b>	<b>102</b>	<b>633</b>

## 6. Intangible Assets

Intangible assets comprise computer software, software licenses and Assets Under Construction (AUC).

	Computer software and software licences £'000	AUC £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2022	2,877	-	2,877
Additions	92	103	195
Transfers	-	-	-
Disposals	(24)	-	(24)
<b>At 31 March 2023</b>	<b>2,944</b>	<b>103</b>	<b>3,047</b>
<b>Amortisation</b>			
At 1 April 2022	2,229	-	2,229
Charged in year	244	-	244
Disposals	(24)	-	(24)
<b>At 31 March 2023</b>	<b>2,449</b>	<b>-</b>	<b>2,449</b>
<b>Carrying amount At 31 March 2023</b>	<b>495</b>	<b>103</b>	<b>598</b>
<b>Carrying amount At 31 March 2022</b>	<b>648</b>	<b>-</b>	<b>648</b>
<b>Cost or valuation</b>			
At 1 April 2021	2,648	119	2,767
Additions	229	-	229
Transfers	-	(119)	(119)
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>2,877</b>	<b>-</b>	<b>2,877</b>
<b>Amortisation</b>			
At 1 April 2021	1,983	-	1,983
Charged in year	245	-	245
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>2,229</b>	<b>-</b>	<b>2,229</b>
<b>Carrying amount At 31 March 2022</b>	<b>648</b>	<b>-</b>	<b>648</b>
<b>Carrying amount At 31 March 2021</b>	<b>664</b>	<b>119</b>	<b>784</b>



## 7. Capital and other Commitments

At 31 March 2023 there were no commitments for the purchase of capital items.

### Commitments under Leases

From 1st April 2022, under IFRS 16 Leases a ROU asset representing the right to use the underlying leased asset and a lease liability representing the obligation to make lease payments have been recognised on the Statement of Financial Position. The asset is depreciated annually, with the depreciation and interest expenses for the reporting year being recognised on the Statement of Comprehensive Net Expenditure.

#### Building

	£'000
Right of use asset	3,172
Depreciation	(414)
At 31 March 2023	<u>2,758</u>

#### Obligations under leases:

	£'000
No later than 1 year	364
Later than 1 year and no later than 5 years	1,704
Later than 5 years	744
	<u><b>2,812</b></u>

### Other financial Commitments

FSS did not have any other financial commitments as at 31 March 2023.

## 8. Financial Instruments

As the cash requirements of the organisation 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 FSS expected purchase and usage requirements and FSS is therefore exposed to little credit, liquidity or market risk.

## 9. Cash and Cash Equivalents

	2022/23 £'000	2021/22 £'000
Balance at 1 April	3,792	1,233
Net changes in cash and cash equivalents	(2,759)	2,559
<b>Balance at 31 March</b>	<b>1,033</b>	<b>3,792</b>

The following balances at 31 March were held at:

Government Banking Service	<b>1,033</b>	<b>3,792</b>
<b>Balance at 31 March</b>	<b>1,033</b>	<b>3,792</b>

## 10. Trade and Other Receivables

	2022/23 £'000	2021/22 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	438	536
VAT recoverable	380	267
Other receivables	-	(6)
	<b>818</b>	<b>796</b>
Other current assets :		
Prepayments and accrued income	773	721
	<b>773</b>	<b>721</b>

In 2021/22 Unapplied Receipts, On Account Receipts and AR Control Corrections were reported as Other Receivables. In 2022/23 these figures have been included in Trade Receivables.

## 11. Trade and Other Payables

	2022/23 £'000	2021/22 £'000
<b>Amounts falling due within one year</b>		
Other taxation and social security	16	16
Trade payables	773	149
Other payables	10	8
	<b>779</b>	<b>173</b>
Other current liabilities :		
Accruals	<b>1,712</b>	<b>2,544</b>

## 12. Provisions for liabilities and charges

Provisions are recognised when FSS has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

			2022/23	2021/22
	Early departure	Dilapidations	£'000	£'000
			Total	Total
Balance at 31 March	137	71	208	344
Provided in the year	28	14	42	26
Provisions not required written back	-	-	-	(99)
Provisions utilised in the year	(23)	-	(23)	(61)
Borrowing costs (unwinding of discount)	(2)	-	(2)	(2)
<b>Balance at 31 March</b>	<b>141</b>	<b>85</b>	<b>226</b>	<b>208</b>

