

**Food Standards Scotland**

For safe food and healthy eating



# Annual Report and Accounts 2021-22



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# 1. Performance Report

# Chair & Chief Executive's Report

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There can be no doubt that the world we live and work in has changed dramatically in the last few years, with the impacts of the UK's departure from the EU and the COVID-19 pandemic causing ripples in all areas of our lives. The significant effects and the resulting challenges have become ever more present in the last year and the way that Food Standards Scotland (FSS), and the team of staff who keep us operating, is adapting to these changes and overcoming hurdles is nothing short of incredible. In last year's Annual Report and Accounts (ARA) we began by paying thanks to our staff for their ongoing resilience and hard work, and it would be remiss of us not to echo and build on these words this year and to pay credit to staff across the organisation who are continuing to go above and beyond to enable FSS to achieve its ambitions. We would also like to take this opportunity to thank Ross Finnie, whose term as Chair of FSS came to an end in March 2022. He had held the post since FSS's inception in 2015 and his guidance and contribution to the organisation will be greatly missed.

Since the publication of our last ARA and the official departure from the EU, FSS has undergone a significant restructure to build the capacity and capability to deal with the new and additional requirements as a result of EU exit. This has certainly been a time of change, and indeed growth, for FSS and we are still to fully understand the lasting impacts on the organisation - for FSS, EU exit is far from being done! Significant work has been done in areas including risk analysis, policy development and supporting Local Authorities to deliver on their priorities, but we are seeing that the workload is exceeding capacity significantly and this is something we will continue to monitor very closely.

The pandemic has continued to have an impact on our operations. In a time of a much needed growth in staff numbers, remote working and the ability to recruit and on-board new staff successfully have put additional strains on our existing staff complement, who have dealt with these challenges admirably. There was a significant amount of work involved in the re-opening of Pilgrim House in February 2022, and it is a pleasure to be able to see colleagues in person once again. While a lot of our operations were directly affected by the pandemic, we have also been outward looking in our work on COVID-19. We published the FSS [Situation Report: Changes to shopping and eating behaviours in Scotland during the COVID-19 pandemic in 2020](#), which highlights the impact of the COVID-19 pandemic on retail and out of home purchasing behaviour.

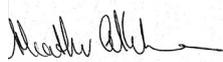
As well as these momentous events which have had huge effects on our food systems, at the beginning of 2022 we were faced with supply chain issues as a consequence of the conflict in Ukraine. To maintain the supply of certain food products, FSS, in collaboration with FSA, undertook rapid risk assessments and provided advice and guidance on product reformulation. This was, obviously, an unforeseen issue which has rightly taken up a huge amount of resource across a number of divisions of FSS in our efforts to protect consumers.

Against the backdrop of these significant events and challenges, 2021/22 has been a year which has seen many successes for FSS, across all areas of the organisation. We launched our new five-year strategy, [Healthy, Safe, Sustainable: Driving Scotland's Food Future](#), in which we focus on the issues that matter most to people in Scotland, including renewed emphasis on improving the Scottish diet and associated negative health consequences. This was an incredibly important piece of work for FSS, as it recognises a need for us to be adaptable and respond to an ever-changing food environment, and it will really focus and drive our activities up until 2026.

Aligned to the launch of our new strategy, we have successfully produced a number of guides and resources to help inform and support key stakeholders, primarily food business operators, consumers and Local Authorities. These have included: the launch of a new allergens hub providing clear and consistent messaging on implications of [Pre-Packed for Direct Sale \(PPDS\) changes](#) – this was supported by an industry wide campaign to support businesses; the publication of healthier catering guides for industry, promoting the update of [MenuCal](#) to support calorie labelling; the launch, and promotion, of a new dietary guidance resource, '[Eat Well, Your Way](#)'; and, the publication of the [final report](#) of FSS's microbiological survey of minced beef on retail sale in Scotland.

In tandem to our own ARA, 2022 will mark the launch of the joint report with FSA – [Our Food 2021: An annual review of food standards across the UK](#), an in-depth review of whether food standards in the UK are being maintained, are falling or improving. It is the first in a series of reports on how food standards are changing over time, so that consumers and parliamentarians remain sighted on the changes and challenges to our food system and the evidence we are sharing with government decision makers.

We are delighted to be able to present not only our successes in this ARA, but evidence of our continuing resilience in the face of significant challenges. We would also like to take this opportunity to once again thank all of the FSS team for their commitment to the organisation.



Heather Kelman,  
Chair



Geoff Ogle,  
Chief Executive

# Our year in Numbers



# About Food Standards Scotland

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

## Purpose and Statutory Background

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

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

**Its statutory functions are to:**

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

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

## Our Vision

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

# Our Values and Guiding Principles

## Consumer Focussed

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

## Evidence Based

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

## Fair and Proportionate

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

## Independent

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

## Inclusive and Open

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

## Use of evidence

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

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

## Scottish Regulator's Strategic Code of Practice

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

FSS continues to work to its current [Regulatory Strategy](#). Work is continuing with drafting an updated Regulatory Strategy and publication is now planned to take place in 2023. The republication will take account of new approved regulatory priorities and restart guidance.

# Overview

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## Organisational Structure

The non-executive Chair and Board Members provide strategic direction, and the staff are led by a Chief Executive Officer and the Executive Leadership Team with an independent Chief Scientific Adviser. Staff work in a variety of locations, delivering official controls in abattoirs and meat cutting plants across Scotland, with the office-based staff, prior to the COVID-19 pandemic, working either at Pilgrim House, within other SG offices or at home. FSS work is managed across 11 Divisions and covers a range of regulatory, policy, scientific, communications and corporate functions. Staff are based within one of the Divisions to ensure delivery of the five year Strategy and Corporate Plan.

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

## Planning and organising our work

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

The [2021-24 Corporate Plan](#) supports the strategy and describes the activities we will undertake between 2021-24 towards delivery of each of the six goals. It describes how all areas of FSS business will contribute to our strategic outcomes whilst enabling us to deliver new responsibilities and address the challenges that have arisen as a result of EU exit and the COVID-19 pandemic. Corporate planning for 2021-22 was based on a broad framework of priorities agreed with the Board, together with governance for two change programmes: Regulatory Strategy and the Nutrition Programme. The Board paper detailing the 2021-22 funding allocations can be read on the [FSS website](#).

The COVID-19 pandemic continued to have an impact on the work of the organisation throughout the 2021/22 financial year. Office-based staff had been working from home throughout the pandemic in line with SG COVID-19 guidance. Pilgrim House reopened in February 2022, with adjustments throughout the building to help suppress the transmission of the virus and enable safe working. Some head office staff have since adopted a hybrid working model but home working has been the preferred option for the majority. Business is near normal with many of the activities that were delayed or put on hold throughout the pandemic now having been resumed.

## EU Exit

The new structure of the organisation was implemented on 1 April 2021 and work continued into the year to implement the required changes as we progressed with filling vacant posts. The work focused on ensuring FSS has the capacity and capability to deal with the new and additional requirements post EU exit. Further discussions with SG colleagues regarding an additional future budget settlement took place at the start of 2022. It had become clear that further funding would be required in order for FSS to deliver in terms of both our Strategy and Corporate Plan and additional asks placed on the organisation as a result of EU exit. A new business case was submitted to SG to outline the rationale for additional funding for the following areas of work. These discussions continue.

## Risk Analysis

We no longer have access to the risk assessment and risk management functions of European Food Safety Authority (EFSA) and the Commission. That means we have no alternative other than to significantly bolster our domestic risk analysis functions in relation to food safety. FSS has worked with the Food Standards Agency (FSA) to achieve this through the development of a UK Risk Analysis process. As we gain more experience in delivering risk analysis since EU exit, it has become clear that workload is significantly exceeding expectations. It is clear that FSS will require additional scientific and technical policy capacity to ensure Scottish interests are appropriately reflected in this process.

## Policy Development

Alongside the risk of being unable to participate fully in risk analysis due to insufficient capacity, the EU alignment policy means we will also now have a need to track EU legislation we are responsible for, which covers food safety, labelling and compositional standards, and seek to update it where this is feasible and desirable. If Ministers wish to replicate EU provisions this will require changes to be made to retained EU law in Scotland, and identification of suitable legal powers to do so, whether that be the keeping pace powers in the Continuity Act or other repatriated powers. Given the volume of new or proposed EU food and feed measures we have identified to date, the policy and legislative delivery work this entails will be a significant draw on existing FSS policy resource, which is already stretched to capacity.

## An Effective Safety Regime to Protect Scotland's Economy

Some of the original EU exit assumptions relied on local authorities to deliver certification for products of animal origin, but this was pre-COVID-19. As a consequence of the pandemic, environmental health resource has been under significant pressure and remains so. Since leaving the EU, there has been a significant drift towards Official Veterinarian certification of exports rather than Environmental Health Officers due to the legislative changes that have occurred since 15 January this year. There are no easements with regards to certification of exports with the current Trade and Cooperation Agreement with the EU and that is placing considerable strain on the system.

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### **Protecting the competence of Scottish Ministers**

Food and feed are fully devolved policy areas and in response to EU exit, the competence of Scottish Ministers and the Scottish Parliament and the functions carried out by FSS have been protected through our work on legislative fixes and developing common frameworks. If we are unable to contribute sufficiently to Risk Analysis, nutrition and health claims and other UK Government (UKG) priorities such as the forthcoming review on food labelling/information to consumers, FSS will become more reliant on the UKG departments with their additional resources to plug the gap in Scotland with a risk that Scottish interests are not fully reflected.

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### **Financial Resources**

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

The Budget (Scotland) Act 2021 confirmed the FSS budget of £19.5m with resource budget for the financial year 2021/22 of £19.1 million and Annually Managed Expenditure (AME) of £0.4m to cover the estimated provisions linked to pension liabilities that were transferred to FSS from the FSA as part of its establishment in 2015.

As part of the Spring Budget Revision, FSS was formally allocated £2.6 million of additional budget to enable the new organisational structure to be put in place which resulted in a revised total resource budget of £21.7m. The total approved budget for the year was £22.1m.

# Corporate Outcomes

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

**Outcome 1:****Food is Safe and Authentic**

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

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

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

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

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

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

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

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

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

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## Performance Summary

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

FSS's strategic aims are underpinned by corporate objectives including those of the two change programmes. This section highlights delivery during 2021-22 against our Corporate Plan. Further detail on our performance within each outcome is provided in the Performance Analysis section of the report.

This year is deemed our transition year as we moved to delivery against the new strategy and corporate plan. A co-joined FSS Board and Management Short Term Group was formed to devise a set of key Strategic Performance Indicators (sKPIs) to be used to report against the new strategy from 2022 onwards. The reporting year to 31 March 2022 will be the baseline year as from here FSS will then use agreed sKPIs to analyse development and check performance against the strategic outcomes.

# Our Goals

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

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

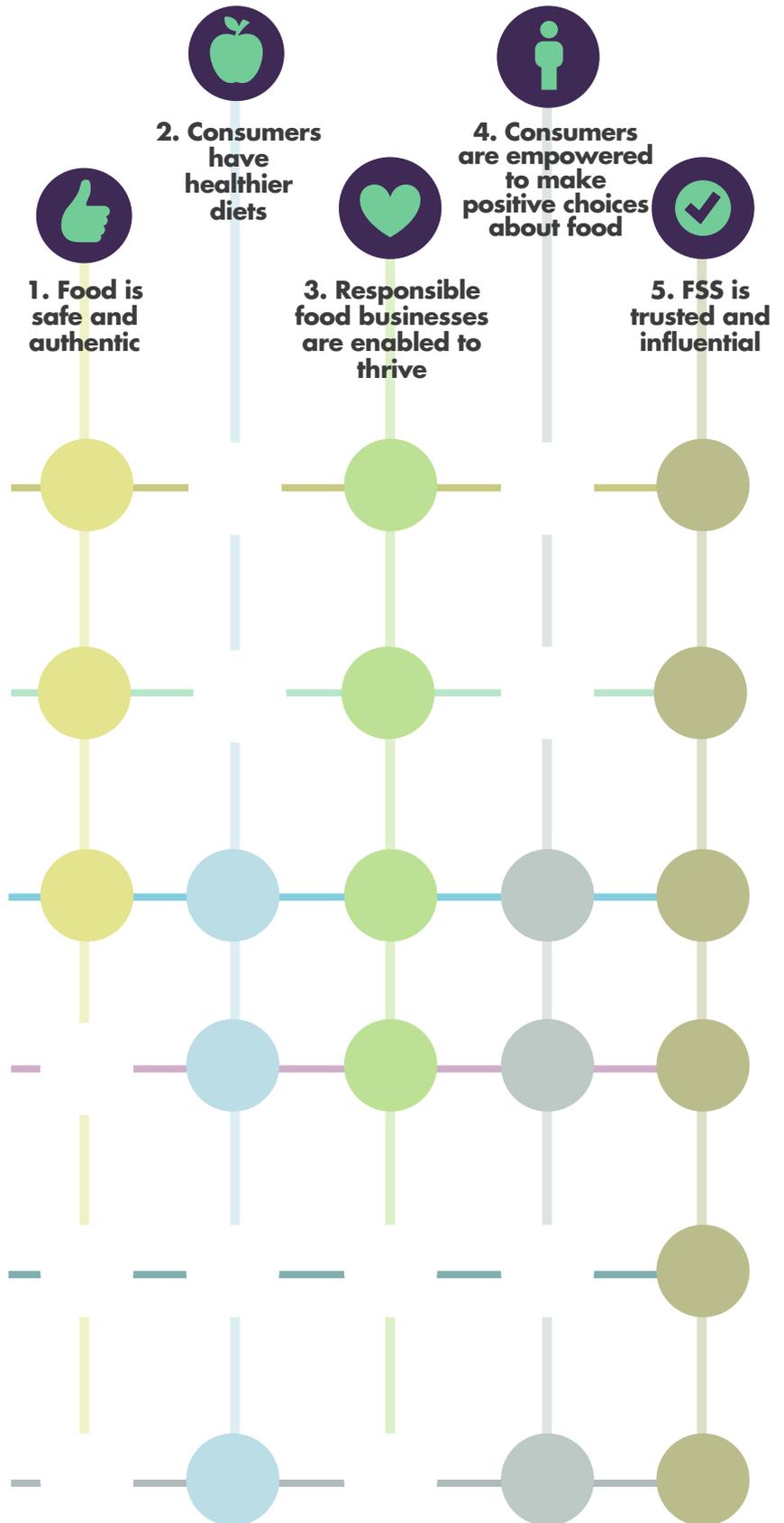
**Goal 2** A regulatory system that engages with businesses to educate and enable compliance, rewards best practice and applies appropriate sanctions when laws are broken.

