

# Annual Report & Accounts 2023/24



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At Food Standards Scotland we have a unique role, working independently of Ministers and industry to provide advice which is impartial, and based on robust science and data.

Our remit covers all aspects of the food chain which can impact on public health – aiming to protect consumers from food safety risks and promote healthy eating.

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

## Abbreviations

Abbreviation	Written in full
AI	Artificial Intelligence
AME	Annually Managed Expenditure
ARC	Audit and Risk Committee
AUC	Assets Under Construction
BSL	British Sign Language
CEFAS	Centre for Environment Fisheries & Aquaculture Science
CETV	Cash Equivalent Transfer Values
CMI	Continuous Mortality Investigation
CMP	Carbon Management Plan
CMS	Case Management System
CMI	Continuous Mortality Investigation
CoP	Code of Practice
DBO	Defined Benefit Obligation
DEFRA	Department for the Environment, Food and Rural Affairs
DEL	Department Expenditure Limit
DIAA	Directorate of Internal Audit and Assurance
DPA	Data Protection Act
ECA	Essential Core Activities
EDI	Equality, Diversity, and Inclusion
EMT	Executive Management Team
EOEW	Eating Out, Eating Well Framework
FBC	Finance and Business Committee
FBO	Food Business Operator
FCSA	Food Crime Strategic Assessment
FRm	Government Financial Reporting Manual
FSA	Food Standards Agency
FSS	Food Standards Scotland
FTE	Full Time Equivalent
GAD	Government Actuary's department
GDPR	General Data Protection Regulation
GMP	Guaranteed Minimum Pension
H&S	Health and Safety
HACCP	Hazard Analysis and Critical Control Points
HFSS	High Fat, Salt and Sugar
HSE	Health, Safety, and Environment
IT	Information Technology
KPI	Key Performance Indicator
LA	Local Authority
LGPS	Local Government Pension Scheme
LPFA	London Pension Fund Authority
MOU	Memorandum of Understanding
NMO	Non-Ministerial Office
OC	Official Controls
OGD	Other Government Department

PCSPS	Principal Civil Service Pension Scheme
PHS	Public Health Scotland
PPDS	Prepacked for Direct Sale
PSR	Public Sector Reform
REUL	Retained European Union Law
ROU	Right of Use
RPS	Regulated Products Service
SAFER	Scottish Authorities Food Enforcement Rebuild
SEI	Science, Evidence and Information
SFCIU	Scottish Food Crime and Incidents Unit
SG	Scottish Government
SLT	Senior Leadership Team
SPFM	Scottish Public Finance Manual
SPI	Strategic Performance Indicator
TU	Trade Union
UKG	UK Government

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# **1. Performance report**

## **Chair and Chief Executive's report**

We are pleased to present the annual report for Food Standards Scotland (FSS) for the year ending 31 March 2024. This report highlights our efforts, achievements, and the challenges we have faced in ensuring food and feed safety and standards across Scotland. Our commitment to protecting public health and maintaining consumer confidence remains paramount.

### **Embracing change and innovation**

The past year has seen significant changes in the food industry, driven by evolving consumer preferences, technological advancements, and economic shifts. At FSS, we have embraced these changes, leveraging innovation to enhance our regulatory frameworks and operational efficiencies. Our initial investments in technology and data analytics have enhanced our ability to monitor food safety, predict risks, and respond swiftly to emerging issues.

### **Strengthening food and feed safety standards**

We have made strides in enhancing food and feed safety standards through collaboration with stakeholders, and robust policy development. Our comprehensive approach includes implementing new regulations, risk assessing new food and feed products/additives, raising awareness about foodborne illnesses, and enforcing actions against non-compliant entities.

### **Strategic outcomes and goals**

Our efforts this year have focused on achieving specific strategic outcomes and goals:

- **Food Crime:** Published the UK Food Crime Strategic Assessment to address threats in food supply chains.
- **Penalties & Sanctions:** Implemented compliance notices and a Code of Practice (CoP) to support food law enforcement in Scotland.
- **Surveillance:** Published research to inform a new shopping basket survey, enhancing our food surveillance strategy.
- **Healthier Diets:** Conducted surveys and published reports on diet, affordability of healthy food, and consumption patterns.
- **Support for Food Businesses:** Finalised guidance on managing foodborne illness outbreaks and developed the Eating Out Eating Well framework (EOEW).
- **Consumer Empowerment:** Conducted research on consumer attitudes towards new breeding techniques and allergens.

### **Financial position**

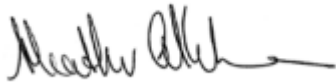
This year has brought financial challenges, requiring tough decisions on resource allocation. Despite these challenges, we are committed to maintaining standards of food safety. We are exploring additional funding opportunities and efficiency measures to strengthen our financial position but there is no escaping the fact that it will continue to be challenging for FSS.

We have an annual resource budget of £22.7 million which, apart from an injection of £7 million to deal with the consequences of leaving the EU, has remained unchanged from our original allocation in 2015 of £15.7 million. With 76% of our budget relating directly to staff costs, which increase year on year, our investment in programme activity such as research is limited and reducing. Given our need to deliver our statutory functions first, it is difficult to change that balance. The further relative reduction in funding for 2024/25 and beyond will also limit our ability to invest in data and digital, and public service reform to the degree needed to instigate tangible positive change.

### **Looking ahead**

We remain dedicated to upholding food safety and standards. Our focus will be on continuing to innovate where possible, strengthening our regulatory frameworks to meet the need for new regulation in order to keep pace with emerging food technology and production methods from the buoyant commercial sector. We will also consider the continued impacts of EU Exit, such as the regulated products risk assessment process, and will foster collaboration and engagement with stakeholders wherever possible. We are confident that with the collective efforts of our team and partners, we will navigate the challenges ahead.

In closing, we express our sincere gratitude to the dedicated staff of FSS and our partners who support our mission. Together, we will continue to build a food system that is safe, sustainable, and trusted by all.



Heather Kelman  
Chair



Geoff Ogle  
Chief Executive

## Our year in numbers

	2023/24	2022/23
Total number of approved meat plants at 31 March 2024	92	96
Completed animal feed inspections	1,186	1,022
Incidents investigated	125	139
Commissioned 19 (29) Food Safety and Public Health Nutrition projects	19	29
Number of Food Safety and Public Health Nutrition publications	4	8
Science stakeholder engagements and outreach	163	70
Live applications made to Regulated Products and Application Service	465	501
Samples tested and reported for chemical, microbiological, substitution and labelling	5,118	4,775
Health and safety site visits	8	8
Reportable health and safety incidents	1	1
Full time equivalent (FTE) staff	291.9	287.8
Civil Service People Survey employment engagement index score	72%	72%
Digital marketing campaigns	0	3
Invoices paid within 10-day payment target	91%	96%
Net cost of FSS	£22.5 million	£22.5 million

Table 1 Our year in numbers



## About Food Standards Scotland

Food Standards Scotland (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

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 develops assimilated food and feed regulations and protects consumers through delivery of a robust regulatory and proportionate enforcement approach.

### Our mission

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

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

#### 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.

#### Based on evidence

- 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 [Science, Evidence and Information Strategy \(SEI\) \(PDF, 551KB\)](#) 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 CoP for regulators. We apply the better regulation principles enshrined in the Scottish Regulators' Strategic CoP. The Code seeks to support an enabling approach by applying the key principles of better regulation: transparent, consistent, proportionate, accountable and targeted.

## Overview

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). Our staff work in a variety of locations across Scotland. Our operational field staff deliver official controls (OCs) in abattoirs and meat cutting plants. FSS operates a hybrid working model for office-based staff.

The temporary reconfiguration of the FSS structure implemented in February 2023 remained in place throughout 2023-24. Two interim directors headed up the directorates formed by changing reporting lines for some of the existing departments. These changes are detailed in the Directors' Report within this report. The reconfiguration was driven by 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.

In the pursuit of its goals FSS continues to work in partnership with other public bodies, research funders, enforcement authorities, industry, the private sector and government departments in Scotland and across the United Kingdom (UK).

### Planning and organising our work

The [2021-26 Strategy](#), titled [Healthy, Safe, Sustainable: Driving Scotland's Food Future \(PDF, 942KB\)](#), 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 \(PDF, 405KB\)](#) supports the strategy and describes the activities we have been undertaking 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 our EU Exit, the war in Ukraine and the COVID-19 pandemic. [Table 2](#) shows how the goals link to the outcomes in the strategy. The Board paper detailing the funding allocations can be found on the [2023-24 Budget update \(PDF, 137KB\)](#).

The 2021-24 Corporate Plan came to an end on 31 March 2024 and the new 2024-26 plan, which was published May 2024, describes how we are continuing to deliver, and our focus, for the remaining two years of the strategy.

### **Essential core activities analysis exercise**

Due to the ongoing financial challenges we faced during 2022/23 we undertook a prioritisation exercise to help us focus our resources. The prioritisation exercise did not review our essential core activities (ECA) in detail, but rather focused on those activities that were additional to our ECA. Given the further pressures on resourcing the FSS SLT therefore commissioned an ECA analysis exercise. The purpose of this exercise was to:

- ensure that the volume of work is understood and is reasonable,
- address the question “you may be busy, but are you efficient?”, and
- look at where our time is being spent and what we can do through ways of working to make life easier for us all.

This data gathering exercise has been completed and we are now reviewing the data to address the questions noted above.

### **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 OCs 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 2023 confirmed the FSS budget of £23m with resource budget for the financial year 2023/24 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 £0.2 million of additional budget; internal transfers of £0.17m for the Pathsafe project, AME budget £0.05m. The total approved budget for the year was £23.2m.

The outturn against the budget is reported in the [Performance analysis](#) section and further detail in the [Financial Statements](#).

## **Corporate outcomes**

There are the five strategic outcomes, noted below, with delivery based on six goals. Further details can be viewed on the [Food Standards Scotland](#) website.

### **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.

### **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.

### **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.

### **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.

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

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

## Performance summary

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 and supporting change programmes. This section highlights delivery during 2023-24 against our Corporate Plan. Further detail on our performance within each outcome is provided in the [Performance analysis](#) of the report.

<b>The six goals and how they contribute to our strategic outcomes</b>	<b>Outcome 1:</b> Food is safe and authentic	<b>Outcome 2:</b> Consumers have healthier diets	<b>Outcome 3:</b> Responsible food businesses are enabled to thrive	<b>Outcome 4:</b> Consumers are empowered to make positive choices about food	<b>Outcome 5:</b> FSS is trusted and influential
<b>Goal 1:</b> A food safety and standards assurance system that commands respect and consumer confidence, supporting the Scottish economy beyond EU Exit	✓		✓		✓
<b>Goal 2:</b> 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 production and public health nutrition, promoting change through impactful relationships within and beyond Scotland that enable us to influence, learn and collaborate

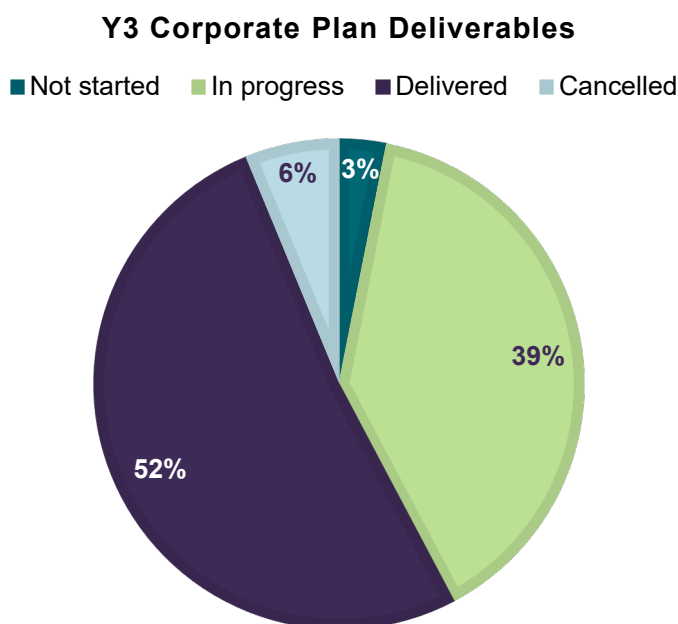


**Goal 6:** Engage with all parts of society in Scotland; understanding the issues that matter to consumers and providing information that is tailored to their needs



In the third year of our Corporate Plan there were 90 deliverables allocated to the 6 Goals, 97 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 3 (Y3) deliverables against the Corporate Plan is detailed in the following chart.



*Figure 1 Y3 Corporate Plan deliverables*

### Summary of deliverables during 2023/24

In 2022-23 the FSS Workforce Plan identified the need for an additional 56 FTE resource to deliver on our ECA alongside new and emerging requirements from exiting the EU. No additional budget was forthcoming which had an immediate impact on the organisation's ability to deliver on years 2 and 3 of the FSS Corporate Plan. This led to a review and the reprioritisation exercise. The resource pressures continued into 2023-24 which resulted in a number of priority deliverables being extended beyond their initial completion date. These deliverables are now included in the 2024-26 Corporate Plan, which was published May 2024, which describes how we are continuing to deliver, and our focus, for the remaining two years of the strategy.

Work is now progressing drafting a new strategy which will take FSS from April 2026 forward. Presentations on our approach have been delivered to our Senior Leadership Group, Strategy Forum and our FSS Board at a Seminar, to gauge initial feedback on approach. Our new strategy will be supported by an integrated workforce, finance and business set of plans.

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:

- 52% of the Year 3 (Y3) activities were delivered;
- 42% of the Y3 priority deliverables are rolled forward to year 1 of our 2024 – 26 Corporate Plan;
- 38 of these priority deliverables commenced in 2023-24, 3 were not started due to deprioritisation and dependencies on other FSS programmes; and
- 6% of the Y3 priority deliverables have been cancelled due to time delays, duplication of efforts, resourcing issues and budget pressures.

### Strategic performance indicators

A key set of Strategic Performance Indicators (SPIs) were developed to report against the FSS strategy and were introduced following a joint Board/Executive short life working group for the 2023-24 financial year. The revised strategic outcomes format supports 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, and
- a clearer line of sight on FSS deliverables and a shift away from reporting on issues and metrics FSS has no direct control over.

The first Strategic Outcomes Measures report for quarter one and two was reviewed by the Finance and Business Committee (FBC) in February 2024 with the following details.