### Analysis of expected timing of discounted flows (excluding LGPS and Former FSA Scotland Board pension provisions)

			2022/23	2021/22
	Early departure	Dilapidations	£'000	£'000
			Total	Total
within one year	21	-	21	19
<b>Total current provisions liability</b>	<b>21</b>	<b>-</b>	<b>21</b>	<b>19</b>
between one and five years thereafter	77	85	163	75
	43	-	43	114
<b>Total non-current provisions liability</b>	<b>120</b>	<b>85</b>	<b>205</b>	<b>189</b>
<b>Provisions balance at 31 March</b>	<b>141</b>	<b>85</b>	<b>226</b>	<b>208</b>

### 12.1 Dilapidations

FSS are recognising a provision in relation to dilapidations as a result of a survey report confirming FSS could reasonably expect costs of approximately £185,000 to be incurred should it vacate Pilgrim House at the end of the current lease. The provision will be made annually on a cumulative basis over the lease term (15 years). Dilapidations were not recognised in the first 2 years and therefore is spread over the remaining 13 years of the lease.

### 12.2 Early departure costs

Early departure cost refers to liabilities to staff for early retirement. FSS is meeting the additional costs of benefits beyond the normal PCSPS and LGPS benefits in respect of employees who retire early by paying the required amounts annually to the pension fund over the period between early departure and normal retirement date. FSS 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 -1.70% (2021/22 -1.3%) in real terms. During 22/23, no early departure costs were incurred in relation to current staff members.

## 13. Pension Assets and Liabilities

### 13.1 Pension Provision for former FSA Board Members

Pension liabilities in the Board Pension Scheme are calculated by the GAD 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. Board pension provision relates to the by-analogy pension scheme with the PCSPS that applies to former Scottish FSA Board Members' pension arrangements. The pension arrangements are unfunded with benefits being paid as they fall due and are guaranteed by FSS. 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 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 FSS's Pension Schemes as at 31 March 2023 is £60,000 (31 March 2022, £111,000). The disclosures confirm that over the period the defined benefit liability has decreased by £51,000. This is attributable to changes to the actuarial financial and demographic assumptions.

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:

	Year Ending 31/03/23	Year Ending 31/03/22
Discount rate	4.15%	1.55%
Rate of increase in pensions in payment	2.40%	2.90%
CPI inflation assumption	2.40%	2.90%

### Mortality

Life expectancy is based on the actuarial assumptions. Based on these assumptions, the average life expectancies at retirement age are summarised below.

Current Pensions	As at 31 March 2023		As at 31 March 2022	
	Men (years)	Women (years)	Men (years)	Women (years)
60	26.6	28.1	27.0	28.6
65	21.8	23.2	22.1	23.8

### Present value of scheme liabilities

	Value at 31/03/23 £'000	Value at 31/03/22 £'000
Liability in respect of:		
Current pensioners	60	111
Total present value of scheme liabilities	60	111

### Analysis of movement in scheme liability

	2021/23 £'000	2021/22 £'000
Scheme liability at the beginning of year	111	113
Movement in the year:		
Interest cost	2	1
Actuarial (Gain) / Loss	(49)	3
Benefits paid	(4)	(6)
Net pension liability at the end of year	60	111

### Analysis of amount charged to operating expenditure

	2022/23 £'000	2021/22 £'000
Current service cost (net of employee contributions)		
Interest cost	2	1
Total expense/(income)	2	1

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

	2022/23 £'000	2021/22 £'000
Experience loss/(gain) arising on the scheme liabilities	(30)	(1)
Changes in financial assumptions underlying the present value of scheme liabilities	(19)	4
Net total actuarial loss/(gain) recognised in the statement of changes in taxpayers' equity	(49)	3

## Sensitivity of the defined benefit obligation (DBO) to changes in the significant actuarial assumptions

Sensitivity Analysis		Impact on DBO	
		%	£'000
Change in assumptions*			
Rate of discounting scheme liabilities	0.5	(4)	(2)
Rate of increase in CPI	0.5	4	2
Life expectancy: each member assumed to retire 1 year earlier than expected		4	2

\* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

### 13.2 Provision for LGPS Pension

The 2019 LPFA fund valuation (as at 31 March 2020) set the FSS contribution rate for the period from 1 April 2020 to 31 March 2023 at 19.6%. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The projected unit method of valuation has been used to calculate the service cost under IAS19.

An allowance for an asset ceiling has been included in the LPFA fund valuation for 2022/23. The asset ceiling is calculated as the difference between the accounting surplus attributable to the employer and the surplus limit. The surplus limit is calculated as the expected future cost of accrual, calculated in line with the discount rate, minus the present value of the certified contributions payable by the employer.

The disclosures confirm that over the period the net pension liability from the previous year is now reported as a net surplus of £672m. This is attributable to changes to the actuarial financial and demographic assumptions.