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

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

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

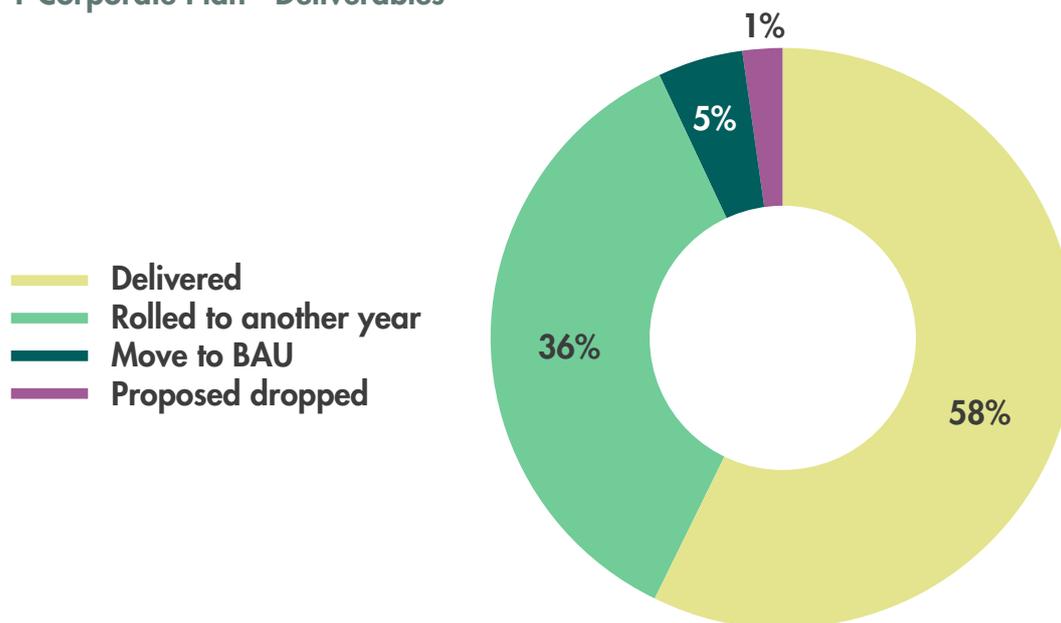
**Goal 6** Engage with all parts of society in Scotland; understanding the issues that matter to consumers and providing information that is tailored to their needs.



In the first year of our corporate plan there were 128 deliverables allocated to the six Goals and maintaining organisational excellence. The deliverables within each Goal were mapped to one or more of the strategic outcomes to show progress against the outcomes.

The summary of progress of the Year 1 deliverables against the Corporate Plan is detailed in the following chart.

### Year 1 Corporate Plan - Deliverables



### Progress during 2021/22

Seventy-four of the Year 1 activities were delivered.

These deliverables are detailed in the following six tables, one for each Goal plus a table for Maintaining Organisational Excellence deliverables. The deliverables highlighted in the tables are then taken forward into the Performance Analysis section for further review.

Forty-six of the Year 1 priority deliverables are proposed rolled forward, of these:

- Seven were not started in year as planned, mainly due to external dependencies, internal resource challenges and/or competing priorities.
- Thirty nine have started but not delivered as scheduled. Of these, eight are anticipated to be completed early Year 2 with the remaining majority anticipated to be delivered later in Year 2 and a small number in Year 3.

Six priority deliverables have been classified as business as usual (BAU) because they have been largely completed with final work being managed via divisional BAU activity.

# Deliverables Achieved by Goal 2021/22

## Goal 1

| Deliverable Description  | Strategic Outcome Number |
|--|--------------------------|
| <b>Regulated Products:</b> Implementation of the administrative processes, along with SG officials, required to support the GB regulated products system in Scotland.  | 1                        |
| <b>Risk Analysis:</b> Established a structured risk analysis function within FSS. Recruited additional science and policy capability alongside the development of internal policies and procedures to facilitate effective working arrangements with FSA and other government departments. | 1                        |
| <b>Exports:</b> Work with Department for Environment Food & Rural Affairs (DEFRA), FSA and OGDs to ensure the Export National Listing reflects the needs of Scottish Exporting businesses and develop guidance for local authorities as appropriate.                                       | 3,5                      |
| <b>Exports (Capacity &amp; Capability):</b> Complete recruitment and training of certifying officers to meet demand for meat and seafood export health certificates.   | 1,5                      |
| <b>Capacity and Capability:</b> Develop a recruitment and retention strategy which provides FSS with a resilient and competent workforce for delivering Official Controls across the Scottish meat and seafood industries.   | 1,5                      |
| <b>Audit Assurance:</b> Develop and implement a risk-based programme of audit focussed on the dissemination of best practice and continuous improvement covering the delivery of Official Controls by local authorities and FSS.   | 1,5                      |
| <b>Frameworks:</b> Working with the FSA, define the scope, structure and content of a new annual report on the state of UK food safety and standards, to be laid before the UK and devolved parliaments and assemblies.  | 1,5                      |
| <b>Frameworks:</b> Develop a framework to monitor changes to EU food regulation, linked to SG commitments to keep pace.  | 5                        |

## Goal 2

| <b>Deliverable Description</b>  | <b>Strategic Outcome Number</b> |
|---|---------------------------------|
| <b>Animal Feed Delivery:</b> Appoint an Agricultural Analyst and finalise arrangements for official control sampling regimes for feed.  | 1,3                             |
| <b>Animal Feed Delivery:</b> Establish training programmes to ensure feed officer competence for delivering official controls.  | 1,3                             |
| <b>Compliance:</b> Implement a new programme of work to review and modernise food law activities at primary production facilities across Scotland.  | 3,5                             |
| <b>Compliance:</b> Complete the roll-out of the Official Control Verification (OCV) model in FSS-approved meat establishments and local authority food businesses.  | 1,3,5                           |
| <b>Meat Delivery:</b> Re-tender contracts for locums to support the delivery of meat Official Controls.   | 1,5                             |
| <b>Meat Official Control Delivery:</b> Complete the first of a new series of audit cycles for FSS approved meat establishments.   | 1,5                             |
| <b>Incident Management:</b> Review and agree Key Performance Indicators for incidents including targets where relevant.   | 1                               |
| <b>Incident Management:</b> Develop a Root Cause Analysis Strategy to enable analysis of incidents data, to inform the FSS incident prevention strategy.  | 1,5                             |
| <b>Regulatory Strategy:</b> Develop a plan for Scottish National Database (SND) developments which support the recording, flow and reporting of data needed to support key objectives relating to penalties and sanctions, primary production and compliance reporting. | 3,5                             |
| <b>Anticipated delivery early Financial Year 2, Q1</b>  |                                 |
| <b>Incident Management:</b> Develop an FSS incident prevention strategy aimed at assisting industry in reducing the number and severity of incidents in key areas.  | 1,3,5                           |

## Goal 3

| Deliverable Description   | Strategic Outcome Number |
|---|--------------------------|
| <b>Research Strategy:</b> Develop priorities for Theme B6 (Diet and Food Safety) of the SG's Environment, Natural Resources and Agriculture Research Strategy for 2022-27, engaging with Rural and Environmental Science and Analytical Services Division (RESAS) and the Main Research Providers to ensure FSS Strategic priorities are appropriately addressed. | 5                        |
| <b>Food Safety Research &amp; Surveillance Programme:</b> Publish the final report of FSS's microbiological survey of minced beef on retail sale in Scotland following consultation with retailers. Develop a communications strategy to publicise key findings.  | 1                        |
| <b>Food Safety Research &amp; Surveillance Programme:</b> Commission a survey of mycotoxins and other chemical contaminants in non-dairy alternative drinks and oat products on retail sale in Scotland.  | 1                        |
| <b>Horizon Scanning &amp; Surveillance:</b> Develop proposals for a sustainable food sampling strategy for Scotland. These will be presented to the Regulatory Strategy Programme Board and Executive Leadership Team to consider options for future funding.   | 1                        |
| <b>Social Science:</b> Undertake a review of social science requirements across FSS and future resourcing needed to support risk analysis and policy development needs.   | 5                        |
| <b>Nutrition Science:</b> Set up a data analysis framework for dietary data collected using Intake 24.  | 2,5                      |

## Goal 4

| Deliverable Description   | Strategic Outcome Number |
|---|--------------------------|
| <b>Allergens:</b> Develop a new allergens information hub for the FSS website to initially provide clear and consistent messaging and guidance to consumers, local authorities and businesses on the implications of Pre-Packed for Direct Sale (PPDS) changes and then develop advice on the wider aspects of food allergies and intolerances. | 4                        |
| <b>Labelling:</b> Work in partnership with Local Authorities and industry on the development of a strategy for implementing new legal requirements for allergen and ingredient labelling on food sold PPDS in Scotland by October 2021.   | 1                        |

| Deliverable Description  | Strategic Outcome Number |
|--|--------------------------|
| <b>Labelling:</b> Review, with Zero Waste Scotland, options for raising public and food industry awareness of the role of date labelling in food safety and waste prevention.  | 3,4                      |
| <b>Labelling:</b> Implement legal requirements for allergen and ingredient labelling on food sold PPDS in Scotland by October 2021.  | 1                        |
| <b>Labelling:</b> Provide guidance for local authorities and industry to ensure effective implementation of PPDS requirements.   | 1                        |
| <b>Food Crime:</b> Develop key problem profiles in relation to the FSS food crime priorities as part of on-going work to implement the food crime control strategy and establish areas of focus for the next iteration of the Food Crime Strategic assessment. | 5                        |
| <b>Food Crime:</b> Develop and roll out a training tool to assist industry in the identification, prevention and reduction of food and feed crime.   | 3,5                      |
| <b>Food Crime:</b> Develop and publish a food crime prevention guide in order to assist Scottish businesses in identifying and addressing food crime.  | 3,5                      |
| <b>Nutrition Policy:</b> Publish healthier catering guides for industry, promoting uptake of MenuCal to support calorie labelling.   | 2,3,4                    |
| <b>Anticipated delivery early Financial Year 2, Q1</b>   |                          |
| <b>Consumer Information Scheme:</b> Develop the high-level principles for a new consumer information scheme in Scotland.   | 4,5                      |
| <b>Food Crime:</b> Carry out a review of the FSS Food Crime priorities as detailed within the FSS Food Crime Control Strategy; evaluating the success of work carried out under each priority.   | 5                        |

## Goal 5

| Deliverable Description   | Strategic Outcome Number |
|---|--------------------------|
| <b>Guidance &amp; Tools for Food Businesses &amp; Local Authorities:</b><br>Develop a project plan for establishing a portal for business registration and the provision of guidance on food safety management. | 5                        |
| <b>Guidance &amp; Tools for Food Businesses &amp; Local Authorities:</b><br>Publish the updated on-line food safety management tools for fresh produce and smoked fish production.                              | 5                        |

| Deliverable Description  | Strategic Outcome Number |
|--|--------------------------|
| <b>Incident Management:</b> Review of the Incident Management Framework and associated plans incorporating lessons learned from COVID-19 pandemic response.  | 5                        |
| <b>Incident Management:</b> In collaboration with FSA, develop and deliver a virtual conference to global audience showcasing the UK incident management model and best practice.  | 5                        |
| <b>Incident Management:</b> Develop new and existing relationships with key stakeholder to improve ways of working in relation to incident response with emphasis on European member states and third countries due to loss of access to systems such as Rapid Alert System for Food and Feed (RASFF). | 5                        |
| <b>FSS Strategy:</b> Launch FSS's new Strategy and Corporate Plan following the election period, ensuring Ministers and the Scottish Parliament are fully consulted.   | 5                        |
| <b>Nutrition Advice:</b> Develop a new nutrition hub for the FSS website to provide clear and consistent messaging on a healthy balanced diet and make our data and publications more accessible to consumers and stakeholders.  | 5                        |
| <b>Nutrition Advice:</b> Launch a new dietary guidance resource ('Eat Well, Your Way').  | 5                        |
| <b>Nutrition Advice:</b> Publish a situation report on the impact of the COVID-19 pandemic on retail and out of home purchasing behaviour.   | 5                        |
| <b>Anticipated delivery early Financial Year 2, Q1</b>   |                          |
| <b>Strategic Engagement:</b> Deliver a new stakeholder mapping and analysis framework to support FSS's new structure and responsibilities.   | 5                        |
| <b>Food Crime:</b> Develop a memorandum of understanding on the sharing of information and intelligence with members of the Global Alliance on Food Crime (5 Eyes), to allow the sharing of food crime/fraud intelligence through a global information sharing network.                                | 5                        |