### Strategic Outcome: Food is safe and authentic

SPI	2022/23 Q3 & Q4	2023/24 Q1 & Q2	Change
Campylobacter cases*	5,552	Unknown*	N/A
Local Authority (LA) Food Samples unsatisfactory*	13.5%	Unknown*	N/A
Enforcement actions overdue	3.2%	3.0%	- 0.2%

Table 3 Outcome 1 SPIs (\*Annual data only)

### Strategic Outcome: Consumers have healthier diets

SPI	2022/23 Q3 & Q4	2023/24 Q1 & Q2	Change
Percentage of people who say they eat healthily	66%	60%	- 6%
Views of nutrition related web pages	169,092	157,052	-12,040
Retail calories purchased capita per day	2,215	2,232	N/A

Table 4 Outcome 2 SPIs

**Strategic Outcome: Responsible food businesses are enabled to thrive**

SPI	2022/23 Q3 & Q4	2023/24 Q1 & Q2	Change
Food Business Operator (FBO) final audit outcomes rated as good or generally satisfactory	86%	95.2%	+9.2%
Number of enforcement actions	573	622	+49
Number of trading food businesses	74,755	74,707	-48

*Table 5 Outcome 3 SPIs***Strategic Outcome: Consumers are empowered to make positive choices about food**

SPI	2022/23 Q3 & Q4	2023/24 Q1 & Q2	Change
Number of consumers who have used Food Hygiene Information System (FHIS)	33,019	22,731	-10,288
Number of education related page views of FSS website	65,713	59,923	-5,790
Active Menucal registrations	1,280	1,407	+127

*Table 6 Outcome 4 SPIs***Strategic Outcome: FSS is trusted and influential**

SPI	2022/23 Q3 & Q4	2023/24 Q1 & Q2	Change
Consumers trust FSS to do its job	73%	71%	-2%
Number of page views on FSS website	774,608	884,206	+109,598
Number of social media followers	24,417	26,067	+1,650

*Table 7 Outcome 5 SPIs (\*Annual data only)***Key risks and uncertainties**

Whilst FSS's approach to managing risk is covered in more detail in the Governance Statement section of this report, 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, and the Audit and Risk Committee (ARC), to be material to the development, performance, position and future prospects of FSS. The updated action plan to mitigate these risks can be viewed in the [Strategic Risk Register \(PDF, 440KB\)](#) and [Strategic Issue Register \(PDF, 358KB\)](#).

Risk Title	Mitigating Actions updated to reflect end of year position
<p><b>Food security</b> 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>The Food Security risk has since been de-escalated from the Strategic Risk Register following agreement by ARC on 09 September 2023.</p>	<p>FSS has established an 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> <p>The risk is currently managed at a Divisional level in the Scottish Food Crime and Incidents Unit (SFCIU). FSS currently liaise with a food security team that has been established in the Scottish Government. Any further threat to food supply and the risk will be brought back to the Strategic Risk Register.</p>
<p><b>Delays in recruitment of FSS staff</b> 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>FSS continue to liaise with SG HR and Transformation Services to try and mitigate the impact of HR systems migrating to Oracle Cloud April 2024 (which could have a negative impact on recruitment timelines).</p> <p>FSS has highlighted concerns to SG HR of the recent impacts of artificial intelligence (AI) and are in the process of considering appropriate firewalls. SG has since established a joint working artificial intelligence team to explore opportunities and threats presented by AI. A high number of AI generated job applications are being received which also impacts on delays in recruitment.</p>
<p><b>Misinformation</b> 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>Complete user research phase of the new website design and CRM to ensure it is developed with users front of mind taking into consideration accessibility, technology, language and information hierarchy.</p> <p>Deliver media engagement plan to cement existing and build new relationships, positioning FSS as a trusted source of information.</p>

<p><b>Changes to role and remit</b> Scottish Ministers drive changes in FSS Strategy and delivery responsibilities.</p>	<p>FSS continues regular engagement with SG Officials and Ministers and ensures FSS Board input to consultations exercises.</p> <p><b>Scottish Veterinary Service (SVS):</b> FSS involvement and influence through the SVS Programme Board and Steering Group. Programme Board has agreed a notional Programme timescale up to April 2025 however milestones potentially affecting FSS will be ongoing.</p> <p><b>Good Food Nation (GFN):</b> Maintain regular contact with the GFN team to represent FSS interests.</p>
<p><b>External policy pressures</b> UK Government drive forward a deregulatory agenda.</p>	<p><b>Co-ordination:</b> FSS UK International Relations team to co-ordinate FSS inputs to UK/SG programmes including SI programme in liaison with policy team and agreed Board position, guidance for staff developed. Pivot coordination effort towards managing any UKG plans for revocation of retained EU law in FSS policy areas and shift of focus to regulatory reform.</p> <p><b>Resourcing:</b> CEO Engaging with SG to try and secure additional resource; FSS prioritisation work to secure additional internal capacity. Additional policy recruitment now underway.</p> <p><b>Engagement:</b> Continue to engage and influence external stakeholders, both during course of Bill and during delivery phase. Ensure proactive policy engagement with FSA, Defra and DHSC in line with agreed Board position.</p>

*Table 8 Risks and mitigating actions*

Where a strategic risk has materialised, and mitigation to prevent the risk is no longer appropriate, the risk becomes an issue. Once a risk becomes an issue it is moved to the appropriate level issue register and actions are then taken to manage and monitor the issue.

The most important issues to FSS are those which will affect the delivery of the strategic objectives and key goals.

Issue title	Actions
<p><b>Budget allocation</b> 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>Corporate Services are in the process of developing a 2024-26 Corporate Plan based on essential business needs and resource requirements. This plan will identify key deliverables for FSS between now and 2026 in line capacity and budget allocation. Financial management plan being finalised which will provide an options appraisal and risks associated with budget planning years 2024 to 2026.</p>
<p><b>LA food law delivery model</b> Increasing pressures on local authorities and FSS result in a delivery model which lacks the resilience needed to meet future challenges.</p>	<p>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. FSS will work to implement an effective strategy and programme of work to mitigate the risk of complete LA food law enforcement failure.</p>

Table 9 Issues and actions

## 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	22.4	22.7	(0.3)
DEL Capital Expenditure	0.1	0.1	(0.0)
Total DEL	22.5	22.8	(0.3)
Total AME	0.4	0.4	0.0
Total Expenditure	22.9	23.2	(0.3)

Table 10 Financial performance

Exclude DEL Capital to align with Net operating expenditure in [Statement of Comprehensive Net Expenditure \(SoCNE\)](#).

FSS drew down £24.2m (2022/23: £19.7m) in cash terms to cover its capital and net operating costs for the year. This has resulted in a bank balance of £2.8m (2022/23: £1.0m) 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 2023/24.

## Income and expenditure

FSS's total resource budget was allocated to deliver our ECA and one change programme. This budget included additional funding of £0.2m for the FSS pilot of the Shared Outcomes Project (Pathsafe).

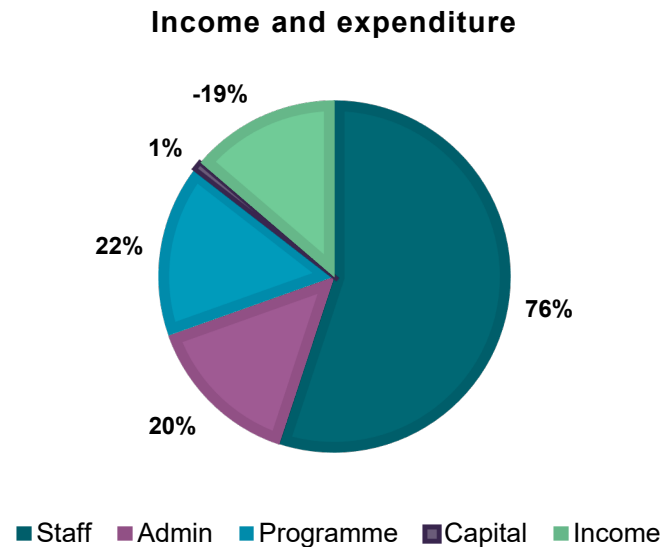


Figure 2 Income and expenditure (%)

## Spend by outcome

The budget and expenditure are 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.

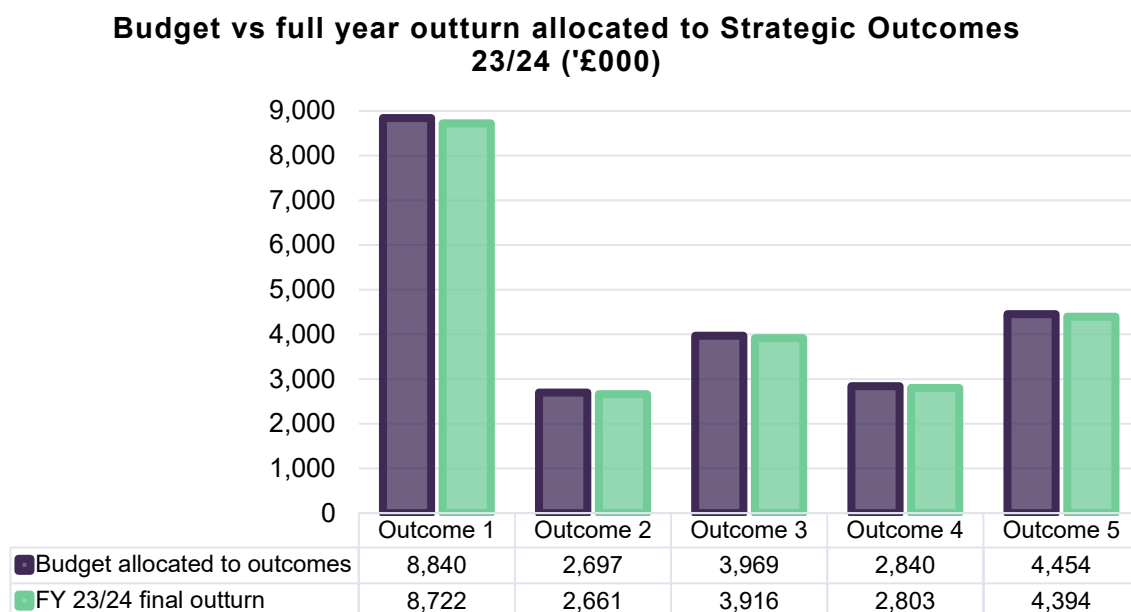


Figure 3 Spend by outcome

### Deliverables achieved by goal 2023/24

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

Deliverable description	Strategic outcome number
<b>Feed</b> Work with external partners and analysts to develop an efficient and effective national sampling and analysis plan	1, 3, 5
<b>Joint Annual Report</b> Publish the joint FSS/FSA Annual Report on Food Standards and lay in the Scottish Parliament in October 2023	1, 5
<b>Retained EU Law (REUL)</b> Coordination of FSS response to the UK Government's (UKG) REUL Bill and input to SG REUL Programme	1, 4
<b>FSA / FSS Memorandum of Understanding (MOU):</b> Review and deliver updated FSA/FSS MOU – internal analysis and cooperation with FSA	5
<b>Feed</b> Review existing Data Sharing Level Agreements for renewal and delivery of OCs on behalf of FSS beyond 2024 including any financial implications	1, 3, 5
<b>Food Crime</b> Develop and publish a UK Food Crime Strategic Assessment in liaison with FSA	1, 3, 4, 5

Table 11 Goal 1 deliverables

### 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

Deliverable description	Strategic outcome number
<b>Feed</b> Deliver a plan to implement new inspection and surveillance sampling by both local authorities and FSS	1, 3, 5
<b>Feed</b> Produce a training programme for relevant FSS and LA staff on the feed OCs to meet competency requirements	1, 3, 5
<b>Scientific Advice for OCs</b> Provide recommendations for implementation of a revised sampling programme for biotoxins in shellfish harvesting areas based on risk assessment of historic monitoring data sets	1
<b>Scottish National Database (SND) Maintenance &amp; Development</b> Completion of work to improve FHIS data	1, 3, 5



visibility, and implement function to publish data to FSA portal directly from SND	
<b>Feed</b> Establish adequate feed additive trials monitoring resources	2
<b>Export Missions &amp; Inward Missions</b> Participate in the delivery to export approvals, export audits & support for the Department for Environment, Food and Rural Affairs (DEFRA) with technical input to export missions / Inward missions	1, 3, 5
<b>Penalties &amp; Sanctions</b> Implement new compliance notices and an overarching CoP for Enforcement (penalties and sanctions), to support the enforcement of food law and food information breaches in Scotland	1, 3, 5
<b>Feed</b> Establish a fully resourced animal feed delivery team and ensure a plan is in place to implement new inspection and sampling regimes	1, 3, 5
<b>LA Delivery</b> Manage and execute a planned capability building suite of courses for LAs	1, 3, 5
<b>OC</b> Delivery of all OCs in Meat Plants	1, 3, 5
<b>OC</b> Undertake the Internal Monitoring Procedures for OC Delivery	1, 3, 5
<b>OC</b> Administration of the Certificate of Competence, audit & approvals / authorisation processes	1, 3, 5
<b>OC</b> Delivery of audit and unannounced inspections programme and approvals in meat plants	1, 3, 5

Table 12 Goal 2 deliverables

### 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

Deliverable Description	Strategic Outcome Number
<b>Nutrition Publications</b> Attitudes to diet and health survey	2, 4, 5
<b>Social Research</b> Disseminate findings of consumer research on attitudes relating to New Breeding Techniques in food production	4
<b>Social Research</b> Disseminate findings of social research relating to allergens – the review of prepacked for direct sale (PPDS) requirements and consumer views on terminology used to describe food allergy/hypersensitivity	4
<b>Nutrition Monitoring</b> Develop an interactive dashboard for food and drink retail purchase data	2, 4, 5
<b>Nutrition Evidence</b> Publish review of evidence in relation to affordability of healthy balanced diet	2, 4, 5
<b>Social Research</b> Finalise a social research plan for FSS linked to themes in FSS's Food and Health Research Programme and key evidence needs to support the delivery	1, 2, 3, 4, 5

of risk analysis, the Scottish Authorities Food Enforcement Rebuild (SAFER) / regulatory strategy and communications activities across the organisation	
<b>Foodborne Illness Reduction Strategy</b> Agree with Public Health Scotland (PHS) research priorities on segmentation of reported cases of infectious intestinal disease (IID), and data linkage with hospitalisations and deaths to improve understanding of at-risk population groups and factors which contribute to foodborne illness in Scotland	1
<b>Marketing</b> Delivery of consumer tracker waves 16 & 17	4, 5
<b>Nutrition Monitoring</b> Publish further analysis of Intake24 data from the 2021 Scottish Health Survey on discretionary and other high in fat, sugar or salt (HFSS) foods	2, 4, 5
<b>Nutrition Policy</b> Revised setting the table guidance out for consultation	2, 5

Table 13 Goal 3 deliverables

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

Deliverable Description	Strategic Outcome Number
<b>Nutrition Policy</b> Finalise technical specification for the Eating Out Eating Well (EOEW) framework and CoP for Children's menus	2, 3, 4, 5
<b>Food Crime</b> Deliver an additional campaign to continue to raise awareness of food crime and the unit, continued promotion of the new digital food crime profiling tool and promote the Scottish Food Crime Hotline generally with key stakeholders and consumers.	3, 4, 5
<b>Nutrition Policy</b> Pilot the EOEW framework including CoP once it commences	2, 3, 5

Table 14 Goal 4 deliverables

#### 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

Deliverable Description	Strategic Outcome Number
<b>Web &amp; Digital</b> Delivery and roll out of digital and social media guidelines	5
<b>Section 42 Reports</b> Deliver joint FSS / FSA contribution to the UK Government's S.42 reports	5
<b>Risk Assessment/Scientific Advice for Incidents</b> Working with PHS and FSS incidents/resilience teams, finalise joint guidance on the Management of Outbreaks of Foodborne Outbreaks in Scotland	3

<b>Communications and Marketing</b> New FSS website phase 1 research (replace digitisation of publications and accessibility audit work)	5
<b>Marketing</b> FSS / FSA Joint Annual Report parliamentary event	5

Table 15 Goal 5 deliverables

**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**

<b>Deliverable Description</b>	<b>Strategic Outcome Number</b>
<b>Communications</b> Coverage around new Board members	5
<b>Communications and Marketing</b> On-Farm prevention campaign four nations approach	3,5
<b>Digital</b> Deliver phase 1 of new FSS website (procurement part of the process)	5
<b>Consumer Information Scheme</b> Complete social research into consumer preferences for a new Consumer Information Scheme to replace the current FHIS	2, 4, 5
<b>Public Affairs</b> Delivery of a public affairs and stakeholder engagement strategy	5
<b>Food Crime</b> Implement the food crime prevention strategy, in relation to food and feed crime through analysis, education and a partnership working structure	5

Table 16 Goal 6 deliverables

**Maintaining Organisational Excellence**

<b>Deliverable Description</b>	<b>Strategic Outcome Number</b>
Submission of a Digital Transformation Programme business case that will detail the digital deliverables for the year(s) ahead	All
Review hybrid working arrangements & implement any recommendations	All
Undertake a review of the Corporate Services Directorate & implement identified changes	All
Environmental actions to be scoped, aligned and managed with SG longer term and interim targets towards net zero. To be done while ensuring correlation with FSS Sustainability Plan.	All
Undertake a business planning process review and document proposals.	All
Engagement and review of Information Governance Service across SG.	All

Identify & implement opportunities for shared services provision between the public delivery bodies	All
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Table 17 Maintaining organisational excellence

## Performance and achievements

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, which have contributed to moving towards delivering our strategic outcomes.

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

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, together with FSA, follows globally recognised frameworks for risk analysis. The process must be open and transparent and provide for a four-country model across the UK.

FSS continues to work jointly with FSA to deliver the joint FSA-FSS risk analysis process; assessing, managing and communicating food and animal feed safety risks, thereby ensuring high standards of food and feed safety and consumer protection. Issues can be initiated via the regulated products approvals service, other government departments or by the FSS and FSA directly. The stages of the risk analysis process are outlined on the [Food Standards Scotland](#) website.

During its third full year of operation, the ongoing cross-government assurance mechanisms on prioritisation, work flowing through the system, and development of risk management advice has supported the initiation, progression and completion of risk analysis work. Risk analysis issues that reach risk assessment continue to be published on a public register in line with the FSS's commitment to an open and transparent process. The public register is updated quarterly. In 2023/24 the number of issues recorded in the register increased to 35 from 22 in 2022/23. The number of complete issues increased to 12 in 2023/24 from 5 in 2022/23. One issue was marked as no longer requiring risk analysis.

The chart below provides further information on the status of risk analysis issues added to the public [register of risk analysis issues](#).

## Status of risk analysis issues added to the public register (England, Wales and Scotland)

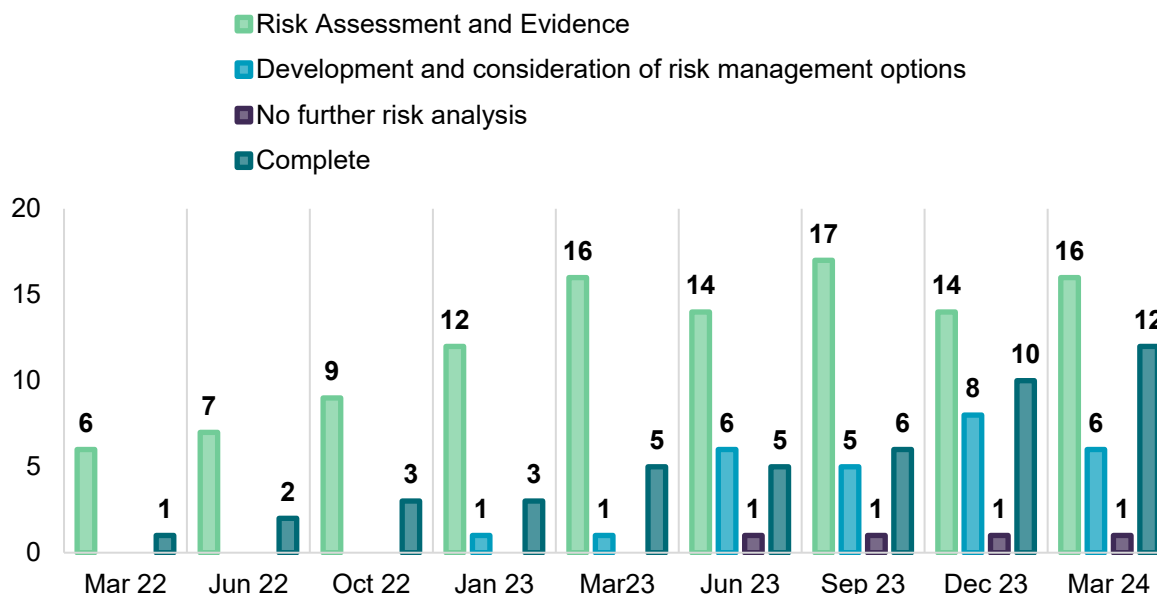


Figure 4 Status of risk analysis issues

## Regulated Products – Goal 1

We have received a steady flow of applications this year and as of 31 March 2024, we had 465 applications progressing through the Regulated Products Service. During 2023/24 116 applications were received and we continue to receive a broad spectrum of applications, allowing a further understanding of trends and future flow into the service.

Working with the FSA, we launched our new application platform, Case Management System (CMS) on 20 June 2023 and closed the legacy Application Service to the public. We noted in our previous report that we expected a reduction in the number of incomplete applications received due to improved applicant guidance and interface. Since the launch of CMS, 80% of contacts have progressed to applications, a significant increase compared to 21% on the legacy Application Service.

In 2023/24, we completed 29 applications, which included:

- 12 Feed Additives
- 1 Flavourings
- 1 Food Additives
- 12 Genetically Modified Organisms
- 3 Novel Foods

All applications went through a public consultation process to ensure transparency. We published a summary of responses which can be found on the [Citizen Space](#) website. We have completed 63 applications since the service went live in January 2021.

We have established a programme of continuous improvement to support Regulated Products Service delivery. A Board level sub-group (including FSS membership) was established to scrutinise the current performance of the RPS and make recommendations on actions to improve performance. Active caseload management is a key aspect of the proposed approach. The objective is to improve the performance of the service as a whole by ensuring resources are focused on achieving the best outcomes for consumers. An example will be an interim approach to renewals, pending legislative change.

## **Review of the Regulated Products Service**

We have outlined two priority reforms that we are working on and taking forward in 2024. These reform measures will be to support a reduction in our caseload and inflow, and shorten the time taken to authorise products. These measures are to apply a proportionate, risk-based approach to the regulation of certain products requiring renewal and a more efficient process to authorise products following ministerial decisions.

### **Food Crime – Goal 1**

**Develop and publish a UK Food Crime Strategic Assessment in liaison with FSA.**

The Food Crime Strategic Assessment (FCSA) 2024 will be published during 2024. It describes the threat to the UK and its interests, from food crime – serious fraud and related criminality within food supply chains. The FCSA is used to develop our Scottish Food Crime and Incidents Unit (SFCIU) Control Strategy which outlines the priorities for tackling food crime and actions being taken to prevent food crime, detect and deter criminality and prosecute offenders.

### **Penalties & Sanctions – Goal 2**

Implement new compliance notices and an overarching CoP for Enforcement (penalties and sanctions), to support the enforcement of food law and food information breaches in Scotland.

Compliance Notices were introduced in 2023, and information on the regulation and the guidance package that was provided to Local Authorities in Scotland can be viewed in the [Compliance Notice guidance \(PDF, 375KB\)](#).

In addition, six courses on Penalties and Sanctions were delivered between February and March 2024 to 216 officers to help achieve consistent application of the Notices in practice.

### **Surveillance – Goal 3**

**Publish the findings of research to inform the design of a new shopping basket survey aimed at strengthening FSS's food surveillance strategy.**

A scoping study for the design of a new shopping basket survey was commissioned to support FSS's food surveillance sampling strategy. This large scale survey aimed

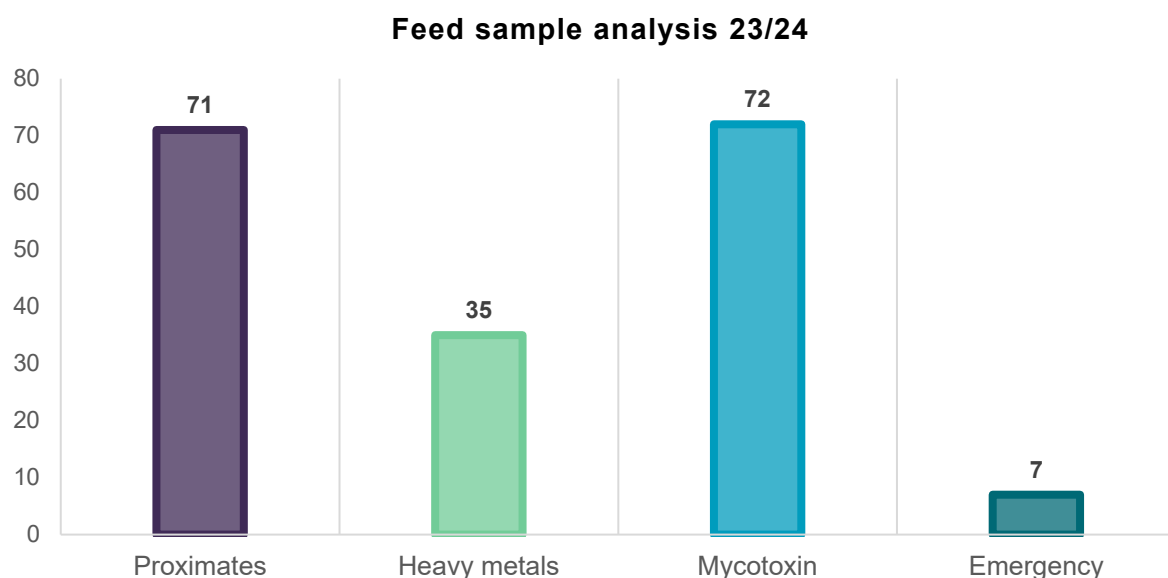
to sample and analyse a broad range of foods that reflected a typical consumers weekly shopping basket and provide reassurance over the safety of food on sale in Scotland. The scoping study reviewed existing international monitoring programmes to identify the best approach for Scotland. Supermarket purchase data for Scotland was used alongside data on known hazards of these commonly purchased foods to develop a sampling framework based on food group / hazard group combinations.

The final [Shopping Basket Survey Design \(PDF, 2.1MB\)](#) report and framework was published in March 2024 and these findings are being used to finalise a sampling plan that reflects current consumer purchasing habits in Scotland.

### **Feed – Goal 1**

**Work with external partners and analysts to develop an efficient and effective national sampling and analysis plan.**

An animal feed surveillance sampling programme throughout different local authority areas helps to identify any potential problems with feed for food producing animals. The number of samples taken for each analyte category is shown in the graph below, from a total of 65 separate sampling visits. All mycotoxin and heavy metal analyses were satisfactory, 25 out of 70 analyses for proximates (feed constituents) were unsatisfactory but not unsafe and all were followed up with the relevant business.



### **Feed – Goal 2**

**Deliver a plan to implement new inspection and surveillance sampling by both local authorities and FSS.**

An annual inspection regime to different types of animal feed businesses was implemented by local authorities under a delegated authority model along with FSS direct delivery of animal feed official controls to ensure that animal feed is safe. Of all



completed inspection visits, 96% of non-farms and 99% of farms achieved satisfactory compliance or better. This is consistent with the previous year 2022-23.

At least one non-compliance was recorded at inspections at 13% of farm businesses and 19% of non-farm businesses. At farms, the most frequent area of non-compliance was in storage and facilities, while at non-farm businesses, the most frequent non-compliance area was in Hazard Analysis and Critical Control Points (HACCP).

## **Feed - Goal 2**

### **Produce a training programme for relevant FSS and LA staff on the feed Official Controls to meet competency requirements.**

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 is safe, working towards FSS objective of making food “safe and authentic”.

Feed Training Workshops held during 2023/24:

The following sessions were held remotely via Teams and made available to all FSS and LA feed officers, and other interested staff. Each session was attended by 40-50 delegates.

Session	Title of course
1	General Feed Legislation
2	Primary Production
3	Sampling Theory
4	Feed Labelling
5	Raw Pet Food and Suppliers

*Table 18 Feed training workshops*

Training was also provided for levels 2 and 3 feed HACCP (8 delegates) and level 4 HACCP (2 delegates) certificates.

In person training was held to include on site farm inspection for FSS officers. Classroom sessions for training and updates for sampling and inspection recording IT systems were held for the majority of LA and FSS feed officers.

## **Outcome 2: Consumers Have Healthier Diets**

### **Nutrition Publications – Goal 3**

#### **Attitudes to diet and health survey.**

This research report explored attitudes to diet, health and the food environment from 1500 adults living in Scotland. Results indicated that the cost of living crisis has impacted negatively on many people's ability to access food, due in part to costs being prioritised to other areas such as household energy bills. With regards to eating out of home, the use of apps and online ordering demonstrate how easy and convenient these methods are, raising concern about their ability to encourage ordering more often and in larger quantities. Respondents felt that eating sustainably



was a lower priority in the context of other decision-making criteria, with lower cost sustainable options having the potential to encourage purchase, reflective of the current challenges around cost of living.

Access the [Consumer attitudes towards the diet and food environment in Scotland \(PDF, 778KB\)](#) research report and the accompanying [press release](#).

### **Nutrition Evidence – Goal 3**

#### **Publish review of evidence in relation to affordability of healthy balanced diet.**

Price, and the ability to afford food, are major deciding factors when we choose what to eat. To improve the Scottish diet, we need to understand how much a healthy diet costs and how this cost is calculated. In December 2023, we published a [rapid literature review](#), which was produced for FSS by the University of Aberdeen. It explores methods used to estimate the price of diets, focussing on those used in high income countries. The report provides an overview of the current evidence base around affordability of diet, how this can be assessed, and the strengths and limitations of different methodologies.

### **Nutrition Monitoring – Goal 3**

#### **Publish further analysis of Intake24 data from the 2021 Scottish Health Survey on discretionary and other HFSS foods.**

The analysis provides up-to-date information on the consumption of discretionary foods and additional categories considered within policy proposals for the restriction of promotions. Analyses were carried out on food intake data collected by Intake24 within the Scottish Health Survey for 2021 for 3,042 adults (16+ years) in Scotland. The [Consumption of discretionary foods and drinks and other categories of dietary concern in adults \(PDF, 303KB\)](#) report was published in August 2023 with an accompanying [press release](#).

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

#### **Risk Assessment/Scientific Advice for Incidents – Goal 5**

#### **Working with PHS and FSS incidents/resilience teams, finalise joint guidance on the Management of Outbreaks of Foodborne Outbreaks in Scotland.**

As part of the Scottish Health Protection Network, FSS and PHS co-chaired a multi-disciplinary working group, made up of experts from local authorities, health boards, clinical reference laboratories and Public Analyst Scientific Services (PASS) to develop the [Guidance on the management of outbreaks of foodborne illness in Scotland \(PDF, 990KB\)](#). The guidance is aimed at those involved in the investigation and control of foodborne outbreaks in Scotland and should be referred in conjunction with [Management of public health incidents \(PDF, 590KB\)](#).

The legal basis for this guidance is defined in Part 1, Section 30 of the [Food \(Scotland\) Act 2015 \(PDF, 599KB\)](#), which provides powers to FSS to issue guidance to Scottish ministers and public bodies on ‘the exercise, generally, of their functions in relation to matters connected with the management of outbreaks (or suspected

outbreaks) of foodborne diseases'. The guidance was published on 22 February 2024.

#### **Nutrition Policy – Goal 4**

##### **Finalise technical specification for Eating Out Eating Well framework and Code of Practice for Children's menus.**

The [Eating Out Eating Well](#) framework and CoP for Children's menus is a new initiative from PHS and FSS designed to improve the food on offer in out of home food outlets. The pilot will explore a number of principles to support businesses to make changes to menu items to make them healthier and more sustainable. The Technical specification is now being piloted by businesses for six months during 2024.

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

##### **Social Research – Goal 3**

##### **Disseminate findings of consumer research on attitudes relating to new breeding techniques in food production.**

This qualitative research was commissioned to address gaps in knowledge about consumer attitudes to new breeding technologies in Scotland. The research built on a previous joint survey research carried out with FSA to examine consumer attitudes to Precision Breeding. The joint FSA/FSS research on Precision Breeding can be accessed on the [Food Standards Agency](#) website.

FSS commissioned qualitative research with 43 consumers living in Scotland in order to examine: consumers' views and attitudes to different terminology around the new technologies; perceived risks and benefits; and the level of regulation that consumers wanted. The [New breeding technologies \(NBTs\) consumer research report \(PDF, 1560KB\)](#) was published in October 2023.

##### **Social Research – Goal 3**

##### **Disseminate findings of social research relating to allergens – the review of PPDS requirements and consumer views on terminology used to describe food allergy/hypersensitivity.**

This qualitative survey of consumers in Scotland was commissioned to address gaps in the evidence base on the understanding of the impact of PPDS legislation. This research builds on and complements a joint project conducted by FSS and FSA which evaluated the same legislation from the experience of LAs and FBOs across the UK. The report from the joint project was published on the [Food Standards Agency](#) website in July 2023. The joint project included consumers in England, Wales and Northern Ireland but not in Scotland, and so the qualitative research set out to fill this latter gap.

This research focuses on legislation that requires foods that are PPDS to clearly display the name of the food and a full ingredients list with the 14 regulated allergens emphasised within the list. The legislation was implemented in October 2021.

FSS commissioned qualitative research with 44 consumers living in Scotland with food allergies and intolerances and parents of children with food allergies and intolerances. The research explored: food issues and the impact on participants lives; understanding and behaviour around PPDS foods; awareness and understanding of the new legislation on PPDS foods and impact of PPDS labelling requirements on participants' lives. The [Pre-packed for direct sale \(PPDS\) consumer research report \(PDF, 2.7MB\)](#) was published in August 2023.

## **Outcome 5: FSS is trusted and influential**

### **Policy & Regulatory Affairs – Goal 5**

**Section 42 Reports: Deliver joint FSS / FSA contribution to the UKGS.42 reports. Joint FSA/FSS 'section 42' advice to UKG on UK accession to Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) submitted to the Department for Business and Trade (DBT) in December 2023.**

As the UK's food safety authorities with a statutory duty to protect food and feed safety and consumers' interests in relation to food, FSS worked closely with the FSA during the reporting period to provide joint advice on the UK's accession to the CPTPP to inform the UK Government's 'Section 42' report for this Free Trade Agreement (FTA).

FSS and the FSA were asked to produce joint advice on whether, or to what extent, the measures in this FTA are consistent with the maintenance of UK levels of statutory protection for human health for the areas within our remits. The report can be read on the [UK Government](#) website.

### **Marketing – Goal 5**

**FSS/FSA Joint Annual Report Parliamentary Event.**

The second [Our Food \(PDF, 4.0MB\)](#) report, written in collaboration with the FSA, was published on 8 November 2023, alongside a [press release](#). The report reflected on food standards across the UK in 2022 and found that overall food standards remained stable, despite pressures including inflation, labour shortages and the war in Ukraine. However, the report identifies shortages in key occupations needed to keep food safe, such as vets and food inspectors. FSS hosted an event at the Scottish Parliament to discuss the findings of the report with Members of the Scottish Parliament and stakeholders from across the food industry.

### **Marketing – Goal 3**

**Delivery of consumer tracker waves 16 & 17.**

Food prices remained the top concern for consumers, as has been the case since December 2021, however, this wave saw a drop in levels of concern around food shortages which had been a feature post EU Exit and the pandemic. Many consumers continued to report that they were making changes to shopping, cooking, and eating habits to save money. Some of these changed habits are ones that could have significant food safety implications. In this wave of research, we asked about healthy eating, and found that attitudes towards diet and nutrition remain consistent

with previous years. The public know there is an issue in Scotland with too many people eating unhealthy diets and understand that this can have significant health impacts.

Read the summary of findings for Wave 16 of the [Food in Scotland consumer tracking survey \(PDF, 1,342KB\)](#), fielded in July 2023.

Issues around cost of living continued to be reported by consumers, with over three quarters reporting changing cooking methods to save money. Worrying about affording food is strongly correlated with socio-economic factors. The most economically deprived, Ethnic Minority respondents and Social Grade DE had very high levels of worry - households with someone pregnant in the household were the most worried. Confidence in the safety of the UK food supply chain is high. However, there are fears about food costs and availability in the future especially amongst the most socially disadvantaged.

Read the summary of findings for Wave 17 of the [Food in Scotland consumer tracking survey \(PDF, 1,145KB\)](#), fielded in December 2023.

### **Food Crime Prevention Strategy - Goal 6**

**Implement the food crime prevention strategy, in relation to food and feed crime through analysis, education and a partnership working structure.**

The SFCIU developed a [Food Crime Prevention Strategic Plan 2024-2027 \(PDF, 313KB\)](#).

The strategy sets out a framework for the analysis of intelligence regarding criminal activity, information and data in relation to food crime, with the aim of identifying effective long term preventative actions. An integral part of this is the sharing of information and learning between FSS, industry and key stakeholders. FSS will look to identify potential issues through horizon scanning and intelligence capture, coupled with identifying common themes, best practice and lessons learned from criminality as well as utilising information and intelligence shared by industry.

This strategy will take account of other food crime prevention work elsewhere in the UK and around the world to help ensure the furthest reaching data sets and prevention activity feed into FSS analysis and preventative action. It is important to understand how the use of our data can be optimised across industry to prevent crime. FSS intend to develop more proactive engagement and interaction with industry through communication and information sharing, as well as growing a collaborative approach to food crime prevention with UK stakeholders and international partners.

### **Food Crime Risk Profiling Tool - Goal 4**

**Deliver an additional campaign to continue to raise awareness of food crime and the unit, continued promotion of the new digital food crime profiling tool and promote the Scottish Food Crime Hotline generally with key stakeholders and consumers.**

The SFCIU developed [Food Crime Risk Profiling Tool](#) to support FBOs to understand their risk from food crime and the measures they can take to reduce this risk.

The tool was launched in August 2023, and this was accompanied by a proactive media campaign which included information to raise awareness of food crime and how to access and use the tool. This has been replicated on several occasions using social media and the wider press. Members of the team have also taken part in wider TV programming to raise awareness of food crime, for example, David Wilson Crime Files and Crimewatch UK. This will be an ongoing activity to reinforce our messaging around the existence of the SFCIU, awareness of food crime and the food crime risk profiling tool.

## **Maintaining Organisational Excellence**

### **Digital Transformation Programme**

Digital transformation facilitates our ability to work smarter and to achieve our strategic objectives and outcomes. Attracting and retaining competent digital expertise within our organisation is key to building the requisite digital capacity, capability, and confidence in the use of digital technologies.

As such, FSS SLT agreed a business case designed to attract and retain digital expertise to support our ambition for digital connectivity that facilitates smarter ways of working, the use of modern, user centric applications, and common systems platforms to deliver better digital goods and services.

We will continue to leverage on emerging technology, collaborate with digital partners across the Public, Private and Third sectors to understand our stakeholders' needs, build our information architecture and use our data innovatively to inform what we do and what we deliver for the public benefit.

### **Review of the Corporate Services Directorate**

As part of an overall Corporate Services review, we identified an opportunity to create a Business Management and Performance Unit (BMPU), utilising existing resources and upskilling where required within the branch and enhancing skills with a Performance Analyst and Head of Unit to provide strategic direction, representation and resilience.

The BMPU is a fully integrated, omni-competent digitally enabled team that provides a greater strategic planning capability whilst facilitating enhanced co-operation and collaboration between operational and corporate functions in delivery of the FSS strategy and business planning priorities.

## **Environmental Matters**

In continuation of our commitment to sustainability and environmental stewardship FSS continues to progress its work toward achieving interim and 2045 Net Zero Targets. As global awareness and concern regarding sustainability continue to grow, FSS recognises its pivotal role as regulators within the Scottish food industry. Our

responsibility extends beyond mere regulation; it encompasses active participation in the global drive towards achieving net zero emissions.

Building upon the foundation laid out in the previous year's report, FSS reaffirms its dedication to environmental sustainability through the following key commitments:

- Environmental sustainability will remain a cornerstone of all future strategic plans developed by FSS. Our overarching approach will prioritize sustainability in alignment with global goals.
- Environmental considerations will be integrated into every policy decision made by FSS. We understand the critical role policies play in shaping sustainable practices within the food industry.
- FSS remains committed to reducing its direct environmental footprint. Through sustainable practices and resource-efficient operations, we aim to minimize our impact on the environment.

To ensure accountability and transparency, FSS will maintain simple and effective governance structures. We will diligently monitor and report on the progress of our sustainability initiatives, fostering a culture of continuous improvement.

FSS will actively contribute to Scotland's environmental priorities by delivering specific projects aligned with sustainability goals. These projects will address key environmental challenges and promote sustainable practices within the food industry.

The principles outlined in the [Sustainability Plan \(PDF, 12.3MB\)](#) serve as the guiding framework for the development of FSS's Carbon Management Plan (CMP). By aligning our carbon reduction efforts with our broader sustainability objectives, we aim to maximize our impact in mitigating climate change and promoting environmental resilience.

### **Carbon Management**

As part of our commitment to sustainability, FSS has developed a CMP aligned with the priorities outlined in our Sustainability Plan. This CMP reflects our dedication to reducing adverse environmental effects to the lowest practicable level.

The CMP helps facilitate active management and monitoring of our environmental performance, crucial for understanding our overall environmental footprint. Through this process, we set objectives and targets to measure our successes and identify necessary remedial measures.

Traditionally, CMPs were published over longer periods. However, recognising the urgency of climate action, FSS has adopted a more flexible approach with bi-annual reviews. This allows for the implementation of detailed plans to guide us towards our goal of achieving net zero emissions, as per the SG commitment for Scotland to become a net-zero society by 2045 and the target to reduce emissions by 75% by 2030 (subject to SG reconsideration).



## 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 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.

## Health and Safety

Health and Safety (H&S) Key Performance Indicators (KPIs) are categorized as leading or lagging indicators, aiming either to address issues proactively or assess performance retrospectively. In the 2023-24 period, the number of KPIs has been reduced from 16 to 8, allowing for a more focused approach to target areas, thus optimizing resource utilisation.

Leading indicators focus on proactive measures to prevent incidents and improve processes. Examples include regular office inspections, safety tours, and timely completion of Health, Safety, and Environment (HSE) training.

Lagging indicators assess past performance and incident management. While still important, fewer lagging indicators were included in the 2023-24 reporting to streamline focus, though incident management remains a core principle.

The performance summary for each KPI in the 2023-24 period follows:

	KPI	Descriptor Against KPI	2023-24 Baseline Target	2023-24 Stretch Target	2023-24 Actual YTD	R.A.G Rating
<b>i</b>	Office Inspections / FBO Safety Tours	Office Inspections and FBO Safety Tours completed on approved premises with permanent FSS presence	90%	95%	90%	Within target
<b>ii</b>	Injury (per 100,000 hrs)	Manage and prevent injurious incidents	1.10	1.0	0.65	Within target
<b>iii</b>	Mandatory HSE Training Completed	Timely completion levels of staff's mandatory HSE Training	85%	90%	91%	Within target
<b>iv</b>	Trade Union (TU) / Safety Rep at Safety Tours	TU / Safety Rep contribution to Safety Tours and office Inspections through the year	8	12	10	Within target
<b>v</b>	Risk Assessment Review	Review of live risk assessments to ensure they are up to date, effective and relevant	90%	97%	97%	Within target
<b>vi</b>	Post Incident Risk Assessment Review	Completion of post incident topical safety tour or risk assessment review	85%	95%	100%	Within target
<b>vii</b>	Incidents Investigated <1 Working Day	Timescale for commencing investigation into H&S incidents	90%	90%	96%	Within target
<b>viii</b>	Audit Action Tracking	Audit actions closed out <6 months	80%	95%	100%	Within target

Table 19 Health and safety performance summary



## Notes

- I. Office Inspections / FBO Safety Tours: Achieved 90% of target due to ongoing efforts, with emphasis needed to meet stretch targets.
- II. Injury (per 100,00 hrs): Surpassed both baseline and stretch targets, indicating effective injury prevention measures.
- III. Mandatory HSE Training Completed: Exceeded target levels, reflecting positive staff engagement with H&S initiatives.
- IV. TU / Safety Rep at Safety Tours: Satisfactory participation observed, with room for improvement to meet stretch targets.
- V. Risk Assessment Review: Excellent performance, meeting, and surpassing targets consistently.
- VI. Post Incident Risk Assessment Review: Outstanding performance, indicating a proactive approach to risk mitigation.
- VII. Incidents Investigated <1 Working Day: Robust incident management process demonstrated by exceeding targets.
- VIII. Audit Action Tracking: All audit actions closed out within the designated timeframe, demonstrating strong commitment to continuous improvement.

The 2023-24 H&S KPIs demonstrate significant progress across various areas, with most targets being met or exceeded. Continued emphasis on areas requiring improvement, such as office inspections and representation at safety tours, will be crucial for maintaining H&S excellence. The commitment to incident management and proactive risk assessment remains paramount for ensuring a safe work environment.

The Health and Safety Executive (HSE) Safety Climate Tool was deployed across FSS from January 16th to February 28th, 2023, to gauge safety culture. Feedback from 112 staff members, representing all areas of the organization, contributed to the evaluation. The survey, measuring against eight factors including Organisational Commitment and Health and Safety Trust, aimed to gather insights to enhance H&S practices within FSS.

The survey results, analysed against previous assessments conducted in 2016 and 2019, highlighted a continued positive trend in safety culture evolution. Notably, the 2023 survey demonstrated incremental improvements across all eight factors compared to 2019, reflecting a maturing H&S environment.

It's essential to contextualize the findings within the broader landscape of the COVID-19 pandemic, where stringent H&S measures were not only mandatory but also prominently emphasized. This heightened awareness likely contributed to increased personal and professional engagement with H&S initiatives, facilitated by legislative changes, cultural shifts, and organisational requirements.

The insights gleaned from the 2023 survey have been instrumental in shaping the H&S programs for the 2023-24 period. These initiatives, along with their progress, will be integrated into Health, Safety, and Welfare (HSW) Committee meetings and further staff engagement efforts throughout the year.

Moving forward, the Safety Climate Survey will continue to be conducted every three years, with the next assessment scheduled for 2026, Q4. This iterative approach ensures ongoing evaluation and improvement of FSS's safety culture, fostering an

environment where H&S is deeply ingrained in the organisational ethos.

### **Payment Performance**

In line with SG policy, FSS requires that all supplier invoices not in dispute are paid within the terms of the relevant contract. FSS aims to pay all invoices, including disputed ones once the dispute has been settled, on time in these terms. During the year ended 31 March 2024, 100% (2022/23, 100%) of invoices were paid 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 2024, 91% (2022/23, 96%) of invoices were paid 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 incurred during the year. The relevant areas are: public relations; overseas travel; hospitality and entertainment; and external consultancy. 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 published annually in the publications section of the [Food Standards Scotland](#) website and via our annual [Financial approach paper \(PDF, 128KB\)](#) and a [Financial performance update \(PDF, 545KB\)](#) each quarter.

### **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 [Whistleblowing disclosure \(PDF, 122KB\)](#) is published on the FSS website each year.

### **Plans for 2024/25**

The organisation continues to be impacted by EU Exit and there is related activity that FSS must be involved in, in particular the introduction of the remaining Border Controls in 2024/25. In addition, regulatory reform has moved up the UKG agenda and will be a key challenge going forward. We are considering options around reform of regulated products legislation with the FSA, as well as being mindful of proposed labelling changes announced by DEFRA that could also have some impact on us.

The flatlined budget for 2024/25 is giving significant constraints to enable the delivery of the FSS strategy. 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. During 2024 work will start to progress and consider the requirements for the new 5-year strategy from 2026.

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. The implementation was delayed and go live is now due to take place early October 2024. These will replace the current Human Resources (HR), Purchasing and Finance systems that are used by staff in the organisation.

We recognise that the medium to long-term projections of demand and cost for all Scotland's public services are extremely challenging. The immediacy of this means we must continue to deliver efficiencies and make more effective use of resources to deliver services in a fashion that reduces demand and cost and improves outcomes for communities. With this as a backdrop, the SG has committed to a 10-year Public Service Reform programme. Our proposal to SG for the SAFER programme entirely aligns with transformation and reform. The executive is presenting a compelling case for the reform that can be achieved should short term funding be allocated, without this, transformation will be limited.



**Geoff Ogle**  
**Chief Executive and Accountable Officer**

**Date:** 28 November 2024

## **2. Accountability report**

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

These elements contribute to FSS's accountability to Parliament and demonstrate that the organisation operates in a way that is proportionate, transparent and accountable, constitutes good decision-making practice, and is consistent with best practice principles of good governance.

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 2024 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 13 November 2024.

## Corporate governance report

### Directors' report

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

### Register of interests

A [Register of Board members' interests \(PDF, 64.4KB\)](#) 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

Under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland appointed Deloitte LLP as auditor of FSS from 2022-23. 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 £51,620 is explained and shown at note [1.8](#).

### FSS Board

The [Food Standards Scotland Board](#) is responsible for the exercise of all functions of FSS. It exercises its powers and authorities through a [Scheme of Delegation \(PDF, 242KB\)](#), 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 the [Food Standards Scotland](#) website.

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.

Board member	Appointed to Board	Term	Date at which current term of appointment ends
Heather Kelman (Chair)	1 April 2022	1st	31 March 2027
Alban Denton (Deputy Chair)	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
Paula Charlesworth	1 April 2023	1st	1 April 2027
Kate Richards	1 April 2023	1st	1 April 2027
Christina Bichan	1 April 2023	1st	1 April 2027

Table 20 List of the 8 FSS board members

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.

Alban Denton was appointed as Deputy Chair of the FSS Board on 24 April 2023 for a period of two years. Due to three Board members tenure ending on the 31 of March 2023 three new Board members were appointed from 01 April 2023 (Kate Richards, Christina Bichan and Paula Charlesworth).

The Board meets in public and did so five times during 2023-24. Minutes of the Board meetings are publicly available on the [Food Standards Scotland](#) website, together with the members' [Code of Conduct \(PDF, 822KB\)](#). 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 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 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 29 November 2023.

### **Finance and Business Committee**

The FBC has been established 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).

## Board, ARC and FBC attendance 2023/24

Board Member	Board	ARC	FBC
Heather Kelman (Chair)	5/5	N/A	N/A
Alban Denton (Deputy Chair)	4/5	N/A	3/3
Aileen Brown	5/5	3/4	N/A
Carol Evans	5/5	4/4	N/A
Phillip Couser	5/5	4/4	N/A
Paula Charlesworth	5/5	N/A	3/3
Kate Richards	5/5	4/4	N/A
Christina Bichan	5/5	N/A	3/3

Table 21 of the Meeting attendance FSS board, audit & risk committee and finance and business committee

## Senior Leadership Team (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. With Julie Hesketh-Laird announcing her departure from FSS from the end of January 2024, SLT asked for a working group to be established to look at future structures for FSS.

The responsibilities of our SLT, who were in post during the period 1 April 2023 and 31 March 2024, are set out below:



**Geoff Ogle, Chief Executive**, provides strategic leadership and direction to FSS.



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

With the appointment of Garry Mournian as temporary Director of Policy and Science in February 2023, Ian's job title changed to Deputy Chief Executive. Ian's reporting branches changed to LA Delivery and SAFER, Audit Assurance and SFCIU. Following Julie's departure from FSS at the end of January 2024 the Operational Delivery team reported to Ian.





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

With the appointment of Garry McEwan as temporary Director of Corporate Services in February 2023, Julie's job title changed to Deputy Chief Executive. Julie's reporting branches changed to the Public Health Nutrition team and Operational Delivery. On the 31 January 2024 Julie left FSS.



**Professor David Gally, Chief Scientific Advisor**, was responsible for providing expert advice on the development of our science and evidence strategy. In addition, he also delivered assurance and governance over procedures for commissioning and evaluating research, risk analysis and public health advice. David left FSS on the 12 February 2024.



**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. Following Julie's departure from FSS at the end of January 2024 the Public Health Nutrition team reported to Garry.



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

Full biographies can be found on the [Food Standards Scotland](#) website.



## Changes to Senior Leadership Team members

SLT Member	To 31 January 2024	From February 2024
Ian McWatt	Deputy Chief Executive	Deputy Chief Executive
Julie Hesketh-Laird	Deputy Chief Executive	N/A
Garry Mournian	Interim Director of Policy and Science	Interim Director of Policy and Science
Garry McEwan	Interim Director of Corporate Services	Interim Director of Corporate Services

Table 22 Changes to Senior Leadership Team members

## 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 \(PDF, 417KB\)](#), 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**

Arising from our previous prioritisation exercise we then undertook a more detailed analysis of our ECA activity to understand, with more precision, where we are spending our time and effort. The intention is to get a fuller picture of where staff time is being spent, ensure the volume of work is understood and reasonable, and help determine where we can be more efficient or indeed where we need to alter the way we work.

The composite of priorities and ECA, as well as identifying changes to the way we work, should then inform further decisions on resource allocation. Nonetheless, while it will help, the scale of financial challenge means it is inevitable that we will need to make further choices on what we scale back or stop/pause.

## **SAFER Programme**

The lack of resources within LAs for food law enforcement has been recorded on the FSS Risk Register at the highest possible level since 2016-17. As the actions necessary to mitigate this risk are outwith FSS control, the risk was shared with the Minister in August 2022. During the summer of 2021, audit of LA food law enforcement practice identified that the anticipated risk has now been realised and this progression is now recorded on the FSS Issue Register.

The SAFER programme 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. The business case detailing proposals for this programme has been submitted to SG to consider under Public Sector Reform.

## **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 2024 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 Information Technology (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.

FSS has adopted the three lines of defence governance model as its basis. This model is a useful way to ensure robust financial assurance provision across FSS. The first line of defence is management assurance and applies to business units by means of letters of delegation and monthly finance discussions between finance and budget holders. This covers day to day financial management and application of internal controls. The second line is at the corporate oversight level which is undertaken by the recently established Executive Management Team (EMT) of monthly review of budgets against actual and forecast spend. The third line is led at a strategic level by FBC as well as external and independent review of accounts by Deloitte on behalf of Audit Scotland. This brings independent, objective and a professional perspective to assurance on financial management.

### **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 appetite and carried out the annual review of the FSS Strategic Risk Register and Issue Register at its December meeting, and the minutes and review documents can be found on the [Food Standards Scotland](#) website. 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. The Strategic Risk Management Forum regularly reviews the Strategic Risk Register ahead of reporting to 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 MOU between the two parties which ran until 31 March 2024. Internal Audits are conducted in accordance with the UK Public Sector Internal Audit Standards and are based on an annual audit plan which is approved by the Accountable Officer and the ARC.

During 2023-24, the DIAA committed to undertake three risk-based audits covering LA Partner Engagement, Workforce Planning & People Strategy and Strategic Governance. One audit for Strategic Governance was still in progress at the end of the year. Of the two audits completed they received a Reasonable and Substantial assurance rating respectively.

The Internal Auditors issued their report on Internal Audit Activities for 2023-24, including their annual assurance opinion of FSS. A Substantial annual assurance opinion for 2023-24 has been provided by SG DIAA in respect of FSS risk management, control and governance arrangements.

## **Official Controls Delivery Assurance**

The audit of delivery of OCs is carried out by the FSS Audit Assurance Team who follow the principles contained within the [European Union](#) produced guidance on the implementation of the audit requirements. The OCs 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 OCs. The Audit plan for 2023-24 was approved by FSS ARC on the 8<sup>th</sup> March 2024.

During 2023-24 the Audit Assurance Team undertook three audits covering Allergen Control, Egg Hygiene and Internal Monitoring. 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 of the 2022-2023 programme, Export Health Certification Seafood Hubs, was closed as FSS exited from the service.

The FSS Head of Audit Assurance issued their annual assurance statement which indicated that whilst OCs are suitable to achieve their objectives, there is a need to continue the strengthening of processes and controls necessary to ensure that OCs 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 and Science and Director of Corporate Services 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 2023-24, FSS continued to safeguard the security and protection of all personal information that we process, and to provide a compliant 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.

Over the last 12 months 261 (88%) members of staff have undertaken the Data Protection training or refresher training which shows a high level of compliance.

### **Fraud, Corruption and Bribery**

FSS has counter fraud policies and procedures in place which are available to all staff on the FSS intranet.

In October 2023 a fraudulent payment was made by FSS after a supplier's email account was hacked and an email requesting a change of bank account was sent to FSS. The funds were subsequently recovered by the bank and the standard procedure for updating supplier details was amended to prevent this reoccurring.

Details on how to report suspected food fraud are outlined in the food crime section of the [Food Standards Scotland](#) website, alongside information on the protection afforded to employees by the Public Interest Disclosures Act 1998.

### **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. FSS has also notably matured its use of the three lines of defence assurance model across the risk management function.

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 [Scottish Government](#) website.

The remuneration of senior civil servants is set in accordance with the [Civil Service management code](#) and with independent advice from the Senior Salaries Review Body (SSRB). Further information on the work of the SSRB can be found on the [UK Government](#) website.

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 UKGs 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.

Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pensions remedy.

	Salary £'000	Sal.	Benefits in kind (to nearest £100)	Ben.	Pension benefits (to nearest £'000) <sup>1</sup>	Pen.	Total £'000	Tot.
	2023/ 24	2022/ 23	2023/24	2022/ 23	2023/24	2022/ 23	2023/ 24	2023/ 24
Heather Kelman	25-30	25-30	-	-	-	-	25-30	25-30
Carol Evans	10-15	10-15	-	-	-	-	10-15	10-15
Alban Denton	10-15	10-15	-	-	-	-	10-15	10-15
Aileen Brown	10-15	10-15	-	-	-	-	10-15	10-15
Phil Couser	10-15	0-5	-	-	-	-	10-15	0-5
Christina Bichan	10-15	-	-	-	-	-	10-15	-
Katherine Richards	10-15	-	-	-	-	-	10-15	-
Pauline Charlesworth	10-15	-	-	-	-	-	10-15	-
Carrie Ruxton	-	10-15	-	-	-	-	-	10-15
Susan Walker	-	10-15	-	-	-	-	-	10-15
Louise Welsh	-	10-15	-	-	-	-	-	10-15
Geoff Ogle <sup>2</sup>	115-120	110-115	-	-	-	-	-	110-115
Ian McWatt	85-90	85-90	-	-	-	15-20	-	70-70
Julie Hesketh-Laird <sup>3</sup>	75-80	85-90	-	-	-	30-35	-	115-125
David Gally <sup>4</sup>	75-80	65-70	-	-	-	-	-	65-70

<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> Julie Hesketh-Laird left the organisation on 31 January 2024.

<sup>4</sup> David Gally was the organisation's Chief Scientific Advisor, on secondment from the University of Edinburgh working 3 days per week on FSS business (0.6 FTE). His secondment ended on 12 February 2024.



Garry Mournian <sup>5</sup>	80-85	10-15	-	-	-	0-5	-	10-20
Garry McEwan <sup>6</sup>	80-85	10-15	-	-	-	0-5	-	10-20

*Table 23 Salaries, benefits in kind and pension benefits*

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<sup>5</sup> Garry Mournian became part of SLT on 1 February 2023, therefore only a part year of his salary and pension benefits were reported in 2022/23.

<sup>6</sup> Garry McEwan became part of SLT on 1 February 2023, therefore only a part year of his salary and pension benefits were reported in 2022/23.

### **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 March 2024	Real increase in pension and related lump sum at pension age	CETV at 31 March 2024	CETV at 31 March 2023	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Geoff Ogle <sup>7</sup>	-	-	-	-	-	17,570
Ian McWatt				813		-
Julie Hesketh-Laird				60		-
Garry Mournian				434		-
Garry McEwan				42		-
David Gally <sup>8</sup>				N/A		N/A

Table 24 Pension benefits for SLT

## 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

<sup>7</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, cash equivalent transfer value (CETV) and Real increase in CETV.

<sup>8</sup> David Gally's pension and associated benefits were paid by the University of Edinburgh.

normal pension age on the 1<sup>st</sup> April 2012 remained in the PCSPS after the 1<sup>st</sup> April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on the 1<sup>st</sup> April 2012 switched into alpha sometime between the 1<sup>st</sup> June 2015 and the 1<sup>st</sup> February 2022. All members who switched to alpha have had their PCSPS benefits 'banked'. For those with earlier benefits in one of the final salary sections of the PCSPS, those benefits are 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 the 1<sup>st</sup> 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 their 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 on the [CSPS](#) website.

### **Cash Equivalent Transfer Values (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 Cash Equivalent Transfer Values (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.

	2023/2024	2022/2023
Band of highest paid director's total remuneration	£115,000 - £120,000	£110,000 - £115,00
Remuneration range (band)	£23,735 - £120,000	£22,182 - £115,000
% change from previous year of highest paid director	5%	2%
% change from previous year of all employees	6.5%	6.1%
Lower quartile remuneration	£34,177	£31,541
Ratio	3.4	3.6
Median remuneration	£38,874	£34,725
Ratio	3.0	3.2
Upper quartile remuneration	£48,031	£42,855
Ratio	2.4	2.6

Table 25 Fair pay disclosure

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 2023-24 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 £17.3m. 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.

			2023/24	2022/23
	£'000	£'000	£'000	£'000
	Wages	Board	Total	Total
Wages and salaries	12,006	114	12,120	11,717
Social security costs	1,309	6	1,315	1,318
Other pension costs	2,988	-	2,988	2,982
<b>Sub total</b>	<b>16,303</b>	<b>120</b>	<b>16,423</b>	<b>16,017</b>
Apprenticeship levy	46	-	46	44
Agency staff	740	-	740	494
Inward secondment	291	-	291	227
<b>Total</b>	<b>17,381</b>	<b>120</b>	<b>17,501</b>	<b>16,782</b>
Less recoveries in respect of outward secondments	(105)	-	(105)	(96)
<b>Total net costs</b>	<b>17,276</b>	<b>120</b>	<b>17,396</b>	<b>16,687</b>

Table 26 Administration costs

	2023/24	2022/23
	£'000	£'000
Contract inspectors and veterinary costs	177	177
<b>Total</b>	<b>177</b>	<b>177</b>
Less recoveries in respect of outward secondments		
<b>Total net costs</b>	<b>177</b>	<b>177</b>

Table 27 Programme costs

## Civil Service Pension Schemes PCSPS

For 2023-24, employers' contributions of £2.902 million (2021-22, £2.749 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 2023-24 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 £26,570 (2022-23, £23,666) 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 (2022-23, 32) FSS employees who are active members of LGPS. For the year ended 31 March 2024, contributions of £91k (2022-23, £193k) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2024, this rate was 9.3% (19.6% in 2022-23) of pensionable remuneration.

On the basis of the updated actuarial valuation, under International Accounting Standard 19 (IAS 19), the FSS fund surplus at 31 March 2024 was £6.728m (2022-23, £5.057 million). After application of asset ceiling this was reduced to £0.321 million (£0.672 million 2022-23). Since there is no longer a fund deficit, FSS did not contribute an additional single lump sum payment in 2023-24 as it did previous years (2022-23, £150k).

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 2024-25 to be £91k.

The projected unit method of valuation has been used to calculate the service cost under IAS 19.

## Average Number of Persons Employed

The average number of FTE persons employed at 31 March 2024.

### Number of Senior Civil Service (SCS) Staff

Band	2023/2024	2022/23	2021/22
SCS 2	1	1	1
SCS 1	1	2	2

Table 28 Number of SCS staff

### FTE Persons Employed

	2023/2024	2022/23	2021/22
Board*	8	8	8
Directly Employed Staff	270.2	271.6	288.6
Temporary Staff	10	3.9	14.8
Inwards Loan/Secondments	3.7	4.3	2.3
<b>Total</b>	<b>291.9</b>	<b>287.8</b>	<b>313.7</b>

Table 29 Number of FTE staff

\*Board Members are not employees of FSS 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

	2023/2024	2022/23	2021/22
Board*	8	7.3	7
Directly Employed Staff	269.5	277.3	264.7
Temporary Staff	10.35	6.9	17
Inwards Loans/Secondments	4.25	3.6	2.9
<b>Total</b>	<b>292.1</b>	<b>295.1</b>	<b>291.6</b>

Table 30 Average number of staff

\*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 during the year was 7.18%. This figure is calculated on the average number of persons employed and those who left the organisation during 2023-24. This is an increase of 0.14% on 2022-23. The main reasons for leaving during 2023-24 included retirement, promotion in wider SG/OGD and new opportunities. Staff who leave FSS complete an exit questionnaire and attend an exit interview with FSS HR to provide feedback on their employment at FSS. The feedback is regularly reviewed by the FSS HR team for continuous improvement purposes.

### People

In addition to delivering our strategic goals and priorities, it is important for FSS to continue to operate effectively as a public body. Our People Strategy 2022-26 is now embedded and good progress has been made to date with high level outcomes

and strategic objectives. Our people are our greatest asset, and we rely on well trained, skilled and motivated individuals and teams working collaboratively to achieve results. 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. The FSS People Board is well established and meeting in a regular rhythm. The purpose of the People Board is to monitor the delivery of all People related actions and identify key priorities. An internal audit of the People Strategy and Workforce Plan was concluded by Audit Scotland and a final report issued on 11 October 2023. The outcome of the audit is a single recommendation and overall substantial assurance rating which is exceptional bearing in mind relatively small team and staff changes during 2023-24. The recommendation relating to organisation wide skills audit has deadline of October 2024.

### **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 are ongoing. The FSS People Board monitors progress of these actions to ensure they are delivered across the business and provide 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 continue to promote this valuable tool to be utilised to facilitate conversations between staff and managers where required.

Guidance is available to managers relating to management of staff who have a disability and ensuring fair treatment. All staff are subject to Performance Management and in setting objectives ensure that consideration is given when setting objectives and ensure that the individual has access to a full range of learning and development opportunities, offering adjustments where required to ensure they can access the learning. Managers will also undertake monthly conversations with employees to keep objectives under review and if there are any further workplace adjustments that can be made to help them or further training and development they could do.

### Employee Engagement

FSS took part in the Civil Service People Survey 2023. The employee engagement index score of 72%, remained the same as 2022, and ranked FSS once again in the Civil Service high performers. At 9th overall place FSS came in top 25% of participating organisations who had a score at or above 68% which puts FSS in a good position. FSS has taken positive action on results of the survey as part of the people survey cycle and actions agreed are monitored by the People Board.

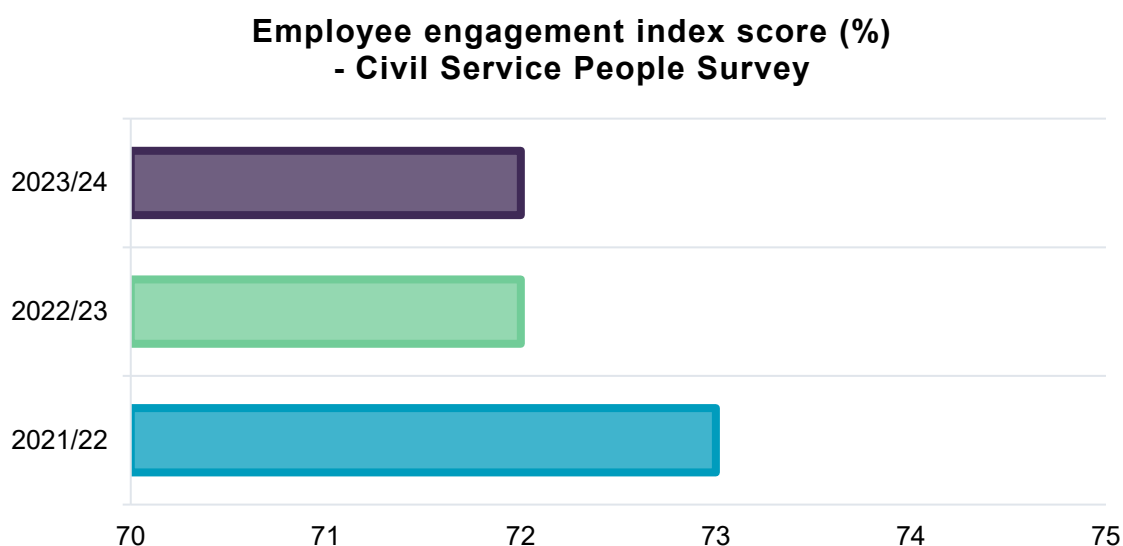


Figure 5 Civil Service People Survey employee engagement index (%)

FSS ensures that staff are kept informed and engaged in its work through a variety of modes of communication. During the year 2023-24 these include:

- monthly head office and monthly field staff meetings,

- a range of internal and external guest speakers on a broad range of topics,
- in person employee experience events, including an Equality Diversity and Inclusion (EDI) Conference in September 2023 and a Breathing Space Day on the 1<sup>st</sup> February 2024,
- weekly blogs & newsletters, including a dedicated newsletter 'For The Field' and HR business partners provided a monthly written update to their client groups,
- communication and information sharing via MS Teams channels, including the Healthy Working Lives and EDI Teams channels,
- the Internal Communications Steering Group, and
- the FSS Pathways learning & development site.

### **Employee Wellbeing**

Employee wellbeing is a key aspect of our Employee Experience which is a Pillar in our People Strategy. To align with our strategy and objectives FSS has continued to utilise the Healthy Working Lives framework in planning Employee Wellbeing activities despite the awards programme being disbanded in March 2023. In September 2023, our EDI conference event included session on Menopause Awareness delivered by Henpicked, and Men's Shed on men's mental health and wellbeing. Health Checks were offered to staff throughout the day. The event also included a Macmillan Coffee morning event organised by our Healthy Working Lives team in conjunction with HR. In February 2024, the HR Team organised a Breathing Space Day event which highlighted the services of Breathing Space and included guest speakers from Charity for Civil Servants, SG Neurodiversity and Disabled Staff Network and a meditation taster session. A dedicated Alzheimer's Awareness session was delivered by Alzheimer's Scotland. Further events will be arranged in future.

### **Sickness Absence Data**

There continues to be an upward trend in the overall level of sickness absence during the year 2023-24. Short term absence has however continued on a downward trend and the overall level of average working days lost due to short term absence has decreased by 0.6 working days per employee. Long term absence increased significantly in 2023-24 by 3.1 working days per employee. Although short term absences have seen a slight decrease on previous years, from May 2022 onwards any sickness absence due to COVID-19 is now reflected in our absence statistics. Long term absence occurs when employees have been absent for 4 weeks or more. Over the past year there has been an increase in long term absence, and this has been reflected in an increase in case work supported by the HR team, particularly in our Operational Delivery division. The HR team work closely with line managers to review long term absence cases, arranging Occupational Health referrals and where required adjustments and support to aid return to the workplace.

	Average total sick days per employee 2023-24	Average total sick days per employee 2022-23	Average total sick days per employee 2021-22
Short term absence	2.4	3.0	3.5
Long term absence	6.1	3.0	2.2
Total	8.5	6.0	5.7
Trend	Increase	Increase	

Table 31 Sick day absences

## 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. FSS HR team will continue to encourage employees to self-report equality and diversity information via the new HR System Oracle Cloud when it is launched in October 2024.

## Equalities Mainstreaming Report

FSS published the main [Equality mainstreaming progress report 2024 \(PDF, 5.0MB\)](#) on 30 April 2024. This is a statutory requirement which we are required to publish our main report every four years, and progress report published every two years. Due to the year FSS was established we are out of step with other Public Sector bodies and our next Equalities Mainstreaming Report is due for publication on 30 April 2026.

The report reviews our progress against our Equality Outcomes since the publication of our main [Equality mainstreaming report 2022 \(PDF, 1,040KB\)](#) in April 2022. It also sets out our three Equality Outcomes and actions we will take (see page 9 of the report) and 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. The report also sets out our successes to date, section 7.3 references our successes to date including employee experience events and Civil Service People Survey statistics.

The EDI Group chaired by the Head of Corporate Services has continued to meet regularly with representatives from a cross section of the organisation. The purpose of the group is to promote and further equality, diversity and inclusion across FSS

and take action to drive and deliver equality and diversity activities derived from our Equality Outcomes and our Strategic and Corporate Plans.

## Ethnicity

	2023-24	2022-23	2021-22
No. of staff from an ethnic minority	2.5%	2.0%	2.3%
Trend	Increase	Decrease	

Table 32 Percentage of staff from an ethnic minority

2.5% of the FSS workforce are from an ethnic minority; this has increased by 0.5% since 2022/2023. This can be attributed to an increase in recruitment activity during the past year. 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 2024, the gender split within FSS is almost 50:50, 49% of our staff are female and 51% are male. Read the [Equality mainstreaming progress report 2024 \(PDF, 5.0MB\)](#) for further detail. FSS Board is diverse and has strong female representation with 75% female members. The senior leadership team recognises the importance of having a diverse workforce and women are actively encouraged to apply for leadership roles and development opportunities.

	Female		Male		Total	
	23/24	22/23	23/24	22/23	23/24	22/23
Board Members	6	6	2	2	8	8
Senior Management Team (Including Chief Executive and Deputy Chief Executive)	0	1	2	2	2	3
Employees	134	140	150	149	284	289
Total	140	148	154	152	294	300

Table 33 Gender balance of Board members and Senior Management Team

## Notes

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

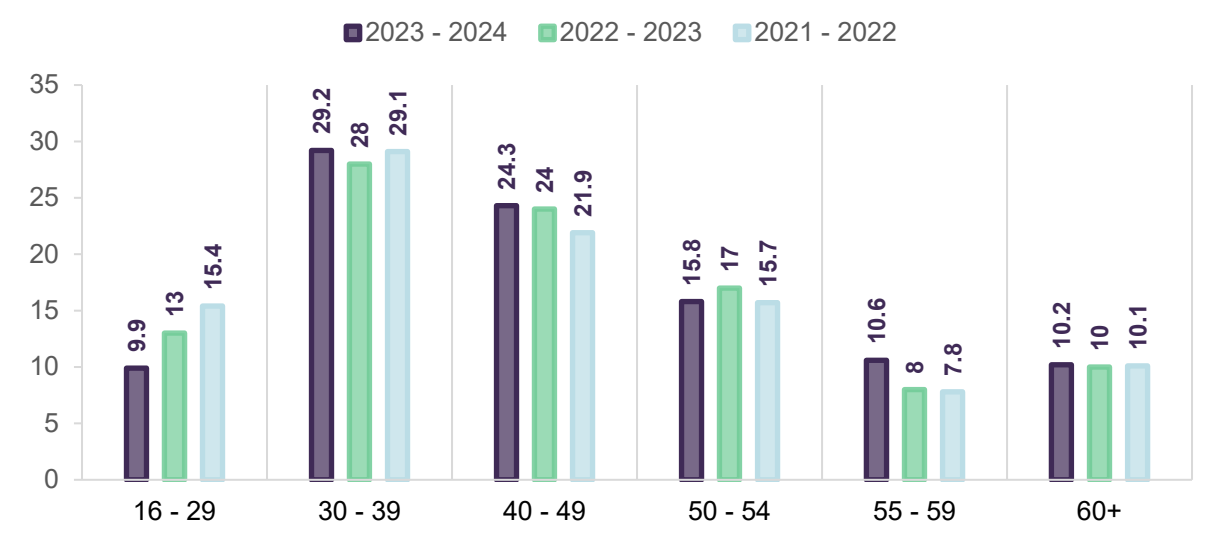
As of 31 March 2024, approx. 36.6% of staff in the organisation were 50 or over, which is an increase of 0.6% from the previous year.

The proportion of staff in FSS in the 16–29 category has decreased to 9.9%. This could be attributed to limited opportunities at entry level A3/A4 posts. We have recruited one A3 Modern Apprentice in the Digital Transformation team. We will continue to seek opportunities to nurture young talent via our participation in Career Ready Mentoring Scheme. We will also consider ways to increase participation and promote Modern Apprenticeship opportunities at the A3 grade 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 53.5% 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 2023-24 we received a small number of partial retirement and retirement applications from staff in the field. To address potential skills gaps, FSS has continued to offer trainee Meat Hygiene Inspector opportunities with three staff recruited in 2023. A campaign is underway to recruit a further five trainees. Trainee Official Veterinarian posts have also been recruited to address gaps in the veterinary field and plans are in place to recruit further trainees in 2024.

**FSS Staff Age Distribution (% by age)**



## 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.

## TU Relationship

FSS is committed to working in partnership with its recognised TUs 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 Public Commercial Services 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 TU representatives for trade union duties and activities:

Number of employees who were relevant union officials during 2023/24	FTE employee number	Percentage of pay bill spent on facility time	Time spent on paid TU activities as a percentage of total paid facility time hours
2	1.75	0.03%	30.59%

Table 34 Employee trade union time

Percentage of time spent on facility time	Number of employees
0%	0
1 – 50%	2
51% - 99%	0
100%	0

Table 35 Percentage of employee time spent on facility time

### Compensation for loss of office (audited)

There have been no leavers who received compensation for loss of office during the 2023-24 financial year.

FSS had no redundancy and other departure costs in 2023-24 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 2023-24.

### Community, social and human rights

During 2023-24 the cross-office British Sign Language (BSL) group was expanded to become the Accessible & Inclusive Communications Group. This widened remit was created as a result of a need to broaden the remit of the BSL group to include a wider range of accessibility and inclusive communications needs across the organisation.

The broad aims of the group are to:

- meet the accessibility requirements for public bodies in Scotland which are primarily governed by the UK-wide Equality Act (2010), and
- improve the practice of inclusive communications across the organisation.

For our annual campaign to encourage people to take a vitamin D supplement, campaign information was translated into Polish, Ukrainian, Urdu, Bengali and Simplified Chinese. This was to expand the reach of the campaign among people who may not have English as their first language.

## Parliamentary accountability disclosures

### 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<sup>st</sup> March 2024, there were no losses and special payments recorded in the SoCNE (2022-23, 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 OGDs and others are charged to FBOs. The charges for these services are covered in more detail in the [Charges for Official Controls in approved meat establishments in Scotland \(PDF, 423KB\)](#).

Industry receives a discount on the full costs of providing this service. 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 with an adjustment being made for plant closures since 2015. For the 2023-24 financial year the subsidy was £1.067m.

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

	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23
	Income	Full cost	Surplus / deficit	Income	Full cost	Surplus / deficit
	£'000	£'000	£'000	£'000	£'000	£'000
Industry	4,043	5,110	(1,067)	4,488	5,580	(1,092)
Government	297	297	-	322	322	-
Other (e.g. assessment centre charges)	62	62	-	80	80	-
<b>Total</b>	<b>4,401</b>	<b>5,468</b>	<b>(1,067)</b>	<b>4,890</b>	<b>5,982</b>	<b>(1,092)</b>

Table 36 Income received for services

**Guarantees, indemnities and letters of comfort**

No guarantees or letters of comfort were provided during the 2023-24 reporting year.

**Geoff Ogle**

Chief Executive and Accountable Officer

**Date:** 28 November 2024



### **3. 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 2024 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 material accounting policy information. 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 2023/24 Government Financial Reporting Manual (the 2023/24 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 2024 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 2023/24 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 \(PDF, 747KB\)](#) 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 separate 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 assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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 resource limit allocated by the Scottish Government. 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 resource limit allocated by the Scottish Government 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 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](#) website. 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.

### **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 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.

Mohammed Ramzan, for and on behalf of Deloitte LLP

Birmingham

United Kingdom

28 November 2024

#### **4. Food Standards Scotland 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	2023-24	2022-23
		£'000	£'000
Other operating income	4	(4,401)	(4,899)
<b>Total operating income</b>		<b>(4,401)</b>	<b>(4,899)</b>
Staff costs	Staff	17,572	16,864
Purchase of goods and services	3	4,343	5,353
Depreciation and impairment charges	3	807	825
Provision expense	3	18	41
Pension expense	3	68	322
Other operating expenditure	3	4,090	4,002
<b>Total operating expenditure</b>		<b>26,889</b>	<b>27,406</b>
<b>Net operating expenditure</b>		<b>22,497</b>	<b>22,517</b>
Other comprehensive net income			
Actuarial gain/(loss) on pension scheme liabilities	13.3	286	(6,214)
<b>Total comprehensive net expenditure</b>		<b>22,783</b>	<b>16,303</b>

Table 37 Statement of Comprehensive Net Expenditure (SoCNE)



## Statement of financial position

	Note	2023-24 £'000	2022-23 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	519	634
Intangible assets	6	444	598
Right of Use Asset	7	2,344	2,758
Net pension asset	13.3	460	826
<b>Total non-current assets</b>		<b>3,768</b>	<b>4,816</b>
<b>Current assets</b>			
Trade and other receivables	10	619	818
Other current assets	10	763	773
Cash and cash equivalents	9	2,798	1,033
<b>Total current assets</b>		<b>4,181</b>	<b>2,624</b>
<b>Total assets</b>		<b>7,949</b>	<b>7,440</b>
<b>Current liabilities</b>			
Trade and other payables	11	(423)	(799)
Other liabilities	11	(1,515)	(1,712)
Provisions	12	(20)	(21)
Lease liability	7	(393)	(364)
<b>Total current liabilities</b>		<b>(2,351)</b>	<b>(2,896)</b>
<b>Total assets less current liabilities</b>		<b>5,598</b>	<b>4,544</b>
<b>Non-current liabilities</b>			
Accumulated dilapidation	12	(100)	(85)
Provisions	12	(101)	(120)
Net pension liability	13.3	(196)	(214)
Lease liability	7	(2,055)	(2,448)
<b>Total non-current liabilities</b>		<b>(2,452)</b>	<b>(2,868)</b>
<b>Total assets less total liabilities</b>		<b>3,146</b>	<b>1,677</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		<b>3,146</b>	<b>1,677</b>
<b>Total taxpayers' equity</b>		<b>3,146</b>	<b>1,677</b>

Table 38 Statement of financial position (SoFP)

**Geoff Ogle**

Chief Executive and Accountable Officer

Date: 28 November 2024

## Statement of cash flows

	Note	2023-24 £'000	2022-23 £'000
<b>Cash flows from operating activities</b>			
Net operating expenditure	SoCNE	(22,497)	(22,521)
Adjustment for non-cash transactions	3, SoCiE	899	918
Decrease/(increase) in trade and other receivables	10	208	(74)
Decrease in trade and other payables	11	(574)	(205)
Less movements relating to items not passing through the SoCNE			
Use of provisions	4, 13	72	348
Cash contribution to pension deficit	12, 13.3	(30)	(177)
Payment of lease liabilities	7	(390)	(390)
<b>Net cash outflow from operating activities</b>		<b>(22,312)</b>	<b>(22,102)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(32)	(167)
Purchase of intangible assets	6	(92)	(195)
Proceeds from disposal of property, plant and equipment	5		5
<b>Net cash outflow from investing activities</b>		<b>(124)</b>	<b>(357)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply)	SoCiE	24,200	19,700
<b>Net financing</b>		<b>24,200</b>	<b>19,700</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>1,764</b>	<b>(2,759)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>1,033</b>	<b>3,792</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>2,798</b>	<b>1,033</b>

Table 39 Statement of cash flows (SoCF)

## Statement of changes in taxpayers' equity

	Note	2023-24	2022-23
		General Fund	General Fund
		£'000	£'000
<b>Balance at 01 April</b>		<b>1,676</b>	<b>1,769</b>
Net parliamentary funding		24,200	19,700
Net operating expenditure for the year	SoCNE	(22,497)	(22,517)
Actuarial (loss)/gain	13.3	(286)	6,214
Auditors' remuneration and expenses	3	52	49
<b>Balance at 31 March</b>		<b>3,146</b>	<b>1,676</b>

Table 40 Statement of changes in taxpayers' equity (SoCiE)

## **Notes to the financial statements**

### **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<sup>st</sup> March 2024, FSS has significant net asset £0.321 million after application of asset ceiling (£0.672 million 2022/23) relating to pension for former FSA staff, both retired as well as current FSS employees, who are members of the 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. There 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 2023/24, the FSS's actuaries advised that the net pension liability had decreased in part by £4,000 following an update on assumptions (£19,000 2022-23).

### 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 (AUC) 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 AUC, 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 adjusted where applicable:

Assets	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 cover life of lease
Vehicles	7 years
Computer software and software licences	2 to 7 years

Table 41 Estimated useful life of assets

### 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 2023-24 by HM Treasury.

### **1.6 Pension Arrangements**

Pension assets and liabilities attributable to FSS in the LGPS are recorded in line with IAS 19 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 SoCNE 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 IAS 19 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 on the website [LPFA](#) website.

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 in 2016, was adopted by FSS from 1<sup>st</sup> April 2022. It replaced the previous Standard 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.

### **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 IAS 37. 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 Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, FSS discloses, for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote.

These comprise:

- 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.
- 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 IAS 37 are stated at discounted amounts and the amounts reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 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

*Table 42 Financial assets and liabilities held by FSS*

Financial Assets and Liabilities are accounted for under IAS 32, Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 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	Ad.	Programme	Pr.	2023/24	2022/23
	Costs	Income	Costs	Income	Net operating cost	Net op cost
	£'000	£'000	£'000	£'000	£'000	£'000
Board, Executive Leadership Team and Private Office	675	-	-	-	675	657
<b>Directorate of Policy, Science and Operations</b>	848	-	-	-	848	673
Scottish Food Crime and Incidents Unit	1,368	-	14	-	1,382	1,324
Science, Delivery and Research	1,249	-	847	-	2,096	2,354
Food Safety and Standards Policy	1,131	-	-	-	1,131	1,007
Local Authority Delivery	1,501	(0)	686	-	2,188	2,507
Operational Delivery	7,165	-	3,018	(4,401)	5,781	5,133
<b>Directorate of Strategy and Corporate Affairs</b>	562	-	-	-	562	504
Governance and Infrastructure	4,845	-	-	-	4,845	4,631
UK and International Relations	295	-	-	-	295	337
Audit Assurance	425	-	-	-	425	407
Communications and Marketing	867	-	104	-	972	1,160
Public Health Nutrition, Science and Policy	522	-	327	-	841	1,012
Regulatory Strategy Work Programme	361	-	-	-	361	448
<b>Totals</b>	<b>21,815</b>	<b>(0)</b>	<b>4,997</b>	<b>(4,401)</b>	<b>22,402</b>	<b>22,154</b>

Table 43 Net operating costs by division

FSS identifies reportable segments in the form of Directorates, Divisions and Programmes, which 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 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](#).

	2023-24	2022-23
	£'000	£'000
Staff costs	16,423	16,017
Apprenticeship levy	46	44
Agency staff	740	494
Inward secondment	291	227
Contract inspectors and veterinary costs	177	177
Less recoveries in respect of outward secondments	(105)	(96)
<b>Total net costs</b>	<b>17,572</b>	<b>16,864</b>

Table 44 Summary of staff costs

### 3. Non-pay expenditure

	2023-24	2022-23
	£'000	£'000
<b>Goods and services</b>	4,343	5,353
<b>Depreciation and impairment charges: non cash</b>		
Depreciation	147	167
Amortisation	246	244
Amortisation of ROU asset	414	414
Total	807	825
<b>Provision expense</b>		
Dilapidation	14	14
Early departure	4	26
Total	18	41
<b>Pension expense/(write back)</b>	68	322
<b>Other operating expenditure</b>		
Accommodation costs including rates, estate management and security	408	341
Support systems costs – other	887	764
Legal costs	465	518
Other admin costs	857	955
Internal auditors' remuneration and expenses	39	35
Travel & subsistence and hospitality	472	440
Training and development	127	179
Other	17	9
IT costs	182	166
Lease expense	80	79
Lease interest	27	30
Research and development expenditure	477	438
Nominal charge: external auditors' remuneration and expenses	52	49
Total	4,090	4,002

Table 45 Total non-pay expenditure

#### 4. Operating Income

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

	2023-24	2022-23
	£'000	£'000
Income for official controls charged to industry	4,043	4,488
Income for meat hygiene work charges to other government departments	297	322
Other income – e.g. assessment centre charges	62	75
Profit on disposal of property, plant and equipment	-	5
<b>Total income</b>	<b>4,401</b>	<b>4,889</b>

*Table 46 Operating income by classification and activity*

The meat hygiene charging system was jointly developed by FSS and the Scottish Meat Industry and implemented with their full support. At that time, the FSS scheme maintained the previous FSA level of government subsidy (£1.3m), through a new discount system designed to incentivise compliance and efficient utilisation of OC resources. This was approved by SG Ministers and FSS was directed to apply the discount scheme, accepting that this is a departure from the default full cost recovery as required by the SPFM

During 2023-24 there was a discount subsidy of £1.067m provided to the meat industry. FSS has some discretion on where it can apply charges. Legally, we are not able to charge for more than we do, but we have some discretion over indirect costs. FSS continues to absorb the costs of “corporate activities” which are not charged to industry. These relate to some chargeable activities such as specified risk material (SRM) controls for BSE, and non-chargeable activities such as recruitment, corporate training, team meetings and non-regulated work.

## 5. Plant and equipment

	Fixtures and fittings	Office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2023	834	263	802	136	2,035
Additions	(0)	-	32	-	32
Disposals	(14)	(203)	(69)	-	(285)
<b>At 31 March 2024</b>	<b>821</b>	<b>60</b>	<b>766</b>	<b>136</b>	<b>1,782</b>
<b>Depreciation</b>					
At 1 April 2023	553	257	538	53	1,401
Charged in year	45	1	82	19	147
Disposals	(14)	(203)	(69)	-	(285)
<b>At 31 March 2024</b>	<b>584</b>	<b>55</b>	<b>551</b>	<b>73</b>	<b>1,264</b>
<b>Carrying amount at 31 March 2024</b>	<b>236</b>	<b>5</b>	<b>214</b>	<b>63</b>	<b>518</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>Asset financing</b>					
Owned	236	5	214	63	518
<b>Carrying amount at 31 March 2024</b>	<b>236</b>	<b>5</b>	<b>214</b>	<b>63</b>	<b>518</b>

Table 47 Plant and equipment 2023/24

	Fixtures and fittings	Office equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'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>

Table 48 Plant and equipment 2022/23

## 6. Intangible assets

Intangible assets comprise computer software, software licenses and AUC.

	Computer software and software licences	AUC	Total
	£'000	£'000	£'000
<b>Cost of valuation</b>			
At 1 April 2023	2,944	103	3,047
Additions	166	29	195
Transfers	-	-	-
Disposals	(996)	(103)	(1,099)
<b>At 31 March 2024</b>	<b>2,113</b>	<b>29</b>	<b>2,143</b>
<b>Amortisation</b>			
At 1 April 2023	2,449	-	2,449
Charged in year	246	-	246
Disposals	(996)	-	(996)
<b>At 31 March 2024</b>	<b>1,698</b>	<b>-</b>	<b>1,698</b>
<b>Carrying amount at 31 March 2024</b>	<b>415</b>	<b>29</b>	<b>444</b>
<b>Carrying amount at 31 March 2023</b>	<b>495</b>	<b>103</b>	<b>598</b>

Table 49 Intangible assets 2023/24

	Computer software and software licences	AUC	Total
	£'000	£'000	£'000
<b>Cost of 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>

Table 50 Intangible assets 2022/23

## 7. Capital and other commitments

At 31 March 2024 there were no commitments for the purchase of capital items.

### Commitments under leases

From 1<sup>st</sup> 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 SoCNE.

Building	2023-24	2022-23
	£'000	£'000
Right of use asset	2,758	3,172
Depreciation	(414)	(414)
At 31 March	2,344	2,758
Obligations under leases		
No later than 1 year	393	364
Later than 1 year and no later than 5 years	1,756	1,704
Later than 5 years	299	744
Total	2,448	2,812

Table 51 Commitments under leases

### Other financial commitments

FSS did not have any other financial commitments as of 31 March 2024.

## 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

	2023-24	2022-23
	£'000	£'000
Balance at 1 April	1,033	3,792
Net charges in cash and cash equivalents	1,765	(2,759)
<b>Balance at 31 March</b>	<b>2,798</b>	<b>1,033</b>
The balances at 31 March held at		
Government Banking Service	2,798	1,033
<b>Balance at 31 March</b>	<b>2,798</b>	<b>1,033</b>

Table 52 Cash and cash equivalents



## 10. Trade and other receivables

	2023-24	2022-23
	£'000	£'000
Amounts falling due within one year		
Trade receivables	379	438
VAT recoverable	240	380
<b>Total</b>	<b>619</b>	<b>818</b>
Other current assets		
Prepayments and accrued income	763	773
<b>Total</b>	<b>763</b>	<b>773</b>

Table 53 Trade and other receivables

## 11. Trade and other payables

	2023-24	2022-23
	£'000	£'000
<b>Amounts falling due within one year</b>		
Other taxation and social security	16	16
Trade payables	394	773
Other payables	12	10
<b>Total</b>	<b>423</b>	<b>799</b>
Other current liabilities		
Accruals	1,515	1,712

Table 54 Trade and other payables

## 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.

			2023-24	2022-23
			£'000	£'000
<b>Balance at 31 March 2022</b>	<b>Early departure</b>	<b>Dilapidations</b>	<b>Total</b>	<b>Total</b>
Provided in the year	141	85		208
Provisions not required written back	6	14	21	42
Provisions utilised in the year	(23)	-	(23)	(23)
Borrowing costs (unwinding of discount)	(2)	-	(2)	(2)
<b>Balance at 31 March</b>	<b>121</b>	<b>100</b>	<b>(5)</b>	<b>226</b>

Table 55 Early departure and other provisions

			2023-24	2022-23
			£'000	£'000
	<b>Early departure</b>	<b>Dilapidations</b>	<b>Total</b>	<b>Total</b>
Within one year	20	-	20	21
<b>Total current provisions liability</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>21</b>
Between one and five years	68	100	168	163
Thereafter	32	-	32	43
<b>Total non-current provisions liability</b>	<b>101</b>	<b>100</b>	<b>200</b>	<b>205</b>
<b>Provisions balance at 31 March</b>	<b>121</b>	<b>100</b>	<b>220</b>	<b>226</b>

Table 56 Analysis of expected timing of discounted flows (excluding LGPS and former FSA Scotland Board pension provisions)

### 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 His Majesty's (HM)Treasury discount rate of -2.45% (2022/23 - 1.70%) in real terms. During 23/24, 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 IAS 19 and the FReM governing UK Accounting for Departments/Non-Department Public Bodies.

The capitalised value of the pension benefits payable by the FSS's Pension Schemes as at 31<sup>st</sup> March 2024 is £56,000 (31<sup>st</sup> March 2023, £60,000). The disclosures confirm that over the period the defined benefit liability has decreased by £4,000. 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 2023/24	Year ending 2022/23
Discount rate	5.10%	4.15%
Rate of increase in pensions in payment	2.55%	2.40%
CPI inflation assumption	2.45%	2.40%

Table 57 Actuarial assumptions

## Mortality

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

	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023	As at 31 March 2023
Current pensions exact age	Men (years)	Women (years)	Men (years)	Women (years)
60	26.7	28.8	26.6	28.1
65	21.9	23.3	21.8	23.2

Table 58 Average life expectancies at retirement age

## Present value of scheme liabilities

	Value at 2023/24	Value at 2022/23
	£'000	£'000
<b>Liability in respect of</b>		
Current pensioners	56	60
Total present value of scheme liabilities	56	60

Table 59 Value of scheme liabilities

## Analysis of movement in scheme liability

	2023/24	2022/23
	£'000	£'000
Scheme liability at the beginning of year	60	111
<b>Movement in the year</b>		
Interest cost	2	2
Actuarial gain	1	(49)
Benefits paid	(7)	(4)
Net pension liability at end of year	56	60

Table 60 Movement in scheme liability

## Analysis of amount charged to operating expenditure

	2023/24	2022/23
	£'000	£'000
<b>Current service cost (net of employee contributions)</b>		
Interest cost	2	2
Total expense	2	2

Table 61 Amount charged to operating expenditure

### Analysis of amounts to be recognised in statement of changes in taxpayers' equity

	2023/24	2022/23
	£'000	£'000
Experience loss/(gain) arising on the scheme liabilities	5	(30)
Changes in financial assumptions underlying the present value of scheme liabilities	(4)	(19)
Net total actuarial gain recognised in the statement of changes in taxpayers' equity	1	(49)

Table 62 Analysis of amounts to be recognised in SoCiE

### Sensitivity of the Defined Benefit Obligation (DBO) to changes in the Significant Actuarial Assumptions

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

Table 63 Sensitivity analysis

\* 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 London Pension Fund Authority (LPFA) fund valuation set the FSS primary contribution rate for the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2025 at 19.3%. For this period, the FSS secondary contribution rate is set at -10% and the minimum funding requirements in the LGPS at 9.3%. 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 IAS 19.

An allowance for an asset ceiling has been included in the LPFA fund valuation for 2023-24. 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 expect 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 a net surplus of £0.321m (£0.672m 2022/23) after the asset ceiling has been taken into account.

### McCloud/Sargeant Judgement

The McCloud/Sargeant judgement relates to age discrimination within the New Judicial Pension Scheme. On 27<sup>th</sup> 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 on 31<sup>st</sup> March 2024.

### Virgin Media Case

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK. The impact of the case is continuing to be assessed and any potential impact on the accounts will be considered in future years.

### 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 2023-24	Year ending 2022-23
	% p.a.	% p.a.
Discount rate	4.85%	4.80%
Rate of increases	2.90%	2.90%
RPI inflation	3.30%	3.35%
Salary increases	3.90%	3.90%

Table 64 Major financial assumptions

### Mortality

The post-retirement mortality is based on the Club Vita mortality analysis. These base tables are then projected using the Continuous Mortality Investigation (CMI) 2022 Model (CMI\_2021 2023/24), 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 2022 weighting of 25% (2021 weighting of 5% 2022/23).

		As at 31 March 2024	As at 31 March 2023
Retiring today	Males	19.3	19.5
	Females	22.2	22.5
Retiring in 20 years	Males	20.4	20.6
	Females	24.3	24.5

Table 65 Post-retirement mortality projections

## Movement in liabilities

	2023-24	2022-23
	£'000	£'000
<b>Opening defined benefit obligation</b>	22,508	33,214
Current service cost	208	395
Interest cost	1,047	848
Change in financial assumptions	(134)	(9,994)
Change in demographic assumptions	(272)	(1,440)
Experience loss/(gain) on defined benefit obligation	64	720
Estimated benefits paid net of transfers in	(1,480)	(1,274)
Contributions by scheme participants	63	64
Unfunded pension payments	(25)	(25)
<b>Closing defined benefit obligation</b>	<b>21,979</b>	<b>22,508</b>

Table 66 Movement in liabilities

## Movement in assets

	2023-24	2022-23
	£'000	£'000
<b>Opening fair value of employer's assets</b>	27,351	27,891
Interest on assets	1,281	712
Return on assets less interest	1,213	(354)
Other actuarial gains/(losses)	-	(24)
Administration expenses	(8)	(8)
Contributions by employer including unfunded	116	369
Contributions by scheme participants	63	64
Estimated benefits paid plus unfunded net of transfers in	(1,505)	(1,299)
<b>Closing fair value of employers assets</b>	<b>28,511</b>	<b>27,351</b>

Table 67 Movement in assets

## Assets in the scheme and the expected rate of return

	Value at 2023-24	% at 2023-24	Value at 2022-23	% at 2022-23
	£'000		£'000	
Equities	17,263	61%	16,083	59%
Target return portfolio	4,918	17%	5,086	19%
Infrastructure	3,275	11%	3,461	13%
Property	2,608	9%	2,686	10%
Cash	447	2%	35	0%
Market value of assets	28,511	100%	27,351	100%
Present value of scheme liabilities	(21,979)		(22,508)	
Net pension asset	6,532		4,843	

Table 68 Expected rate of return for assets in the scheme

### Reconciliation of asset ceiling

	2023-24	2022-23
	£'000	£'000
<b>Opening impact of asset ceiling</b>	<b>4,171</b>	<b>-</b>
Interest on asset ceiling	200	-
Actuarial losses	1,840	4,171
<b>Closing impact of asset ceiling</b>	<b>6,211</b>	<b>4,171</b>

Table 69 Reconciliation of asset ceiling

### Analysis of amount charged to net operating expenditure

	2023-24	2022-23
	£'000	£'000
Service cost	208	395
Administration expenses	8	8
Net interest on the defined (asset)/liability	(34)	136
Total	182	539
Employer contributions to be set off	(116)	(369)
Amount charged to operating cost	66	170

Table 70 Analysis of the amount charged to net operating expenditure

### Analysis of amount recognised in statement of changes in taxpayers' equity

	2023-24	2022-23
	£'000	£'000
Return on fund assets in excess of interest	1,213	(354)
Other actuarial gains/(losses) on assets	-	(24)
Change in financial assumptions	134	9,994
Change in demographic assumptions	272	1,440
Experience gain/(loss) on defined benefit obligation	(64)	(720)
Asset ceiling allowance	(1,840)	(4,171)
Remeasurement of the net assets/(defined liability)	(285)	6,165

Table 71 Analysis of the amount recognised in statement of changes in taxpayers' equity



### 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	20,738	21,721	21,979	22,242	23,348
Projected service cost	182	198	203	207	226
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	22,113	22,005	21,979	21,952	21,848
Projected service cost	203	203	203	203	202
Adjustment to pension increases and deferred valuation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	23,234	22,220	21,979	21,742	20,840
Projected service cost	227	208	203	199	181
Adjustment to mortality age rating assumption		+1 year	None	-1 year	
Present value of total obligation		22,891	21,979	21,106	
Projected service cost		210	203	196	

Table 72 Sensitivity analysis

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

	Board Pension	LGPS	Total 2023-24	2022/23
	£'000	£'000	£'000	£'000
Net pension liability at 1 April	(60)	672	612	(5,435)
Current service cost	-	(208)	(208)	(395)
Past service cost	-	-	-	-
Administrative expenses	-	(8)	(8)	(8)
Employer contributions set off	-	116	116	219
Interest cost	(2)	34	32	(138)
Charged to net operating expenditure	(2)	(66)	(68)	(322)
Deficit payments	7	-	7	154
Actuarial gain/(loss) recognised in SOCTE	(1)	(285)	(286)	6,214
Net pension asset/(liability)	(56)	322	266	612

Table 73 Pension charges and liability charged to net operating expenditure

Unfunded liabilities included in the figure for present value of asset/(liability) is -£196k (2021/22 -£214k).

## **14. Contingent liabilities**

### **14.1 Guaranteed minimum pension**

The valuation of defined benefit and unfunded liabilities on 31<sup>st</sup> March 2019 and therefore included in the starting position for 2023 (1<sup>st</sup> April 2023) 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<sup>th</sup> 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<sup>rd</sup> 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 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	360,916	1,570,575	26,681	43,993
CEFAS	N/A	2,901,883	N/A	100,394

*Table 74 Related party transactions*

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 IAS 10 'Events after the Reporting Period', post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date 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 2023-24 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**

FSS has not adopted any newly issued accounting standards.



## 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 (FReM) 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