### McCloud/Sargeant Judgement

The McCloud/Sargeant judgement relates to age discrimination within the New Judicial Pension Scheme. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud/Sargeant case. A resolution to the case is still outstanding and will either be imposed by an Employment Tribunal or negotiated and applied to all public service schemes, so the exact outcome and impact is still unknown.

The Actuary has advised that the allowance previously made for the potential impact of the McCloud/Sargeant judgement has been rolled forward and remeasured for the valuation of defined benefit and unfunded liabilities at 31 March 2023.



### 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:

	Year Ending 31/03/23 % p.a.	Year Ending 31/03/22 % p.a.
Discount Rate	4.80%	2.60%
Pension Increases	2.90%	3.35%
Salary Increases	3.90%	4.35%

### Mortality

The post retirement mortality is based on the Club Vita mortality analysis. These base tables are then projected using the CMI\_2021 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.0% p.a. and a 2021 weighting of 5%.

	As at 31 March 2023		As at 31 March 2022	
	Men (years)	Women (years)	Men (years)	Women (years)
Retiring today	19.5	22.5	20.2	23.6
Retiring in 20 years	20.6	24.5	21.6	24.8

## Movement in liabilities

	2022/23 £'000	2021/22 £'000
<b>Opening Defined Benefit Obligation</b>	33,214	34,578
Current service cost	395	492
Interest cost	848	660
Change in financial assumptions	(9,994)	(1,187)
Change in demographic assumptions	(1,440)	-
Experience loss/(gain) on defined benefit obligation	720	49
Estimated benefits paid net of transfers in	(1,274)	(1,430)
Contributions by Scheme participants	64	75
Unfunded pension payments	(25)	(23)
<b>Closing Defined Benefit Obligation</b>	22,508	33,214

## Movement in assets

	2022/23 £'000	2021/22 £'000
<b>Opening Fair Value of Employer's Assets</b>	27,891	24,981
Interest on assets	712	479
Return on assets less interest	(354)	3,336
Other actuarial gains/(losses)	(24)	-
Administration expenses	(8)	(32)
Contributions by Employer including unfunded	369	505
Contributions by Scheme participants	64	75
Estimated benefits paid plus unfunded net of transfers in	(1,299)	(1,453)
<b>Closing Fair Value of Employer Assets</b>	27,351	27,891

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

	Value at 2022/23 £'000	% at 2022/23	Value at 2021/22 £'000	% at 2021/22
Equities	16,083	59%	15,876	57%
Target return portfolio	5,058	19%	6,007	22%
Infrastructure	3,461	13%	2,841	10%
Property	2,671	10%	2,502	9%
Cash	35	0%	665	2%
Market value of assets	27,201	100%	27,891	100%
Present value of scheme liabilities	(22,509)		(33,214)	
Net pension liability	4,692		(5,323)	

#### Reconciliation of asset ceiling

	2022/23 £'000	2021/22 £'000
<b>Opening impact of asset ceiling</b>	-	-
Interest on asset ceiling	-	-
Actuarial losses / (gains)	4,171	-
<b>Closing impact of asset ceiling</b>	<b>4,171</b>	-

**Movement in surplus / (deficit) during the year**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Scheme liability at 1 April	(5,323)	(9,597)
Service cost	(395)	(492)
Administration expenses	(8)	(32)
Employer contributions	219	305
Payment of deficit	150	200
Other finance net interest charged	(136)	(181)
Actuarial (loss) / gain	10,036	4,474
Asset ceiling allowance	(4,171)	
Net pension liability	<u>672</u>	<u>(5,323)</u>

**Analysis of the amount charged to net operating expenditure**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Service cost	395	492
Administration expenses	8	32
	<u>403</u>	<u>524</u>
Employer contributions to be set off	(369)	(305)
Amount (credited)/charged to operating cost	<u>34</u>	<u>219</u>

**Analysis of the net amount charged to operating cost**

Net interest on the defined liability/(asset)	<u>136</u>	<u>181</u>
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## Analysis of amount recognised in Statement of Changes in Taxpayers' Equity

	2022/23 £'000	2021/22 £'000
Return on fund assets in excess of interest	(354)	3,336
Other actuarial gains/(losses) on assets	(24)	-
Change in financial assumptions	9,994	1,187
Change in demographic assumptions	1,140	-
Experience gain/(loss) on defined benefit obligation	(720)	(49)
Asset ceiling allowance	(4,171)	
Remeasurement of the net assets/(defined liability)	6,165	4,474

## Sensitivity Analysis

	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of Total Obligation	21,232	22,243	22,508	22,778	23,916
Projected Service Cost	187	204	209	312	233
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of Total Obligation	22,653	22,537	22,508	22,479	22,367
Projected Service Cost	209	209	209	209	208
Adjustment to pension increases and deferred valuation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of Total Obligation	23,791	22,755	22,508	22,266	21,345
Projected Service Cost	234	214	209	204	187
Adjustment to mortality age rating assumption		+1 Year	None	-1 Year	
Present value of Total Obligation		23,501	22,508	21,561	
Projected Service Cost		216	209	202	

### 13.3 Summary of pension charges and liability charged to net operating expenditure

	Board pension £'000	LGPS £'000	Total 2022/23 £'000	2021/22 £'000
Net pension liability at 1 April	(111)	(5,323)	(5,435)	(9,710)
Current service cost	-	(395)	(395)	(492)
Past service cost	-	-	-	-
Administrative expenses	-	(8)	(8)	(32)
Employer contributions set off	-	219	219	305
Interest cost	(2)	(136)	(138)	(182)
Charged to net operating expenditure	(2)	(320)	(322)	(401)
Deficit payments	4	150	154	206
Actuarial gain recognised in SOCTE	49	6,165	6,214	4,471
Net pension liability	(60)	672	612	(5,434)

Unfunded liabilities included in the figure for present value of asset/(liability) is -£214k (2021/22 -£314k)

## 14. Contingent Liabilities

### 14.1 Guaranteed Minimum Pension

The valuation of defined benefit and unfunded liabilities at 31 March 2019 and therefore included in the starting position for 2021 (1 April 2021) as disclosed in Note 13, includes an allowance for the potential 'past service cost' in light of the Lloyds ruling on the equalisation of Guaranteed Minimum Pension (GMP) between genders. This allowance is therefore incorporated in the roll forward approach and is re-measured at the accounting date along with the normal LGPS liabilities. The ruling requires pension schemes, such as LGPS, to equalise the effect of unequal GMPs accrued between May 1990 and April 1997 by virtue of them having been paid to scheme members at different ages (65 for men, 60 for women).

The actuarial valuation assumption for GMP is that the Fund will pay limited increases for members who have reached Statutory Pension Age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase. This assumption is consistent with the consultation outcome published by the Government on 23 March 2021. Therefore, the FSS management has taken the actuaries view that there is no need to make any adjustments to the value placed on the liabilities as a result of the outcome.

### 14.2 Goodwin Contingent Liability

The Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS. The actuaries do not yet have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. It is their understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which the actuaries expect will be minimal for LGPS funds.

## 15. Related Party Transactions

The SG is regarded as a related party as FSS is an NMO of the Scottish Administration and receives grant in aid funding. During the year, FSS had various material transactions with the SG, mainly in relation to the provision of corporate shared services for IT, HR and Legal support. The disclosure threshold for related parties is £1m.

FSS has had various material transactions with other government departments and other central government bodies. The main entities within government with which FSS has had dealings with, apart from SG, is the Centre for Environment Fisheries & Aquaculture Science (CEFAS). Details are included in the following table.

Organisation	Income	Expenditure	Debtors	Creditors
SG	293,218	1,876,285	52,454	43,153
CEFAS	N/A	2,585,518	N/A	220,354

\*Figures are exclusive of any VAT due

During the year no Board, or SLT members have undertaken any material transactions with FSS.

## 16. Events after the Reporting Period

In accordance with the requirements of IAS10 'Events after the Reporting Period', post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date the Accountable Officer signs off the accounts following the Board's approval.

There are no post balance sheet events to report that occurred between the end of the reporting period and the date when the financial statements were authorised for issue relating to the 2022/23 financial year.

## 17. Early adoption of IFRSs, Amendments and Interpretations

FSS has not adopted any IFRSs, amendments or interpretations early.

## 18. Application of Newly Issued Accounting Standards

IFRS 16, issued by the International Accounting Standards Board (IASB) in 2016, has been adopted by FSS from 1 April 2022 and impacts the financial statements for 2022/23.





## FOOD STANDARDS SCOTLAND

### DIRECTION BY THE SCOTTISH MINISTERS

In accordance with section 19(4) of the Public Finance and Accountability Scotland Act 2000, The Scottish Ministers hereby give the following direction:

1. Food Standards Scotland will prepare accounts for the financial year ended 31 March 2016, and subsequent years. The accounts shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year of Food Standards Scotland in the exercise of its functions
3. This direction shall be reproduced as an appendix to the accounts.

Signed by the authority of the Scottish Ministers

Dated 20 April 2016

# Food Standards Scotland

For safe food and healthy eating

Laid before the Scottish Parliament pursuant to section 15(5) of the Food (Scotland) Act 2015

Food Standards Scotland  
Pilgrim House, Old Ford Road  
Aberdeen, AB11 5RL

Enquiries@fss.scot