## Goal 6

| Deliverable Description   | Strategic Outcome Number |
|---|--------------------------|
| <b>Campaigns:</b> Run a targeted campaign to promote awareness of the 'three lines of defence' in addressing food crime and how it can be reported through the Scottish Food Crime Hotline. | 5                        |
| <b>Campaigns:</b> Promote the new FSS strategy to consumers, industry and stakeholders through an effective communications campaign.  | 5                        |
| <b>Campaigns:</b> Design and promote a new 2021 Christmas food safety campaign.   | 2,4,5                    |
| <b>Campaigns:</b> Run a targeted vitamin D campaign through the winter months to promote awareness and uptake of our recommendations.   | 2,4,5                    |
| <b>Campaigns:</b> Promote the new dietary guidance resource ('Eat Well, Your Way').   | 2,4,5                    |
| <b>Campaigns:</b> Promote the FSS Alert Service on social media.  | 4,5                      |
| <b>Campaigns:</b> Deliver a proactive communication campaign to raise consumer awareness of new PPDS requirements.  | 4                        |
| <b>Campaigns:</b> Run an industry awareness campaign to support businesses ahead of the changes to labelling for products which are PPDS in October.  | 4                        |
| <b>Communication &amp; Marketing Strategy:</b> Undertake a review of FSS's internal communications approach to identify areas for future improvement.                                       | 5                        |
| <b>Communication &amp; Marketing Strategy:</b> Promote the FSS Alert Service on social media.   | 4,5                      |
| <b>Communication &amp; Marketing Strategy:</b> Design a targeted communications plan to support FSS's strategic priority on improving Scotland's diet.                                      | 2,4,5                    |
| <b>Communications &amp; Marketing Strategy:</b> Develop a new consumer segmentation profile to support future targeting of communications on diet and nutrition.                            | 2,4,5                    |
| <b>Consumer Engagement:</b> Attendance at the Royal Highland Show (Virtual Event).  | 2,5                      |
| <b>Consumer Insight:</b> Publish Wave 12 (nutrition) of the Food in Scotland Tracker.   | 5                        |

| Deliverable Description  | Strategic Outcome Number |
|--|--------------------------|
| <b>Consumer Insight:</b> Undertake and publish a tracker survey on the impacts of COVID-19 on consumer food trends.  | 2,4                      |
| <b>Consumer Insight:</b> Undertake and publish further waves of the tracker survey on the impacts of COVID-19 on consumer food trends.   | 5                        |
| <b>Consumer Insight:</b> Run and publish Wave 13 of the Food in Scotland Tracker.  | 5                        |
| <b>Consumer Insight:</b> Undertake a review of questions for Wave 13 of the Tracker (food safety; scheduled for Q4).   | 5                        |
| <b>Anticipated delivery early Financial Year 2, Q1</b>   |                          |
| <b>Internal Communications:</b> Promote FSS's new internal values throughout the organisation, ensuring all staff understand how they apply to business delivery and performance management. | 5                        |

### Maintaining Organisational Excellence

| Deliverable Description  | Strategic Outcome Number |
|--|--------------------------|
| <b>Launch a new 3 year Workforce Plan for FSS:</b> Ensuring there are plans in place for engaging across the organisation on learning skills, development and succession planning. | 1-5                      |
| <b>Resourcing (finance):</b> Publish hourly charge out rates for regulatory services, ensuring industry is fully informed of changes.  | 1-5                      |
| <b>Governance:</b> Complete a review of FSS's Business Incident Management Framework.  | 1-5                      |
| <b>Accountability:</b> Publish FSS's Annual Report and Accounts 2020/21.   | 1-5                      |
| <b>People &amp; skills:</b> Prepare office facility to comply with current guidance to provide a COVID-19 safe and secure workplace.   | 1-5                      |
| <b>People &amp; skills:</b> Finalise documentation including return to buildings protocols, induction procedures and workplace risk assessments.                                   | 1-5                      |
| <b>People &amp; skills:</b> Complete space planning, building maintenance checks, health and safety inspections.   | 1-5                      |
| <b>People &amp; skills:</b> Ensure staff are kept informed of the planning process and engage with trade unions on risk assessments.   | 1-5                      |

| Deliverable Description  | Strategic Outcome Number |
|--|--------------------------|
| <b>People &amp; skills:</b> Undertake a review of FSS results from the Civil Service People Survey, with an action plan developed for addressing issues raised.  | 1-5                      |
| <b>Governance:</b> Facilitate a review of FSS's Strategic Risk Register by the Audit and Risk Committee.   | 1-5                      |
| <b>Governance:</b> Develop and implement a new Strategic Risk Register for FSS which incorporates an assurance mapping process to monitor internal measures for mitigating risks; to be reviewed quarterly by the Executive Leadership Team and Annually by the FSS Board. | 1-5                      |
| <b>Governance:</b> Facilitate a review of FSS's Strategic Risk Register by the FSS Board.  | 1-5                      |
| <b>Internal Audit:</b> Financial management.   | 1-5                      |
| <b>Internal Audit:</b> Programme Management Office.  | 1-5                      |
| <b>Internal Audit:</b> Workforce planning.   | 1-5                      |
| <b>Anticipated delivery early Financial Year 2, Q1</b>   |                          |
| <b>Accountability:</b> Finalise and embed a set of Performance Metrics across all areas of FSS business for monitoring delivery of the Corporate Plan and assessing performance.   | 1-5                      |
| <b>Resourcing (finance):</b> Develop a new Financial Management Plan, which will be presented to the FSS Board during Q2.  | 1-5                      |

## Key Risks and Uncertainties

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

These have been considered by board members to be material to the development, performance, position and future prospects of FSS. A full review of corporate risks and associated risk register has been carried out by the Board and the Executive Leadership Team during the year. The updated action plan to mitigate these risks can be viewed at [Mitigating Actions](#).

| Risk Title   | Risk Description   | Mitigating Actions  |
|--|--|---|
| <b>COVID-19</b><br>Impacts of the COVID-19 pandemic on our food and feed supply chains and regulatory resource, leading to new or increased risks to consumer interests and public health. | <p><b>Event:</b> Disruptions in the supply chain across the food industry and a diversion of regulatory resources to support the public health response.</p> <p><b>Cause:</b> Workforce absences due to outbreaks or other COVID-19 controls impacting on availability for work.</p> <p><b>Effect:</b> The integrity of our food supply chain is compromised, introducing food safety risks and opportunities for food crime.</p>  | <p><b>Horizon Scanning and Surveillance:</b></p> <p>Ensure we have the appropriate processes in place for identifying emerging and future risks to the food chain and sampling strategies for assessing potential impacts on Scotland, including those which have arisen as a result of the pandemic.</p> |
| <b>Emerging Technology</b><br>Ensuring regulation and assurance keeps pace with new products and e-commerce and the expansion of online food markets.                                      | <p><b>Event:</b> Divergent regulatory frameworks across the UK or regulatory frameworks in Scotland that are not fit for purpose and not based on science and evidence.</p> <p><b>Cause:</b> FSS failure/inability to adapt and develop suitable regulatory responses or measures that keep pace with, and take account of changes in technology in the food chain or at point of sale etc.</p> <p><b>Effect:</b> Lack of clarity for Food Business Operators (FBOs), industry, enforcers and consumers. Unintended consequences with regards to the operation of the Internal Market Act in Scotland.</p> | <p>Engagement with FSA and SG with regards to impact any England-only reviews (genome editing, novel foods regulatory review, anticipatory regulation) will have on the regulatory frameworks in Scotland and how FSS can engage with UKG matters.</p>  |

| Risk Title  | Risk Description  | Mitigating Actions  |
|---|---|---|
| <p><b>Misinformation</b><br/>Strengthen FSS brand and reputation to cut through misinformation, stand out in a noisy landscape and be the trusted source for information based on science and evidence.</p> | <p><b>Event:</b> Spread of third party false or negative information in the public domain reaching, or targeted at, FSS audience segments.</p> <p><b>Cause:</b> Negative publicity, unforeseen events or food related incidents, businesses with contradictory messages looking for commercial gain. The risk applies mostly to digital channels, for example social media.</p> <p><b>Effect:</b> Brand and reputational damage impacting FSS' authority as a trusted source.</p>   | <p>Develop, launch and promote the new dietary guidance tool that provides helpful information and guidance to consumers on healthy eating.</p>   |
| <p><b>Public Sector Resourcing</b><br/>Increasing pressures on Local Authorities and FSS result in a delivery model which lacks the resilience needed to meet future challenges.</p>                        | <p><b>Event:</b> Local Authorities are unable to deliver food law requirements as prescribed in the Food Law Code of practice.</p> <p><b>Cause:</b> The Public Sector has failed to invest in the training and supply of professional resource, mainly due to funding cuts.</p> <p><b>Effect:</b> The demand for professionally qualified staff within Local Authority Environmental Health and Public Analyst Services far outstrips supply risking the ability.</p>   | <p><b>LA Delivery:</b> Work with Local Authorities to monitor the reinstatement of official control delivery at food establishments across Scotland including the gathering of re-start data via regular temperature check questionnaires and data on estimated future resource requirements.</p> |
| <p><b>Changes to FSS's Role and Remit</b><br/>Scottish Ministers drive changes in FSS Strategy and delivery responsibilities.</p>   | <p><b>Event:</b> Changes to FSS strategy and work plan are needed based on Ministerial decision on our roles and responsibilities.</p> <p><b>Cause:</b> FSS is directed by Ministers to deliver on new responsibilities or that we have responsibilities relieved from us. Presently potential changes include a risk that the proposed Scottish Veterinary Service (SVS) announced by Mairi Gougeon would remove our meat hygiene inspection functions and the Good Food Nation Bill (GFN) has scope to expand our remit and responsibilities as it progresses through Parliament.</p> | <p>Appointment of communications support to monitor Bill progress and stakeholder reaction pending appointment of Public Affairs role.</p> <p>Developing a wider stakeholder engagement plan to grow understanding of our role and functions and challenges.</p>                                  |

| Risk Title   | Risk Description  | Mitigating Actions   |
|--|---|--|
|  | <p><b>Effect:</b> For SVS a reduction in our staffing and budget for Official Veterinarians (OVs). For GFN potential for FSS growth required to deliver new responsibilities and a commensurate need for additional resources/budget by which to deliver.</p>   |  |
| <p><b>Delays in Recruitment</b><br/>There is a risk that the continued inconsistent delivery of shared services provision toward FSS by SG HR could lead to further negative implications upon delivery of FSS Operational services across Scotland.</p> | <p><b>Event:</b> Continual inconsistent and inadequate service provision provided to FSS from SG Shared Services.</p> <p><b>Cause:</b> Lack of SG investment in HR Resource, outdated IT, Silo working between SG Recruitment and Onboarding teams and a general failure to modernise its approach to recruitment.</p> <p><b>Effect:</b> Significant delays in FSS recruitment and Onboarding has led to a high number of vacancies and vulnerabilities which has placed acute pressures on FSS ability to deliver upon Operational services. This ineffective system could lead to severe criticism and reputational damage from Business Owners, Politicians and National Media.</p>  | <p>Letter sent to Permanent Secretary 18/09/21. Response received on 23/10/21 which led to a further two letters being prepared for consideration by Ross Finnie Chair of FSS Board.</p> <p>New Scottish Government Recruitment platform in place since January 22 which is easing recruitment delays. Marked as ongoing until teething issues resolved.</p> |
| <p><b>EU Exit Budget Allocation 2022 Onwards</b><br/>There is a risk that FSS will have insufficient revenue budget allocation to deliver business as usual as well as EU Consequential work across Scotland.</p>  | <p><b>Event:</b> FSS has been heavily impacted by leaving the EU and actual experience post-exit is bringing significant financial and staffing pressures on pre-existing and ongoing operational delivery.</p> <p><b>Cause:</b> On exiting the EU FSS were required to deliver functions that were repatriated to ensure the effective implementation of food and feed law across Scotland.</p> <p><b>Effect:</b> When law became retained EU law, FSS became legally responsible for a significant number of responsibilities that were previously undertaken by European institutions. This has led to increased demand and new responsibilities for FSS staff across Scotland without the required additional resource uplift to meet demand. Continued insufficient resource to undertake these functions could result in severe criticism for FSS and the SG.</p> | <p>CEO has written to Scottish Government senior officials outlining budgetary EU Consequential pressures and met recently with Caroline Lamb to discuss options.</p> <p>Executive Leadership Team meeting to explore what additional measures can be put in place to prioritise vacant and new EU Consequential required posts.</p>                         |

# Performance Analysis

## Financial Performance

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

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

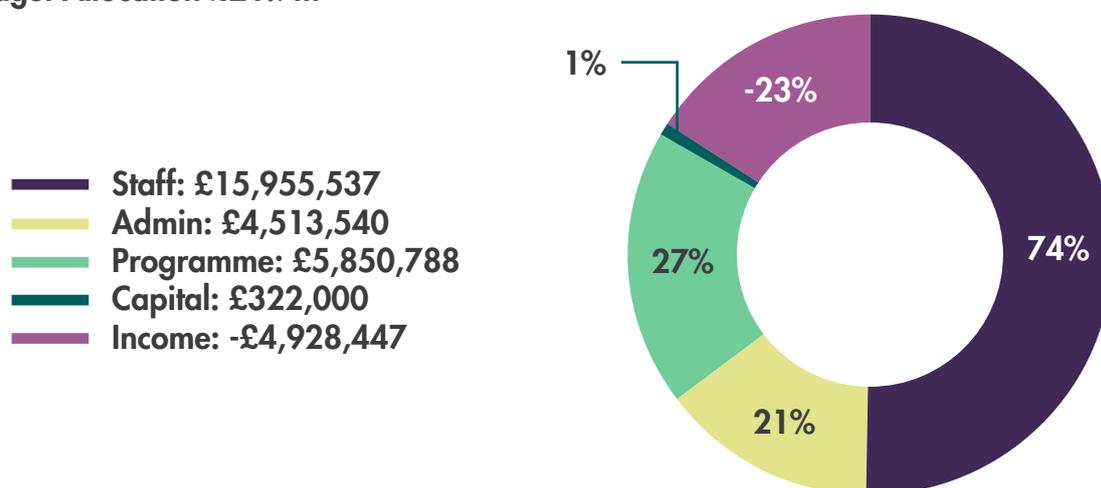
| Financial Performance     | Actual<br>£m | Budget<br>£m | Variance<br>£m |
|---------------------------|--------------|--------------|----------------|
| DEL Operating Expenditure | 20.6         | 21.4         | (0.8)          |
| DEL Capital Expenditure   | 0.2          | 0.3          | (0.1)          |
| Total DEL                 | 20.8         | 21.7         | (0.9)          |
| Total AME                 | 0.4          | 0.4          | 0.0            |
| Total expenditure         | 21.2         | 22.1         | (0.9)          |

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

## Income and Expenditure

FSS's total resource budget was allocated to deliver essential core activities and the two change programmes. This budget included additional funding of £6m provided to implement our new organisational structure following the UK's exit from the EU.

### Budget Allocation £21.7m

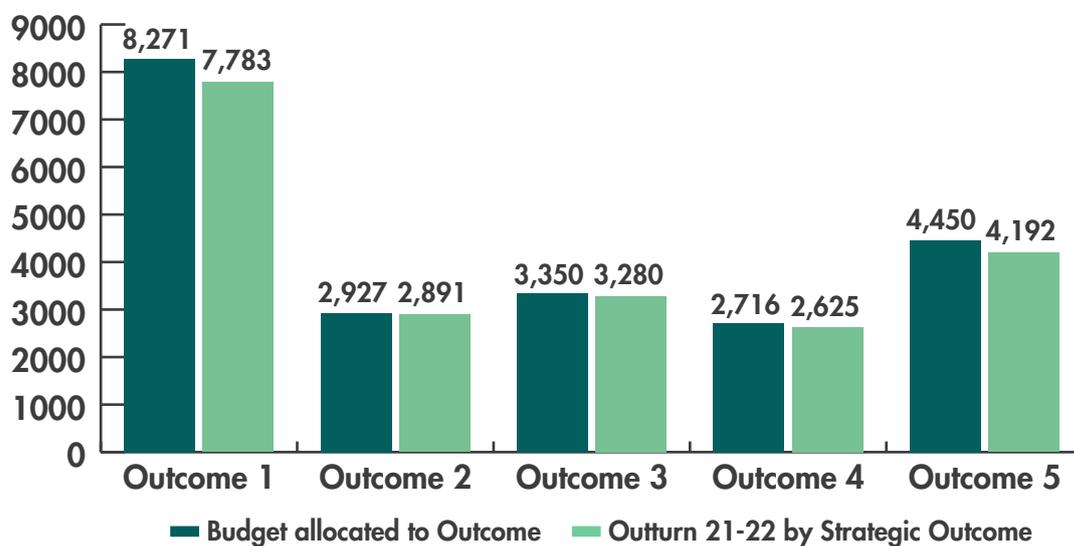




## Spend by Outcome

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

### Budget vs Outturn 2021-22 allocated to Strategic Outcomes £'000



# Performance and Achievements

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The performance analysis below reports on some of the key goals that FSS has delivered on during the year that have contributed to moving towards delivering our strategic outcomes.

## Outcome 1: Food is Safe and Authentic

### Risk Analysis – Goal 1

**Established a structured risk analysis function within FSS. Recruited additional science and policy capability alongside the development of internal policies and procedures to facilitate effective working arrangements with FSA and other government departments.**

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

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

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

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

### Objectives of the risk analysis process

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

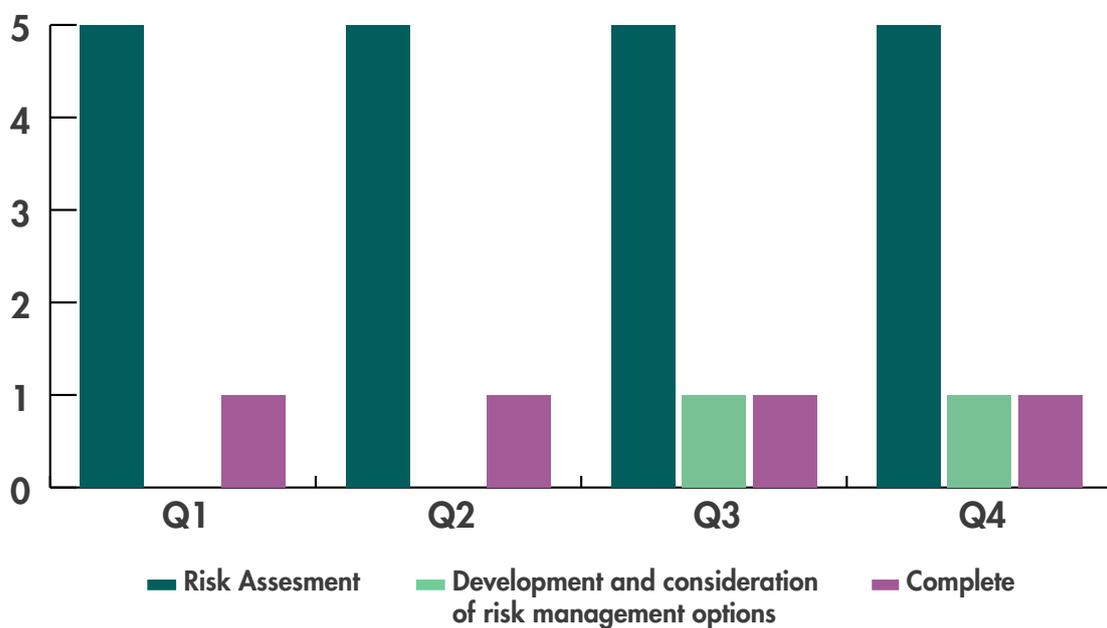
Following the implementation of the enhanced risk analysis process in January 2021, our objective for 2021/22 was to establish a structured risk analysis function in FSS and to implement the process required to support the GB regulated products system in Scotland, ensuring recommendations are made to Scottish Ministers within required regulatory timescales.

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

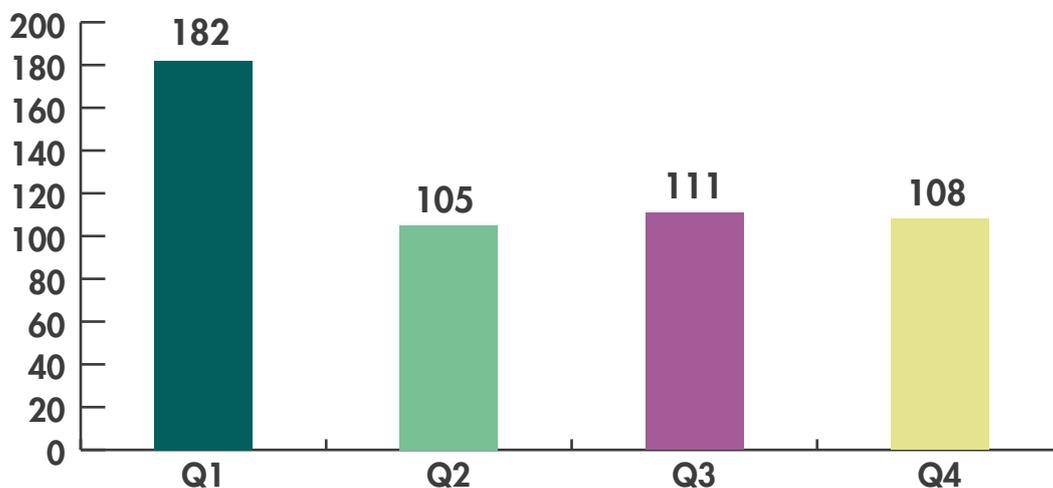
- Contributed to work on four issues as a result of new evidence and/or emerging changes in the food system.
- Supported two requests from OGDs to provide risk assessment and public health advice to support development of future imports policy (one has been completed; one is in progress).
- Progressed work on 428 live regulated products applications.

## Headline Applications Data

Risk Analysis issues by stage in the process 21/22 (excluding regulated products)



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

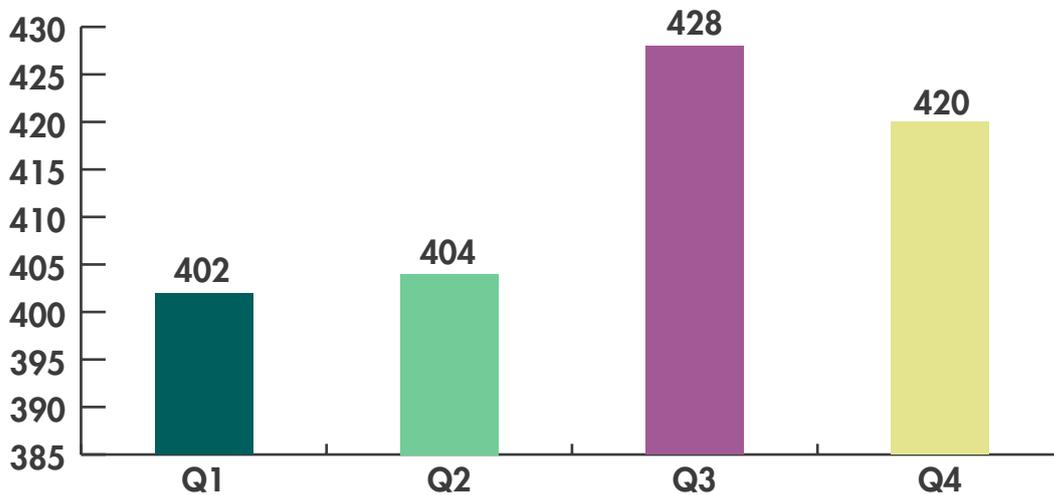


### Regulated Products - Goal 1

#### Implementation of the administrative processes, along with SG officials, required to support the GB regulated products system in Scotland.

The table below shows the number of live regulated product applications in each quarter of the year. Live applications include the total number of applications that are progressing through the service at all stages. Whilst the chart details the number of contacts made to the application service, a high number of those did not progress through the service as they were incomplete applications, or inappropriate for this process. In the previous year the number of live applications peaked in Q4 of 2020/21, coinciding with the FSA deadline on Cannabidiol (CBD) applications. The level came down in the first quarter of 2021/22 as applications progressed.

#### Live applications at all stages of the application process 21/22 (cumulative figures) (inclusive of CBD application figures)



As expected, regulated products applications represent the largest volume of work in the system. Initial planning assumptions suggested that the GB system could expect to receive around 350 regulated products applications each year. This did not take into account the impact of the FSA's regulatory approach to CBD, which led to a surge of applications around the March 2021 deadline. Other applications are in line with this planning assumption.

FSS is committed to ensuring that the risk analysis process is transparent. We publish and regularly update two registers which set out the applications in our [regulated products](#) service, and the issues going through the [risk analysis](#) process. Public consultations have been held on [nine genetically modified organism](#) applications, [six novel foods](#) applications and 11 [feed](#) additives, as well as a review of imports from Fukushima. For this issue, a risk assessment has also been [published](#), with more risk assessments to follow in the coming months. Updates are provided at each Board meeting on key issues undergoing risk analysis, through the Chief Executive's report.

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

#### **Publish the final report of FSS’s microbiological survey of minced beef on retail sale in Scotland following consultation with retailers. Develop a communications strategy to publicise key findings.**

Foodborne illness continues to be an important public health problem for Scotland, and throughout the year, FSS has worked collaboratively with partners to protect consumers through our strategy for reducing foodborne illness. We have used and developed the evidence base to understand the key sources and transmission routes, and identify where interventions can be effective in reducing the risks.

During the first quarter we published the final report of our microbiological survey of minced beef on retail sale in Scotland. The link to the report with summary, context of the work and key findings can be viewed on the [FSS website](#).

Presentations on the report have been given at the UK National Reference Laboratory microbiological user day and the SG Animal Health and AMR (Antimicrobial Resistance) stakeholder meeting.

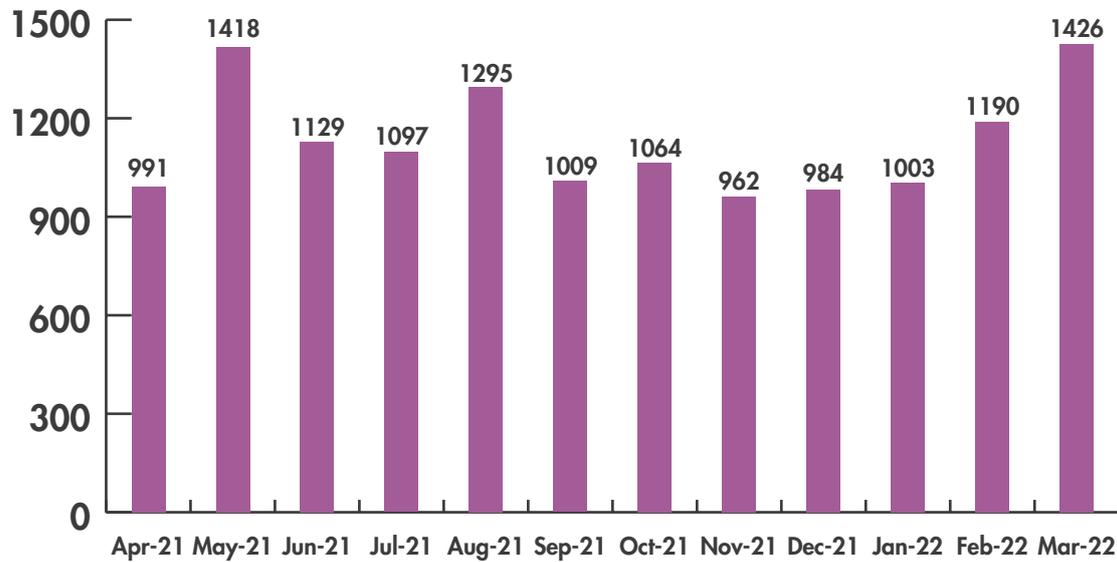
### Exports (Capacity and Capability) – Goal 1

#### **Complete recruitment and training of certifying officers to meet demand for meat and seafood export health certificates.**

In January 2021 SG and FSS rapidly established a number of logistics hubs in central Scotland in urgent response to UK exit from the EU and the immediate need for certification services for Seafood exports to the EU. FSS established a certification process and provided trained and competent certifying officers to undertake the work to ensure seafood product to the EU continued to flow.

Following further change to regulations on the 15 January 2022, FSS assisted industry migration to a more complex Export Health Certification (EHC) process requiring greater levels of product detail and an increased volume of certificates per consignment. FSS continued to carry out corrective action on certificates resulting from an average of 36% of all certificates requiring rework on presentation to the FSS certifying team. Education of food business operators to reduce the level of EHC errors, and the retention of veterinary capacity for certification services has been a major focus leading to only 0.03% of all EHC being rejected at import from over 18,000 certificates completed to date (including those from Q4 of 2020/21). The number of monthly EHC requests per month in the last year is detailed in the following table.

## Number of EHC requests

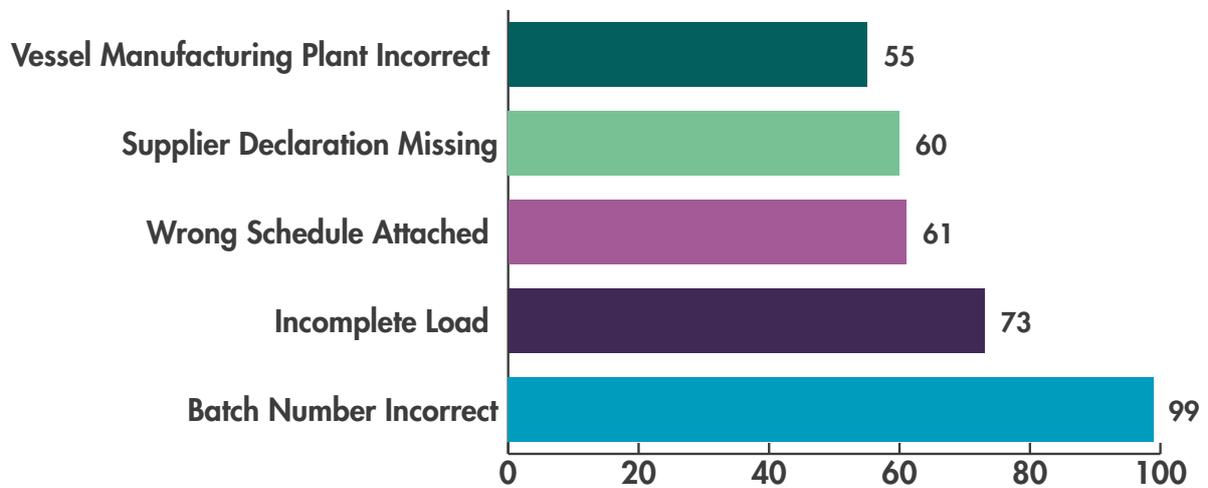


A number of actions were taken forward to address the issues that had arisen. FSS provided educational bulletins on the common errors within EHC process, held regular meetings with the management in the Hubs to discuss continuous improvement in the progress and hold monthly reviews of the resourcing requests via the business agreements process in response to industry fluctuations in EHC activity. In addition, FSS established a service partnership with a veterinary provider to stabilise resource capacity within the hubs and enable flexibility above the core employed team.

A new EHC process was introduced where the certificates were issued per consignment category rather than per lorry load which resulted in the volumes increasing from one certificate per load to two or three per load. Engagement and partnership working took place with the Animal and Plant Health Agency (APHA), DEFRA, EU and industry stakeholders to refine the notes for guidance to build clear and robust procedures for the new EHC standards.

The accuracy of EHC completion has improved through time but still drives high levels of rework for the FSS team through administrative errors at the supplier end or changes to operational details in the Hub procedures. The top 5 reasons for rework of EHCs at the end of year, which is representative of the rework over the year, is detailed in the following table.

### Top 5 Rework reasons at March 2022



FSS has worked with DEFRA to trial EHC digitalisation in one of the hubs with the aim to streamline the process and reduce the error rates for greater efficiency and accuracy. The priority deliverable to meet capacity and capability has been met with the related training and resourcing completed.



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## Outcome 2: Consumers Have Healthier Diets

### Nutrition Science – Goal 3

#### Set up a data analysis framework for dietary data collected using Intake 24.

In January 2021 FSS issued an [Invitation to Tender](#) for a three-survey contract spanning four financial years. The bid evaluation process is almost complete and we will appoint a contractor within a matter of weeks. This programme of work supports FSS in [monitoring progress](#) towards the Scottish Dietary Goals, which act as a benchmark for healthy balanced diet for the population in Scotland. Our dietary monitoring programme informs both FSS and SG policy work and informs our strategic objective that consumers have healthier diets.

### Communications & Marketing Strategy – Goal 6

#### Design a targeted communications plan to support FSS's strategic priority on improving Scotland's diet.

To help tackle Scotland's poor diet and support the public on this journey we, along with partner organisations, developed a new online guide – [EatWellYourWay.scot](#). With the aim of encouraging people to make simple changes to help improve their diet, 'Eat Well, Your Way' offers a variety of straightforward steps and useful advice. The guide also caters for those shopping on a tight budget and consumers who are more sustainability-conscious. Advertising ran across TV, billboards, bus stops and interior bus panels and digital channels. Additional information on the campaign can be viewed on the [FSS website](#) and the TV advert viewed on [YouTube](#).

### Consumer Engagement – Goal 6

#### Attendance at the Royal Highland Show (Virtual Event).

Consumer events allow us to engage and interact first hand with the public and our stakeholders, educating them on our full remit, with activities related to both Food Safety and Healthy Eating available to encourage engagement. In 2021 FSS had a virtual stand at the Royal Highland Show (RHS) which was 100% online due to ongoing COVID-19 restrictions. The food section that FSS sponsored can be viewed on the [Royal Highland Show website](#).

The event encouraged attendees to visit our website to view our education resources and the Cookin Castle tool. Comparing the week of RHS 14-20 June with the week before there was an increase in page views both for the FSS website as a whole and the education resources section. All page views were up by 50% with the education resources section by 32%.

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

### Regulatory Strategy – Goal 2

**Develop a plan for SND (Scottish National Database) developments which support the recording, flow and reporting of data needed to support key objectives relating to penalties and sanctions, primary production and compliance reporting.**

The deliverable is incorporated in the wider Regulatory Strategy Plan for 2021-2022 when the plan was formalised to take forward a number of developments for SND. Details can be evidenced in the Regulatory Strategy Programme Plan for the year and in particular in the plans for the following workstreams:

- Digitalisation and Technology (in particular plan lines Regulatory Assurance, Penalties and Sanctions Phases 1 & 2, Primary Production remote inspections, Food Enforcement Landscape Dashboard, and SND Reporting)
- Regulatory Assurance
- Surveillance
- Primary Production
- Penalties and Sanctions

The main activities delivered during the year as part of the Digitalisation and Technology workstream are as follows:

1. Development and implementation of the SND Data Retention process. This process ensures that SND data retention complies with our stated agreement with Local Authorities that we will retain six financial years of data. The Data Retention process runs annually to remove any data outwith the agreed retention period.
2. As part of the Local Authority Recovery Plan, Local Authorities were asked by FSS Enforcement Delivery to produce the following professional FTE (Full Time Equivalent) figures:
  - a. FTE positions available in the Local Authority establishment.
  - b. FTE positions filled.
  - c. FTE positions required by the establishment to deliver the Food Law Code of Practice requirement.

SND was developed to allow the Local Authorities to enter these figures directly, allowing calculation of FTE deficits to be automatically produced both locally and nationally. SND utilises the JSON API infrastructure (see point 5 below) to allow the data to be entered and validated. SND also provides dashboards for analysis of the FTE data on both a local and national level.

3. Various small developments to introduce Single Sign On to SND, to integrate user assistance into the SND portal, to rationalise user administration, and to improve data accuracy in SND.

The next point also delivered as part of the Surveillance workstream.

4. A Food Enforcement Landscape dashboard was developed to allow FSS Data Scientists to extract on demand all Food Business and Enforcement Activity data from SND at any point in time within the SND Data Retention period.

The next point also delivered as part of the Regulatory Assurance workstreams.

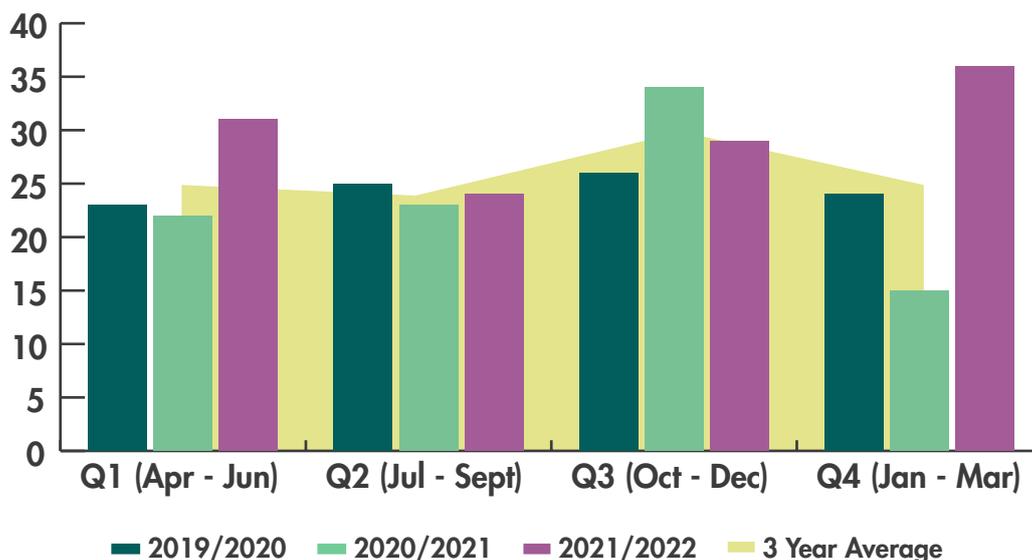
5. The Regulatory Assurance workstream required the development of data flows between external vTPA systems and SND. To enable this we developed within SND a JSON API infrastructure to allow all potential vTPAs to share data with FSS using a universally accepted data transfer and validation format. The development has not yet been used for vTPA data sharing as the Regulatory Assurance workstream was put on hold; however the underlying JSON API infrastructure has been used within the FTE development (see 3 above) and will be used within other developments requiring direct data entry into SND and data sharing with our own systems and with external partners' systems.

### Incident Management – Goal 2

**Develop an FSS incident prevention strategy aimed at assisting industry in reducing the number and severity of incidents in key areas.**

In 2021-22 FSS handled 120 incidents, an increase of around 20% over the previous two years. There are various factors playing a part in this increase including the lifting of restrictions from the pandemic leading to changes in eating behaviours, improvements in whole genome sequencing resulting in an increased identification of microbiological outbreaks and changes to the how and what type of incidents are recorded.

#### Number of FSS Incidents (per Quarter)

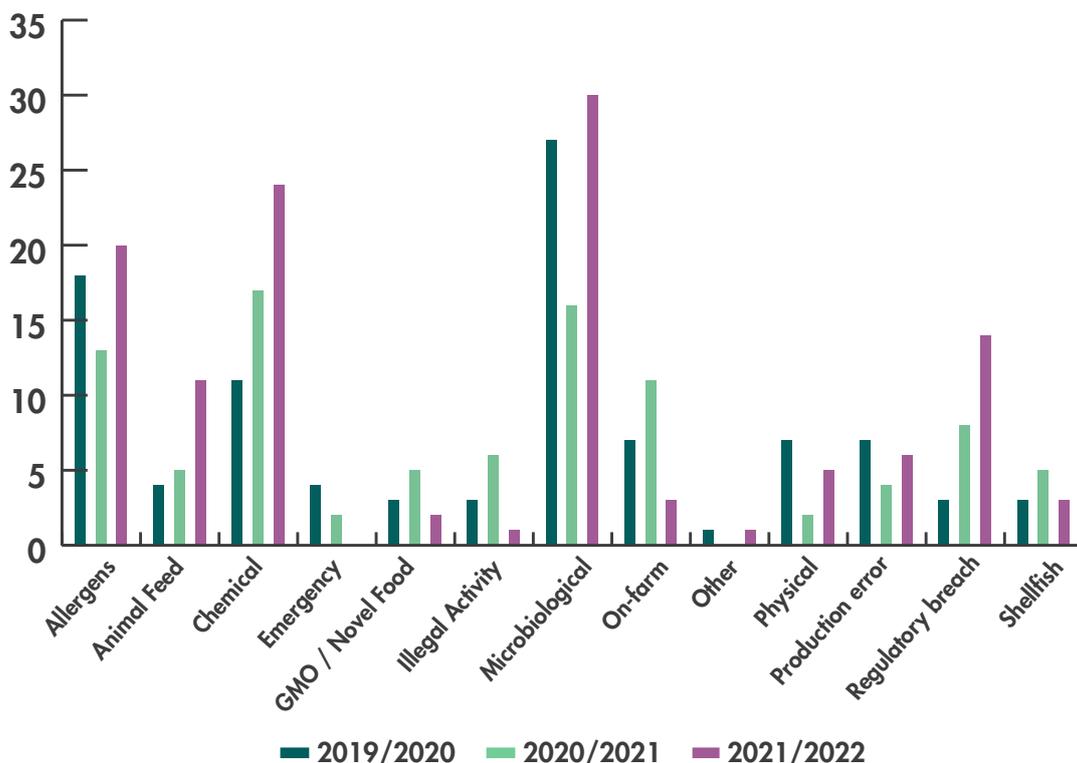


There continues to be a positive response to the 'on farm' prevention initiative with no 'on farm' incidents recorded this year. The campaign included highly targeted social media messaging alongside close engagement with key industry bodies to distribute information on the cause and prevention of livestock incidents. For further information on the campaign visit the [FSS website](#). Following on from the leadership by FSS the initiative will be delivered as a four nations approach in early 2023 with other nations learning from the work carried out by the incidents team.

FSS is developing an incident prevention strategy where various departments within the organisation will identify re-occurring, emerging or even future perceived issues. Action plans will be developed to identify means to tackle these before sharing and liaising with industry to provide a joint preventative approach. The first stage of this was to complete a [root cause analysis strategy](#) where the root causes of incidents will be identified, recorded and shared with industry to identify learning and good practice.

This strategy will focus on areas where there is an increase in incidents, for example microbiological and regulatory breaches as seen in the table below.

### FSS Incident by Type 2019-2022



## Animal Feed Delivery – Goal 2

### Appoint an Agricultural Analyst and finalise arrangements for official control sampling regimes for feed.

FSS implemented the new delivery model for feed controls on 1 April 2021 when we became the sole competent authority for delivery of official controls relating to animal feed. We continued to work in partnership with LAs to deliver the model during the year. The Agricultural Analyst was appointed during the year and draft sampling plans by business activity were issued to LAs for their review. The plans were agreed and a feed sampling programme put in place. Work is continuing to analyse the samples taken in the first year of the programme and a review will take place when the results are available.

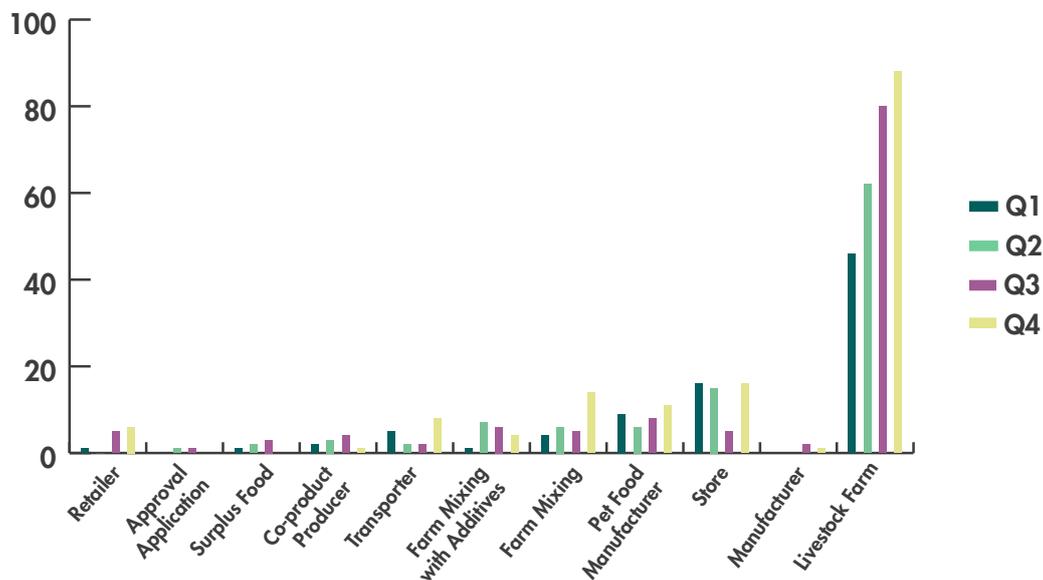
#### Sampling Plan by Business Type

| Business Type         | Planned Samples |
|-----------------------|-----------------|
| Approved              | 17              |
| Manufacturers         | 58              |
| Retail                | 30              |
| Pet Food Manufacturer | 50              |
| Stores                | 50              |
| Co-Product Producers  | 10              |

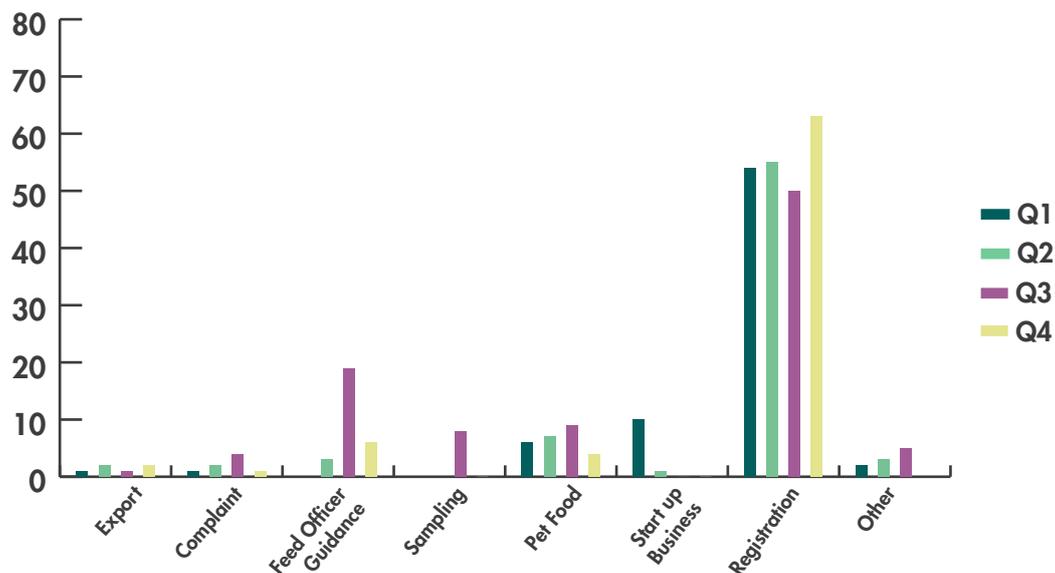
### Implement new inspection and sampling regimes at producers and Border Control Points (BCPs) in Scotland.

Sixteen Delegated Service Level Agreements (DSLAs) are now in place with LA's to carry out feed inspections, covering twenty three LA areas. Inspection plans have been drafted and circulated to all LA's with equipment and training provided for the centralised digital recording of inspections. The Feed Delivery team handled over 450 business registration applications and 300 enquiries during the year as can be viewed in the following charts.

## Number of Feed Registrations by type of business



## Number and type of Feed Enquiries

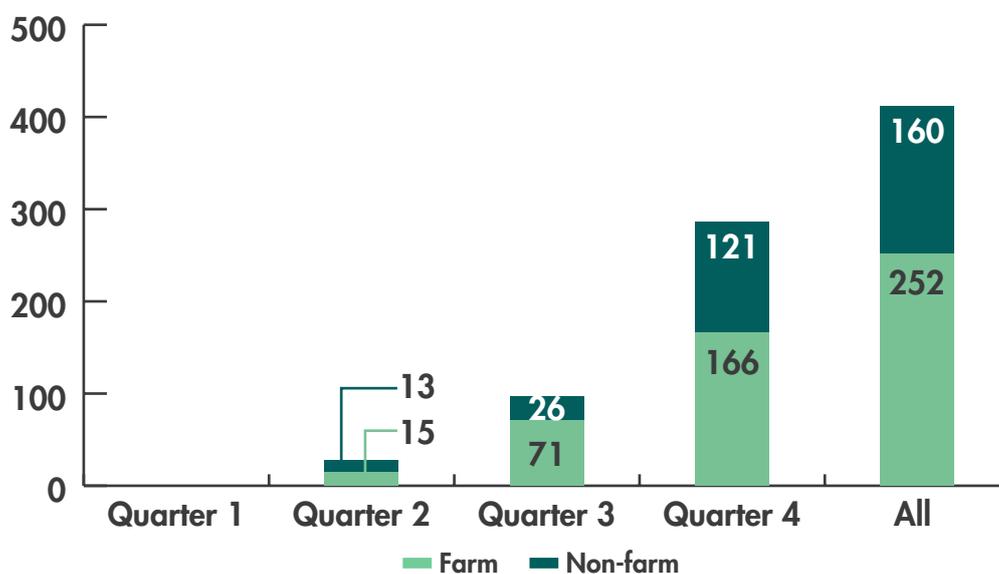


The majority of registration applications came from farms, and the majority of enquiries were related to registration. The number of enquiries from LA officers increased in the second half of the year as onsite inspections resumed.

### Feed inspections in line with COVID restrictions and resourcing.

The number of inspections increased as the year progressed and in quarter 3, 97 on site feed inspections (farm and non-farm) were completed with 287 in quarter 4. The outstanding inspections from the initial 2021-22 plan were rescheduled over the remaining term of the DSLAs. The number and type of inspection is detailed in the following table.

## Completed Feed Inspections 21-22



### Animal Feed Delivery – Goal 2

**Establish training programmes to ensure feed officer competence for delivering official controls.**

A training programme was setup to deliver training to LA officers responsible for delivering feed official controls in businesses in Scotland. The number and type of courses delivered over the year is outlined in the following table. This training ensured the staff were competent and had the necessary skills to carry out the requirements of their roles.

### Feed Training Workshops held during 2021/22

| Session   | Title of Course   | Number of LA officers  |
|-----------|---|------------------------|
| Session 1 | Raw Pet Food and Suppliers of ABP for Pet Food  | 49 attendees           |
| Session 2 | Primary Production of Feed  | 47 attendees           |
| Session 3 | Imported Feed and requirements for Ports  | 48 attendees           |
| Session 4 | Contaminants in feed Products that need Hazard Analysis Critical Control Points (HACCP) on Farm | 44 attendees           |
| Session 5 | Feed Hygiene for Co-product Manufacture   | 43 attendees           |
| Session 6 | Sampling of Feed  | 45 attendees           |
|           | <b>Total</b>  | <b>276 LA officers</b> |

In addition, 34 officers attended training on the Scottish Feed Sampling National Database.

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

### Allergens – Goal 4

**Develop a new allergens information hub for the FSS website to initially provide clear and consistent messaging and guidance to consumers, local authorities and businesses on the implications of PPDS (Pre-Packed for Direct Sale) changes and then develop advice on the wider aspects of food allergies and intolerances**

On 1 October 2021, the Food Information (Scotland) Amendment Regulations 2021 came into force as planned. This means that food packed in advance, mainly at the same place where it is sold, before being offered to consumers, must be labelled with the name of the food and an ingredients list in which any intentionally added allergens are emphasised. Under food information law, there are 14 substances and products known to cause food allergies and intolerances which must be declared when used as ingredients. Examples include, tree nuts, ground nuts, sulphur dioxide, gluten containing cereals etc.

To raise awareness and support food business and enforcement officers with the introduction of these new food labelling requirements, FSS collaborated with a wide range of industry stakeholders to produce tools and guidance materials. A PPDS Hub was developed on the FSS website that hosts a PPDS information video, a labelling decision tool and the newly updated technical guidance. Work was also undertaken to update the MenuCal tool to include functionality which helps businesses with PPDS labels.

FSS attended several industry events highlighting the regulatory changes and delivered training to over 200 enforcement officers.



## Campaigns – Goal 6

### Run an industry awareness campaign to support businesses ahead of the changes to labelling for products which are Pre-Packed for Direct Sale (PPDS) in October.

Two marketing campaigns were run in October 2021 and March 2022. The first campaign coincided with the implementation date of PPDS changes to inform businesses of the new legislation, highlight the date the law came into effect and provide a means for them to determine if their products are PPDS, and if so what they need to do to comply with the law. The campaign ran from 2 August 2021 to 1 December 2021 across radio, digital channels, organic social media and through the development of a toolkit that was shared through partnership and outreach activity, the contents of which can be seen on the [FSS website](#).

The second campaign has a focus on the MenuCal tool updates. The tool was adapted with additional functionality to manage, store and track the information required for allergen labels for PPDS products. The free online tool helps with recording recipes, identifying allergens and managing ingredients. The tool can be accessed at [menucal.fss.scot](http://menucal.fss.scot)

## Nutrition Policy – Goal 4

### Publish healthier catering guides for industry, promoting uptake of MenuCal to support calorie labelling.

We developed [a series of 8 sector specific guides](#) for the out-of-home sector to support them to introduce healthier catering practices. These provide practical tips and advice on making changes to the food and drinks they buy, prepare, promote and serve to make it healthier. The guides build on those produced by [Public Health England](#) and [FSA in NI](#), but with a new guide specifically for [children's menus](#). These have been promoted through FSS social media and stakeholder communications.

## Outcome 5: FSS is trusted and influential

### Audit Assurance – Goal 1

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

#### Local Authority Performance Monitoring

Under The Food Scotland Act 2015 and the Official Feed and Food Control Scotland Regulations 2009 FSS has a statutory responsibility to monitor the performance of Local Authorities. As part of this role, FSS carries out [external audits of Local Authorities](#) to assess their compliance with regulations and centrally issued guidance, including statutory Codes of Practice.

| Local Authority Audit          | Outcome Rating         | Actions Taken  |
|--------------------------------|------------------------|--|
| Q1– Stirling Council           | Insufficient Assurance | Q4 Update. On-going monitoring of implementation of the action plan. |
| Q4 – East Renfrewshire Council | Reasonable Assurance   | Action Plan drafted to address recommendations raised.               |
| Q4 – Scottish Borders Council  | Insufficient Assurance | Report in draft.   |

#### Audit of FSS Official Control Delivery

Under Article 6 of retained Regulation (EU) 2017/625 as amended, on official controls and other official activities performed to ensure the application of food and feed law (Official Control Regulation) FSS has a statutory responsibility to either carry out internal audits or have audits carried out to ensure compliance with this Regulation. In order to fulfil this requirement FSS puts in place a risk-based audit programme which is approved by the Audit and Risk Committee (ARC). All audit reports are presented to ARC.

| Audits Undertaken in Q1                         | Outcome Rating       | Actions Taken  |
|---|----------------------|--|
| Q1– Statement of Resources (Business Agreement) | Reasonable Assurance | Report finalised and an action plan put in place to address the recommendations. |
| Q2 – Shellfish Official Controls                | Reasonable Assurance | Report finalised and an action plan put in place to address the recommendations. |
| Q3 – Operational Delivery Training              | Limited Assurance    | Report finalised and an action plan put in place to address the recommendations. |
| Q4 – FBO Audit                                  | TBC                  | Audit completed and report in draft.   |

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The tables detail the audits carried out during the reporting year and the outcome rating assigned to each audit. All action plans are routinely followed up to monitor implementation. Once the auditors are satisfied that the recommendations have been addressed, they will formally close the audit file.

### **Frameworks – Goal 1**

#### **Develop a framework to monitor changes to EU food regulation, linked to SG commitments to keep pace.**

Prior to leaving the EU all food and feed law in the UK operated in accordance with relevant EU legislation. As of 1 January 2021, these regulations became retained EU Law (REUL) and now forms part of our domestic food and feed law in Great Britain. In Northern Ireland, however, EU food and feed law continues to apply under the terms of the Northern Ireland Protocol (NIP).

Scottish Ministers' stated policy is that Scotland remains aligned with the EU but this may not always be possible or desirable. The SG EU Alignment team have developed interim guidance for staff which FSS follow. A submission to Ministers on FSS EU alignment and risk analysis was sent on 3 November 2021.

An FSS in-house tracker was developed to aid policy and technical leads by capturing relevant published EU regulations (accessed from the publicly available [Official Journal of the European Union](#)); EU initiatives (accessed from the publicly available [Have your Say](#) website); and published Scientific Opinions (accessed from the publicly available European Food Safety Authority ([EFSA](#))). We have continued access to the restricted FiscalNote EU Issue Tracker which contains additional details on current/future initiatives and has proved an effective resource.

The FSS EU alignment tracker references the FSA/FSS Risk Analysis Tracker to highlight if an EU amendment/proposed change is being assessed by FSA/FSS. A priority exercise took place during the year identifying those areas in the first category (FSS Food & Feed Policy Lead) which are currently being progressed through the UK Risk Analysis Tracker and prioritising the remaining areas where further assessment may be required.

## Remaining non-routine issues on tracker at 31 March

| Issue   | Routine / Non-routine | Stage in process                                 | Scottish Interest Level |
|---|-----------------------|--|-------------------------|
| Amendment to EU Regulation 282/2008 on recycled food contact plastics (Food Contact Materials)  | Non Routine           | Step 2 – Preliminary Risk Activity               | 1 (FSS input)           |
| 16th amendment to EU Regulation 10/2011 (the plastics Regulations) (Food Contact Materials) Risk assessment on plastic FCMs (updates) | Non Routine           | Step 1 – Risk Identification                     | 1                       |
| Ocean-bound plastic and plastic obtained from the environment used in food contact applications                                       | Non Routine           | Step 4 – Approaches to gather / analyse evidence | 1                       |
| Risk assessment of substrates used to rear insects for animal feed  | Non Routine           | Step 3 – Problem Formulation                     | 1                       |
| New EU regulatory measure for Ceramic food contact materials and articles (Food Contact Materials)                                    | Non Routine           | Risk Identification                              | 1                       |
| 16th amendment to EU Regulation 10/2011 (the plastics Regulations) (Food Contact Materials)   | Non Routine           | Risk Identification                              | 1                       |
| Risk assessment on plastic FCMs (updates)   | Non Routine           | Step 1 – Risk Identification                     | 1                       |

FSS has been liaising with relevant FSA teams on how best to communicate EU/NI regulatory changes to Local Authorities and industry, and have sought to adopt a consistent UK approach where possible, i.e. initially to share a list of published EU regulations with Local Authorities where FSS/FSA have the policy lead. In Scotland, this list is currently hosted on a restricted area of the Scottish Food Enforcement Liaison Committee (SFELC) KHub, only accessible to enforcement colleagues. Following discussion with the Food and Drink Federation (FDF), however, access to this list has been extended to the FDF as SFELC members.

### Nutrition Advice – Goal 5

#### Launch a new dietary guidance resource ('Eat Well, Your Way')

Our new resource [EatWellYourWay.scot](https://www.eatwellyourway.scot) was published in September 2021. We developed 'Eat Well, Your Way' from the [Eatwell Guide](#), to help people in Scotland make healthier food and drink choices when planning and shopping, preparing food and eating out. The resource is [evidence-based](#) and uses the NHS Education-developed [MAP](#) process to encourage consumers to take [small steps](#) to make healthier food and drink choices.

The new resource is part of three strategic outcomes for FSS – consumers have healthier diets, that consumers are empowered to make positive choices about food and that FSS is trusted and influential. The resource launch was supported by a [multimedia campaign](#) in February and March 2022, which ran as outdoor and [digital](#) advertising and a TV campaign.

## Nutrition Advice – Goal 5

### **Publish a situation report on the impact of the COVID-19 pandemic on retail and out of home purchasing behaviour**

We published a new [Situation report](#) outlining changes to shopping and eating behaviour as a result of COVID-19 in 2020. This presents a collation of evidence and infographics using FSS-commissioned research on retail and out of home purchasing patterns, consumption behaviours and consumer attitudes in addition to evidence from other credible sources. The report was promoted through the publication of a press release, social media posts and targeted communications to interested stakeholders through the stakeholder management system. A webinar was also provided to registered nutritionists of Association for Nutrition in Scotland.

## Maintaining Organisational Excellence

### **Workforce Plan**

FSS recently developed a Workforce Plan aimed at ensuring that we attract and retain the workforce required to achieve our published strategy and thereby fully deliver on our statutory, regulatory and advisory roles over the coming three years (2022–2025).

The Plan acknowledges and makes provision for: an evolving digital strategy; a partial and gradual, post-pandemic return to the workplace where this is appropriate; the ongoing impact of EU exit, and the current uncertainty as to the shape and direction of the emerging Scottish Veterinary Service. In addition, it ensures that our future workforce planning aligns closely with the actions set out in our Equalities Mainstreaming Report and the recommendations of our Healthy Working Lives group.

Oversight of all Workforce Planning actions will be driven through the newly formed People Board which convened in May 2022. Key stakeholders from across the organisation will meet bi-monthly with the purpose of monitoring and reviewing all strategic people based actions whilst driving forward progress and recommendations across the business, ensuring all actions meet the needs of FSS, its statutory obligations, and overall Corporate and Strategic goals.

### **Payment Performance**

In line with SG policy, FSS requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. FSS aims to pay all these invoices, including disputed invoices once the dispute has been settled, on time in these terms. During the year ended 31 March 2022, FSS paid 100% (2020/21, 100%) of invoices within these terms.

Additionally, in accordance with SG's guidance on prompt payment, an associated 10-day payment target also exists, for all valid and undisputed invoices. During the year ended 31 March 2022, FSS paid 95% (2020/21, 93%) of invoices within these terms.

### Public Services Reform (Scotland) Act 2010

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

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

### Sustainability and Carbon Management

FSS actively monitors and reports on its environmental performance and as part of our responsibilities we compile annual climate change data which can be viewed at [Climate Change Report](#). FSS continually aims to improve on its environmental performance, measuring its annual report against the [Carbon Management Plan](#). The new Carbon Management Plan is currently being devised and will lean heavily on the FSS Environmental Strategy which is also in the development stage. This work will be included within the new Sustainability Plan that is being developed for the organisation.

A new reportable aspect relating to the need to declare emissions associated with home working will affect the overall reportable totals but it is yet to be understood what the long term effect will be. The reportable total for 2021-22 did reflect a reduction in CO<sub>2</sub> emissions but the figures reported this year cannot be used as baseline figures due to the controls in place across the reporting year due to COVID-19.

### Health and Safety

FSS operates a Health, Safety and Environmental Management System (HSE MS).

In 2020-21 there was a large scale revision of the Health & Safety (H&S) KPIs with a focus on leading indicators aimed at targeting front facing initiatives and work scopes. Leading indicators aim to address any issues at source and put in place work scopes aimed at continual improvement. Examples over the year include checks on H&S systems and procedures through site audits to understand how H&S is managed locally.

A number of examples of best practice have been noted through both site audits and more regular ad-hoc observations. FSS staff have been effective in addressing actions on sites where recommendations have been made, particularly the Scotbeef site in Bridge of Allan which now has improved ventilation, revised changing facilities and fire evacuation processes.

| KPI                                      | Descriptor Against KPI  | 2021-22<br>Baseline<br>Target | 2021-22<br>Stretch<br>Target | 2021-22<br>Actual<br>YTD | R.A.G<br>Rating |
|--|---|-------------------------------|------------------------------|--------------------------|-----------------|
| Office Inspections / FBO Safety Tours    | Office Inspections and FBO Safety Tours completed on approved premises with permanent FSS presence                        | 95%                           | 100%                         | 93%                      |                 |
| Document Reviews for FSS HSE MS          | Document reviews completed for FSS HSE MS (45 in Total)   | 25%                           | 35%                          | 24%                      |                 |
| RIDDOR Investigations Completed <10 days | Timescale for investigation of potential and actual RIDDOR cases  | 100%                          | 100%                         | 100%                     |                 |
| Injury (Per 100,000 hrs)                 | Manage and prevent injurious incidents  | 1.1                           | 1                            | 0.76                     |                 |
| Attendance at Safety Rep Meetings        | Levels of representation at Safety Rep meetings   | > 75%                         | > 80%                        | 67%                      |                 |
| Mandatory HSE Training                   | Staff completion levels of mandatory HSE Training   | 95%                           | 97%                          | 91%                      |                 |
| Incidents Reported <1 Working Day        | Timescale for reporting of incidents, near misses and undesired circumstances.  | 95%                           | 100%                         | 100%                     |                 |
| Incidents Investigated < 1 Working Day   | Timescale for investigating H&S incidents   | 95%                           | 100%                         | 100%                     |                 |
| Topical Safety Tours                     | Completion of topical safety tour where required  | 95%                           | 100%                         | 100%                     |                 |
| Site Visits with TU / Safety Rep         | Number of site visits (FBOs) over reporting year with TU and/or Safety Rep present  | 8                             | 10                           | 7                        |                 |
| Incidents Close Out < 30 Working Days    | Timescale for incident close out following submission of report   | 95%                           | 100%                         | 86%                      |                 |
| Risk Assessment Review                   | Review of live risk assessments to ensure they are up to date, effective and relevant                                     | 90%                           | 100%                         | 100%                     |                 |
| H&S Articles in FtF                      | Articles on H&S issues to feature in 'For The Field'  | 4                             | 6                            | 5                        |                 |
| TU / Safety Rep at Safety Tours          | Percentage of TU or Safety Reps present during Mandatory FBO Safety Tours at Sites with Permanent FSS Presence (32 Sites) | 40%                           | 50%                          | 22%                      |                 |
| Sharing of Incident Reports <3 Days      | Timescale for sharing of incident reports with stakeholders   | 80%                           | 90%                          | 93%                      |                 |
| HSE MS Systems Audit                     | HSE MS systems audits at FBOs (91 Sites)  | 50%                           | 60%                          | 58%                      |                 |

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Good practice was also in place following a RIDDOR report, the single such report over the year, where a member of staff slipped and damaged their knee, keeping them off work for more than seven days. The report was submitted in a timely manner, immediate actions taken to prevent recurrence, evidence gathered and the investigation completed rapidly, following the processes in place. Thankfully the injury was not lasting and the staff member is back at work, where the steps taken by both FSS' local and management teams have ensure increased staff awareness and a new system is in place locally aimed at controlling the risk.

Certain KPIs have not been fully met but are very much work in progress. Two of the three outstanding KPIs rely on staff availability which, during COVID-19 and other associated staff shortages, proved to be extremely challenging.

### **The Global Conference for Food Safety Regulation and Sustainability**

With the UK hosting the 26th UN Framework Convention on Climate Change Conference of the Parties (COP26) in Glasgow in November 2021, FSS and FSA saw a unique opportunity to bring together regulators, food and feed scientists, consumer groups, industry experts, and academics from across the food system to discuss how we respond to the climate challenges we face, and decided to host a conference on food safety regulation and sustainability as a fringe COP26 event.

Action on climate change will require changes across the food supply chain – from production, packaging and marketing to messages to consumers around dietary choices, the effects will be seen across the whole system. The conference, which was co-hosted in Edinburgh by the FSS and FSA, brought together a network of representatives from regulators, food industry, academia and public health from across the world. Speakers included representatives from the Food and Agriculture Organisation of the United Nations (UN (FAO)), Waste and Resources Action Programme (WRAP), Public Health Scotland, The Good Food Institute, various Universities, and industry and retail representation from Nestle, Morrisons and Tesco. A range of small, innovative food businesses also attended to present on sustainable innovations in food technology and the role of regulators in supporting that innovation.

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Feedback indicated that the conference was very well received, It reached a global audience (over 30 countries) and around 200 unique participants across a full day of keynotes, panel sessions and audience Q&A events. Participants praised the subject matter of the conference and while food systems featured in the wider COP26 plenary sessions, the specific role of regulators was unique to this event, and feedback on the quality and depth of the presentations was positive.

Following the conference, FSS hosted an online blog series from panel participants, touching on a range of specific issues raised in the presentations. FSS hope to build on the relationships and conversations started at COP26, with plans to launch a sustainability plan for FSS in 2022.

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

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

FSS has a gifts and hospitality policy, incorporating guidance on the requirements of the Bribery Act Counter-fraud and whistleblowing policies and procedures are in place to ensure the effective management of risks associated with these issues.



**Geoff Ogle**

Chief Executive and Accountable Officer

Date: 22 September 2022



## 2. Accountability Report

In this section of the report we set out:

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

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

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

The Annual Report and Accounts are prepared to meet the requirements of Section 15 Food (Scotland) Act 2015. The Accounts for the financial year ended 31 March 2022 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 September 2022.

# Corporate Governance Report

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## Directors' Report

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

## Register of interests

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

## Auditors

Under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland has appointed Tommy Yule of Audit Scotland as the auditor for the financial year 2021/22. 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 £48,560 is explained and shown at note [1.8](#).

## FSS Board

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

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

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

### Membership of the Board is as follows:

| Board Member                | Appointed to Board | Term | Date at which current term of appointment ends |
|-----------------------------|--------------------|------|--|
| Ross Finnie (Chair)         | 1 April 2015       | 2nd  | 31 March 2022                                  |
| Louise Welsh (Deputy Chair) | 1 April 2015       | 2nd  | 31 March 2023                                  |
| Aileen Brown                | 1 January 2022     | 1st  | 31 December 2025                               |
| Alban Denton                | 1 July 2021        | 1st  | 30 June 2025                                   |
| Carol Evans                 | 1 July 2021        | 1st  | 30 June 2025                                   |
| Marieke Dwarshuis           | 1 April 2015       | 2nd  | 31 December 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  | 30 June 2021                                   |

Ross Finnie's term as Chair came to an end on 31 March 2022. Following a successful recruitment process, led by the SG Public Appointments Team, Heather Kelman, who has been a member of the FSS Board since its creation in 2015, was appointed as the new Chair and took up post on 1 April 2022.

The Board meets in public and did so six times during 2021/22. Minutes of the Board meetings are publicly available on the [FSS website](#), together with the Board Members' Code of Conduct. In addition to its formal meetings, the Board attended briefing seminars to increase its understanding of a wide range of relevant topics.

All Board members have the opportunity for on-going training and are subject to an annual appraisal by the Chair. The Chair is subject to annual appraisal by the Director General for Health and Social Care. Members also participate in an annual review of the Board's effectiveness which took place on 9 February 2022.

### Audit and Risk Committee

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

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

Relevant induction training and development has been, and will continue to be, provided to members of the Committee. The ARC annually reviews its own effectiveness and reports the results of that review to the Board and Accountable Officer, recommending any changes it considers necessary. An ARC Effectiveness Review was completed on 15 November 2021.

### Board and ARC Attendance 2021/22

| Board Member                | Board | ARC   |
|-----------------------------|-------|-------|
| Ross Finnie (Chair)         | 6 / 6 | N/A   |
| Louise Welsh (Deputy Chair) | 6 / 6 | N/A   |
| Aileen Brown                | 2 / 2 | 1 / 1 |
| Alban Denton                | 3 / 4 | N/A   |
| Carol Evans                 | 3 / 4 | 1 / 1 |
| Marieke Dwarshuis           | 2 / 4 | 3 / 3 |
| Heather Kelman              | 6 / 6 | 4 / 4 |
| Carrie Ruxton               | 6 / 6 | 4 / 4 |
| Susan Walker                | 6 / 6 | 4 / 4 |
| Anne Maree Wallace          | 1 / 1 | N/A   |

## Executive Leadership Team

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

The responsibilities of our Executive Leadership Team, who were in post during the period 1 April 2021 and 31 March 2022, are set out below:



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



**Ian McWatt, Deputy Chief Executive & Director of Policy, Science and Operations**, oversees food and feed official controls delivery and policy, FSS science teams, local authority enforcement, incident and intelligence response, veterinary audit and technical advice.



**Julie Hesketh-Laird, Deputy Chief Executive & Director of Strategy and Corporate Affairs**, oversees the delivery of our regulatory strategy, nutrition and digital programmes. She also has overall responsibility for audit assurance, nutrition policy, marketing and communications, governance and infrastructure, including HR, finance and information and communication technology.



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

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

### Statement of Accountable Officer's Responsibilities

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

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

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

- Observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and applying suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the accounts on a going-concern basis.

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

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

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

### Governance Statement

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

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

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

### Impact of leaving the EU

A number of new responsibilities were placed upon us from January 2021 when the UK left the EU. Working alongside the SG, FSA and OGDs we have endeavoured to ensure that the critical areas of food law, food regulation and key functions have been appropriately transferred into UK law.

In the past year FSS has undergone a restructure to deal with the new and additional requirements as a result of EU exit. Significant work has been done in the areas of risk analysis, policy development and supporting Local Authorities to deliver on their priorities.

We are still on the journey to fully understand the lasting impacts on the organisation from leaving the EU. Further details of some of these impacts have been outlined under the EU Exit heading in the Performance report.

### Governance framework

As Accountable Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. The FSS Governance Framework accords with the SPFM and these processes have been in place for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

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

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

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

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

## Risk and Control Framework

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

In November 2021 Governance and Infrastructure Division undertook a wholesale review of the Strategic Risk Register (SRR) along with CEO and the Chair of the Board. What had become apparent was that the SRR had unintentionally evolved into a set of tactical and operational risks whilst not clearly defining what the strategic risks for the organisation were that would impede delivery of the 5 year Strategic Plan and 3 Year Corporate Plan. This process was undertaken with FSS Board, ELT and the establishment of a SLWG Strategic Risk Forum. During this revised governance process an agreed number of risks were de-escalated whilst new and emerging strategic risks were identified, all of which were subsequently agreed at ARC and approved by the Board.

As part of that process the opportunity was taken to review the FSS Risk Guidance Documentation and overall presentation style of risks to FSS Board for consistency, scrutiny and transparency purposes

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

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

## Internal Audit

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

During 2021/22, the DIAA committed to undertake four risk-based audits covering FSS Project Management Office, Best Value, Workforce Planning and Financial Management review. Two audits Workforce Planning and Best Value reviews were deferred and will take place in the following year. These were replaced by audits on Health & Safety and Wellbeing Arrangements. All audits were completed with three achieving a Substantial assurance rating and one, Health & Safety with a Reasonable assurance rating.

The Internal Auditors issued their report on Internal Audit Activities for 2021/22, including their annual assurance opinion of FSS. A “Substantial” annual assurance opinion for 2021/22 has been provided by SG DIAA in respect of FSS risk management, control and governance arrangements.

### **Official Controls Delivery Assurance**

Audit of delivery of official controls is carried out by FSS Audit Assurance Team who follow the principles contained with the [EU produced guidance](#) (page 45) on the implementation of the audit requirements. The Official Controls annual audit plan is developed through discussions with FSS management to ensure activities included in the plan reflect FSS’s risk-based priorities and strategic objectives for Official Controls. The Audit plan for 2021/22 was approved by FSS ARC on 10 February 2021.

During 2021/22 the Audit Assurance Team undertook four audits covering Statement of Resources (Business Agreements), Shellfish Official Controls, Authorised Officer Training and Audits of FSS Approved Establishments. Action plans put in place to address recommendations are routinely followed up by the Head of Audit and Assurance who will formally close the audit files once the action plan has been satisfactorily implemented.

We can report that all three audit files from the 2020/2021 programme (Post Mortem Inspection, Imports, Enforcement) have been closed as has the first audit of the 2021/2022 programme (Statement of Resources (Business Agreements)), as the action plans put in place to address the recommendations raised have been satisfactorily implemented.

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

### **Controls Assurance Statements**

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

## Best Value

Work is ongoing to develop a strategic Best Value framework. We continue to deliver best value in line with the duty set out in the SPFM issued by Scottish Ministers. In keeping with the best value themes, we did this through the year:

- Implemented our corporate plan and business plan, which clearly articulates our long-term vision and our leadership role.
- Our approach to partnership working, which underpins much of what we do, involving building positive, mutually beneficial relationships with other organisations.
- Our governance and accountability, reflected in our management structure, policies and leadership, which sets out clear lines of responsibility and reporting, as well as effective systems used in decision-making, budget and risk management.
- Our approach to how we manage our resources through the continuous monitoring of our projected income, expenditure and programme of work, maximising efficiencies for the procurement of goods and services to deliver outcomes.
- The monitoring of our performance, which is tracked throughout the year and reported quarterly to our Executive Leadership Team to ensure we are meeting our strategic outcomes.

## Information Security

During 2021/22, FSS continued to safeguard the security and protection of all personal information that we process, and to provide a complaint and consistent approach to data protection. FSS is dedicated to developing a data protection culture across all business areas that is effective, fit for purpose and demonstrates an understating of, and appreciation for the UK General Data Protection Regulation (GDPR) and the Data Protection Act (DPA) 2018.

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

FSS receives regular information security updates from all system suppliers. The security updates are an integral component of the monitoring and securing of our systems and data against cybersecurity vulnerabilities and attacks. Our Cybersecurity Incident Response Plan has been reviewed and tested, providing a toolkit for incident management and business continuity. An audit of our cybersecurity and resilience arrangements is currently being carried out by SG Audit & Assurance and due for completion in June 2022.

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FSS takes every reasonable measure and precaution to protect and secure the data that we process. We are exploring ISO 27001 accreditation in 2022/23 with the successful completion of a gap analysis and production of statement of applicability. Implementing ISO 27001 controls ensures the Confidentiality, Integrity and Availability (CIA) of FSS information and data. There was no personal data incidents or losses reported to the UK Information Commissioner in 2021/22. In December 2021 Food Standards Scotland responded to a potential cyber threat (Apache Log4j vulnerability) that was identified by the National Cyber Security Centre (NCSC): all third-party suppliers were requested to confirm their security arrangements and it was quickly established that we were not exposed to the threat.

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

FSS have counter-fraud policies and procedures in place and no cases of fraud were reported during 2021/22. The FSS internal whistleblowing policy and procedure is available to all staff on the FSS intranet. During the year FSS undertook a review of its policies and procedures and a new Counter Fraud Guide is going through internal review after which it will be presented to ARC for their sign off.

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

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

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

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

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

# Remuneration & Staff Report

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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**

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

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

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

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

Full details of the remuneration of Board members and the remuneration and pension interests for the Executive Leadership Team are detailed below and are subject to audit.

| Single total figure of remuneration (audited) | Salary £'000 |         | Benefits in kind (to nearest £100) |       | Pension benefits (to nearest £'000) <sup>1</sup> |       | Total £'000 |         |
|---|--------------|---------|------------------------------------|-------|--|-------|-------------|---------|
|   | 21/22        | 20/21   | 21/22                              | 20/21 | 21/22  | 20/21 | 21/22       | 20/21   |
| Ross Finnie                                   | 25-30        | 25-30   | -                                  | -     | -  | -     | 25-30       | 25-30   |
| Marieke Dwarshuis                             | 5-10         | 10-15   | -                                  | -     | -  | -     | 5-10        | 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                            | 0-5          | 10-15   | -                                  | -     | -  | -     | 0-5         | 10-15   |
| Louise Welsh                                  | 10-15        | 10-15   | -                                  | -     | -  | -     | 10-15       | 10-15   |
| Carol Evans                                   | 5-10         | -       | -                                  | -     | -  | -     | 5-10        | -       |
| Alban Denton                                  | 5-10         | -       | -                                  | -     | -  | -     | 5-10        | -       |
| Aileen Brown                                  | 0-5          | -       | -                                  | -     | -  | -     | 0-5         | -       |
| Geoff Ogle <sup>2</sup>                       | 110-115      | 110-115 | -                                  | -     | -  | -     | 110-115     | 110-115 |
| Ian McWatt                                    | 80-85        | 80-85   | -                                  | -     | 15-20  | 70-75 | 95-105      | 150-160 |
| Garry Mournian                                | N/A          | 70-75   | -                                  | -     | N/A  | 60-65 | N/A         | 130-140 |
| Julie Hesketh-Laird                           | 80-85        | 35-40   | -                                  | -     | 30-35  | 10-15 | 110-120     | 45-55   |
| David Gally <sup>3</sup>                      | 45-50        | 15-20   | -                                  | -     | -  | -     | 45-50       | 15-20   |
| Norval Strachan <sup>4</sup>                  | N/A          | 30-35   | -                                  | -     | -  | -     | N/A         | 30-35   |

### Notes

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

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

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

<sup>4</sup> Noval Strachan was the organisation's Chief Scientific Advisor. His secondment from Aberdeen University to FSS ended in October 2020

### Salary (audited)

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

### Benefits in kind (audited)

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 (audited)

In line with Scottish Ministers' public sector pay policy, no staff have received bonus payments in 2021/22.

### Pension Benefits (audited)

|                             | Accrued pension at pension age as at 31/3/22 | Real increase in pension and related lump sum at pension age | CETV at 31/3/22 | CETV at 31/3/21 | Real increase in CETV | Employer contribution to partnership pension account |
|-----------------------------|--|--|-----------------|-----------------|-----------------------|--|
|                             | £'000  | £'000  | £'000           | £'000           | £'000                 | Nearest £100   |
| Geoff Ogle <sup>1</sup>     | -  | -  | -               | -               | -                     | 16400  |
| Ian McWatt                  | 45 - 50                                      | 0 - 2.5  | 751             | 705             | 6                     | -  |
| Garry Mournian <sup>2</sup> | N/A  | N/A  | N/A             | 359             | N/A                   | -  |
| Julie Hesketh - Laird       | 0-5  | 0 - 2.5  | 33              | 10              | 17                    | -  |
| David Gally <sup>3</sup>    | N/A  | N/A  | N/A             | N/A             | N/A                   | N/A  |

### Notes

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

<sup>2</sup> Garry Mournian ceased to be a member of the Senior Management Team at 31 March 2021.

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

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined Alpha.

Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 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 switched into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.60% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

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

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

### **Real increase in CETV**

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

### Fair Pay Disclosure (audited)

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

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

|  | 2021/22            | 2020/21            |
|--|--------------------|--------------------|
| Band of Highest Paid Director's Total Remuneration | £110 - £115,000    | £110 - £115,000    |
| Remuneration Range (Band)                          | £21,045 - £115,000 | £20,064 - £115,000 |
| Lower Quartile Remuneration                        | £30,039            | N/A                |
| Ratio  | 3.7                | N/A                |
| Median Remuneration                                | £31,542            | £30,652            |
| Ratio  | 3.6                | 3.7                |
| Upper Quartile Remuneration                        | £39,659            | N/A                |
| Ratio  | 2.8                | N/A                |

# Staff Report

## Staff Costs (audited)

Overall staff costs for the year were £15.3m. Staff costs comprises wages & salaries, social security costs and other pension costs for all staff as well as Agency costs. It excludes the wages & salaries and pension costs of the Board Members and those of contract inspectors and veterinary costs.

### A Administration costs

|   | £'000         | £'000      | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|---------------|------------|------------------|------------------|
|   | Staff         | Board      | Total            | