

# Annual Report & Accounts 2018-19



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

SG/2019/53

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# Contents

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## 6 Performance Report



---

## 59 Accountability Report



- 61 Corporate Governance Report
- 61 Directors' Report
- 65 Governance Statement
- 73 Remuneration and Staff Report
- 87 Parliamentary Accountability Report

---

## 89 Independent Auditor's Report



- 90 Report on the audit of the financial statements
- 92 Report on regularity of expenditure and income
- 92 Report on other requirements

---

## 93 Financial Statements for the year ended 31 March 2019



- 94 Statement of Comprehensive Net Expenditure for the year ended 31 March 2019
- 95 Statement of Financial Position as at 31 March 2019
- 96 Statement of Cashflows for the year ended 31 March 2019
- 97 Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

---

## 98 Notes to the Annual Report and Accounts

---

## 123 Accounts Direction

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# Chair and Chief Executive's Foreword





## Chair and Chief Executive's Foreword

The only constant in life is change. Rarely has this maxim been more apposite than as in the past twelve months, which have been the most turbulent and uncertain we can recall, and unquestionably in the lifetime of Food Standards Scotland (FSS). Planning for what Brexit may or may not look like, and for what it may or may not bring, has presented Food Standards Scotland with significant challenges, yet the organisation has accepted and risen to those challenges whilst simultaneously delivering strong results as it continues to work towards the six strategic outcomes outlined in its Strategy to 2021.

Food is a devolved area, mainly subject to European law. It is crucial, therefore, if FSS is to uphold the high standards underpinning Scotland's vital food industry, that there is an effective legal framework in place from the day the UK leaves the European Union. Accordingly, this year has seen a monumental effort on the part of our staff to ensure that is the case, whilst carrying on with delivering FSS's other essential work.

FSS has worked extensively alongside UK government departments and the Food Standards Agency to ensure that critical areas of food law, food regulation and key functions such as risk assessment can be transferred over to the UK if and when we leave the European Union. Whilst this work has been complex and at times difficult, FSS's guiding principle of protecting the interests of Scotland's consumers and food industry has helped it navigate its way through. We are confident that FSS has laid the foundations and frameworks that will enable it to continue to fulfil its duties as the food industry regulator in Scotland.

Leaving the European Union will have a significant impact on many aspects of food: how we trade, how we shop, what we eat, how we make decisions on food risks, how we label food, how we handle food incidents, and how we tackle food crime. Whilst much has been delivered this year, there is still much to be done and the repercussions of Brexit will impact FSS and others for many years to come.

Against the backdrop of the additional pressures of Brexit preparation, the organisation has delivered a number of significant pieces of work of which we are very proud. These included a substantive response to the Scottish Government's consultation on diet and nutrition, and we welcomed the publication *A Healthier Future – Scotland's diet and healthy weight delivery plan* which reflected much of our submission. Jointly with the FSA we published the review of meat cutting plants and cold stores, the first such joint report by the respective organisations. Among our other achievements are the new food law rating system for food businesses, combining food hygiene and standards inspections; the public consultation on a strategy for food eaten outside of the home in Scotland; two social marketing campaigns to drive behavioural change amongst the Scottish public when it comes to healthy eating and food safety; and development of a new food law code of practice which, along with the new Scottish national database, means a more co-ordinated approach to ensuring food safety and standards across Scotland.

We have been acutely conscious over the course of the year of the intense pressures on staff, with the consequent impact not only on the organisation's ability to deliver its other work, but also on our staff's wellbeing and ability to achieve a work-life balance. We are fortunate that the organisation has been allocated additional funding for the next year which will help it to increase capacity and capability, and reduce the adverse impact on staff.

We are proud to present the successes evidenced in this report, and we take this opportunity to thank publicly the FSS team. It is testament to their hard work, expertise and dedication, how much has been achieved this year.

Ross Finnie,  
Chair

Geoff Ogle,  
Chief Executive

# Performance Report





## About Food Standards Scotland

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

### Purpose

FSS's purpose is consumer 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.

And its four statutory functions are to:

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

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

### Values

The values against which FSS judges everything it does are:

- Public service – having people at the heart of what we do, putting consumers first

- Authority – being a credible, consistent and trusted voice of authority on food matters in Scotland, basing decisions upon sound science and evidence
- Partnership – collaborating with others to achieve the best outcome for the public
- Openness – being open and transparent in dealings with the public, stakeholders and partners
- Independence – at arm's length from Ministers, but aligned with the government's purpose

### Planning and organising our work

The [2016-21 Strategy](#) outlines how FSS plans to achieve its vision to create a food and drink environment in Scotland that benefits, protects and is trusted by consumers, and highlights how its strategic outcomes contribute to the Scottish Government's purpose and outcomes. Along with the Strategy, FSS published a three year Corporate Plan, running from 2016 to 2019, and identifying 33 corporate objectives to support delivery of its strategic outcomes.

The Corporate Plan has continued to be the driver for FSS's work this year, alongside, and subject to, the resource requirements of the programme of work set up to prepare for Brexit. FSS reviewed progress on its Corporate Plan in [March 2018](#) and, in light of the considerable impact of Brexit across the FSS remit, took the decision to deliver its work, from 2018/19 onwards, through three change programmes – Regulatory Strategy, Brexit, and Dietary Health and Nutrition – and a suite of core essential activities such as delivery of competent authority functions, incident preparedness, research and evidence gathering.

FSS's Vision and six Strategic Outcomes, and their relationship to the Scottish Government's Purpose and Outcomes, are set out in Table 1 on next page. Table 2 sets out the 33 corporate objectives that support the strategic outcomes; and Table 3 sets out the 3 change programmes, with their key objectives for 2018/19.



Table 1 – Vision and Strategy

<p><b>Scottish Government (SG) Purpose</b></p>	<p><b>To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth</b></p>						
<p><b>FSS vision</b></p>	<p><b>To create a food and drink environment in Scotland that benefits, protects and is trusted by consumers</b></p>						
<p><b>SG Outcomes FSS map to</b></p>	<p>We are healthy and active</p>	<p>We grow up loved, safe and respected so that we realise our full potential</p>	<p>We tackle poverty by sharing opportunities, wealth and power more equally</p>	<p>We have a globally competitive, entrepreneurial, inclusive and sustainable economy</p>	<p>We have thriving and innovative businesses, with quality jobs and fair work for everyone</p>	<p>We value, enjoy, protect and enhance our environment</p>	<p>We are open, connected and make a positive contribution internationally</p>
<p><b>FSS outcomes</b></p>	<p><b>Food is safe</b></p>	<p><b>Food is authentic</b></p>	<p><b>Consumers have healthier diets</b></p>	<p><b>Responsible food businesses flourish</b></p>	<p><b>FSS is a trusted organisation</b></p>	<p><b>FSS is efficient and effective</b></p>	
<p><b>What that means for us</b></p>	<p><b>Food is safe</b> Food businesses should not sell food in Scotland which is unsafe.  Scottish consumers understand how to make sure the food they cook and eat won't do them any harm.</p>	<p><b>Food is authentic</b> Food businesses meet their responsibility to ensure information provided about food and drink is true.  Scottish consumers can trust the information provided on the food and drink they buy.</p>	<p><b>Consumers have healthier diets</b> The Scottish food and drink environment supports a healthy balanced diet.  Scottish consumers are enabled and encouraged to make healthier choices.</p>	<p><b>Responsible food businesses flourish</b> Food businesses that meet their responsibility to provide safe and authentic food are supported.  Irresponsible food businesses are held to account.</p>	<p><b>FSS is a trusted organisation</b> Scottish consumers trust and act upon our advice.  Industry, government and stakeholders listen to our recommendations and advice.  Staff are proud to work for FSS.</p>	<p><b>FSS is efficient and effective</b> We will do what we say and clearly demonstrate this.  We make the best use of our available resources.</p>	



Table 2 – 2016-21 strategic outcomes and related 2016-19 corporate objectives

Food is safe	Food is authentic	Consumers have healthier diets	Responsible food businesses flourish	FSS is a trusted organisation	FSS is efficient and effective
<ul style="list-style-type: none"> <li>• Develop a foodborne illness reduction strategy</li> <li>• Empower consumers with information and knowledge on food safety</li> <li>• Improve animal feed controls</li> <li>• Review shellfish controls</li> <li>• Ensure effective delivery of food controls</li> <li>• Ensure effective management of food incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure capability to tackle food crime</li> <li>• Develop authenticity evidence base</li> <li>• Align food safety and food labelling controls</li> <li>• Review food labelling</li> <li>• Empower consumers by helping them to understand and use food information on labels</li> </ul>	<ul style="list-style-type: none"> <li>• Be an authoritative primary source of evidence-based advice on nutrition</li> <li>• Support and monitor progress towards Scottish Dietary Goals</li> <li>• Influence public opinion in favour of action on diet</li> <li>• Advise Scottish Ministers on folic acid fortification</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a regulatory strategy</li> <li>• Revise food law code of practice</li> <li>• Work in partnership to reduce unnecessary regulatory burdens</li> <li>• Review the Food Hygiene Information Scheme</li> <li>• Support Scottish food and drink exports through advice on compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Establish FSS as authoritative, consistent and trusted</li> <li>• Use research and insight to better understand consumers</li> <li>• Ensure stakeholders and consumers are engaged and consulted</li> <li>• Review our work in the education sector</li> <li>• Ensure information about FSS is transparent and accessible.</li> <li>• Hold Board meetings in public, making decisions and policy recommendations public</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure compliance with our Code of Governance and Framework document</li> <li>• Ensure compliance with statutory requirements</li> <li>• Develop a people strategy</li> <li>• Develop a science and evidence strategy</li> <li>• Ensure delivery of official controls is proportionate and cost-effective</li> <li>• Review the approach to charging for official controls</li> <li>• Develop a digital strategy and our digital capability</li> </ul>



## Table 3 – Change programmes and their 2018/19 achievements

<b>Brexit</b>	<ul style="list-style-type: none"><li>• Ensure there is a workable food law framework once the UK leaves the EU</li><li>• Develop proposals for UK-wide frameworks with UK government departments, in line with the agreement reached by Ministers across the UK</li><li>• Undertake research to better understand consumer views and the impact of a no-deal Brexit on Scottish food chains</li><li>• Assess what capability and capacity might be required for Scotland in delivering statutory functions currently administered by the EU</li></ul>
<b>Regulatory Strategy</b>	<ul style="list-style-type: none"><li>• Implement a new Food Law Rating System for food businesses that combines food hygiene and standards inspections into a single food law intervention</li><li>• Develop a new official control delivery model for animal feed controls to address resource pressures and ensure a robust regulatory regime is maintained</li></ul>
<b>Nutrition</b>	<ul style="list-style-type: none"><li>• Deliver a public consultation on an Out of Home (OOH) Strategy</li><li>• Provide expert advice to the Scottish Government on restricting high fat, sugar and salt promotions</li><li>• Provide advice to the Scottish Government and stakeholders on Public Health England's reformulation of foods programme</li><li>• Develop calorie labelling with small businesses, and drive calorie labelling across the OOH sector (including large businesses)</li><li>• Maintain a cost effective monitoring system and publish findings</li><li>• Develop a set of dietary guidelines for Scotland</li><li>• Development of further proposals to tackle obesity</li></ul>

### What we invest

- A professional and skilled workforce
- Programme resources to gather science, evidence and information
- Advice, guidance and legislation for food and feed safety, food standards and nutrition
- Communication (all forms)
- Partnership and relationship building and maintenance with key stakeholders to help delivery
- Training (staff, local authorities (LAs) and food and feed business operators)

### What we do

- Develop, monitor and provide guidance for food and feed legislation and policies
- Commission and manage research
- Provide risk assessment, risk management and risk communication
- Provide guidance and advice for consumers
- Discuss and collaborate with our stakeholders for delivery
- Support the Scottish food and drink industry
- Develop effective information sharing frameworks with stakeholders and other parts of government
- Provide improved methods by which consumers or those working within the food, feed and drink sector can report or provide information to us

### Who we reach and work with

- Consumers
- Government in Scotland, UK and across the EU and worldwide
- LAs
- Food, feed and drink industry
- Health professionals
- Educators
- Academics and researchers
- Consumer groups and charities e.g. Which, Cancer Research UK
- Media
- International bodies e.g. WHO, EFSA



## Organisation



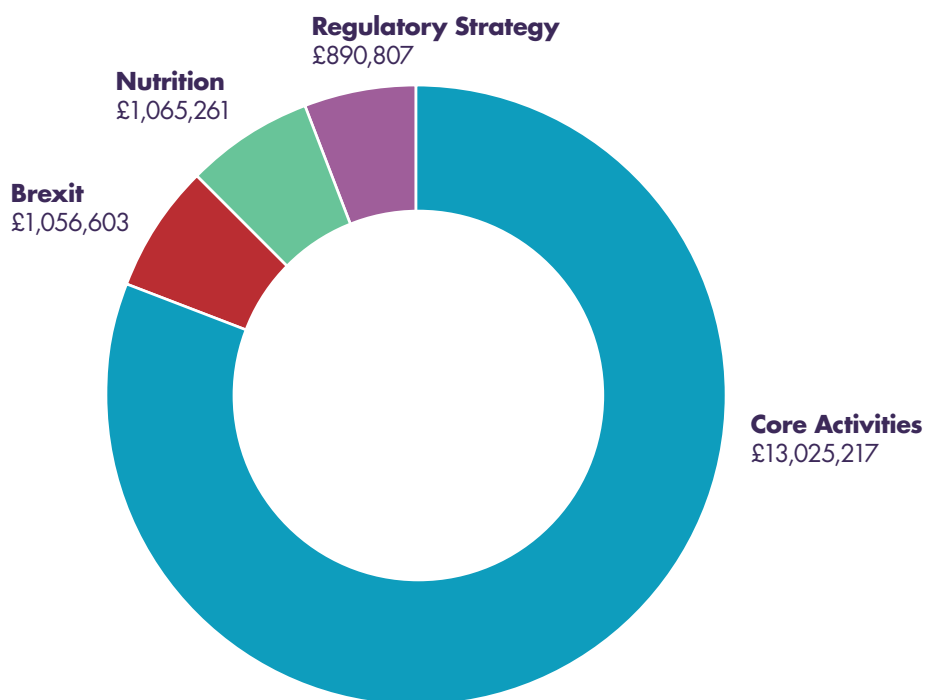
FSS's non-executive Chair and Board Members provide strategic direction, and the staff are led by a Chief Executive Officer, supported by a Senior Management Team and an independent Chief Scientific Adviser. Approximately half of FSS staff work remotely under the overall direction of the Chief Operating Officer, delivering official controls in abattoirs and meat cutting plants across Scotland, with the remainder working at FSS's Aberdeen office across a range of regulatory, policy, scientific, communications and corporate functions. Staff are allocated to one of the ten teams shown in the diagram above, and provide expertise as needed across the delivery of core essential functions and change programme work.

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

### How FSS allocated its resources in 2018/2019

The majority of FSS's resources were allocated to delivering 'essential core activities' during the year. Each of the three change programmes – Regulatory Strategy, Nutrition and Brexit – were given individual budgets as part of the overall allocation, accounting for approximately 18.9% of the total budget.

### Outturn Expenditure 2018/19





## Outturn expenditure for the core activities against strategic outcomes 2018/2019

**Outcome 1**  
Food is Safe  
43%

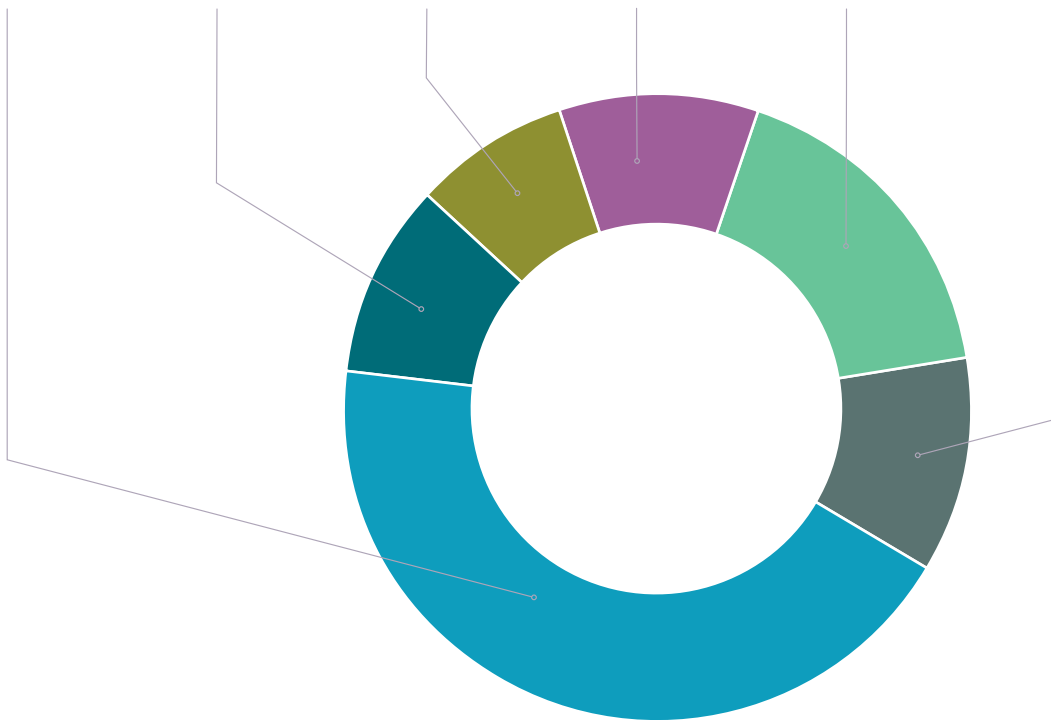
**Outcome 2**  
Food is authentic  
10%

**Outcome 3**  
Consumers have  
healthier diets  
8%

**Outcome 4**  
Responsible food  
businesses flourish  
10%

**Outcome 5**  
FSS is a trusted  
organisation  
17%

**Outcome 6**  
FSS is efficient  
and effective  
12%



FSS is mainly funded by the Scottish Government but also charges fees to recover in part the costs of regulatory functions.

## Key issues and risks

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

Key Risks	Risk Mitigation
<p><b>HIGH RISK</b> If FSS does not have adequate time to prepare for Brexit due to tight timescales and ongoing uncertainty, this would affect its capability and capacity to achieve the strategic plan, for example through loss of statutory levers or through diverting resources away from carrying out the key activities agreed in the corporate plan.</p>	<p>Programme planning and necessary preparations for Brexit are ongoing. Planning for 2019-20 includes an assessment of ongoing Brexit-related capacity and capability requirements and impact on other areas of work.</p>
<p><b>HIGH RISK</b> If FSS's budget is reduced or restricted in the future, or is insufficient due to new pressures such as Brexit, there is a risk this could result in FSS having to focus solely on statutory requirements and scale back on a number of non-statutory key initiatives needed to achieve the strategic outcomes leading to a detrimental impact on consumers.</p>	<p>Long-term financial plan revised in November 2018. Active management of budget on monthly basis. Ongoing assessment of Brexit-related resource requirements.</p>
<p><b>HIGH RISK</b> If there is a failure of controls by food business operators that might reasonably have been detected, there is a risk of serious cases of human illness and other risks to public health, leading to a loss of confidence in the food supply chain and loss of trust in regulatory bodies.</p>	<p>Ongoing training for FSS and LA partners in Hazard and Critical Control Point (HACCP) food safety management, to be complemented by training in HACCP verification training in 2019-20.</p>
<p><b>HIGH RISK</b> If sufficient resources are not available for consistent delivery of food and feed official controls, this could lead to the resources available not matching the statutory requirements. The lack of sufficient resource could result in official controls service delivery becoming unsustainable, and there is a risk that FSS's ability to ensure consumer protection is undermined.</p>	<p>Close engagement maintained between FSS and Scottish LAs. Real time access to LA databases via Scottish National Database gives faster assurance for FSS on controls delivered. Alternative feed controls delivery mechanism to be delivered in spring 2019. Close ongoing engagement with meat official controls delivery partner.</p>

## Adoption of the going concern basis

From 1 April 2019, FSS has significant net liabilities (£8.74 million) relating to the pension liabilities of former Food Standards Agency in Scotland Board Members who are members of the Principal Civil Service Pension Scheme (PCSPS) and former FSA staff who are members of the Local Government Pension Scheme (LGPS). The accounts, however, are prepared on a going concern basis since, as a government department, all liabilities will be met by funding from the Scottish Parliament.



## Performance summary

This summary provides a brief high level overview of FSS's performance against the six strategic outcomes, and is based on a set of key strategic indicators agreed by the Board, and which demonstrate trends since FSS's establishment. Further information on why these indicators are considered to be important, together with analysis of trends, is available in six-monthly outcomes reports made to the Board. The latest report was presented in May 2019 and can be found [here](#).

The more detailed Performance Analysis section of this report, also brigaded under the strategic outcomes, gives a broader operational picture of FSS's work together with further information on how it measures performance.

## Food is safe

### What does this mean?

- Food businesses should not sell food in Scotland which is unsafe.
- Scottish consumers understand how to make sure the food they cook and eat won't do them any harm.

### Key performance indicators

Outcome 1: Food is safe	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Number of reported human cases of campylobacter	6264	5296	6006*	6872*
Percentage and numbers of incidents in Scotland handled by FSS that were microbiological, biotoxin and allergen food safety incidents	71% (109/154)	50% (52/104)	31% (41/134)	41% (46/112)**
Percentage and numbers of incidents where food business had poor or insufficient food safety controls	12% (18/154)	16% (17/104)	8% (10/134)	8% (9/112)
Percentage of consumers aware of FSS remit to ensure that food in Scotland is safe to eat (Percentage based on average figures for reporting year)	80%	76%	76%	73%
Percentage of unsatisfactory*** samples (total number of food samples brackets) tested by local authorities for food safety****	17.4% (9,566)	18.6% (8,527)	18.5% (7,741)	15% (7,619)

\* Number shown has been updated from the provisional figure for 2017/18 and a provisional figure is displayed for 2018/19

\*\* Total number of allergen related incidents recorded = 20 – this includes 18 led by FSS and 2 led by FSA

\*\*\* Samples are defined as unsatisfactory if they breach legislative standards or guideline values in one or more of the following areas: food safety; hygiene; labelling/composition; substitution. It is important to note that many unsatisfactory results relate to issues that are identified before products are placed on the market, and action is taken by enforcement authorities to ensure consumers are protected.

\*\*\*\* FSS is analysing data in a different way this year, and have re-analysed previous years' data accordingly in order to enable comparisons, which means that the figures for previous years are different from those provided in our report for 2017/18.



# Food is authentic

## What does this mean?

- Food businesses meet their responsibility to ensure information provided about food and drink is true.
- Consumers can trust the information provided on the food and drink they buy.

## Key performance indicators

Outcome 2: Food is authentic	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Percentage and number of incidents related to food fraud	5% (8/154)	2% (2/104)	0 (0/89)	0 (0/89)
Percentage and number of samples (total number of food samples brackets) tested by local authorities for food authenticity and recorded on the Scottish food sampling database as unsatisfactory*	6.2% (504)	9.1% (525)	8.7% (678)	11.2% (457)
Percentage of consumers who are concerned that food is not what is says on the label <b>(Percentage based on average figures for reporting year)</b>	79%	76%	74%	71%

\*Samples are defined as unsatisfactory if they breach legislative standards or guideline values in one or more of the following areas: food safety; hygiene; labelling/composition; substitution. It is important to note that many unsatisfactory results relate to issues that are identified before products are placed on the market, and action is taken by enforcement authorities to ensure consumers are protected.



# Consumers have healthier diets

## What does this mean?

- The Scottish food and drink environment supports a healthy balanced diet.
- Scottish consumers are enabled and encouraged to make healthier choices.

## Key performance indicators

Outcome 3: Consumers have healthier diets	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Percentage of consumers who know that they need to do something to eat more healthily	51%	59%	56%	58%
Percentage of parents who are concerned about the types of food that their children are eating (Percentage based on average figures for reporting year)	45%	53%	52%	55%

# Responsible food businesses flourish

## What does this mean?

- Food businesses that provide safe and authentic food benefit from risk-based and proportionate regulation that enables them to flourish.
- Irresponsible food businesses are held to account.

## Key performance indicators

Outcome 4: Responsible food businesses flourish	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Number of formal enforcement notices issued to FSS-approved establishments	47	53	114	90
Percentage and number of passes for Food Hygiene Information Scheme (FHIS) listed businesses	91% (45,768)	92% (47,470)	92% (48,451)	92% (49,014)
Number of written warnings issued to meat food businesses	238	266	346	211
Percentage of consumers who have used a food hygiene information scheme to check hygiene standards	26%	30%	31%	25%



# FSS is a trusted organisation

## What does this mean?

- Scottish consumers trust and act upon FSS's advice.
- FSS understands the interests of consumers in relation to food, and leverages influence, where appropriate to benefit consumers and industry. Government and stakeholders listen to FSS's recommendations and advice.

## Key performance indicators

Outcome 5: FSS is a trusted organisation	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Percentage of consumers who are aware of FSS and trust FSS to do its job (Percentage based on average figures for reporting year)	70%	76%	76%	77%
Percentage of consumers who are aware of FSS and have rated FSS as 'Excellent', 'Very good', or 'Good' to the statement 'Being the experts when it comes to food safety' (Percentage based on average figures for reporting year)	81%	82%	83%	82%
Percentage of consumers who are aware of FSS and have rated FSS as 'Excellent', 'Very good', or 'Good' to the statement 'Having the necessary expertise to help people in Scotland eat healthily' (Percentage based on average figures for reporting year)	79%	80%	80%	78%

# FSS is efficient and effective

## What does this mean?

- FSS is an organisation of well-motivated and appropriately skilled people committed to carrying out all its duties in a responsible way.
- FSS's resources are focused on doing the right things, and doing them in ways that are most effective for achieving its objectives.

## Key performance indicators

Outcome 6: FSS is efficient and effective	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Percentage efficiency savings target 3% to be reinvested	N/A	1.8%	2%	1.5%
Employee engagement index from the civil service survey	62%	63%	65%	62%
Percentage of female staff in FSS	39%	44%	45%	51%



# Performance Analysis

## How FSS measures its performance

FSS has used the same key strategic outcome indicators, as set out in the Performance Summary, since 2016 in order to allow identification of trends.

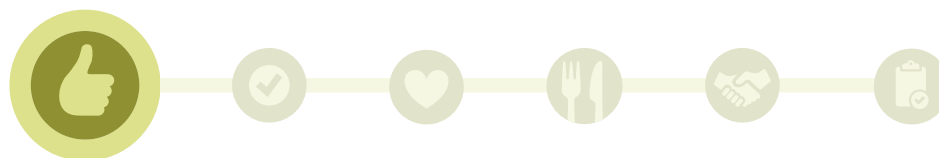
Delivery of the strategic outcomes would be put at risk by:

- a failure of food businesses to meet their responsibility to produce safe and authentic food hygienically;
- a failure of, or failure of trust in, the effectiveness of our regulatory system;
- limited understanding, awareness or trust on the part of consumers; or
- the failure of FSS to inspire trust and to operate efficiently and effectively.

FSS's key strategic indicators reflect these risks, by focusing on measures such as data on food incidents and enforcement actions, consumer attitudes and awareness, staff engagement and efficiency savings.

FSS's strategic aims are underpinned by corporate objectives and those of the three change programmes. The performance analysis below reports on the key pieces of work FSS has done this year to progress those objectives. A full report against each of the 33 objectives in the 2016/19 corporate plan will be published on the FSS [website](#).

# Analysis



## 1. Food is safe

- **Food businesses should not sell food in Scotland which is unsafe, and Scottish consumers understand how to make sure the food they cook and eat won't do them any harm**

FSS addresses the risk of businesses selling unsafe food in four ways – by regulatory activities, by the prevention and management of food-related incidents, through its surveillance strategy, and through its strategy for reducing foodborne illness in Scotland.

### Regulation – meat

This year FSS delivered official controls in 93 approved meat premises (slaughterhouses, game handling establishments, and cutting plants), and carried out 85 audits.

FSS has three key performance measures with respect to its activities in meat plants: contamination levels; veterinary audit outcomes; and animal welfare incidents.

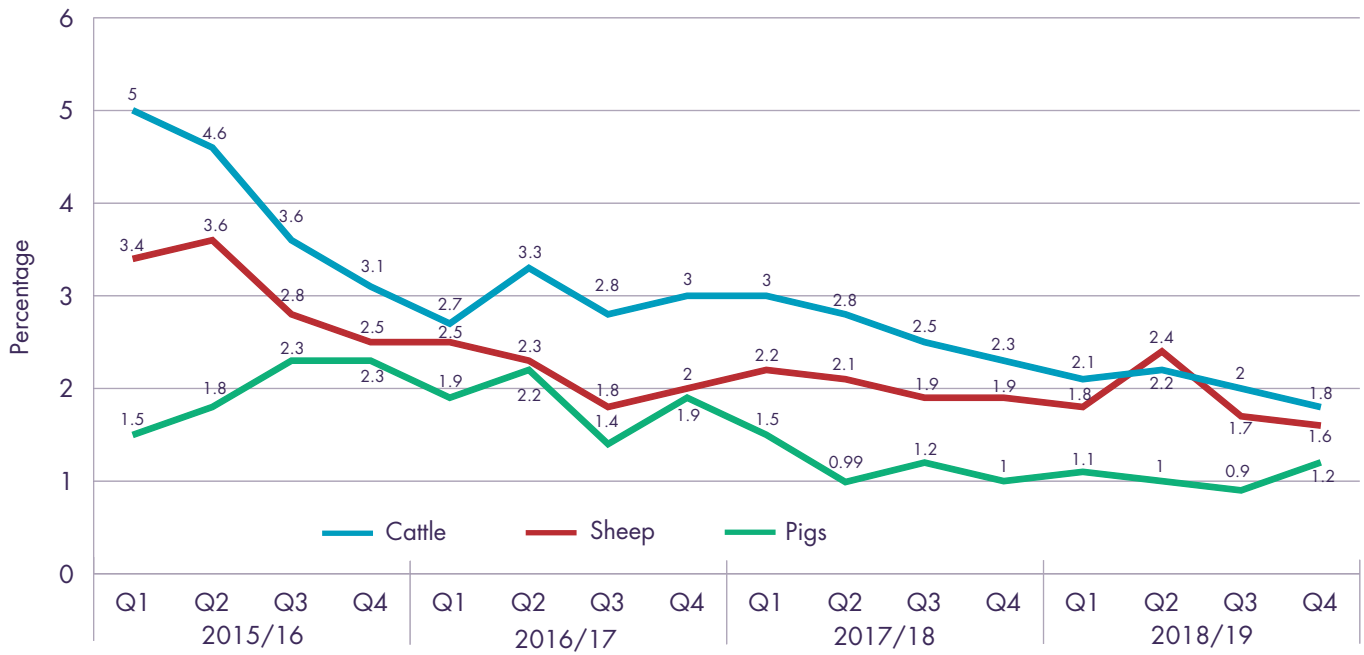
## Contamination

FSS inspectors ensure that no contaminated red meat carcasses are placed on the market. Any carcass found to be contaminated must be rectified and resubmitted for inspection to confirm it is safe for human consumption before it is released. No carcass is released without a satisfactory inspection. FSS actively engages with food business operators (FBOs) and sets, for each red meat species, a ceiling for levels of contamination on carcasses presented for initial inspection. FSS expects all plants to operate below these ceilings whilst recognising no contamination is acceptable. For 2018/19 the ceilings for contamination levels were set at 4% for cattle and sheep, and 2% for pigs, and the meat industry has been very successful in reducing contamination levels for cattle and pigs to well below the ceiling levels, as the graph on the next page shows.

The number of contaminated carcasses presented to FSS staff for inspection is a proxy measure for hygienic production at slaughterhouses. The following graph shows levels of contamination on carcasses presented for initial inspection as a percentage of the number of animals slaughtered, and shows a continuing downward trend for cattle and pigs, and a spike for sheep in quarter 2 before a continuing downward trend to a level beneath the 2018/19 ceiling. Risk-based proportionate enforcement action is taken when spikes in contamination occur, and food business operators are encouraged to monitor the root cause of contamination and ensure corrective actions are taken if necessary.



### Contamination Quarterly Total 2015-2019



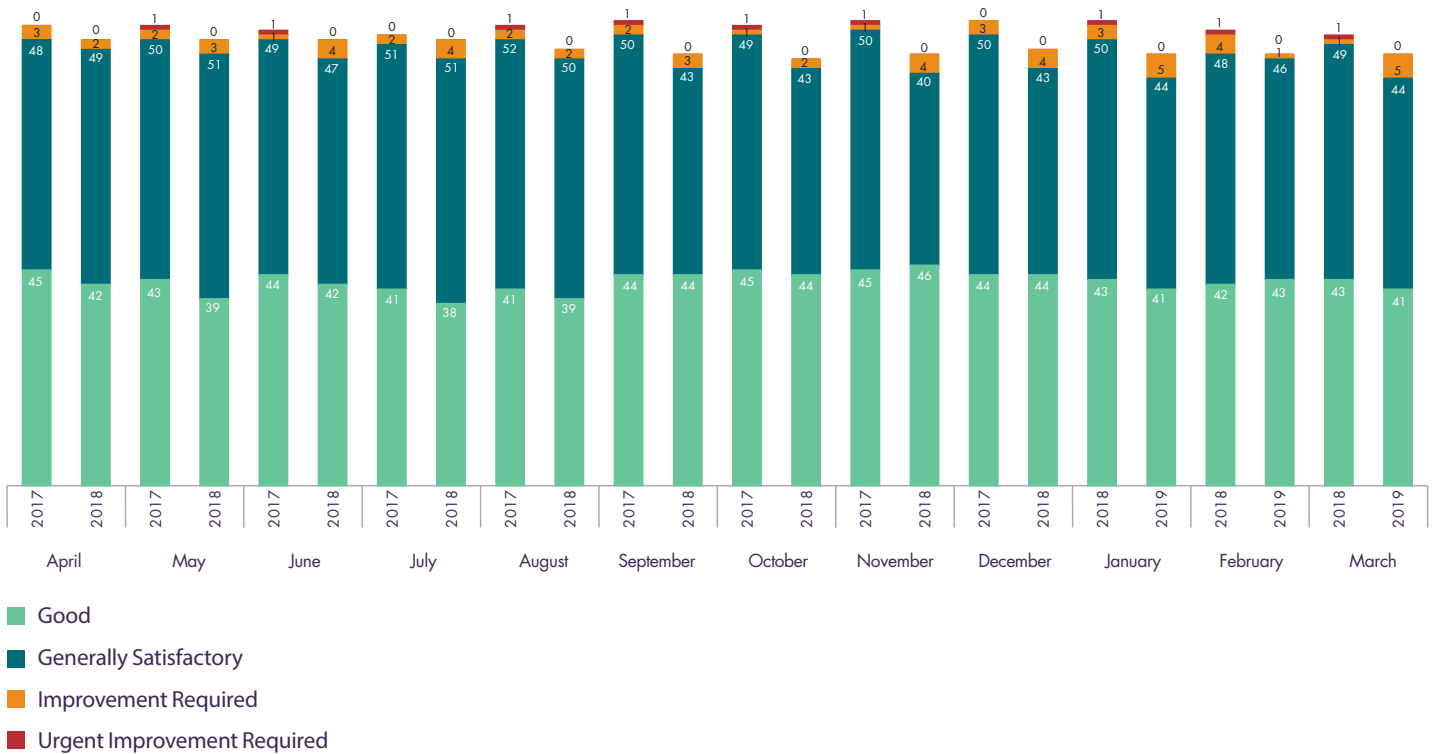


### Veterinary audit outcomes

FSS’s veterinary audits of meat plants make sure that FBOs are complying with food law requirements and, in slaughterhouses, animal health and welfare requirements. FSS influences compliance by taking appropriate and proportionate enforcement and follow up action when non-compliance is observed, and by following up non-compliances with further audits scheduled at intervals varying from 2 months to 12 months, depending upon the level of compliance found, and where appropriate with additional partial audits, or unannounced inspections. Compliance levels are therefore a key performance indicator for FSS.

The following graph shows the number of meat plants at each level of compliance on a monthly basis, and demonstrates that the outcome trend is stable, with the majority of plants categorised as generally satisfactory or good.

### Veterinary Audit Outcome Trends





## Animal welfare incidents

FSS enforces animal welfare legislation at abattoirs on behalf of the Scottish Government. FSS also assists the Animal and Plant Health Agency (APHA) and LAs with their duties by providing information to them where there are indications of possible animal welfare breaches attributable to conditions or treatment on farm and during transport. It is then for APHA or the LA to investigate further in those cases.

FSS continues to be an active member of the Scottish Livestock Welfare Group, which was created to review welfare data and intelligences, address areas for improvement in a co-ordinated approach, and review welfare policy to secure improvements in welfare.

If animal welfare incidents occur within approved slaughterhouses in Scotland they are investigated and proportionate action is taken by Official Veterinarians working on behalf of FSS, who are on site during slaughter. Actions will range from verbal advice, enforcement letters, and welfare enforcement notices to investigations with a view to providing reports to the Procurator Fiscal, and if required the suspension or revocation of a slaughterer's Certificate of Competence.

FSS has a zero tolerance for animal cruelty, and so the number of welfare incidents occurring in slaughterhouses, where FSS has direct responsibility and control, is a key performance indicator.

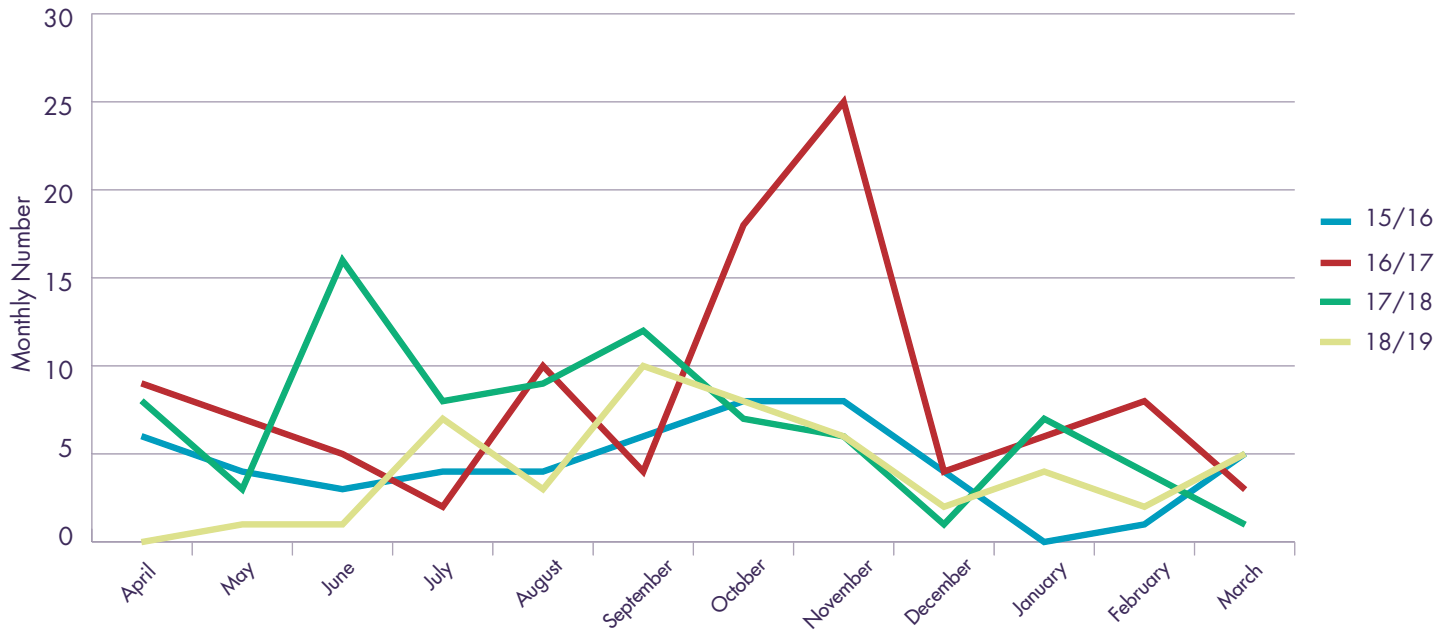
The following graphs show the number of category 3 and 4 welfare incidents in slaughterhouses. The numbers should be read in the context that in 2018/19 in Scotland 459,314 cattle, 1,158,199 sheep, 339,553 pigs and 40,580,246 poultry were slaughtered. The number of category 3 and 4 incidents remains low and FSS continues to require the highest standards of operations by FBOs to eliminate welfare incidents.

**Category 3 and 4** welfare incidents are defined as follows:

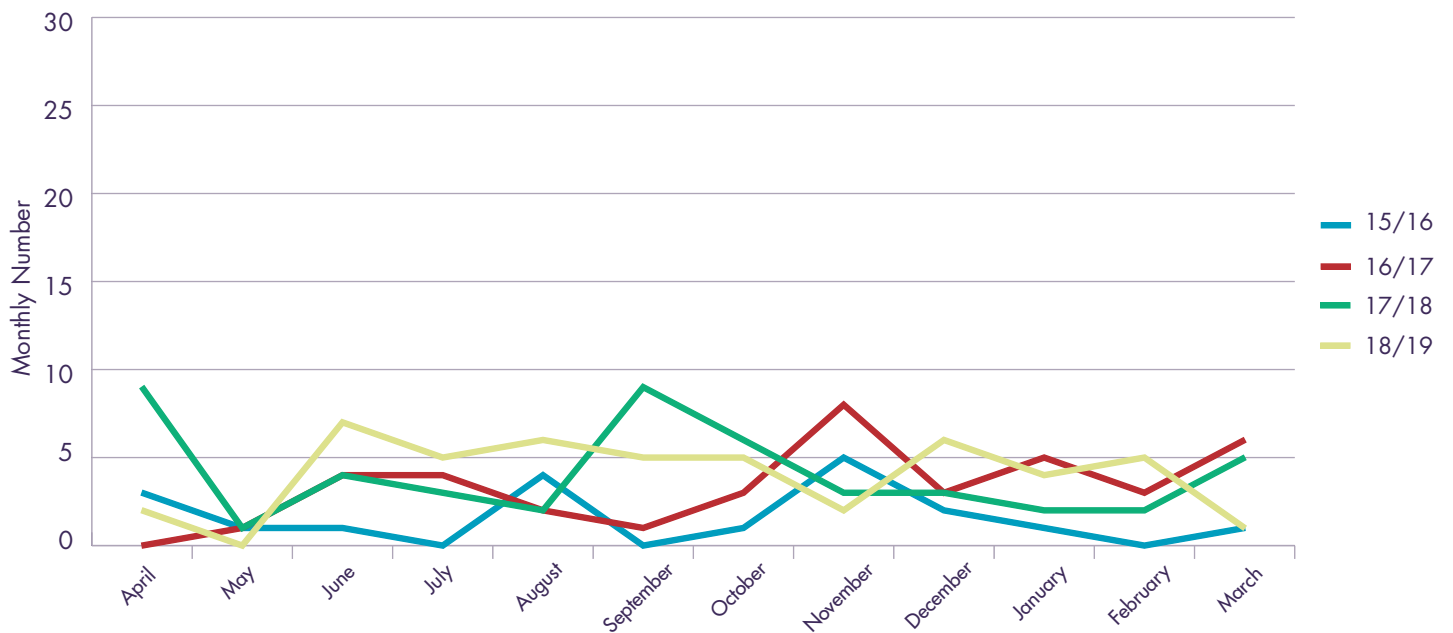
**Category 3:** A technical breach of welfare regulations but there was no evidence of any avoidable pain, distress or suffering to the animal during their killing and related operations.

**Category 4:** A breach of welfare regulations with evidence of avoidable pain, distress or suffering to the animal during their killing and related operations, or a contravention poses a serious and imminent risk to animal welfare.

### Animal Welfare Abattoirs – Category 3 incidents



### Animal Welfare Abattoirs – Category 4 incidents

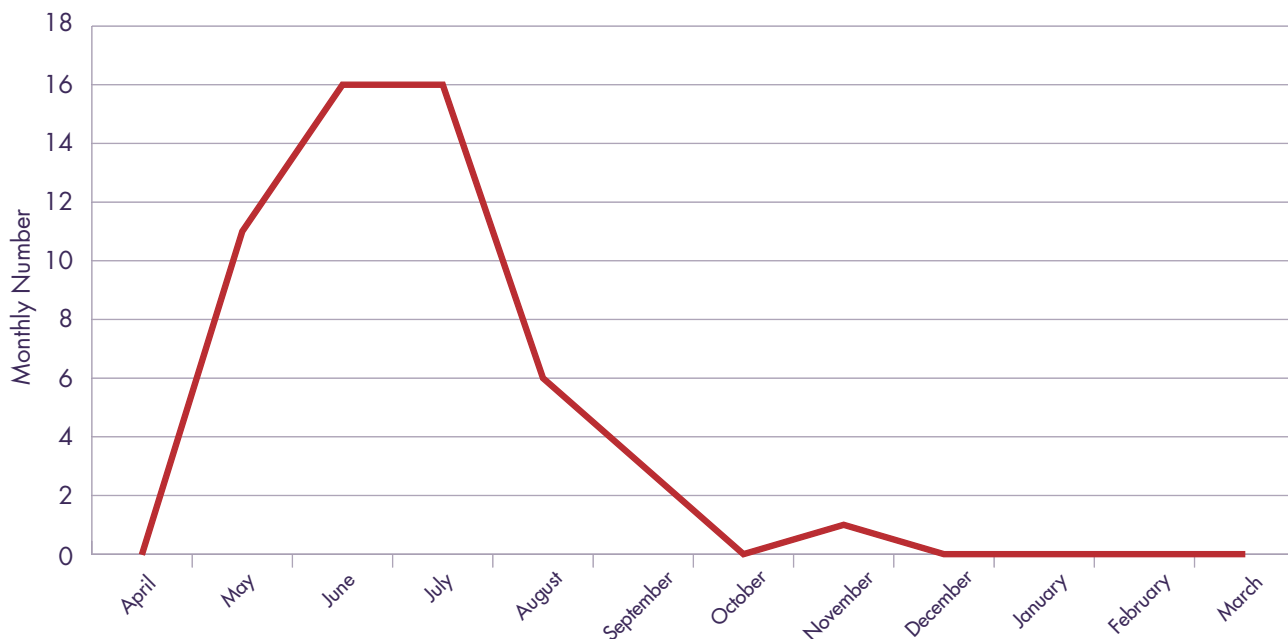




## Regulation – shellfish

FSS undertakes a risk-based shellfish sampling programme to determine the safety of marine waters used for the harvesting of shellfish in Scotland, and to ensure that shellfish from designated harvesting areas meet the health standards laid down in European legislation. FSS closes shellfish production areas where samples exceed the maximum permitted levels for biotoxins, thereby preventing shellfish that would potentially fail to meet EU health standards from being harvested and eventually reaching the consumer. The number of such closures is used as an indicator of the effectiveness of FSS monitoring. The biotoxins concerned are produced by marine phytoplankton and levels are typically higher in the summer months resulting in the pattern of closures seen in the graph.

### Closures 2018-19



### Monitoring delivery of food and feed law

LAs are responsible for enforcement of food and feed law in the majority of food businesses, and FSS has a key role in setting and monitoring standards and auditing delivery of food and feed law. This year FSS continued its programme of auditing LA capacity and capability to deliver food law. Following an audit, FSS continues to liaise and work with the LA until all recommendations are addressed, with the audit file only being closed at that point. In addition to individual LA controls, the audit programme looks at the overall effectiveness of official controls, and if the same issue is seen to arise across several audits, that would be reported. The following table shows the LAs audited in this year's programme, and the outcome of the completed audits.

Local Authority	Audit Scope	Audit Date	Audit Outcome
North Lanarkshire Council	Capacity and Capability	February 2018	Limited Assurance
City of Edinburgh Council	Capacity and Capability	April 2018	Insufficient Assurance
Orkney Islands Council	Capacity and Capability	June 2018	Reasonable Assurance
Fife Council	Capacity and Capability	August 2018	Limited Assurance
West Dunbartonshire Council	Capacity and Capability	September 2018	Substantial Assurance
Highland Council	Capacity and Capability	December 2018	Insufficient Assurance



### Food Incidents

The Board [approved](#) a new [Incident Management Framework](#) and [Incident Communications Plan](#) in August 2018. The framework was developed following an independent [review](#) of Incident Management, and in recognition of the size and structure of our organisation. It was informed by lessons learned in staff training and from a desktop exercise. The framework clarifies the Board’s role with respect to incident management, including how the Board receives the assurance it requires and the support it will provide to the Executive during an incident.

Training on Central Logging of Incident/Intelligence operations (CLIO) was successfully piloted with four local authorities this year. The aim is to roll this out to all Scottish LAs, to allow for all communications relating to incidents to be entered directly onto the system. Having external partners, such as LAs,

trained to use the system will further improve the effectiveness of incident response in Scotland.

FSS has been working jointly with the Food Standards Agency (FSA) since 2016 in reviewing the withdrawal and recall systems in the UK, and in March 2019 the newly developed [Guidance on Food Traceability, Withdrawals and Recalls within the UK Food Industry](#) was published.

In 2018/19, FSS led on handling 89 incidents specifically related to Scotland, and was involved in handling a further 23 incidents that started elsewhere in the UK. FSS issued 5 recall information notices and 12 allergy alerts. The figures for FSS Incident reporting have been revised since the last annual report to include all incident categories investigated by FSS rather than reporting on only microbiological contamination, biotoxin contamination of shellfish and allergens.

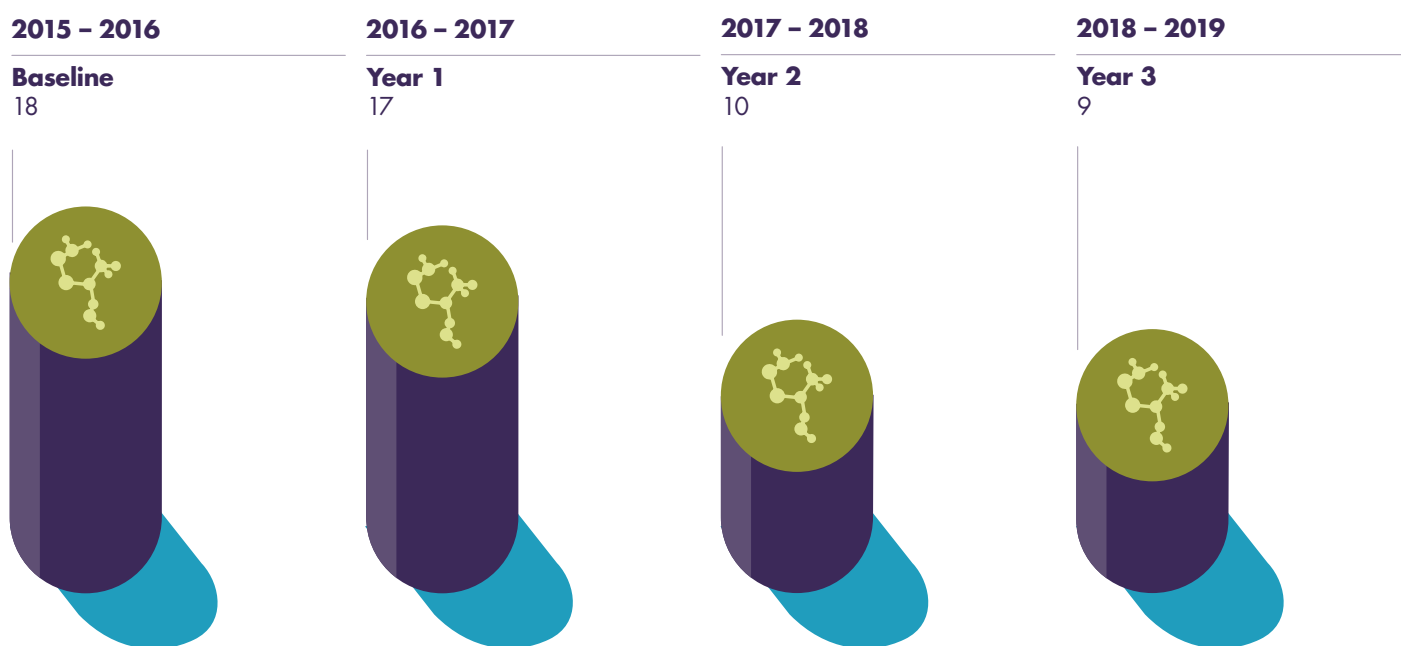
### Total number of food safety incidents handled by FSS



Number of incidents in Scotland handled by FSS that were microbiological, biotoxin and allergen food safety incidents

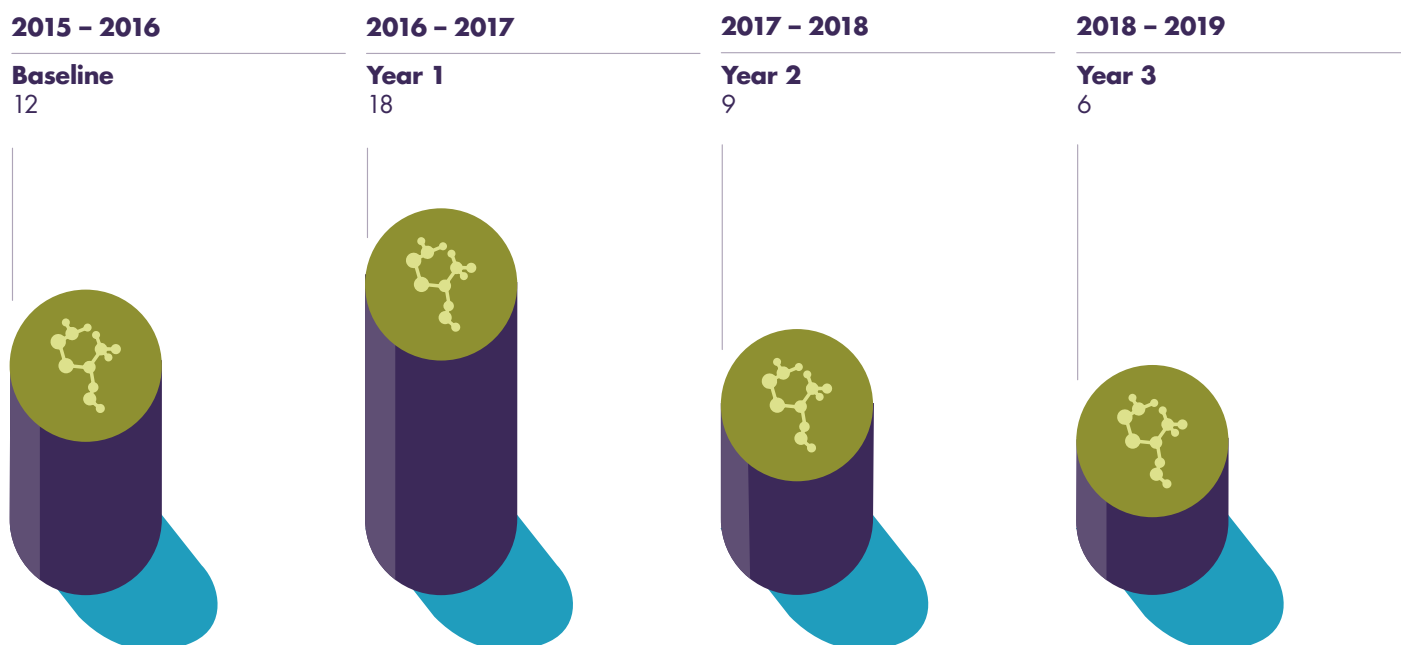
FSS's regulatory activities are aimed at ensuring businesses meet their responsibility to produce safe food. The table below demonstrates a welcome reduction in incidents related to poor or insufficient food safety controls on the part of food businesses.

### Safety control incidents



FSS started an incident prevention initiative relating to on-farm incidents in 2017. Since the start of the initiative FSS has seen a big reduction in the number of on-farm incidents as detailed in the graph below.

### Number of on farm incidents





## Food surveillance

### Food Surveillance Strategy

FSS has continued to develop its surveillance capability to improve the targeting of food sampling activities and interventions. This includes the provision of funding for LAs to sample in priority areas identified through horizon scanning, and evidence gathered through research, surveys and incidents. As part of its programme of work to ensure preparedness for the potential consequences of Brexit, FSS has also utilised a range of datasets to improve its understanding of key import and export markets in Scotland, and distribution chains used to transport foods into the country.

### Local Authority Sampling

This year FSS has continued to develop the Scottish Food Sampling Database (SFSD), which was previously known as the UK Food Surveillance System (UKFSS). SFSD is a national database used by all 32 LAs in Scotland for the central storage of analytical results from food sampling activities. FSS reviews this data on an annual basis and reports the trends to all Scottish LAs to assist them in targeting enforcement interventions and surveillance activities. The datasets are also used to inform FSS's food surveillance strategy and annual LA food sampling grants programme.

During 2018/19, sampling was undertaken to assess the safety and authenticity of a range of foods produced in Scotland in addition to imported products. Areas targeted included the microbiological quality of raw and processed meats, bagged salads and cheeses, the use of additives and processing contaminants in cooked meats, imported fish and shellfish and cereal products, and compositional claims in meat and dairy products. This work has helped to identify areas of the food chain where guidance and enforcement initiatives need to be targeted to improve business compliance and protect consumers.

The results that relate to food safety and hygiene for the 2018/19 sampling period, compared with the 2017/18 sampling period, are shown in the table below. The data sets presented in this report were re-calibrated to reflect a new data analysis protocol which was applied in 2017/18, so cannot be compared to previous reports.

Sample Type	Year	Satisfactory	% Satisfactory	Unsatisfactory	% Unsatisfactory	Total
Chemical*	2017-18	2217	92.1	189	7.9	<b>2406</b>
	2018-19	2677	91.9	236	8.1	<b>2913</b>
Microbiological	2017-18	3470	74.5	1187	25.5	<b>4657</b>
	2018-19	3391	79.8	858	20.2	<b>4249</b>

\* Chemical tests include a wide range of parameters including the measurement of additives and nutritional composition as well as the presence of contaminants exceeding legislative or guideline standards. Therefore unsatisfactory chemical results do not always represent a food safety issue.



## Foodborne illness

FSS has undertaken a significant amount of activity under its [strategy for reducing foodborne illness in Scotland](#) this year.

FSS continued to support the UK strategy for addressing campylobacter contamination in poultry production, and has been encouraged to see the major retailers' testing results, which imply that the goal of reducing contamination to a maximum of 7% continues to be met. FSS also completed research on factors affecting variations in campylobacter disease rates in Scotland which will support future targeting of consumer interventions. A detailed progress report on campylobacter was presented to the Board in May 2019 and is published on the FSS [website](#).

Shigatoxin producing E. coli (STEC) is an important cause of infectious intestinal disease in Scotland which originates in the gut of ruminant animals, and can be transmitted through contact with the faeces of these animals via environmental exposure, or the consumption of contaminated water or food. STEC has been responsible for a number of serious outbreaks of foodborne illness in Scotland and taking action to control this pathogen in food is a key part of the FSS foodborne illness reduction strategy. This year FSS published [research](#) on E. coli O157 supershedding in cattle and trials of a vaccine for reducing excretion and transmission. In order to better understand contamination risks for meat production, FSS has commissioned a survey on the prevalence of STEC and other pathogens in minced raw beef on retail sale in Scotland. The data generated from this survey will inform future risk assessment and interventions for controlling STEC in the meat production chain. The publication of FSS's latest [evidence review](#) on the risks of STEC and other pathogens in unpasteurised cheese production will also help to support food safety management in the dairy sector. In February, FSS published a [Public Information Advice Statement](#), agreed with a number of UK public health stakeholders, on measures required to protect consumers from infection with STEC. Further research is underway to understand the prevalence of STEC in wild venison and the role of non-O157 STEC in human infection in Scotland.

This year FSS has used the outputs of its evidence programmes to identify where intervention approaches are needed to control STEC risks in the food chain. This includes working with Scottish Food Enforcement Liaison Committee (SFELC) to develop [guidance](#) on consistent enforcement approaches for improving food safety management in the raw milk cheese sector. FSS also participated in the multidisciplinary Scottish Health Protection Network to ensure the delivery of recommendations made in the Scottish Government's [Action Plan](#) for reducing STEC infection in Scotland.

FSS works closely with Health Protection Scotland (HPS), to monitor the number of cases of infectious intestinal disease (IID) reported to NHS surveillance systems, which are attributed to pathogens that can be transmitted through the food chain. A comparison of the figures for 2017/18 and 2018/19 is in the table on the next page. Due to under-reporting, the figures represent only a fraction of the total number of cases in the community, and as they relate to both foodborne and non-foodborne IID, these figures cannot be used directly to measure how FSS's strategy translates to public health. They do, however, provide annual trends on the incidence of IID in different Scottish population groups that help FSS to identify where interventions and research should be targeted. The reason for the increase in campylobacter reports between 2017/18 and 2018/19 is unclear, but further work is underway to improve our understanding of the profile of human infection in order to identify the sections of the population most at risk, and the contribution made by chicken and other foods as well as other non-foodborne transmission routes for this pathogen.

In collaboration with HPS, FSS is also undertaking research that will allow it to estimate the burden of foodborne illness in Scotland in terms of health outcomes and costs to the NHS, and more clearly identify where consumer focused interventions for campylobacter reduction could make the greatest impact.



**Reported cases of infectious intestinal disease in Scotland attributed to the top five pathogens most commonly associated with foodborne disease. Data reported by HPS:**

Pathogen	Number of reported cases (2017/18)*	Number of reported cases (2018/19)**
<i>Campylobacter</i>	6006	6872
<i>Salmonella</i>	825	791
<i>E. coli O157</i>	163	173
<i>Listeria monocytogenes</i>	14	10
<i>Norovirus</i>	1115	1273

\*The number of cases has been updated from the provisional figures reported in 2017/18 Annual Report and Accounts

\*\*To note these figures remain provisional at the time of this report.

Reducing the risks of chemical contaminants in the food chain is an important aim of the FSS strategy, and this year FSS published an [evidence review](#) of priority chemical contaminant risks associated with food production and consumer diets. This work will help FSS to develop an evidence-based strategy for targeting future research, surveillance and interventions in this area. This year FSS also organised a workshop with the Rowett Institute to review issues associated with mycotoxins, a group of natural toxins produced by certain species of fungus, which can contaminate cereal crops. This workshop brought together representatives from industry, science and government to discuss the key mycotoxin risks for Scottish cereal crops, regulatory requirements and current monitoring programmes and consider potential areas of future concern for the sector.





**Consumer awareness and understanding**

In order to have confidence that food placed on the market is safe, consumers need to be aware of what FSS does, and so the percentage of those consumers aware of FSS that are also aware of its responsibility to ensure safe food in Scotland is a key indicator. The FSS six-monthly consumer tracking survey shows that awareness of FSS's role in relation to food safety decreased from a baseline of 80% in December 2015 to 76% in December 2016, 76% in 2017 and saw a further slight decline to 73% in 2018.

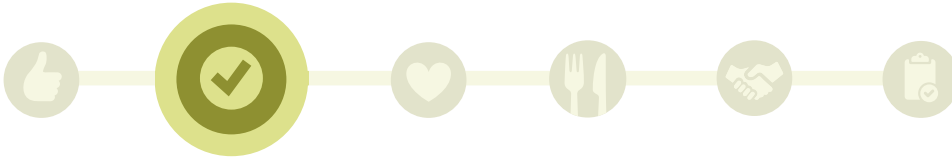
Besides FSS's work to ensure that food placed on the market is safe, work has also been undertaken to raise the public's awareness of how their actions can impact on food safety in the home, through the information and advice that FSS provide. This year, FSS ran a very effective low budget Christmas social media event – [‘the Great Turkey Defrost Live’](#) – which was picked up by Scottish broadcast media, trade magazines and local news outlets. It received around 15,000 views, and a significant number of shares and engagements. Evidence from FSS's tracking survey showed there is continued complacency around best practice when cooking at home, and this was the catalyst for the re-run of the [‘Kitchen Crimes’](#) campaign during January 2019. The campaign used TV, social media, PR and partnership work to get FSS's food safety messages out to a large audience. Over half (57%) of campaign recognisers took action as a result of seeing the campaign. The campaign page on the FSS website was viewed 22,103 times, and independent evaluation has shown that following the re-run of the campaign there was a reduction in people committing 16 of the 20 ‘kitchen crimes’ that were described before the first run of the campaign.

We use the Food in Scotland consumer tracking survey to monitor progress on the number of people following recommended food safety practices. Although evaluation of the food safety campaigns report positive outcomes, the numbers shown in the tracking survey have hovered around the same level since 2015. FSS therefore needs to consider how it can encourage greater food safety action by consumers.

## Average number of recommended food safety practices followed

Date of survey					Total
December 2015	(out of 3) 2.0	(out of 4) 2.0	(out of 6) 3.1	(out of 5) 3.8	(out of 18) 11
December 2016	2.0	2.0	3.0	3.7	10.6
December 2017	2.0	2.0	3.1	3.7	10.8
December 2018	1.9	2.0	3.2	3.8	10.9

\* All past year results have been realigned to report on the same 18 actions referenced in December 2018 to ensure comparability.



## 2. Food is authentic

- **Food businesses meet their responsibility to ensure information provided about food and drink is true, and consumers can trust the information provided on the food and drink they buy**

Just as with food safety, key indicators of how well food businesses are meeting their responsibility to ensure authenticity are the percentage of LA samples that are found to be unsatisfactory, and the number of food incidents related to authenticity.

Authenticity sampling is not carried out randomly, but is targeted to areas/food commodities of risk. These vary each year, and so it is expected that a level of variation will occur from year to year in sampling outcomes.

### 18/19 LA Samples

Sample Type	Year	Satisfactory	% Satisfactory	Unsatisfactory	% Unsatisfactory	Total
Chemical*	2017-18	2217	92.1	189	7.9	<b>2406</b>
	2018-19	2677	91.9	236	8.1	<b>2913</b>
Substitution	2017-18	619	91.3	59	8.7	<b>678</b>
	2018-19	406	88.8	51	11.2	<b>457</b>

\* Chemical tests include a wide range of parameters including the measurement of additives and nutritional composition as well as the presence of contaminants exceeding legislative or guideline standards. Therefore unsatisfactory chemical results do not always represent a food safety issue.

## Food fraud incidents

**2015 – 2016**

**Baseline**

5% 8/154



**2016 – 2017**

**Year 1**

2% 2/104



**2017 – 2018**

**Year 2**

0% 0/89



**2018 – 2019**

**Year 3**

0% 0/89



### Percentage and number of incidents related to Food Fraud

A food incident is where concerns about actual or suspected threats to the safety or quality of food require intervention to protect consumers. To date FSS have been using the number of food incidents linked to food fraud as a performance indicator – a reduction in incidents is taken to indicate success in our prevention and detection activities.



### Prevention and detection

The cost to the UK from Food Crime is estimated at £1.17 billion. FSS therefore remains vigilant with respect to authenticity, working strategically, and in partnership, to share intelligence and prevent fraud. Following completion of the FSS/FSA UK Food Crime Strategic Assessment in 2017, FSS established food crime priorities for its control strategy, which were approved by the Scottish Strategic Tasking and Co-ordinating Group (SSTCG). The SSTCG sits bi-annually to ensure that the priorities remain current and relevant. This group is chaired by the FSS Chief Executive and has membership comprising representation from Scottish Government, Society of Chief Officers of Environmental Health, SFELC, FSS Senior Managers. The FSS Tactical Tasking and Co-ordinating Group (TTCG) has been established in order to oversee collaborative working with partners in relation to these priorities. This group sits bi-monthly. Mechanisms will be developed to evaluate agreed activity as the work of the group develops. Work on the next UK Strategic Assessment has started, with plans to publish the document in April 2020.

As an intelligence led function, the Scottish Food Crime and Incident Unit (SFCIU) relies on developing the intelligence picture in terms of food crime adversely impacting on Scotland, and in particular its consumers and responsible businesses. Ultimately, by ingathering intelligence from a variety of sources, the SFCIU can obtain much greater insight in order to be proactive so that enforcement activities and investigations can be targeted. FSS has rolled out access to its Memex intelligence system to all Scottish

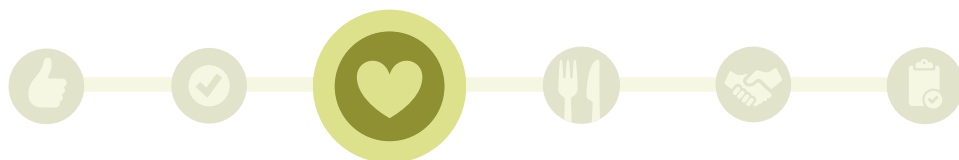
LAs. The quality and volume of intelligence submitted has increased significantly year on year. Work continues to improve the quality and volume of intelligence received from LAs, with outreach work planned for 2019/20.

This year 37 reports were made to the [Crimestoppers hotline](#), which was set up for both members of the public and industry personnel to anonymously report any suspicions or knowledge of food crime. FSS published specific warnings and requests for information on [Miracle Mineral Solution \(MMS\) and similar products](#) and on [2,4-dinitrophenol \(DNP\)](#). FSS has continued to promote the hotline, and this year a campaign was launched to promote awareness of the hotline amongst those working in the food industry and to increase awareness of what constitutes food crime. Altogether, 16 partners signed up to support the campaign including Food and Drink Scotland, the Scotch Whisky Association, Seafood Scotland and Police Scotland. FSS also worked with Crimestoppers to create a page on their website about food crime, linking back to the FSS website.

### Consumer awareness and understanding

FSS uses the Food in Scotland consumer tracking survey to assess the level of concern of consumers with respect to authenticity. The table below indicates that concern has reduced over the past four years, possibly indicating increased consumer confidence. This is positive, but there is still work to be done with over 70% of consumers expressing distrust over food labelling.

Outcome 2: Food is authentic	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19
Percentage of consumers who are concerned that food is not what is says on the label (Percentage based on average figures for reporting year)	79%	74%	73%	71%



### 3. Consumers have healthier diets

- **The Scottish food and drink environment supports a healthy balanced diet, and Scottish consumers are enabled and encouraged to make healthier choices**

FSS has a statutory duty to improve diet and nutrition in Scotland, and this year we set up a change programme to help meet this objective. The programme is broadly aligned with the Scottish Government's *A Healthier Future – Scotland's diet and healthy weight delivery plan* and, as such, recognises the need for partnership working to improve the nation's diet. This year FSS issued a consultation, supported by extensive engagement, on the OOH Strategy which will be an element of the Scottish Government's plan. The Board will consider its advice and recommendations to the Scottish Government early in 2019/20.

This year FSS engaged with a wide range of stakeholders to explore the level of support for developing Dietary Guidelines in Scotland, and views on the potential content of any new guidelines. Reports on this preparatory work are now published on the FSS [website](#). The key findings were that; there is broad support for Dietary Guidelines in Scotland to supplement the Eatwell Guide; consistent dietary messaging for everyone involved in health improvement would be welcomed; and consumers would welcome simple messages and practical resources to help them move towards a healthier diet. FSS will consider content to support these findings.

FSS needs to understand consumers' dietary intake in order to decide how best to influence dietary health. This year FSS commissioned a pilot of INTAKE24, a fully automated online 24 hour dietary recall system in the Scottish Health Survey. The online tool is designed to measure dietary intakes of survey participants and can provide comprehensive and cost effective dietary data to monitor intakes against the dietary goals. The pilot will be reported on in 2019/20.

Aside from its change programme work, FSS continued its other diet and nutrition activities, which include, for example, provision of evidence-based advice about diet and health for Scottish Ministers, stakeholders and consumers, together with reactive communication and marketing activities.

FSS's role with respect to promoting and enabling healthy eating is, according to our consumer tracking survey, the aspect of our role least familiar to consumers. Perceptions amongst consumers who are aware of FSS, has dropped slightly in the current year to 46% compared to the baseline figure in 2015 of 49%. FSS ran a healthy eating campaign 'No to Upsizing' twice this year, once in June 2018 as a precursor to, and scene-setter for, the OOH strategy consultation, and again in March 2019. The campaign comprised TV advertising, outdoor advertising, field and partnerships, social media and PR coverage all encouraging people to say No to Upsizing and to play online games. Spontaneous awareness of 'upsizing' as a topic has more than doubled over with the 13% pre campaign, rising to 30% following the first run of the campaign and further rising to 40% following the second run of the campaign. The first phase of the campaign was reported to have motivated 68% of people who had seen the campaign to take action and this figure rose to 90% following the second run of the campaign.

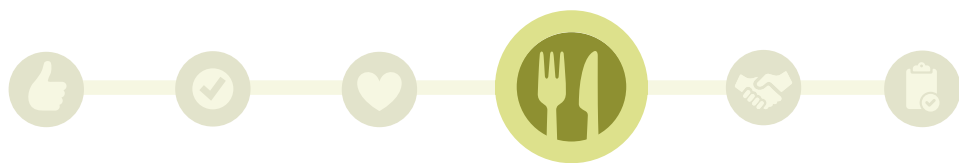


The following measures from the consumer tracking survey are key indicators in that they demonstrate consumers' level of concern regarding healthy eating. FSS generally interprets increased concern as a sign of increasing awareness of the impact of unhealthy eating, and therefore as a positive sign. That said, a

reduction in concern could be linked to the adoption of healthier eating habits, and so FSS needs to carefully consider the quantitative evidence alongside in-depth qualitative research and the research and dietary monitoring undertaken by FSS nutritionists.

<b>Outcome 3: Consumers have healthier diets</b>	<b>Baseline 2015-16</b>	<b>Year 1 2016-17</b>	<b>Year 2 2017-18</b>	<b>Year 3 2018-19</b>
Percentage of consumers who know that they need to do something to eat more healthily	51%	59%	56%	58%
Percentage of parents who are concerned about the types of food that their children are eating (Percentage based on average figures for reporting year)	45%	53%	52%	55%





## 4. Responsible businesses flourish

- **Food businesses that provide safe and authentic food benefit from risk-based and proportionate regulation that enables them to flourish, and irresponsible food businesses are held to account.**

### Regulatory Strategy

FSS's programme to deliver its [Regulatory Strategy](#) collaborates closely with its Brexit programme so that FSS shapes its future food regulatory system to ensure that it continues to meet the needs and challenges of modern Scotland following Brexit. The focus this year has necessarily been on Brexit preparations and contingency planning; however FSS's regulatory strategy programme has made progress in other key areas:

- Following a successful pilot of the Food Law Rating System (FLRS), a redesigned risk assessment matrix used by local authorities for their inspection of food establishments, FSS undertook a review and further stakeholder engagement. Formation of a Local Authority Implementation Group in January 2018 supported the early adoption of the FLRS by 14 LAs, and the FLRS was approved and ratified by the FSS Board in February 2018. The statutory Food Law Code of Practice, incorporating the FLRS, will be issued to stakeholders for general comment early in 2019/20 prior to submission to Scottish Ministers for approval.
- FSS has developed a hybrid delivery model for animal feed controls which will be implemented early in 2019/20 to provide effective animal feed control arrangements by using a combination of FSS and external expertise.

### Cutting plant and cold store review

Last year FSS launched a joint review of meat cutting premises and cold stores with FSA. The [review](#) aims to improve levels of public confidence in the safety and authenticity of UK meat and identify potential improvements in the way the sector is regulated in the wake of non-compliance issues identified at various cutting plants. In October 2018 the [final report](#) was published and discussed at a specially convened [joint FSS and FSA Board meeting](#) at which the findings and conclusions of the report were endorsed, and the recommendations and implementation approach agreed. Implementation in Scotland will be carried forward as part of the FSS Regulatory Strategy Programme.

### Support for exporting businesses

This year FSS continued to provide expert assistance for third country delegations seeking to understand how Scotland's system of official controls is arranged, and support to LAs and industry with respect to audits undertaken by countries to which our food businesses are exporting, or wish to export. As part of the FSS Brexit programme, FSS has worked, and continues to work, with the Scottish Government, Scottish LAs, the Convention of Scottish Local Authorities (COSLA) and UK Government Departments to consider the future arrangements that will be required with respect to export certification once the UK leaves the EU.



## Holding businesses to account

### Food Hygiene Information Scheme

The percentage and number of passes for businesses listed in the Food Hygiene Information Scheme (FHIS) are key performance measures, since they are linked directly to the risk of businesses failing to comply

with food hygiene requirements, with a potential impact on consumers' health. This year the number of premises registered on the scheme has increased, while the average pass rate has been maintained.

FHIS listings	Baseline 2015-16	2016-17	2017-18	2018-19
Number of businesses registered	45,768	47,470	48,451	49,014
Average pass rate	91%	92%	92%	92%

The effectiveness of the scheme in achieving its objectives depends upon consumers using it, and so we track both reported usage through FSS consumer tracker surveys and actual usage by monitoring web page visits and database searches. FSS uses

this information as a performance indicator. Reported awareness and usage has decreased this year, but visits to the web pages and database searches have increased considerably, suggesting that those who are aware of the scheme are using it more.

FHIS usage	Baseline 2015-16	2016-17	2017-18	2018-19
Consumer awareness	N/A	55%	60%	54%
Usage	26%	30%	31%	25%
FHIS web page	N/A	63,508	77,078	157,185
Database searches	N/A	51,995	64,197	174,240

### Formal enforcement notices issued to FSS-approved establishments

Where businesses subject to FSS approval and enforcement do not meet their responsibilities, FSS takes appropriate action. The number of formal enforcement notices and written warnings that are issued is an indication that FSS takes its consumer protection and regulatory responsibilities seriously.

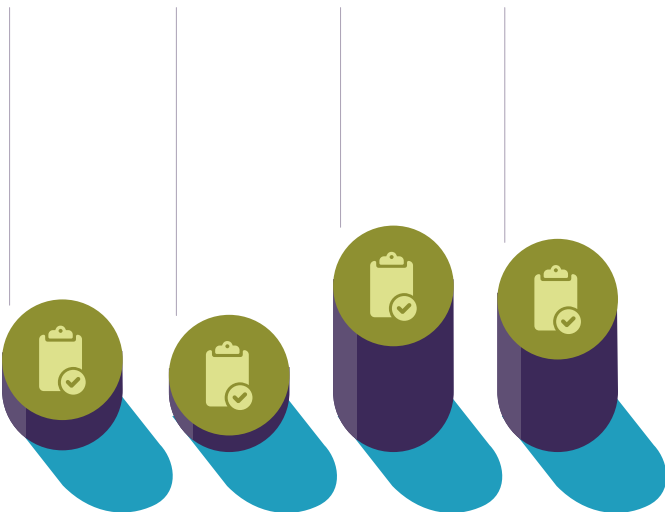
The figures below show the numbers and types of enforcement action taken by FSS in approved meat plants in Scotland during 2018/19, compared with those for the previous three years. There were 103 FSS-approved meat plants in 2015/16, 102 in 2016/17, 98 in 2017/18, and 93 in 2018/19.

The reduction in numbers of formal enforcement notices and written warnings, combined with other indicators (e.g. contamination, and veterinary audits) indicates an improvement in the overall compliance of FSS-approved establishments.

Detention notices have been reported separately in the past, however they are a measure of the enforcement action and have now been included in the total of enforcement actions alongside other formal notices.

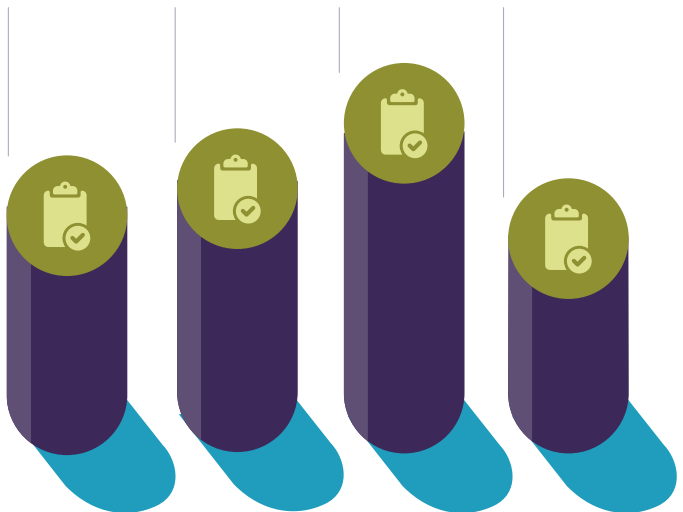
### Enforcement

2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
47	32	114	90



Number of formal enforcement notices issued to FSS-approved establishments

2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
238	266	346	211



Number of written warnings issued to meat food businesses



## Brexit programme

The FSS [Brexit programme](#) has contributed to our work towards ensuring that responsible businesses flourish in two key ways this year.

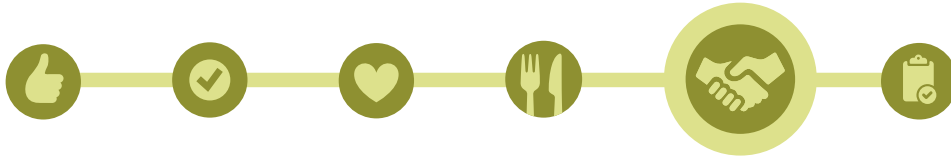
### Workable food law framework

The majority of food law currently comes from the EU and has served us well for many years. This year FSS has been working with the Scottish and UK Governments to make sure the same legal standards and regulations apply to food should the UK leave the EU. This has involved a lengthy and complex process to implement legislation bringing existing EU laws over into UK law so that there is a smooth transition, and that standards applied in the EU are carried over to the UK.

FSS was very actively involved in achieving Scottish Ministerial and Parliamentary consent to UK legislation, and in the making of Scottish legislation, that would have been needed for a 29 March exit date. Due to the extension to the exit date, the legislation was not needed at that point. It will, however, be redeployed if needed in the event of a no deal exit, or will be modified as necessary should there be a negotiated settlement.

### UK-wide frameworks

Working with others across the UK, FSS made good progress this year in the development of proposals for UK-wide frameworks which may be needed to ensure co-operation in areas of food and feed hygiene and safety, nutrition and labelling across the UK when the UK leaves the EU. Significant progress has been made in the development of proposals, subject to the views of Ministers, for a food and feed safety and hygiene framework with the FSA, and a nutritional labelling framework with the Department of Health and Social Care, working also with colleagues in Wales and Northern Ireland. This work has been carried out in accordance with the principles agreed in October 2018 by the Joint Ministerial Committee (European Negotiations).



## 5. FSS is a trusted organisation

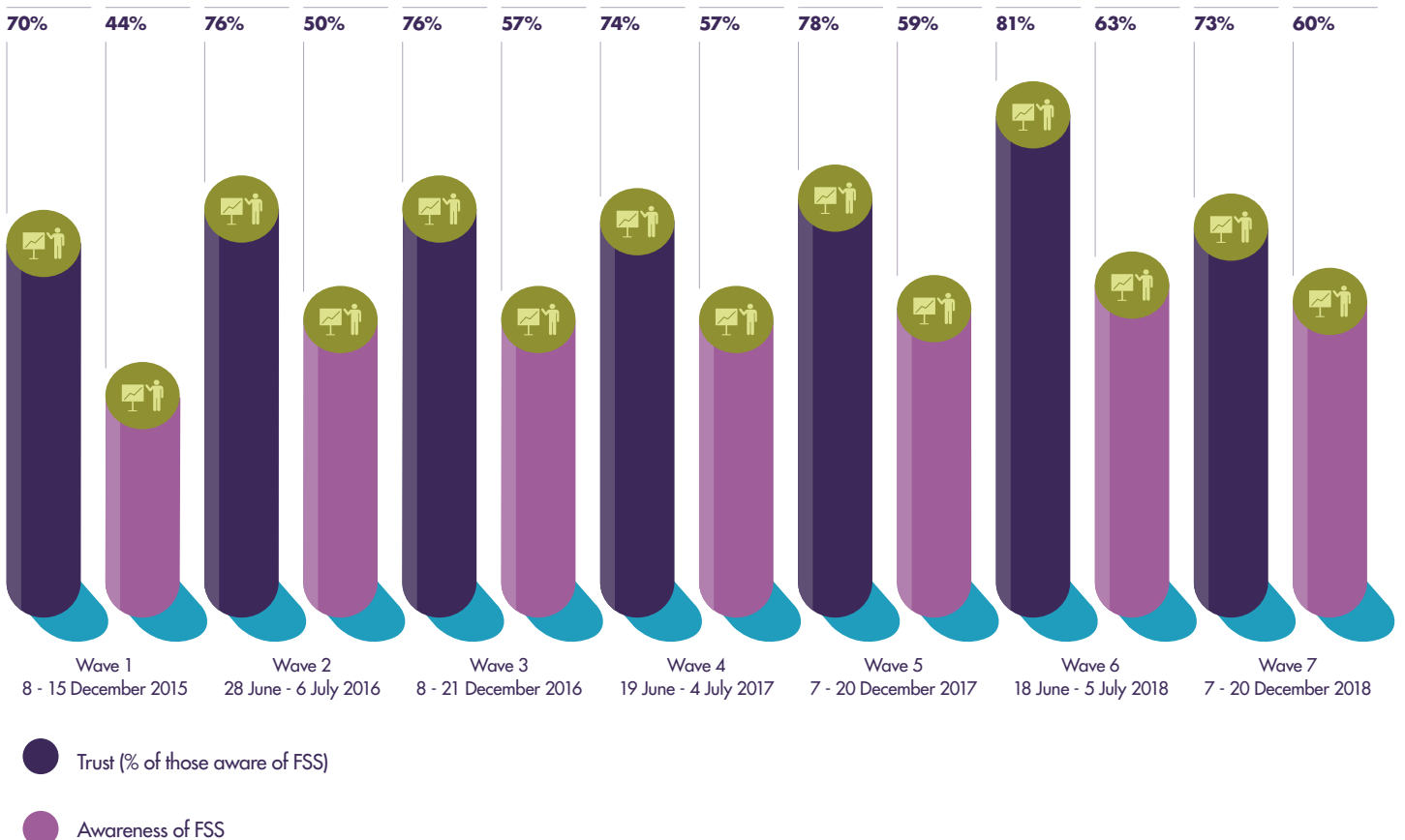
- **Scottish consumers trust and act upon our advice, and industry, government and stakeholders listen to our recommendations and advice**

### Scottish consumers

Consumer trust in FSS remains at a high level – 77% when averaged over Waves 6 and 7 of the bi-annual consumer tracker survey. Considered separately, Wave 6 shows increasing awareness and trust among the public, along with increasing confidence in FSS’s expert role in both food safety and diet and nutrition. However, the most recent data, from Wave 7, shows a drop in levels of trust in FSS, with more consumers saying they neither trust nor distrust FSS.

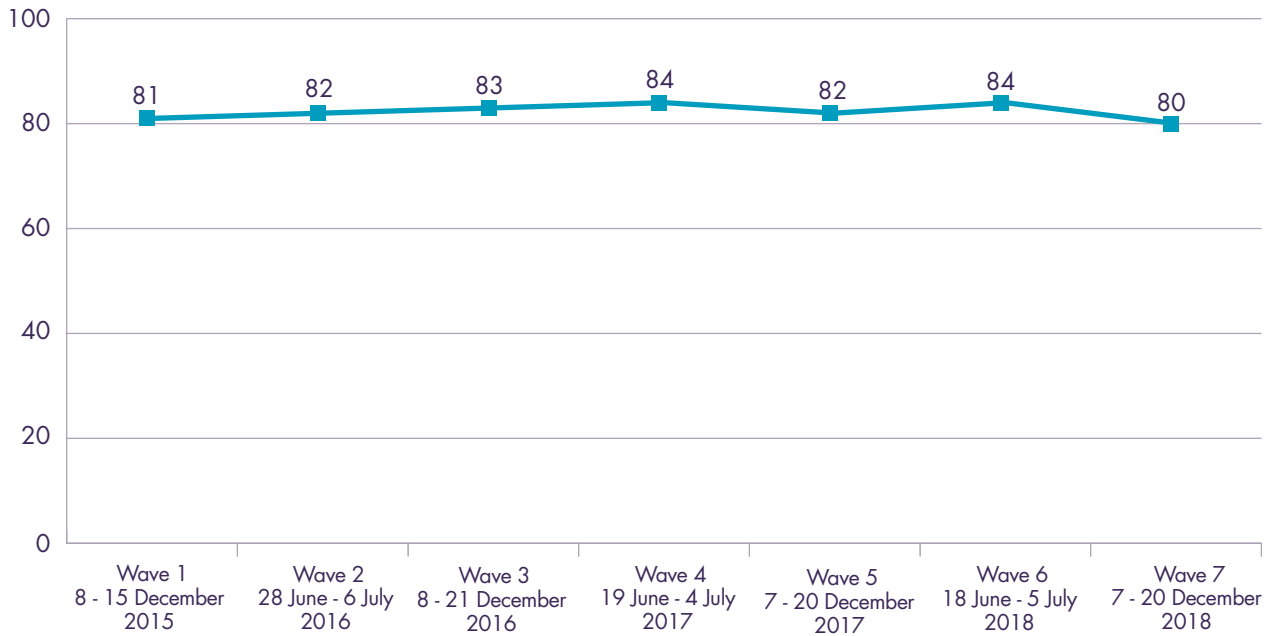
Similar drops are evident with respect to the more specific measures illustrated in the graphs below. Despite extensive analysis and statistical testing, we have been unable to find an explanation for the apparent drop in trust in the second half of the year. While all efforts have been made to replicate previous waves, a changeover of research agency may have had an impact on the latest figures. It is not, therefore, possible at this stage to conclude whether there is a definitive pattern; we will be able to draw more concrete conclusions after Wave 8 of the survey takes place in 2019/20.

### FSS Trust & Awareness

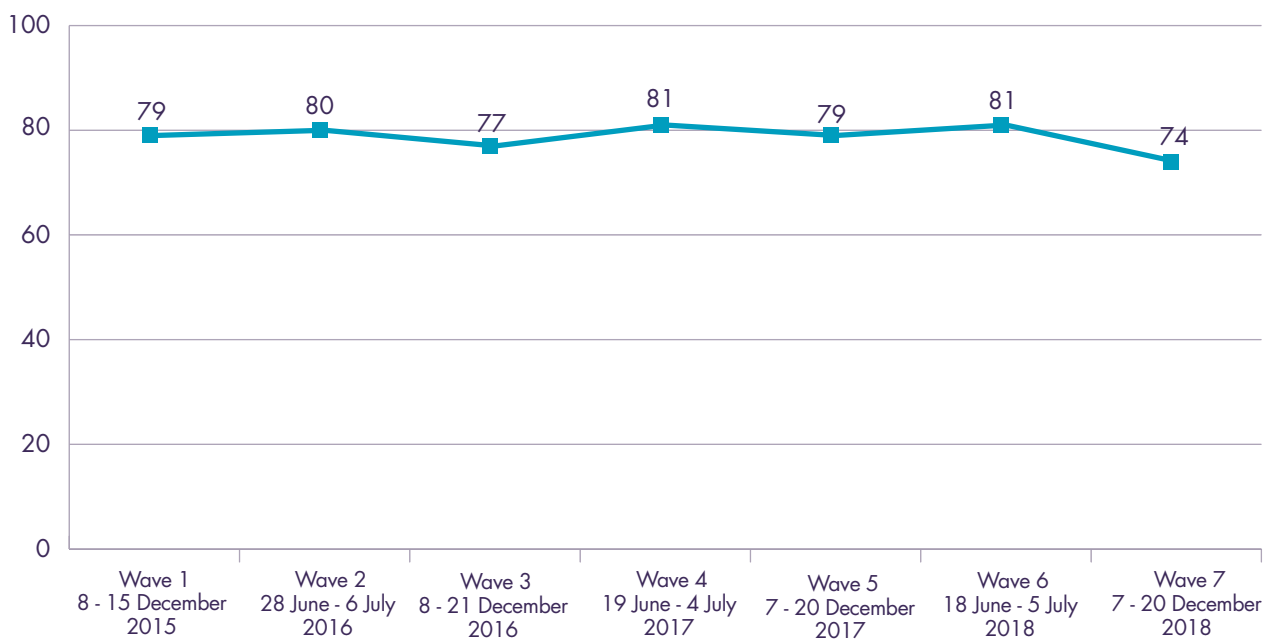




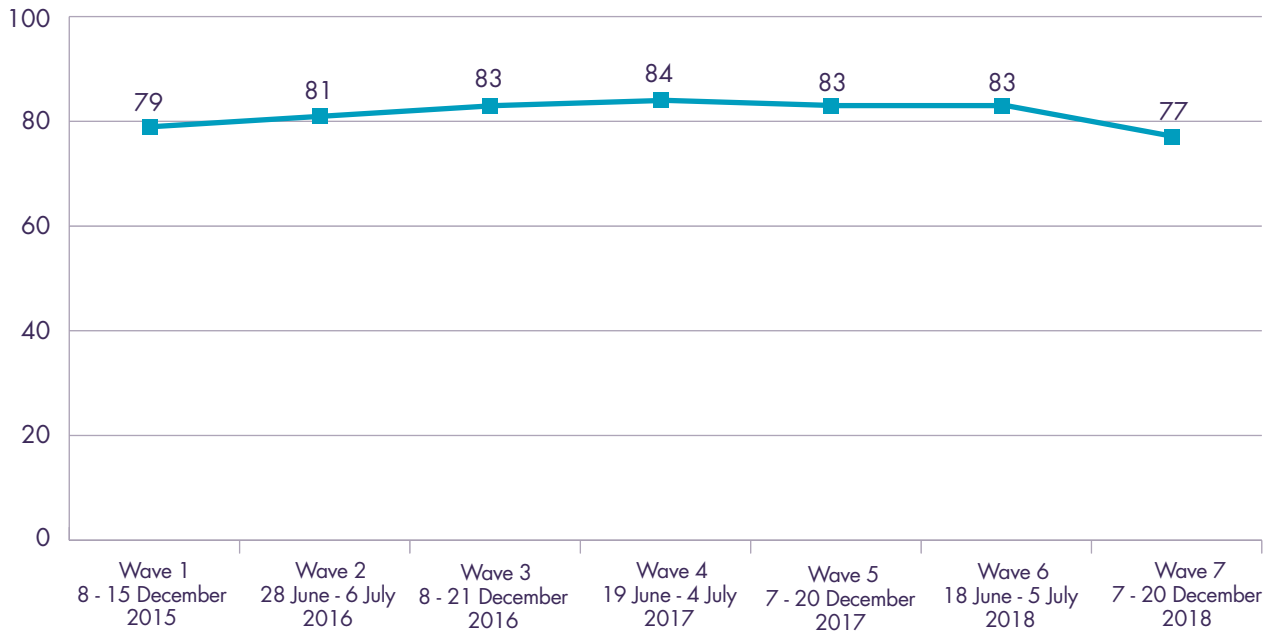
### Being experts when it comes to food safety



### Having necessary expertise to help people eat healthily



## Working in the best interests of Scotland



This is the first full year of operation for the refreshed FSS website, which was launched in July 2017. FSS continued a blog series from the FSS Chief Scientific Adviser, and, as part of activities to mark [Year of Young People](#), published [a series of blogs](#) by young people (aged 26 and under) on their role at FSS.

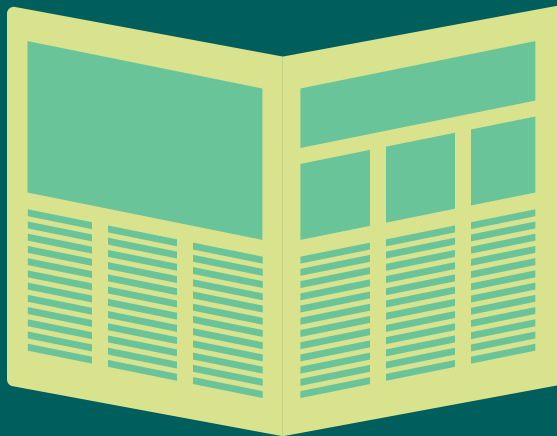
A new text and email allergy alert service went live in January, giving consumers the opportunity to receive allergy alerts by text straight to their phone, and giving them control over what information they receive.

**209,700** users visited the FSS Website.

up **33%** on 2017/18.

**969,100** page views.

up **24%** on 2017/18.



**3,200  
mentions**

in the media during 2018/19.

FSS has become increasingly visible via the media. In 2016/17, we had approximately 900 pieces of coverage, whilst in 2018/19 FSS was mentioned over 3,200 times. One example of proactive work is the story we developed on DNP – the potentially lethal ‘fat-burning’ pill used in explosives and fertilisers which is banned for human consumption

### Formal consultations

This year FSS undertook eight formal public consultations on a range of matters, issuing our consultations and seeking responses via Citizen Space while also reaching out to relevant stakeholders as appropriate in each case. Given that evidence suggests that 960 million visits were made in Scotland to out of home food establishments in 2017/18, FSS was particularly keen to reach as wide an audience as possible for its consultation on ‘Out of Home’ eating and supplemented its formal consultation with an extensive programme of face-to-face engagement with consumers, industry, health professionals and LAs.

The consultation received wide-spread coverage across print, online and broadcast media in Scotland. FSS also received public support from key stakeholders including Diabetes Scotland, NHS Scotland and Obesity Action Scotland.

### Industry, government and stakeholders

FSS has continued to engage with stakeholders and consumers through various forums to build mutual respect and support mutual understanding of respective priorities and concerns. A new secure cloud hosted Stakeholder Management system was procured to improve FSS communication and engagement with a large number of public and private sector organisations including key delivery partners in LAs, and to facilitate the development of meaningful and effective partnerships that will bring greater benefits to consumers. The system is part of a wider Stakeholder Engagement Strategy to optimise stakeholder engagement across the organisation.



# Over 5,000

individuals spoken to through consumer forums and research.



As part of the FSS [Brexit programme](#), work was completed this year to establish the views of Scottish consumers about the impact of Brexit with respect to food, and separate research undertaken to establish as far as possible the impact of a no deal on the Scottish food chains. This latter work helped shape and influence no deal planning particularly with respect to developing a Scottish solution for the additional challenges associated with export health certification of seafood to EU member states.

FSS continues to engage with the Scottish Government (SG), with several meetings with Ministers to discuss aspects of our strategy, and legislative preparations for Brexit. FSS staff have also engaged closely with SG officials this year over policy areas of mutual interest and especially regarding preparations and contingency planning for Brexit. In addition, the FSS Chair, Chief Executive (CE), Deputy CE and Director of Corporate Services attended the Health and Sport Committee on [18 December](#) to provide evidence on our Strategy and on the impact of Brexit.

FSS has an excellent working relationship with the FSA, supported by our joint Memorandum of Understanding, and has worked very closely with the FSA this year on Brexit preparations and planning. The FSS Chair and CE also meet bi-annually with the FSA Chair and CE to discuss topics of mutual interest.

FSS has also further developed its working relationships with other UK government departments this year, in particular with respect to our Brexit work.



## 6. FSS is efficient and effective

- **We make best use of our available resources; we are an organisation of well-motivated and appropriately skilled people committed to carrying out all our duties in a responsible way; and we will do what we say and clearly demonstrate this**

### Budget

FSS's total resource budget for the period of the report was £16.2 million which was allocated to deliver essential core activities and the three change programmes. This budget included additional funding of £0.9m provided in year for the Brexit programme of work.

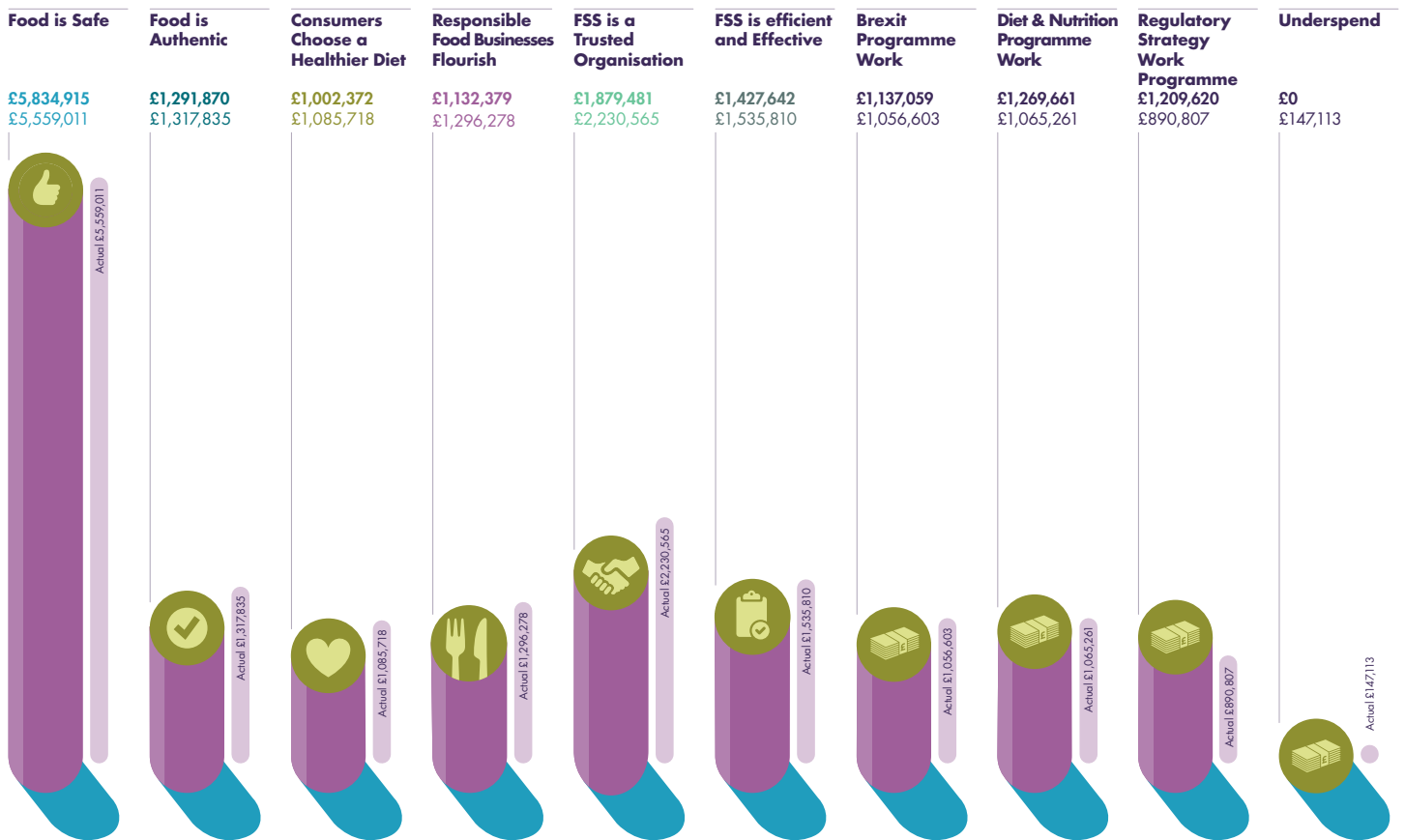
The following table provides the detail of the budget split and expenditure for the year. Allocations for the three new change programmes were provisionally estimated, but closely managed throughout the year. Therefore when it became evident that the full funds allocated would not be needed within the financial year, we were able to re-prioritise funds to essential core activities, resulting in an outturn within 1% of our total budget.

FSS Budget	Revised Budget Nov-18	Outturn Mar-19	£'000 Variance	% Variance
<b>Total</b>	<b>16,185,000</b>	<b>16,037,887</b>	<b>(147,113)</b>	<b>-1%</b>
<b>Core Activities</b>	<b>12,568,660</b>	<b>13,025,217</b>	<b>456,557</b>	<b>4%</b>
<b>Work Programmes</b>	<b>3,616,340</b>	<b>3,012,671</b>	<b>(603,669)</b>	<b>-17%</b>
Brexit	1,137,059	1,056,603	(80,456)	-7%
Nutrition	1,269,661	1,065,261	(204,400)	-16%
Regulatory Strategy	1,209,620	890,807	(318,813)	-26%

A more detailed overview of how FSS allocated, and spent, its financial resources for essential core activities to deliver the six Strategic Outcomes during 18/19 is provided below. The budget allocation

shows the revised position following an in-year budget review exercise. The actual spend for each outcome represents the outturn for the year.

### Strategic outcomes





## Budget Allocation by Category



\*Administration includes rent, rates, travel and subsistence and other non-staff running costs. More information on administration costs is provided at Note 4.

## Financial Performance

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

	Actual	Budget	Variance
DEL Operating Expenditure	15.5	15.7	(0.2)
DEL Capital Expenditure	0.5	0.5	0.0
<b>Total DEL</b>	<b>16.0</b>	<b>16.2</b>	<b>(0.2)</b>
Total AME	0.7	0.6	0.1
<b>Total expenditure</b>	<b>16.7</b>	<b>16.8</b>	<b>(0.1)</b>

Additionally, FSS received £0.6 million in the Spring Budget Revision for non-cash Annually Managed Expenditure (AME). This was to cover FSS's pension liability. The additional pension expenditure incurred due to the McCloud case meant that FSS overspent on its non-cash AME budget by £0.1 million. FSS has received agreement from the Scottish Government that the additional non-cash AME expenditure can be accommodated within its overall budget to cover the overspend on non-cash AME.

FSS drew down £14.5m in cash terms to cover its capital and net operating costs for the year. This has resulted in a cash balance of £2.031m at the end of the financial year which is required to cover accruals in relation to invoices due to be paid and income yet to be received at the beginning of 2019/20.

## Supplier Payment Policy

In line with Scottish Government policy, FSS requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. FSS aims to pay 100% of these invoices, including disputed invoices once the dispute has been settled, on time in these terms. During the year ended 31 March 2019, FSS paid 100% (2017/18, 100%) of invoices within these terms.

Additionally, in accordance with Scottish Government'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 2019, FSS paid 88% (2017/18, 77%) of invoices within these terms.

## Efficiency Savings

In 2018/19, FSS identified financial savings of £248k (2017/18, £311k) from across its business in order to reinvest this money in other key parts of its work. This represents 1.5% of the FSS budget, a decrease of 0.5% compared with last year's saving of 2%. This is also under the Scottish Government indicative target of 3% and can be attributed to FSS having less opportunities for realising savings during the financial year as the majority of our larger value contracts were re-tendered during 17/18. The savings have come from better value being achieved through the FSS corporate travel and conference provider. In addition, savings were achieved in the monitoring programme relating to the official controls for shellfish and the delivery of official controls for meat hygiene inspections. These savings have been used to extend the delivery of the FSS healthy eating campaign and invest in additional equipment as part of a desktop IT refresh to enable better mobile/remote working across the organisation.

## Our use of evidence

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

The SEI strategy helps provide a link for staff between organisational and SEI values under three key themes by providing underpinning approaches and assurance of FSS SEI for the Chief Scientist and Board. Continuing to implement the SEI Strategy, this year FSS has published its annual SEI [forward look](#), a [summary](#) of the impact of its research projects and campaigns, and the FSS Chief Scientific Adviser's [update](#) to the Board which reported on achievements in our first year of the [SEI Strategy](#).



## People

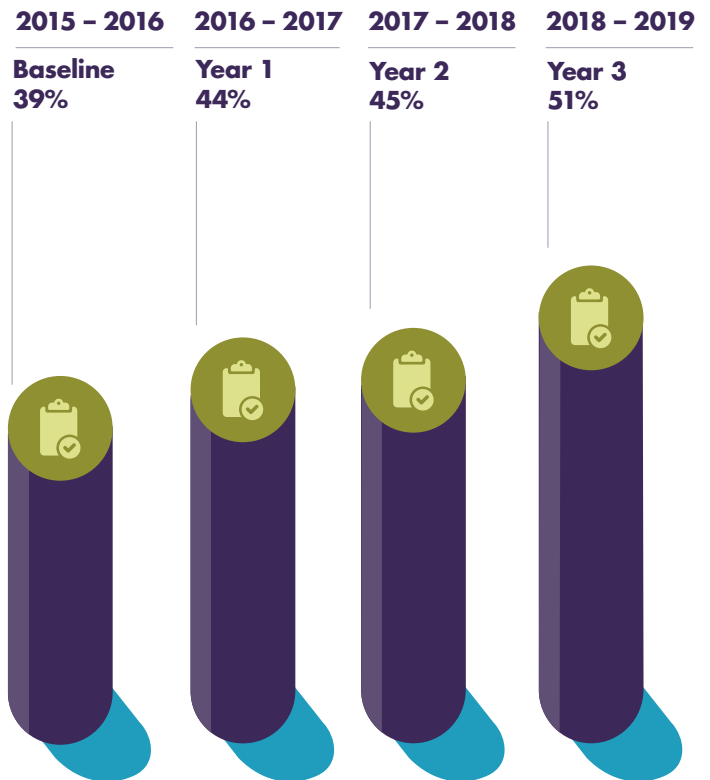
FSS continues to engage with staff through a variety of communication channels, and 80% of office and 82% of field based staff think current internal communications are relevant to their role. This year FSS was ranked at 54 out of 102 organisations of a similar size (100-399 employees) across the UK civil service for employee engagement, placing it above the civil service average employee engagement index of 62% and equalling the high performers' benchmark for staff engagement. The fall in ranking from 2017/18 may be attributable to the pressures our staff have been under in preparing for Brexit.

FSS is committed to equality and diversity in its staff. The composition of staff by gender and age are key indicators for FSS.

### Employee engagement index from the civil service survey

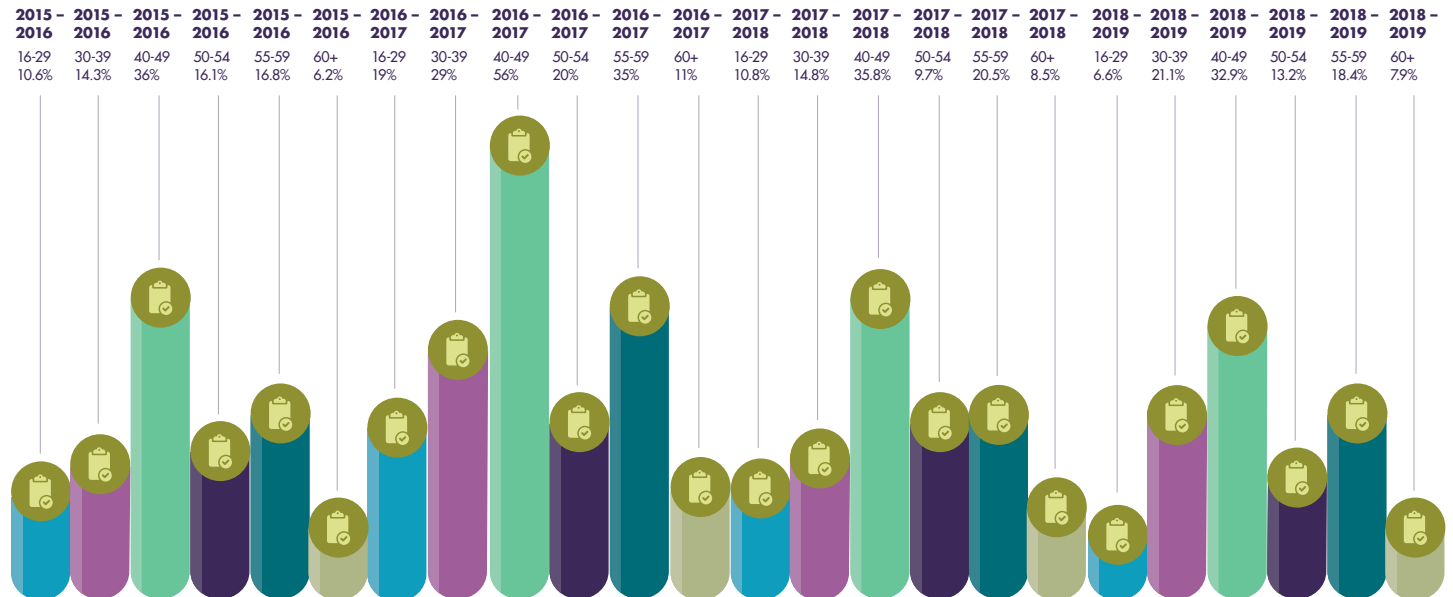


### Percentage of female staff in FSS



Gender balance improved this year, achieving almost 50/50, with 51% female staff compared with the civil service average of 54% and the Scottish Government average of 53%. The Meat Hygiene profession has historically been male dominated – only 8% of Meat Hygiene Inspectors (MHIs) in FSS are female, and this is an area where there has been limited staff turnover.

### FSS Staff Age Distribution



Overall, almost 40% of FSS’s workforce is aged 50 or over. This year FSS employed an IT Modern Apprenticeship in support of the Scottish Government’s programme to develop young talent.

FSS is a Disability Confident Employer and is aiming for Disability Confident Leader in the coming year. Through Disability Confident, FSS as an organisation will continue to work with employees to ensure that disabled people and those with long-term health conditions have the opportunities to fulfil their potential and realise their aspirations.

### Brexit preparations – future capability and capacity

As part of our [Brexit programme](#), FSS undertook an assessment of future capability and capacity requirements for transferred functions post Brexit.

An initial assessment was made in November as part of wider contingency and budgetary planning, and this is being developed further through wider discussions with the Scottish Government on financial consequential. As the outcome of Brexit negotiations is still unknown, FSS has to plan on the basis of certain assumptions. The Brexit programme structure has been modified to prioritise this work with the necessary work streams identified and approved, and further detailed analysis being undertaken in the identified areas.



### Our social and environmental responsibilities

This year, FSS made, and has fulfilled, a [Social Impact Pledge](#), committing to employ its first Modern Apprentice in the office; to promote paid special leave entitlement for volunteering; and to support the Year of Young People with a range of actions, for example by helping primary and secondary teachers to deliver healthy eating and food safety messages to their pupils with a suite of engaging and educational online resources. FSS also [consulted](#) on its draft British Sign Language Plan this year, with a view to finalising the plan early in 2019/20.

As a Scottish public body, FSS takes its duties to contribute to climate change mitigation and to climate change adaptation, and to act sustainably, seriously. FSS actively monitors and reports on our environmental performance, and as can be seen in the latest [Climate Change Report](#).

### Freedom of Information

Under the Freedom of Information (Scotland) Act 2002 (FOISA) everyone has the right to ask for any information that FSS holds.

	2015	2016	2017	2019
<b>Total number of Freedom of Information requests received</b>	<b>5</b>	<b>36</b>	<b>32</b>	<b>32</b>
Response within 20 working days	100%	80%	100%	94%
Request for a review	0	2	0	0
Review requests responded to within 20 working days	0	2	0	0
Appeals to Information Commissioner	0	0	0	0

FSS pro-actively publishes information, and published an updated [Guide to Information](#) in February 2019. Further information on how FSS manages its compliance with FOISA, and copies of information provided in response to freedom of information requests, can be found on the FSS [website](#).



### Data protection

In 2018/19, there were no personal data incidents or losses which required to be reported to the UK Information Commissioner. There is now good awareness of the new data protection laws (GDPR/DPA 2018) across the organisation. This is reflected in the increased data sharing agreements that FSS now has with other public sector organisations, that are necessary for the delivery of official controls and effective regulatory compliance. FSS has also assisted other non-ministerial Scottish Government organisations in their GDPR/DPA compliance projects and in the drafting and submission of their Records Management Plans to comply with the obligations of the Public Records (Scotland) Act 2011.

### Complaints Handling

FSS received 15 formal complaints during 2018/19. Two complaints were upheld, one of which was related to dissatisfaction with the time it took to respond to an enquiry, with the other attributable to human error. FSS has not been contacted by the SPSO regarding any complaints about its service. The annual report to the FSS Board on our Freedom of Information and Complaints Handling is published on our [website](#).

### Human Right, 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, and counter-fraud and whistleblowing policies and procedures in place to ensure the effective management of risks associated with these issues.



### Geoff Ogle

Chief Executive and Accountable Officer  
Date: 21 August 2019

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# Accountability Report



# Accountability Report

The Accountability Report comprises of three elements; Corporate Governance Report; a Remuneration and Staff Report and; a Parliamentary Accountability Report.

This 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 2019 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 21 August 2019.

## Financial Regularity

The budget for FSS is met from existing resources within the Scottish Consolidated Fund and through income received from industry and other government departments in relation to the delivery of Official Controls in approved meat establishments.

FSS is classed as a directly funded external body which requires separate parliamentary approval from the Scottish Government portfolio and consequently the FSS budget is detailed separately in the relevant Budget (Scotland) Act.

The Budget (Scotland) Act 2018 confirmed the FSS resource budget for the financial year 2018/19 as £15.3 million.

During the Scottish Government's Autumn budget revision, FSS was allocated an additional resource budget of £0.9 million to fund work to support Brexit preparation which resulted in a revised resource budget of £16.2m. As part of the Spring Budget Revision, FSS was also allocated an Annually Managed Expenditure (AME) budget of £0.6 million in order to cover the estimated provisions linked to pension liabilities that were transferred to FSS from the FSA as part of our establishment.

## Public Services Reform (Scotland) Act 2010

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

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

## Post balance sheet events

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 that relate to the 2018/19 financial year and corresponding accounts.

Subsequently, in May 2019, the Scottish Government confirmed that FSS would receive additional funding of up to £3.5m in 2019/20 to help manage the consequential impact exiting the EU will have on the organisation. This will result in an increased net budget allocation in 19/20 and will be reported in the subsequent annual report and accounts accordingly.

Also, in June 2019, FSS announced it would be ending its contract with Hallmark Meat Hygiene Ltd for the supply of Official Veterinarians and Meat Hygiene Inspectors. FSS will deliver this function from 16 September 2019, and the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will be applied to determine whether Hallmark staff are in scope to transfer to FSS. This change will impact FSS staff numbers and have associated cost implications which are currently being worked through and will be reported fully in the 2019/20 annual report and accounts.



# Corporate Governance Report

## Directors' Report

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

### The Board

As a non-Ministerial Office of the Scottish Administration, FSS is led by a Board of non-executive members. The interests of the consumer and the

general public are the primary concern of each member. None of the members is a 'stakeholder member' or represent the interests of a particular sector or sectors. All have knowledge and experience in areas relevant to the work of FSS or otherwise have skills and experience which would contribute effectively to the work of FSS.

Membership of the Board is as follows:

Board Member	Appointed to Board	Term	Date at which current term of appointment ends
Ross Finnie (Chair)	1 April 2015	2nd	31 March 2022
Louise Welsh (Deputy Chair)	1 April 2015	2nd	31 March 2023
George Brechin	1 April 2015	2nd	31 March 2021
Marieke Dwarshuis	1 April 2015	2nd	31 March 2021
Heather Kelman	1 April 2015	2nd	31 March 2023
Carrie Ruxton	1 April 2015	2nd	31 March 2023
Susan Walker	1 April 2015	2nd	31 March 2023
Anne Maree Wallace	1 April 2015	2nd	31 March 2021

Board Appointments are made by Scottish Ministers through an open public appointments process, and future appointments will be overseen by the Commissioner for Ethical Standards in Public Life in Scotland. The first round of appointments to the Board were made before FSS was established and therefore were not overseen by the Commissioner, however the process undertaken adhered to the regulated procedure as closely as possible. The normal term of office for a non-executive Board member is four years, however a second term of three years was agreed for Ross Finnie to allow for a new Chair to make new appointments to the Board in 2023. Additional details of Members' terms of appointment are set out in the Remuneration and Staff Report.

The Board normally meets in public and did so six times during 2018/19. Minutes of the Board meetings are publicly available on the [FSS website](#), together with the Board Members' Code of Conduct and Register of Interests. In addition to its formal meetings, the Board attended workshops, visits and briefing seminars to increase its understanding of a wide range of relevant topics.

### **Audit and Risk Committee**

The Board has established an Audit and Risk Committee (ARC) as a Committee of the Board, to support them, and the Accountable Officer, in their assurance responsibilities through a process of constructive challenge. The ARC is responsible for reviewing, in a non-executive capacity, the effectiveness of the organisation governance, risk management and control environment. It is also responsible for reviewing the integrity of financial statements and the annual report. Details of the Committee's membership and its operation are outlined in the Governance Statement.

### **Chief Executive and Senior Management Team**

Geoff Ogle was appointed by Scottish Ministers on 01 April 2015 as the Chief Executive and is accountable to the Board for the day-to-day running of the organisation and is a member of the Senior Civil Service. It is the responsibility of the Board to ensure that the performance of Senior Civil Servants working for FSS is managed and their objectives cover business, corporate and capability matters. In the case of the Chief Executive, annual appraisals are conducted by the Chair of the Board and countersigned by the Director General for Health and Social Care in the Scottish Government. Subsequent appointments of Chief Executive may, with the approval of Scottish Ministers, be made by the Board.

Membership of the Senior Management Team in the year was:

**Geoff Ogle**, Chief Executive

**Elsbeth Macdonald**, Head of Strategy and Policy and Deputy Chief Executive

**Ian McWatt**, Chief Operating Officer

**Garry Mournian**, Corporate Services Director

**Professor Norval Strachan**, Chief Scientific Advisor

### **Remuneration and pension entitlements**

Details of the Senior Management Team's remuneration and Pension entitlements can be found in the Remuneration and Staff Report.

### **Information Security and Personal Data Related Incidents**

A report on information security and personal data related incidents is provided within the Governance Statement.

### **Auditor**

Under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland has appointed Jim Rundell of Audit Scotland as the auditor for the financial year 2018/19. The duties of the auditor are set out in the Code of Audit Practice approved by the Auditor General. Details of Audit Scotland's fee of £41,810 is shown at note 1.13 to the accounts.



## Statement of Board's Responsibilities

FSS's [Framework Document](#), agreed with the Scottish Government, sets out the roles and responsibilities of the Chair and Members of FSS and of FSS's Accountable Officer.

### The role of the Board

The Board is responsible for:

- the strategic direction of the organisation and for supporting the Executive in its leadership function;
- ensuring delivery of its statutory objectives; and
- assuring itself that its functions are carried out effectively, economically and efficiently, with appropriate arrangements in place for corporate, business and workforce planning, risk and financial management and reporting on its performance.

Board Members are collectively accountable to the Scottish Parliament for policy delivery, compliance with statutory duties and non-financial performance against agreed strategic objectives.

### The role of the Chair

The primary duty of the Chair is to lead FSS in the successful performance of its functions, in particular:

- formulating the FSS strategy and direction;
- ensuring that in reaching decisions the Board has due regard to all appropriate information and evidence;
- ensuring that actions and decisions taken by FSS are in accordance with its statutory obligations and consistent with its aims and objectives; and
- encouraging high standards of propriety and regularity across Members and staff of FSS; and
- representing FSS to stakeholders.

The Chair also ensures that all Board members are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction and ongoing training, including on the financial management and reporting requirements of public sector bodies; that there are adequate arrangements in place for the ongoing review of each Board Member's contribution to FSS; and that there are adequate arrangements in place for succession planning.

Additionally, the Chair and Board members represent and support FSS in a number of ways. The Chair is involved in communications with the media regarding FSS campaigns and high profile food incidents; and the Chair and individual Board members represent FSS and engage with stakeholders at events. Within the organisation, the Chair and individual Board members participate in joint Board/Executive working groups.

## Statement of Accountable Officer's Responsibilities

In accordance with 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 Government Financial Reporting Manual 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 I am answerable, for keeping proper records and for safeguarding FSS's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

So far as I am 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.

As Accountable Officer, I confirm 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. I 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

### Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound governance framework and systems of internal control that supports the achievement of FSS's policies, aims and objectives. I am also responsible for safeguarding FSS's 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 Scottish Government, we liaise with Scottish Government colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn; and to inform preparation of the annual Scottish Budget Act.

Our [Framework Document](#), which is our agreement with the Scottish Government and sets out our relationship, was revised in April 2016 and is published on our website.

The delivery of our [Corporate Plan 2016-19](#) continued to be the main driver behind implementing our Strategy, and provided an overarching framework in the development of our wider governance structure. As well as our Corporate Plan activities, we also implemented a programme-based approach in 2018/19 which sought to strengthen governance arrangements for specific programmes of activity. Our Corporate priorities will be reviewed early in the new reporting year due to the impact Brexit is likely to have on the organisation.

As Accountable Officer, I am responsible for:

- The propriety and regularity of financial transactions which have taken place under my control;
- The economic, efficient and effective use of FSS resources;
- Ensuring that arrangements are made to secure best value;
- Signing the annual accounts;
- Ensuring that effective governance and management systems are in place; and
- Ensuring that all risks are identified, assessed and managed appropriately.

### Governance framework and 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 2019 and up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

The system of internal control 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 ongoing 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 has also established, and will maintain, appropriate financial and procurement procedures in accordance with the SPFM in order to provide reasonable assurance that Scottish Administration resources are being used properly. This includes:

- Budgeting and procurement systems provided by Scottish Government
- Regular reviews of financial management information reports comparing actual performance against forecast
- Appropriate administrative procedures, including segregation of duties
- Annual Business Planning and Budget allocation process which is undertaken across FSS
- Management supervision, through organisational structures, and formal schemes of delegation for both budget and procurement responsibilities.

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

## The Board

As stated in the Directors’ Report, the Board sets the strategic direction and holds the Chief Executive to account for the leadership and performance of FSS. The Board met 6 times during 2018/19 to fulfil this role and all of the meetings were quorate.

### Record of Attendance at Board meetings 2018/19

FSS Board Member	Number of Meetings 6	Attendance
Ross Finnie		5
George Brechin		5
Marieke Dwarshuis		6
Heather Kelman		5
Carrie Ruxton		5
Susan Walker		6
Anne Maree Wallace		6
Louise Welsh		4

In line with the FSS culture on openness the Board holds its decision-making meetings in public. Where the Board decides that an agenda item is to be taken in private, for example for reasons of commercial confidentiality, in order not to prejudice legal proceedings, or to protect personal data, the reasons for that decision will be stated in the published minutes of the meeting. Board agendas, papers and minutes of their meetings published on the FSS website. The Board’s Code of Conduct, Terms of Reference, Standing Orders, Register of Interests and Gifts and Hospitality Register are also publicly available on the [FSS website](#).

All Board members received induction 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. Members also participate in regular training events and carried out an annual review of the Board’s effectiveness on 18th April 2018.



## 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.

The ARC currently comprises of five non-executive members and the Chair is appointed from the membership of the ARC by the FSS Chair under delegated powers. The Chief Executive, as Accountable Officer, attends all meetings of the ARC and is supported by the Corporate Services Director at each meeting. The Committee meets at least four times per year and the external and internal auditors attend all 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. 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 also reviews its own effectiveness annually and reports the results of that review to the Board and Accountable Officer, recommending any changes it considers necessary. The most recent ARC Effectiveness Review was completed on 28th November 2018. As part of this review, the Committee considered succession planning and recommended to the Board that it was prudent to begin a transition of ARC members. At the February Board meeting, it was agreed that two new members, Heather Kelman and Carrie Ruxton would join the ARC from February 2019 with Marieke Dwarshuis' term ending at the same time.

## Record of attendance at Audit and Risk committee meetings 2018/19

Committee Member	Number of Meetings	Attendance
Susan Walker (Chair)	5	5
George Brechin	5	4
Marieke Dwarshuis (term ended February 19)	5	4
Heather Kelman (from February 19)	5	1
Carrie Ruxton (from February 19)	5	0
Anne Maree Wallace	5	5

## The Senior Management Team

The Senior Management Team (SMT) provides corporate leadership to FSS and supports the Chief Executive in delivering the statutory objectives of FSS as well as directing the day-to-day business of the organisation, consistent with the Board's strategic direction. This is undertaken through a formal Scheme of Delegation and each member of SMT has responsibility for the development and maintenance of the governance environment within their own area of control.

SMT holds a formal business meeting once a fortnight and additionally has catch-up meetings weekly, primarily to review actions and deal with any urgent business. The Chief Executive also has regular one-to-one meetings with his direct reports (Head of Strategy and Policy and Deputy Chief Executive, Chief Operating Officer, Corporate Services Director and Head of Private Office) and with the wider Corporate Leadership team of the organisation.

## Risk and Control Framework

All bodies subject to the requirements of the SPFM must operate in accordance with the relevant guidance issued by Scottish Ministers and the general principles for risk management are set out in the SPFM.

The approach to managing the organisations risk appetite and the FSS Strategic Risk Register were subject to annual review by the Board at its [November](#) meeting. Board Members also consider risks in relation to each of the papers presented at its meetings. The ARC continues to provide oversight of strategic risks on behalf of the Board on a quarterly basis and can raise any issues with the Board. In addition, during 2018/19, the ARC has also continued to undertake 'deep dive' reviews of Directorate risk registers.

FSS has continued to adopt the principles of the Scottish Government approach to managing risk and during 2018/19 the FSS Risk Management Policy and Guidance document was revised to align with changes made by the Scottish Government. The policy outlines the FSS risk appetite and how FSS seek to consistently identify and manage risks effectively, through a tiered approach. The SMT reviews all risk registers monthly and report to the ARC on a quarterly basis.

Identified risks are recorded and maintained on the appropriate level of risk register and the tiered approach to recording and managing risks also allows escalation to take place when the mitigation or management of a risk cannot be done effectively at the expected management level. Risks can also be delegated to a lower level when managers are satisfied a risk is under control but decide that some oversight is required.

This approach provides assurance to the Board, ARC and the Accountable Officer that risks to achieving business objectives are identified, assessed, addressed and reviewed.

With the establishment of various Programme Boards within FSS, separate risk registers are developed to ensure good governance at a programme level, with the appropriate escalation mechanisms still in place should the management of the risk require escalation.

The key risks identified as potentially having the greatest impact on FSS activities are reported within the Performance Report, however from a strategic perspective, exiting the EU and the uncertainty around the form in which the UK leaves, continues to pose significant risk to the regulatory regime, delivery of FSS strategy and operations. Given the scale, impact, proximity and uncertainty of risks materialising, further development of the Brexit Programme risk register, that considers in more detail the risks associated with leaving the EU, took place during the year. This approach follows the risk management framework and is discussed by the ARC at every meeting.

Whilst the FSS budget for 2019/20 is now confirmed, the lack of additional funding to support the consequential impact Brexit will have on FSS, with regards to undertaking new legal functions and additional responsibilities, continued to pose significant risk at a strategic level prior to the start of the new financial year. This was due to the high likelihood that FSS would have to divert resources from delivery of statutory functions and strategy to ensure Brexit operational readiness. This issue of Brexit and lack of additional resource was subject of discussion by the Board in [February](#) and [May](#) 2019 and Scottish Government have since confirmed additional resource will be available to FSS, which mitigates this strategic risk to an extent, whilst not fully reducing it due to the recurring costs associated with Brexit and the need to consider future years resource demands.



### Internal Audit and Official Controls Audit

The internal audit function is provided by Scottish Government's Internal Audit Division (SG Internal Audit) and Food Standards Agency Internal Audit. The relationship with SG Internal Audit is formalised through a Memorandum of Understanding between the two parties. Internal Audit is a key element of the internal controls and governance arrangements. Internal Audits are conducted in accordance with the UK Public Sector Internal Audit Standards (PSIAS) and are based on an annual audit plan which is approved by the Accountable Officer and the ARC.

During 2018/19 SG Internal Audit undertook a programme of risk-based audits covering FSS's Communications and Marketing function; the implementation of the Scottish National Database project and a review on FSS' arrangements for performance management. Three follow-up reviews were also completed during the year with no outstanding issues being reported.

The FSA Internal Audit team provides an audit service that mainly covers Official Controls delivered through field operations in Scotland, and is formalised through the Memorandum of Understanding with FSS. The Official Controls annual audit plan is developed through discussions with FSS management to ensure activities included in the plan reflect FSS's risk-based priorities and strategic objectives for Official Controls. This is in line with the guidance issued by the EU in relation to audits of Official Controls.

FSA Internal Audit planned five audits of official controls on behalf of FSS during the year covering controls for implementing Hazard Analysis and Critical Control Points (HACCP) based official controls in approved meat establishments; Specified Risk Material (SRM) and animal identification at premises processing meat from low risk areas; the approval for meat establishments and Egg Hygiene and Shellfish Official Controls.

The SRM audit was discontinued just before audit testing at establishments in October as the low risk status for the whole of Scotland ended following confirmation of a BSE case on a farm in Aberdeenshire, meaning the audit was no longer required.

In addition, two audits (Egg Hygiene and Shellfish controls) from the 18/19 plan were not undertaken with management agreement, due to potential legal and contractual matters.

To manage and monitor the progress made to implement any Internal Audit recommendations, FSS's Audit Implementation Group meets quarterly to review and update progress on actions taken and discuss relevant issues. The group reports to the SMT through the Head of Corporate Services with bi-annual progress reports also being provided to the ARC.

### Internal Audit Opinion

The Internal Auditors issued their report on Internal Audit Activities in 2018/19 in June 2019, including their annual assurance opinion of FSS.

A "Reasonable" assurance has been provided by SG Internal Audit in respect of FSS risk management, control and governance arrangements. They highlighted in their report that this assurance marking is a positive rating that means FSS's controls are adequate but require improvement in some areas to enhance the adequacy and effectiveness of procedures. SG Internal Audit also highlighted the ongoing improvement surrounding FSS's approach to governance and control over the year particularly considering the challenges FSS have faced, as a result of Brexit. In addition, assurance was also received, relating to the arrangements for corporate governance and risks surrounding SG key corporate systems used by FSS.

The FSA's Head of Internal Audit issued a 'Moderate' annual assurance opinion with respect to risk management control and governance arrangements for Official Controls. A "Moderate" assurance rating is the equivalent of SG Internal Audit's "Reasonable" rating. He concluded that the level of maturity of risk control and governance arrangements within FSS as they relate to Official Controls have continued to improve since the 2017/18. The opinion reflects FSS ongoing and successful effort to develop and implement appropriate and effective control arrangements.

### **Specific External Assurance Reviews**

Audits performed by FSS in accordance with the Food (Scotland) Act 2015, The Official Feed and Food Controls (Scotland) Regulations 2009 and Article 4(6) of Regulation (EC) No 882/2004 are expected to follow the guidelines for the conduct of audit as detailed in Commission Decision 2006/677/EC. These guidelines state that "In order to check whether it is achieving its objectives, the audit process should be subject to scrutiny by an independent person or body".

Independent scrutiny of Food Standards Scotland Enforcement Authority Audit function has been carried out in 18/19 by The Food Standard Agency's Chief Environmental Health Officer, in accordance with the existing [procedure](#).

### **Controls Assurance Statements**

At the start of the financial year, the Deputy Chief Executive, Chief Operating Officer and Corporate Services Director agreed to operate a proportionate system of internal control over a budget delegation received from me as Accountable Officer. As part of the year-end process, the Deputy Chief Executive, Chief Operating Officer and Corporate Services Director also complete an assurance statement, based on the requirements of the SPFM Internal Controls checklist and supported by the FSS internal assurance mapping process which is undertaken by Branch Heads bi-annually. These statements set out how an effective system of internal controls has been maintained within the 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.

### **Best Value**

FSS aims to deliver best value in accordance with the principles outlined within the SPFM guidance and specifically the guidance for accountable officers. Managers are encouraged to identify where improved ways of working can be achieved through the FSS scheme of financial delegation, business planning processes, performance management and objective setting for staff and partnership working. FSS also focuses attention on partnership working with stakeholders and other Government departments to deliver shared objectives. FSS continue to make use of Scottish Government's corporate shared services where possible and taken advantage of Government procurement frameworks in order to achieve best value – a report on savings achieved is provided by SG Procurement Shared services on an annual basis by way of an example.



## Information Security and Personal Data Related Incidents

During 2018/19, FSS has continued to develop its Information Security framework and policies which work alongside relevant Scottish Government guidance. These policies have been adopted and are published on the FSS intranet and include a policy on undertaking Privacy Impact Assessments. Over the early part of the reporting year, the policies were also updated, where required, to ensure compliance with the new General Data Protection Regulation (GDPR) which came into effect in May 2018.

In compliance with the GDPR/DPA 2018, I have appointed Garry Mournian, Corporate Services Director as FSS Data Protection Officer. I am further supported in this area of the business by Elspeth Macdonald, Head of Strategy and Policy and Deputy Chief Executive whom I appointed as Senior Information Risk Officer, and the FSS Records Manager. Information Asset Owners have also been identified, trained, and are required to update their information assets on the Information Asset Register on a regular basis. An effective Records Management Plan is now in place and supports FSS in meeting its obligations under the Public Records (Scotland) Act 2011.

In March 2018 FSS commissioned a Cyber Resilience pre-assessment as part of its commitment to develop an effective Cyber Resilience Action Plan in line with the wider SG Cyber Resilience requirements for public bodies in Scotland. This is being followed up in early 2019/20 with a full assessment being completed.

There were no significant personal data incidents or losses reported during the year which required to be reported to the Information Commissioner.

## Whistleblowing

The FSS internal whistleblowing policy and procedure is available to all staff on the FSS intranet.

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

## Fraud

FSS has counter-fraud policies and procedures in place and no cases of fraud were reported during 2018/19.

## Internal Controls and Corporate Governance – Looking Ahead

During 2019/20 FSS will continue to seek to improve the effectiveness of its governance framework and systems of internal controls. In particular FSS will look to:

- Start work to review its current Strategy to ensure it remains fit for purpose and reflects the current internal and external landscape in which FSS operate.
- Formalise its Performance Management and reporting by developing a framework that will allow FSS to demonstrate better how it is delivering essential core activities, corporate priorities and Strategy.
- Progress workforce planning, particularly in the light of Brexit, to inform any organisational change that may be required to ensure FSS is ready for the UK exiting the EU and the new and expanded regulatory functions it will need to undertake.
- Continue to develop and implement a programme-based approach to how FSS delivers its work with a view to embedding it across more of the organisation.

- Implement Internal Audit recommendations made as a result of audits undertaken during the year.
- Develop a framework and a set of indicators to allow FSS to review progress in the area of Best Value and to benchmark against other public sector organisations.
- Develop a Digital Transformation plan and governance arrangements, which will outline how FSS plan to use new technologies to delivery its business in a more efficient and effective manner, where possible.
- Consider the results of the recent Staff Survey and take action to address any areas for improvement during the reporting year – including publishing the first FSS People Strategy.

### **Review of adequacy and effectiveness**

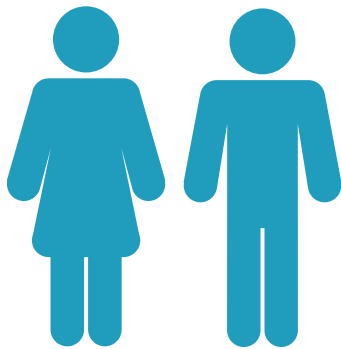
As Accountable Officer, I have responsibility for reviewing the effectiveness of FSS systems of internal control and risk management arrangements. The review of effectiveness is informed by the work and structures highlighted in the Governance Statement and supported by the work of internal and external audit and through the oversight and views provided by the ARC on the assurance arrangements within FSS.

The assurances provided by the Deputy Chief Executive, Directors, Internal and External Audit (through provision of quarterly Management Reports and Progress updates) have highlighted that FSS continues to demonstrate a reasonable assurance that it has sufficient levels of internal controls in place to mitigate risks to the organisation. This has been supported by the Assurance Mapping framework which is based on the SPFM's internal control checklist. Whilst there have been no significant governance issues raised, it is recognised that FSS still need to fully develop some areas of its systems of internal control and there is a commitment to continually improve in this area.

Taking this into account, 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. There are, in my opinion, no other significant matters arising which would require to be raised specifically in the Governance Statement.

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# Remuneration and Staff Report





## Remuneration and Staff Report

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

### Remuneration Policy

Board Members are entitled to receive a fee at a daily rate, determined in accordance with the 'Public Sector Pay Policy for Senior Appointments 2017/18'. Further information about the policy may be found on the [Scottish Governments website](#).

The Chair's post is part-time for eight days per month, and was paid at £283 (2017/18, £277) per day. The members' posts are also part-time, for four days per month, and were paid at £219 (2017/18, £211) per day. The Deputy Chair is paid for an additional six days over the year, in recognition of the increased responsibilities. Board Members appointments are non-pensionable.

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

Within the Scottish Government, the Top Level Pay Committee ensures that the Pay and Performance Management System (PPMS) policy falls within the parameters set by the SSRB and Cabinet Office.

The majority of staff employed below senior civil service level are part of the Scottish Government main collective bargaining unit for the determination of salary. Remuneration is determined by the Scottish Government 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 Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

As outlined under the Employment Policies section of the report, some staff retained FSS terms and conditions, however agreement was reached with the trade unions that the SG Main pay award would be applied to staff regardless of which terms and conditions they had opted for and that negotiations on any changes to terms and conditions would also take place as part of the SG Main bargaining unit.

### Employment Contracts

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

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

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

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



## Salary, benefits in kind and pension entitlements

Full details of the remuneration of Board Members and the remuneration and pension interests and the Senior Management Team are detailed below and are subject to audit.

### Single total figure of remuneration (audited)

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000) <sup>1</sup>		Total (£000)	
	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18
<b>Board Member Fees</b>										
Ross Finnie	25-30	25-30	–	–	–	–	–	–	25-30	25-30
George Brechin	10-15	10-15	–	–	–	–	–	–	10-15	10-15
Marieke Dwarshuis	10-15	10-15	–	–	–	–	–	–	10-15	10-15
Heather Kelman	10-15	10-15	–	–	–	–	–	–	10-15	10-15
Carrie Ruxton	10-15	10-15	–	–	–	–	–	–	10-15	10-15
Susan Walker	10-15	10-15	–	–	–	–	–	–	10-15	10-15
Anne Maree Wallace	10-15	10-15	–	–	–	–	–	–	10-15	10-15
Louise Welsh	10-15	10-15	–	–	–	–	–	–	10-15	10-15
<b>Chief Executive</b>										
Geoff Ogle <sup>2</sup>	105-110	105-110	–	–	–	–	–	20-25	105-110	125-135
<b>Senior Management Team</b>										
Elspeth Macdonald	70-75	70-75	–	–	–	–	35-40	15-20	105-115	85-95
Ian McWatt	70-75	65-70	–	–	–	–	35-40	55-60	105-115	120-130
Garry Moumian	60-65	55-60	–	–	–	–	45-50	65-70	105-115	120-130
Norval Strachan <sup>3</sup>	70-75	70-75	–	–	–	–	–	–	70-75	70-75

<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 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> Norval Strachan joined the Senior Management Team as the organisations Chief Scientific Advisor, on secondment from Aberdeen University, 18 April 2016 working 2.5 days per week on FSS business (0.5 FTE) and FSS are charged for this time only. Pay and Pension benefits remain the responsibility of Aberdeen University, however Professor Strachan's Full Time Equivalent gross salary has been included in the table above to satisfy the requirements of the FReM.

### Salary

'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.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by FSS and treated by HM Revenue and Customs as a taxable emolument.

### Bonus Payments

In line with Scottish Ministers' public sector pay policy, no staff have received bonus payments in 2018/19.

### Fair Pay Disclosure

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

	2018/19	2017/18
Band of Highest Paid Directors Total Remuneration	£105 – £110,000	£105 – £110,000
Median Total Remuneration	£28,891	£28,033
Ratio	3.7	3.8
Remuneration Range Band	£18,392 – £110,000	£17,000 – £110,000



## Pension Benefits (audited)

	Accrued pension at pension age as at 31/3/19 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/19 £'000	CETV at 31/3/18 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
<b>Chief Executive</b>						
Geoff Ogle <sup>1</sup>	-	-	-	841	-	15,900
<b>Senior Management Team</b>						
Elsbeth Macdonald	25-30 plus a lump sum of 65-70	0-2.5 plus a lump sum of 0-2.5	554	470	22	-
Ian McWatt	30-35	0-2.5	551	460	24	-
Garry Mournian	20-25 plus a lump sum of 40-50	0-2.5 plus a lump sum of 2.5-5	275	210	23	-
Norval Strachan <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A

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

<sup>2</sup> Norval Strachan's pension and associated benefits are paid by the University of Aberdeen. The University paid a total of £18,783.88 via a salary sacrifice arrangement in respect of Professor Strachan for the period 1 April 2018 to 31 March 2019. Of that, £13,004.20 represented the employer's payment of 18% of salary the pension provider. Aberdeen University were unable to provide the pension information in the format set out in the table above for this year's accounts.

## 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: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).



The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### Cash Equivalent Transfer Values

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV 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.

### Compensation for loss of office (audited)

There have been no leavers within the individuals reported on who received compensation for loss of office during the 2018/19 financial year.

### Staff Report

The staff report contains information relating to staff costs and staff numbers.

### Staff Costs (audited)

Overall staff costs for the year were £8.1m. Staff costs comprises wages and salaries, social security costs and other pension costs for all staff as well as Agency costs. It excludes the wages and salaries and pension costs of the Board Members as well as contract inspectors and veterinary costs.

## A Administration costs

			2018/19	2017/18
	£000	£000	£000	£000
	Staff	Board	Total	Total
Wages and salaries	3,970	101	4,070	3,896
Social security costs	429	5	433	400
Other pension costs	825	–	825	770
<b>Sub total</b>	<b>5,224</b>	<b>105</b>	<b>5,329</b>	<b>5,066</b>
Apprenticeship Levy	15	–	15	13
Agency Staff	367	–	367	141
Inward secondment	194	–	194	–
<b>Total</b>	<b>5,800</b>	<b>105</b>	<b>5,905</b>	<b>5,220</b>
Less recoveries in respect of outward secondments	–	–	–	(13)
<b>Total net costs</b>	<b>5,800</b>	<b>105</b>	<b>5,905</b>	<b>5,207</b>

## B Programme costs

			2018/19	2017/18
			£000	£000
Wages and salaries			1,764	1,830
Social security costs			182	188
Other pension costs			307	314
Agency Staff			–	–
Contract inspectors and veterinary costs			2,068	2,586
<b>Total</b>			<b>4,321</b>	<b>4,917</b>
Less recoveries in respect of outward secondments			–	–
<b>Total net costs</b>			<b>4,321</b>	<b>4,917</b>



Programme wages and salaries include the cost of employed meat hygiene inspectors, veterinary managers and Operations support staff.

### Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme in which Food Standards Scotland is unable to identify its share of the underlying assets and liabilities, as such the pension costs are accounted for as if it were a defined contribution scheme. A full actuarial valuation was carried out at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at: [www.civilservicepensionscheme.org.uk/about-us/resource-accounts/](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/)

For 2018/19, employers' contributions of £761,000 (2017/18, £858,791) were payable to the PCSPS at one of four rates in the range of 20% to 24.5% 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 2018/19 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 £15,900 were paid to two appointed stakeholder pension providers. 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 42 (2017/18, 44) FSS employees who are active members of LGPS. For the year ended 31 March 2019, contributions of £307,295 (2017/18, £307,259) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2019, this rate was 16.7% (16.7% in 2017/18) of pensionable remuneration.

On the basis of the updated actuarial valuation, under IAS19, the FSS fund deficit at 31 March 2019 was £8.632 million (2017/18, £9.850 million). FSS has taken over responsibility to fund to the scheme and in 2018/19, £189,770 (2017/18, £185,000) was paid based on the Actuary's estimate of employer's contributions as a lump sum payment to reduce the deficit. In addition to the required payment, a payment of £200,000 was made in March 2019 to reduce the deficit further.

The LPFA 2016 Triennial Fund Valuation was undertaken during 2016 and has set the FSS contribution rate (20.02%) for the period from 1 April 2017 to 31 March 2020. This review also included the required minimum deficit payment reduction amounts for the next three years.

The projected unit method of valuation has been used to calculate the service cost under IAS19. The actuary has estimated the employer's contributions for 2019/20 to be £461,000 which includes the lump sum payment of £194,310 to reduce the deficit.



### Number of Senior Civil Service staff employed at 31 March 2019

Band	2018/19	2017/18
SCS 2	1	1
SCS 1	1	1

### Average Number of Persons Employed

	2018/19	2017/18
Board	8	8
Directly Employed Staff	174	167
Temporary Staff	8	9
Inwards Loans/Secondments	3	1.6
<b>Total</b>	<b>193</b>	<b>185.6</b>

### Full Time Equivalent persons employed at 31 March 2019

	2018/19	2017/18
Board*	8	8
Directly Employed Staff	169.6	166.5
Temporary Staff	8	8
Inwards Loans/Secondments	3	1.5
<b>Total</b>	<b>188.6</b>	<b>184</b>

\*The members of the Board are not employed full time but have been included for completeness and to provide a full picture of the persons employed within FSS.

### Gender Balance

At the end of the 2018/19 financial year, the number of persons of each sex who were Board Members, Senior Managers and employees was as follows:

	Female		Male	
	18/19	17/18	18/19	17/18
Board Members	6 (75%)	6 (75%)	2 (25%)	2 (25%)
Senior Management Team (Inc. Chief Executive and Deputy Chief Executive)	1 (20%)	1 (20%)	4 (80%)	4 (80%)
Employees	93 (52%)	74 (45%)	87 (48%)	89 (55%)
<b>Total</b>	<b>100 (52%)</b>	<b>81 (46%)</b>	<b>93 (48%)</b>	<b>95 (54%)</b>



## Sickness Absence Data

	Average total sick days per employee 2018/19	Average total sick days per employee 2017/18
Short-term Absence	2.1	2.6
Long-term Absence	1.5	2.6
<b>Total</b>	<b>3.6</b>	<b>5.2</b>

### Reporting of Civil Service and other compensation schemes

FSS had no redundancy and other departure costs in 2018/19 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 was one retirement made on ill-health grounds in 2018/19.

### Employee Engagement

FSS ensure that staff are kept informed and engaged in its work through a range of methods. These include monthly staff briefing sessions, weekly blogs/newsletters and our internal publications 'The Inspector' and 'The Standard'.

Branches and Directorates work to deliver corporate and strategic objectives. To support this, FSS performance management system ensure all staff agree objectives with their line manager which are closely linked to our Corporate Plan.

### Employment Policies

During 2015/16 negotiations took place with the recognised trade unions and agreement was reached to offer all staff the opportunity to transfer to Scottish Government Main bargaining unit (SG Main) terms and conditions of employment from 1 April 2016. The majority of staff accepted this offer, with 21 retaining their FSS terms and conditions at the time. This exercise was repeated in 2018 and as at 31st March 2019, there are 15 staff retaining FSS terms and conditions. Agreement was also reached with the trade unions that the SG Main pay award would be applied to staff regardless of which terms and conditions they had opted for and that negotiations on any changes to terms and conditions would also take place as part of the SG Main bargaining unit.

## Trade Unions

As FSS is part of the Scottish Government Main bargaining unit it adheres to the terms of the Partnership Agreement set out between the Scottish Government Management and the Council of Scottish Government Unions (CSGU).

To support this agreement at local level, FSS operate a local Partnership Group to consider common employee relations issues within FSS. FSS has positive working relationships with both PCS and Prospect Unions. Formal FSS Partnership Group meetings take place quarterly, and informal dialogue takes place throughout the year on more day to day issues.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The facility time data organisations are required to collate and publish under the new regulations are shown below. The data is also required to be published on our website before 31st July each year and can be found at [www.foodstandards.gov.scot](http://www.foodstandards.gov.scot).

**Relevant trade union official** – the total number of employees who were relevant trade union officials during the relevant period.

Number of employees who were relevant union officials during the relevant period	FTE employee number
3	3

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

Percentage of time	Number of representatives
0%	0
1-50%	3
51%-99%	0
100%	0

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

Total cost of facility time	£2,659
Total pay bill	£8.208m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

**Paid Trade Union activities** – As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant trade union officials during the relevant period on paid Trade Union activities.

Time spent on paid Trade Union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid Trade Union activities by relevant trade union officials during the relevant period ÷ total paid facility time hours) x 100	32%
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The FSS data return covers only local Trade Union activity. As FSS are part of the Scottish Government Main Bargaining Unit, its pay bargaining is carried out centrally, therefore this activity is covered under the Scottish Government data return. FSS employed 188.6 staff at 31 March 2019. The number of trade union representatives is therefore 1.6% of the total number of staff.

FSS is committed to working in partnership with its recognised trade unions and believes that a partnership approach to employee relations is at the heart of ensuring it's a fairer, more successful employer. Facility time provides a framework for constructive consultation and negotiation with trade unions, ensuring the effective voice of workers and improving workplace relations. It is an investment in the prevention of workplace disputes, providing savings to both the public sector and the public purse, through a reduction of negative impacts on staff time and the number of working days lost through industrial action. In addition, involving the trade unions as partners contributes to FSS's success and the well-being of its employees and facility time is an essential part of achieving this.

### **Recruitment**

FSS recruitment is undertaken by Scottish Government and 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. This ensures that appointment of the best candidate is made on merit, identified through a process of open and fair competition.

### **Employment of disabled people**

FSS and Scottish Government recruitment policies ensure that all disabled applicants who meet the minimum advertised criteria for a job vacancy will be invited for interview. Disabled candidates are guaranteed the chance to be judged along with everyone else on their abilities, and we have Disability Confident Employer status.

FSS HR policies also take into account the wider employment of disabled staff where relevant and allow for reasonable adjustments to be made to either the work environment or terms and conditions of employment as and when required.

### **Equality and Diversity**

FSS is committed to fully embedding equality as a key component of its business, both as a consumer protection body and as an employer. FSS's role is to protect the Scottish public from health risks arising from the consumption of food and to provide advice on promoting good health through the food we eat and it is important that it seeks to ensure that its services are accessible by, and benefit, everyone. FSS also want to be an excellent employer. FSS cannot deliver its vision without skilled and committed people. FSS values diversity in our workforce; it brings a range of talents and different perspectives to FSS's work, and rightly should reflect the diversity of its customers.

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 FSS's statutory responsibilities, it carries out monitoring on all the protected characteristics of its workforce. This allows FSS to identify any gaps or issues in its recruitment and employment practices and procedures and to find ways to try to address these.

FSS is required to set and publish equality outcomes and report on progress to achieving them every two years, through development of an Equality Mainstreaming Report.

As a public body, FSS operate in a way which promotes equal opportunity and tests its policies against the requirements of equality legislation. FSS's second [mainstreaming report](#) was published in April 2018 and FSS are currently undertaking activities to meet the outcomes from the report and this will be reported in its progress report which is due to be published in April 2020.

The report sets FSS's plans for how it will embed equality across the organisation in order to meet the general and specific requirements of the legislation as well as looking at how delivery of its functions impacts on those with protected characteristics.

### **Health, Safety and the Environment**

The Health, Safety and Environmental Management System (HSE MS), developed in 2016, was further embedded across FSS. The HSE MS was reviewed and updated, where necessary, to reflect any legislative or organisational changes and the system will continue to be managed to this end, retaining the relevance and suitability required of it.

The HSE Committee is chaired by the Chief Operating Officer or the Director of Corporate Services and meets quarterly using an agenda with several Standing Agenda Items and a revised Terms of Reference. This helps to ensure the Committee has a chance to dedicate the time required to issues which need to be proactively managed, developing initiatives and reviewing procedural content in line with any changes.

The Committee includes a number of different stakeholders and the attendees, including representatives from trade unions and contract staff, who are prompted to provide material to ensure all areas and issues are addressed.

### **Reportable Incidents, Diseases and Dangerous Occurrences (RIDDOR)**

2018/19 saw 32 incidents reported across FSS and FSS Service Providers, compared to 47 for 2017-18. A large proportion of this decrease in numbers is due to a situation in a particular plant that has now been addressed, with the risk reduced to a level as low as reasonably practicable. The issue has been managed at a local level which reflects positively on the controls in place and interaction between the FBO and FSS field staff.

No incidents were required to be reported under RIDDOR to the Health and Safety Executive (2017/18, 0) however all incidents reported were followed up in accordance with the FSS health and safety policies and corrective action taken where necessary.

### **Consultancy Spend**

No external (to the Public Sector) consultants were used during the year. FSS had commissioned NHS National Services Scotland to provide some consultancy work during the latter part of 2017/18, relating to the ongoing development of a programme-based approach to managing our work. Some of this work continued into 2018/19. This was at a cost of approximately £7,400.



## Parliamentary Accountability Report

### Charitable Donations, Gifts and Paid Sponsorships

FSS did not make any charitable donations during the year. Three sponsorships were made in relation to our presence at the Taste of Grampian event in June 2018 (£4000), sponsorship (£6000) of the Convention of Scottish Local Authorities (COSLA) Excellence Awards, specifically the award for tackling inequalities and improving health and sponsorship of the Marketing Society Industry Insight programme for 2019 (£6000). In line with the Scottish Public Finance Manual, no gifts were given or donated by FSS during 2018/19.

### Losses and Special Payments

The Statement of Comprehensive Net Expenditure (SOCNE) includes the following losses, including write-offs of for the upgrade of IT equipment (£38,968) and irrecoverable debt for the charges for delivering meat official controls (£2,699.16).

### Fees and Charges

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

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

With the discount system in place, there currently remains a shortfall between the costs for FSS of delivering meat official controls and the income received from FBOs for these services. This was effectively a subsidy of approximately £1.2m to the meat industry for the 2018/19 financial year, with an adjustment being made for plant closures since 2015.

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

	2018/19			2017/18		
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
	£000	£000	£000	£000	£000	£000
Industry	3,135	4,290	(1,155)	3,278	4,606	(1,328)
Government	279	279	–	318	318	–
Other (Assessment Centre charges)	34	37	(3)	29	29	–
<b>Total</b>	<b>3,448</b>	<b>4,606</b>	<b>(1,158)</b>	<b>3,625</b>	<b>4,953</b>	<b>(1,328)</b>

### Guarantees, indemnities and letters of comfort

No guarantees or letters of comfort were provided during the 2018/19 reporting year.



### Geoff Ogle

Chief Executive and Accountable Officer

Date: 21 August 2019

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# Independent Auditor's Report





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

### Report on the audit of the financial statements

#### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Food Standards Scotland for the year ended 31 March 2019 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018/19 Government Financial Reporting Manual (the 2018/19 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2019 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 28 January 2019. This is the first year of my appointment. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.



## Responsibilities of the Accountable Officer for the financial statements

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

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

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

My 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 my 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 economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

## Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on regularity of expenditure and income

### Opinion on regularity

In my opinion in all material respects:

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

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Report on other requirements

### Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

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

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

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

### Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

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

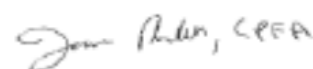
### Use of my report

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 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### James Rundell, CPFA

Audit Scotland  
4th Floor, South Suite  
Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

21 August 2019



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# Financial Statements

## for the year ended 31 March 2019

- Statement of Comprehensive Net Expenditure
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Taxpayers' Equity
- Notes to the accounts



# Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

		2018/19	2017/18
	Note	£000	£000
Other operating income	5	(3,448)	(3,625)
<b>Total operating income</b>		<b>(3,448)</b>	<b>(3,625)</b>
Staff costs	Staff Report	10,226	10,124
Purchase of goods and services	4	4,369	4,144
Depreciation and impairment charges	4	564	510
Provision expense	4	20	18
Pension expense	4	709	597
Other operating expenditure	4	3,344	3,267
<b>Total operating expenditure</b>		<b>19,231</b>	<b>18,660</b>
<b>Net operating expenditure</b>		<b>15,784</b>	<b>15,035</b>
<b>Other comprehensive net expenditure</b>			
- Actuarial (gain)/loss on pension scheme liabilities	13.5	(1,536)	(1,116)
<b>Total comprehensive net expenditure</b>		<b>14,248</b>	<b>13,919</b>

# Statement of Financial Position as at 31 March 2019

		2018/19	2017/18
	Note	£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment	6	803	1,003
Intangible assets	7	972	829
<b>Total non-current assets</b>		<b>1,755</b>	<b>1,832</b>
<b>Current assets:</b>			
Trade and other receivables	11	799	1,177
Other current assets	11	489	452
Cash and cash equivalents	10	2,031	2,120
<b>Total current assets</b>		<b>3,319</b>	<b>3,748</b>
<b>Total assets</b>		<b>5,094</b>	<b>5,580</b>
<b>Current Liabilities:</b>			
Trade and other payables	12	(317)	(203)
Other liabilities	12	(2,118)	(1,786)
Provisions	13	(23)	(37)
<b>Total current liabilities</b>		<b>(2,459)</b>	<b>(2,026)</b>
<b>Total assets less current liabilities</b>		<b>2,635</b>	<b>3,554</b>
<b>Non-current liabilities:</b>			
Accumulated Dilapidations	13	(28)	–
Provisions	13	(203)	(221)
Net pension liability	13.5	(8,740)	(9,962)
<b>Total non-current liabilities</b>		<b>(8,971)</b>	<b>(10,183)</b>
<b>Total Assets less total liabilities</b>		<b>(6,335)</b>	<b>(6,629)</b>
<b>Taxpayers' equity and other reserves:</b>			
General fund		(6,335)	(6,629)
<b>Total taxpayer's equity</b>		<b>(6,335)</b>	<b>(6,629)</b>

**Geoff Ogle**  
Chief Executive and Accountable Officer  
21 August 2019



# Statement of Cashflows

## for the year ended 31 March 2019

		2018/19	2017/18
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net operating Expenditure	SOCNE	(15,784)	(15,035)
Adjustment for non-cash transactions	4	620	551
Increase/(Decrease) in trade and other receivables	11	341	(401)
Increase/(Decrease) in trade and other payables	12	446	146
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure			
Use of provisions	4,13	714	615
Cash contribution to pension deficit	13	(411)	(413)
<b>Net cash outflow from operating activities</b>		<b>(14,074)</b>	<b>(14,537)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(11)	(179)
Purchase of intangible assets	7	(515)	(115)
Proceeds from disposal of property, plant and equipment		12	–
<b>Net cash outflow from investing activities</b>		<b>(515)</b>	<b>(294)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply)	SoCiE	14,500	14,800
<b>Net Financing</b>		<b>14,500</b>	<b>14,800</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>(89)</b>	<b>(31)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	<b>2,120</b>	<b>2,151</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>2,031</b>	<b>2,120</b>

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

		2018/19	2017/18
	Note	General Fund £000	General Fund £000
<b>Balance at 01 April 2018</b>		<b>(6,629)</b>	<b>(7,551)</b>
Net Parliamentary Funding		14,500	14,800
Net operating expenditure for the year	SOCNE	(15,784)	(15,035)
Actuarial gain/(loss)	13.5	1,536	1,116
Auditors' remuneration and expenses	4	42	41
<b>Balance at 31 March 2019</b>		<b>(6,335)</b>	<b>(6,629)</b>



# Notes to the Annual Report and Accounts

## 1. Statement of Accounting Policies

### 1.1 Basis of Preparation

In accordance with the accounts direction issued by Scottish ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 123), these financial statements have been prepared in accordance with the 2018/19 FReM. 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.

The particular policies adopted by FSS are described below. The policies have been applied consistently in dealing with items which are considered material to the accounts.

The accounts are prepared on a going-concern basis.

### 1.2 Accounting Convention

These accounts have been prepared under the historical cost convention.

### 1.3 Significant Accounting Policies and Material Judgements

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

- IAS 37 Provisions – judgement is made on the best estimate of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.
- IAS 36 Impairments – Management make judgement on whether there are any indications of impairments to the carrying amounts of the Department's non-current assets.
- IAS 19 Employee Benefits – Significant judgement has been made around pension liabilities. All figures reported are prepared by an independent actuary using financial assumptions that comply with the reporting standard.

### 1.4 Non-Current Assets

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

## 1.5 Property, Plant and Equipment

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

## 1.6 Intangible Assets

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

Intangible assets under construction are not amortised until the month after they are brought into use. FSS continued to develop an external facing website ([www.foodstandards.gov.scot](http://www.foodstandards.gov.scot)) primarily for the promoting and advertising of its own services. This website will not generate future economic benefits and consequently all expenditure incurred on developing it is recognised as an expense as it occurs and is not capitalised.

## 1.7 Depreciation and Amortisation

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

2018/19

### Property, plant and equipment

Computer equipment	2–5 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Furniture, fixtures and fittings – fit out Pilgrim House	14.5 years – over life of lease
Vehicles	7 years

### Intangible assets

Computer software and software licences	2–7 years
---	-----------

## 1.8 Inventories

FSS does not hold any inventories.

## 1.9 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.

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

## 1.10 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 2018/19 by HM Treasury.

## 1.11 Pensions

Pension assets and liabilities attributable to FSS in the LGPS are recorded in line with IAS19 with a valuation undertaken annually to measure the value of pension assets and liabilities at the Statement of Financial Position date, determining the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is included within interest receivable/payable. The change in value of assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position. The IAS19 valuation includes sensitivity analysis and the potential impact and this information can be found in Note 13.

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

Further details about LGPS pensions can be found at the website [www.lpfa.org.uk](http://www.lpfa.org.uk).

The costs in relation to the LGPS scheme are in Note 13.

## 1.12 Operating Leases

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

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

## 1.13 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. FSS is audited by Audit 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 Audit Scotland that FSS was charged for in the year.

## 1.14 Value Added Tax

Operating costs are stated net of VAT where VAT is recoverable by FSS. FSS is registered for VAT as part of the Scottish Government, 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.

## 1.15 Provisions

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

The Early Retirement 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.

## 1.16 Contingent Liabilities

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

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

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

## 1.17 Financial Assets and Liabilities

FSS holds the following financial assets and liabilities:

### 1. Assets

- Trade and other receivables
- Other current assets
- Cash and cash equivalents

### 2. Liabilities

- Trade and other payables
- Other liabilities
- Provisions

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

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

## 2. Restatement of 2017/18 Comparatives

FSS has not restated the accounts relating to 2017/18.

### 3. Net Costs by Group

Branch	Administration		Programme		2018/19	2017/18
	Costs	Income	Costs	Income	Net operating cost	Net operating cost
	£000	£000	£000	£000	£000	£000
Board, Senior Management Team and Private Office	753	–	–	–	753	827
Communications and Marketing	662	–	655	–	1,317	1,785
Corporate Services	3,971	–	56	–	4,027	3,735
Regulatory Policy	420	–	–	–	420	721
Food Protection Science and Surveillance	458	–	173	–	631	1,294
Nutrition Science and Policy	131	–	8	–	139	455
Operational Delivery	2,984	306	4,038	3,110	3,606	3,998
Veterinary Management	–	–	–	–	–	–
Enforcement Delivery	325	–	285	–	609	924
Scottish Food Crime Unit	788	–	126	–	914	864
Audit Branch	352	–	–	31	321	278
Science Strategy and Information Analysis	165	–	2	–	167	153
Brexit Work Programme	660	–	396	–	1,057	–
Diet and Nutrition Work Programme	316	–	750	–	1,065	–
Regulatory Strategy Work Programme	486	–	271	–	757	–
<b>Totals</b>	<b>12,472</b>	<b>306</b>	<b>6,760</b>	<b>3,142</b>	<b>15,784</b>	<b>15,035</b>

FSS identifies reportable segments in the form of Branches and Cost Centres that reflect the organisational structure. The financial system also reflects the organisational structure and enables income and expenditure to be analysed and reported by segment. Segmental operating results are reviewed by the FSS Senior Management Team to make decisions on segmental resources and assess performance.

The Corporate Services administration costs also include organisational wide expenditure such as facilities (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 relate to the running costs associated with our Audit Branch. The work of this team involves conducting audits of local authorities and veterinary audits of FBOs to ensure compliance with the relevant regulations.

Staff costs by branch are contained within the Administration costs presented. A summary of staff costs is shown in the table below. Additional detail regarding staff costs are provided in the Staff Costs and Remuneration section of the annual report.

	2018/19	2017/18
	£000	£000
Staff Costs	7,582	7,397
Apprenticeship Levy	15	13
Agency Staff	367	141
Inward Secondment	194	–
Contract inspectors and veterinary costs	2,068	2,586
Less recoveries in respect of outward secondments	–	(13)
<b>Total net costs</b>	<b>10,226</b>	<b>10,124</b>

## 4. Non-pay expenditure

	2018/19	2017/18
	£000	£000
<b>Goods and services</b>	4,369	4,144
	4,369	4,144
<b>Depreciation and impairment charges: Non-cash</b>		
Depreciation	179	180
Amortisation	345	330
Loss on disposal of property, plant and equipment	39	–
	564	510
<b>Provision expense</b>		
Dilapidation	14	14
Early Departure	6	4
	20	18
<b>Pension expense</b>	709	597
	709	597
<b>Other operating expenditure</b>		
Accommodation costs including rates, estate management and security	355	285
System Support Costs – Other	476	257
Legal costs	237	256
Other Admin costs	639	654
Internal auditors' remuneration and expenses	79	64
Travel and Subsistence and Hospitality	532	528
Training and Development	92	95
Other	21	61
IT Costs	147	61
Rentals under operating leases	402	403
Research and Development expenditure	322	563
Nominal charge: External auditors' remuneration and expenses	42	41
	3,344	3,267



## 5. Income

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

	2018/19	2017/18
	£000	£000
Income for official controls charged to industry	3,135	3,278
Income for meat hygiene work charges to other government departments	279	318
Other income e.g. assessment centre charges	34	29
<b>Total income</b>	<b>3,448</b>	<b>3,625</b>

FSS's financial objective is to recover costs fully. There currently remains a shortfall between costs for FSS of delivering meat official controls and the income received from FBOs for these activities. This is effectively a subsidy of £1.2m to the meat industry. EU regulations make provision for member states to take small/rural establishments into consideration when collecting fees and charges. However, the current system provides a level of subsidy to FBOs over and above that required by EU regulations. FSS can charge no more than the full cost. Invoices for any supplementary charges are issued quarterly in arrears.

## 6. Plant and Equipment

	Fixtures and fittings £000	Office Equipment £000	Computer Equipment £000	Motor Vehicles £000	AUC £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2018	782	341	514	88	–	1,726
Additions	10	–	–	24	–	34
Disposals	–	(6)	(94)	(31)	–	(131)
<b>At 31 March 2019</b>	<b>793</b>	<b>335</b>	<b>420</b>	<b>81</b>		<b>1,629</b>
<b>Depreciation</b>						
At 1 April 2018	209	272	215	27	–	723
Charged in year	73	16	103	10	–	202
Disposals	–	(5)	(75)	(20)	–	(99)
<b>At 31 March 2019</b>	<b>282</b>	<b>284</b>	<b>243</b>	<b>18</b>	–	<b>826</b>
<b>Carrying amount at 31 March 2019</b>	<b>511</b>	<b>52</b>	<b>177</b>	<b>63</b>	–	<b>803</b>
<b>Carrying amount at 1 April 2018</b>	<b>574</b>	<b>69</b>	<b>299</b>	<b>61</b>	–	<b>1,003</b>
<b>Asset financing</b>						
Owned	511	52	177	63	–	803
<b>Carrying amount at 31 March 2019</b>	<b>511</b>	<b>52</b>	<b>177</b>	<b>63</b>	–	<b>803</b>

	Fixtures and fittings £000	Office Equipment £000	Computer Equipment £000	Motor Vehicles £000	AUC £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2017	782	341	376	48	–	1,547
Additions	–	–	138	41	–	179
Disposals	–	–	–	–	–	–
<b>At 31 March 2018</b>	<b>782</b>	<b>341</b>	<b>514</b>	<b>88</b>		<b>1,726</b>
<b>Depreciation</b>						
At 1 April 2017	137	246	139	21	–	543
Charged in year	72	26	75	7	–	180
Disposals	–	–	–	–	–	–
<b>At 31 March 2018</b>	<b>209</b>	<b>272</b>	<b>215</b>	<b>27</b>	–	<b>723</b>
<b>Carrying amount at 31 March 2018</b>	<b>574</b>	<b>69</b>	<b>299</b>	<b>61</b>	–	<b>1,003</b>
<b>Carrying amount at 1 April 2017</b>	<b>646</b>	<b>95</b>	<b>236</b>	<b>27</b>	–	<b>1,004</b>
<b>Asset financing</b>						
Owned	574	69	299	61	–	1,003
<b>Carrying amount at 31 March 2018</b>	<b>574</b>	<b>69</b>	<b>299</b>	<b>61</b>	–	<b>1,003</b>

## 7. Intangible Assets

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

	Computer software and software licences	AUC	Total
	£000	£000	£000
<b>Cost or valuation</b>			
At 1 April 2018	1,755	31	1,785
Additions	328	187	515
Transfers	–	(31)	(31)
Disposals	–	–	–
<b>At 31 March 2019</b>	<b>2,083</b>	<b>187</b>	<b>2,270</b>
<b>Amortisation</b>			
At 1 April 2018	957	–	957
Charged in year	341	–	341
Disposals	–	–	–
<b>At 31 March 2019</b>	<b>1,298</b>	<b>–</b>	<b>1,298</b>
<b>Carrying amount at 31 March 2019</b>	<b>785</b>	<b>187</b>	<b>972</b>
<b>Carrying amount at 1 April 2018</b>	<b>798</b>	<b>31</b>	<b>829</b>
<b>Cost or valuation</b>			
At 1 April 2017	1,577	94	1,671
Additions	84	31	115
Transfers	94	(94)	–
Disposals	–	–	–
<b>At 31 March 2018</b>	<b>1,755</b>	<b>31</b>	<b>1,785</b>
<b>Amortisation</b>			
At 1 April 2017	627	–	627
Charged in year	330	–	330
Disposals	–	–	–
<b>At 31 March 2018</b>	<b>957</b>	<b>–</b>	<b>957</b>
<b>Carrying amount at 31 March 2018</b>	<b>798</b>	<b>31</b>	<b>829</b>
<b>Carrying amount at 1 April 2017</b>	<b>950</b>	<b>94</b>	<b>1,044</b>

## 8. Capital and other commitments

### 8.1 Capital Commitments

At 31 March 2019 there were no commitments for the purchase of capital items.

### 8.2 Commitments under leases

#### 8.2.1 Operating Leases

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

	2018/19	2017/18
	£000	£000
<b>Obligations under operating leases comprise:</b>		
Land and buildings:		
Not later than one year	404	404
Later than one year and not later than five years	1,616	1,616
Later than five years	2,464	2,868
	<b>4,484</b>	<b>4,888</b>

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

### 8.3 Other financial commitments

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

## 9. 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.

## 10. Cash and cash equivalents

	2018/19	2017/18
	£000	£000
Balance at 1 April	2,120	2,151
Net charges in cash and cash equivalents	(89)	(31)
<b>Balance at 31 March</b>	<b>2,031</b>	<b>2,120</b>
The following balances at 31 March were held at:		
Government Banking Service	2,031	2,120
<b>Balance at 31 March</b>	<b>2,031</b>	<b>2,120</b>

## 11. Trade receivables, financial and other current assets

	2018/19	2017/18
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade receivables	418	506
VAT recoverable	382	671
Other receivables	(1)	–
	<b>799</b>	<b>1,177</b>
Other current assets:		
Prepayments and accrued income	489	452
	<b>489</b>	<b>452</b>

## 12. Trade payables and other current liabilities

	2018/19	2017/18
	£000	£000
<b>Amounts falling due within one year:</b>		
Other taxation and social security	17	17
Trade payables	296	187
Other payables	4	(1)
	<b>317</b>	<b>203</b>
<b>Other current liabilities:</b>		
Accruals	2,118	1,786

## 13. Provisions for liabilities and charges

### Early departure and other provisions

			2018/19	2017/18
			£000	£000
	Early departure	Dilapidations	Total	Total
Balance at 31 March 2018	243	–	243	262
Provided in the year	5	14	20	18
Provisions utilised in the year	(23)	–	(23)	(22)
Borrowing costs (unwinding of discount)	–	–	–	1
<b>Balance at 31 March 2019</b>	<b>226</b>	<b>14</b>	<b>240</b>	<b>258</b>

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

			2018/19	2017/18
			£000	£000
	Early departure	Dilapidations	Total	Total
within one year	23	14	37	37
<b>Total current provisions liability</b>	<b>23</b>	<b>14</b>	<b>37</b>	<b>37</b>
between one and five years	93	–	93	91
thereafter	109	–	109	130
<b>Total non-current provisions liability</b>	<b>203</b>	<b>–</b>	<b>203</b>	<b>221</b>
<b>Provisions balance at 31 March 2019</b>	<b>226</b>	<b>14</b>	<b>240</b>	<b>258</b>

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

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

FSS is recognising a provision in relation 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 last 13 years of the lease.

### 13.1 Early departure costs

Early departure cost refers to liabilities to staff for early retirement. FSS is meeting the additional costs of benefits beyond the normal PCSPS and LGPS benefits in respect of employees who retire early by paying the required amounts annually to the pension fund over the period between early departure and normal retirement date. FSS provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments discounted by the HM Treasury discount rate of 0.29% (2017/18 0.14%) in real terms. During 18/19, no early departure costs were incurred in relation to current staff members.

### 13.2 Other

#### Legal Claims

There was a legal claim made against FSS during 2015/16 in relation to the inclusion of non-contractual overtime and allowances in holiday pay calculations for statutory annual leave. This was settled in September 2018 at a cost of £1,243.

FSS settled an employment tribunal case regarding a claimed unfair dismissal in February 2019 at a cost of £2,000.



### 13.3 Pension Provision for former FSA Board Members

Pension liabilities in the Board Pension Scheme are calculated by the Government Actuary's Department and a valuation is undertaken annually. The change in value of pension liabilities arising from changes in benefits or actuarial assumptions is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability is shown in the Statement of Financial Position. Board pension provision relates to the by-analogy pension scheme with the Principal Civil Service Pension Scheme (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 Government Actuary's Department (GAD) and is in accordance with IAS19 and the FReM governing UK Accounting for Departments/NDPBs.

The capitalised value of the pension benefits payable by the FSS's Pension Schemes as at 31 March 2019 is £108,000 (31 March 2018, £113,000).

The disclosures confirm that over the period the defined benefit liability has decreased by £5,000. This is attributable to changes to the actuarial financial and demographic assumptions.

It is likely that the current scheme liabilities will gradually decrease over time, as the expected pension payments are made to the scheme members.

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

#### Financial Assumptions

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

	Year Ending 31/3/19	Year Ending 31/3/18
Discount rate	2.90%	2.55%
Rate of increases in salaries		
Rate of increases in pension payment	2.60%	2.45%
CPI inflation assumption	2.60%	2.45%

## 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 2019		As at 31 March 2018	
	Men (years)	Women (years)	Men (years)	Women (years)
<b>Current Pensioners</b>				
Exact Age				
60	27.6	29.3	27.5	29.2
65	22.7	24.3	22.6	24.2

## Present value of scheme liabilities

	Value at 31/03/19 £000s	Value at 31/03/18 £000s
Liability in respect of		
Current Pensioners	108	113
Total present value of scheme liabilities	108	113

## Analysis of movement in scheme liability

	2017/18 £000s	2017/18 £000s
Scheme liability at the beginning of year	113	120
Movement in the year:		
Interest cost	3	3
Actuarial loss/(gain)	(2)	(5)
Benefits paid	(6)	(5)
Net pension liability at the end of the year	108	113

### Analysis of amount charged to operating profit

	2018/19 £000s	2017/18 £000s
Current service cost (net of employee contributions)		
Interest cost	3	3
Total expense/(income)	3	3

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

	2018/19 £000s	2017/18 £000s
Experience loss/(gain) arising on the scheme liabilities	1	1
Change in assumptions underlying the present value of the scheme liabilities	(3)	(6)
Net total actuarial loss/(gain) in statement of changes in taxpayers' equity	(2)	(5)

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

		Impact on DBO	
		%	£000s
Change in Assumptions*			
Rate of discounting scheme liabilities	+0.5 % a year	(6)	(7)
Rate of increase in CPI	+0.5 % a year	6	7
Life expectancy: each member assumed to retire 1 year earlier than expected		3	3

\*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.

### 13.4 Provision for LGPS pension liability

**13.4.1.** There are currently 42 FSS employees who are active members of the LGPS. LGPS is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 2013, and administered by London Pension Fund Authority (LPFA). For the year ended 31 March 2019, contributions of £307,295 (2017/18, £307,259) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2018, this rate was 16.7% of pensionable remuneration.

On the basis of the updated actuarial valuation (issued 23 April 2019), under IAS19, the FSS fund deficit at 31 March 2019 was £8.632 million. FSS have taken over responsibility to fund to the scheme. In 2018/19, £189,770 was paid based on the actuary's estimate of employer's contributions as well as a lump sum payment of £200,000 to further reduce the deficit.

The 2016 LPFA triennial fund valuation (as at 31 March 2016) has set the FSS contribution rate for the period from 1 April 2017 to 31 March 2020, including the deficit payment. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

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

The actuary has estimated the employer's contributions for 2019/20 to be £461,000, which includes the lump sum payment of £194,310 to reduce the deficit.

#### McCloud/Sargeant Judgement

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

The Actuary has advised that the valuation of defined benefit and unfunded liabilities at 31 March 2019, as disclosed in the tables below (past service costs) includes an allowance for the impact of the outcome of the McCloud/Sargeant judgement on the total liabilities of £189,000.

#### Financial Assumptions

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

	Year Ending 31/3/19 % p.a.	Year Ending 31/3/18 % p.a.
Discount Rate	2.40%	2.55%
Pension Increase	2.45%	2.35%
Salary Increases	3.95%	3.85%

## Mortality

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

	As at 31 March 2019		As at 31 March 2018	
	Men (years)	Women (years)	Men (years)	Women (years)
Retiring today	20.3	23.8	21.2	24.8
Retiring in 20 years	22.1	25.6	23.6	27

## Movement in liabilities

	2018/19 £000s	2017/18 £000s
<b>Opening Defined Benefit Obligation</b>	31,456	31,494
Current service cost	509	532
Interest cost	793	839
Change in financial assumptions	1,294	(525)
Change in demographic assumptions	(1,407)	–
Experience loss/(gain) on defined benefit obligation	–	–
Liabilities assumed/(extinguished) on settlements	–	–
Estimated benefits paid net of transfers in	(848)	(948)
Past service costs, including curtailments	189	–
Contributions by Scheme participants	87	89
Unfunded pension payments	(25)	(25)
<b>Closing Defined Benefit Obligation</b>	<b>32,048</b>	<b>31,456</b>

## Movement in assets

	2018/19 £000s	2017/18 £000s
<b>Opening Fair Value of Employer's Assets</b>	21,606	20,742
Interest on assets	549	557
Return on assets less interest	1,421	586
Other actuarial gains/(losses)	–	–
Administration expenses	(28)	(27)
Contributions by Employer including unfunded	654	632
Contributions by Scheme participants	87	89
Estimated benefits paid plus unfunded net of transfers in	(873)	(973)
Settlement prices received/(paid)	–	–
<b>Closing Fair Value of Employer Assets</b>	23,416	21,606

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

	Value at 31/03/19 £000s	% at 31/03/19	Value at 31/03/18 £000s	% at 31/03/18
Equities	12,738	54%	13,212	61%
LDI/Cashflow matching	–	n/a	–	n/a
Target return portfolio	6,245	27%	4,842	22%
Infrastructure	1,411	6%	945	4%
Commodities	–	n/a	–	n/a
Property	2,202	9%	1,555	7%
Cash	820	4%	1,052	5%
Market value of assets	23,416	100%	21,606	100%
Present value of scheme liabilities	(32,048)		(31,456)	
Net pension liability	(8,632)		(9,850)	

### 13.4.2 Movement in deficit during the year

	2018/19 £000s	2017/18 £000s
Scheme liability at 1 April	(9,850)	(10,752)
Service cost	(509)	(532)
Past service cost	(189)	–
Administration expenses	(28)	(27)
Employer contributions	264	247
Payment of deficit	390	385
Other finance net interest charged (note 13.4.3)	(244)	(282)
Actuarial (loss)/gain (note 13.4.4)	1,534	1,111
Net pension liability	(8,632)	(9,850)

### 13.4.3 Analysis of the amount charged to net operating expenditure

	2018/19 £000s	2017/18 £000s
Service cost	698	532
Administration expenses	28	27
	726	559
Employer contributions to be set off	(264)	(247)
Amount (credited)/charged to operating cost	462	312

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

Net interest on the defined liability/(asset)	244	282
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### 13.4.4 Analysis of amount recognised in Statement of Changes in Taxpayers' Equity

	2018/19 £000s	2017/18 £000s
Return on fund assets in excess of interest	1,421	586
Other actuarial gains/(losses) on assets	–	–
Change in financial assumptions	(1,294)	525
Change in demographic assumptions	1,407	–
Experience gain/(loss) on defined benefit obligation	–	–
Changes in effect of asset ceiling	–	–
Remeasurement of the net assets/(defined liability)	1,534	1,111

### 13.4.5 Sensitivity Analysis

	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of Total Obligation	31,532	32,048	32,573
Projected Service Cost	507	518	529
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of Total Obligation	32,110	32,048	31,987
Projected Service Cost	518	518	518
Adjustment to pension increases and deferred valuation	+0.1%	0.0%	-0.1%
Present value of Total Obligation	32,510	32,048	31,593
Projected Service Cost	529	518	507
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of Total Obligation	33,177	32,048	30,957
Projected Service Cost	536	518	501

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

	Board pension	LGPS	Total 2018/19	2017/18
Net pension liability at 1 April	(112)	(9,850)	(9,962)	(10,872)
Current service cost	-	(509)	(509)	(532)
Past service cost	-	(189)	(189)	-
Administrative expenses	-	(28)	(28)	(27)
Employer contributions set off	-	264	264	247
Interest cost	(3)	(244)	(247)	(285)
Charged to net operating expenditure	(3)	(706)	(709)	(597)
Deficit payments	6	390	395	390
Actuarial gain/(loss) recognised in SOCTE	2	1,534	1,536	1,116
Net pension liability	(108)	(8,632)	(8,740)	(9,962)



## 14. Contingent Liabilities

The valuation of defined benefit and unfunded liabilities at 31 March 2019 as disclosed in Note 13, does not include an allowance for a potential 'past service cost' in light of the Lloyds ruling on the equalisation of Guaranteed Minimum Pension (GMP) between genders. 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 member that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase. Therefore management has taken the actuary's view that there is no need to make any adjustments to the value placed on the liabilities as a result of the above outcome at this time as we are unable to reliably quantify an associated contingent liability.

## 15. Related-Party Transactions

None of the Board Members, Senior Management Team or related parties has undertaken any material transactions with FSS during the year.

FSS is a non-Ministerial Office of the Scottish Administration. The Scottish Government is regarded as a related party. During the year, FSS had various material transactions, mainly in relation to the provision of shared services, with the Scottish Government.

FSS had a number of material transactions with local authorities, other Government Departments and other central Government bodies including, FSA, Defra, CEFAS, LPFA and the Cabinet Office.

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

## 16. Events after the reporting period

In accordance with the requirements of IAS10 'Events after the Reporting Period', post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Independent Auditors Report to Food Standards Scotland, the Auditor General and Scottish Parliament.

## 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

Three new Standards were introduced by the International Accounting Standards Board (IASB).

IFRS 9 Financial Instruments has been reviewed by FSS and has no material impact on the financial statements of FSS.

IFRS 15 Revenue from Contracts with Customers specifies how and when revenue should be recognised, as well as requiring FSS to provide users of financial statements with more informative, relevant disclosures. FSS already recognises all revenue from customers when performance obligations are satisfied, using a standard pricing and discount model. As a result there is no material impact on the financial statements, and the relevant additional disclosures are correctly applied to note 5.

IFRS 16 Leases was expected to have a material future impact on the financial statements of FSS due to the agreement FSS has in place for rental of office space. This has been reported in accordance with FReM and the relevant additional disclosures correctly applied to note 8.

# Accounts Direction



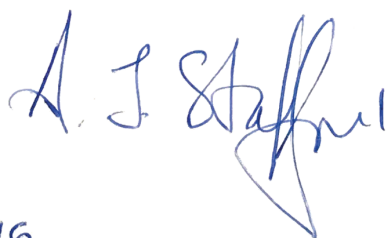
## FOOD STANDARDS SCOTLAND

### 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



[foodstandards.gov.scot](https://www.foodstandards.gov.scot)

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(SG/2019/53)

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

SG/2019/53

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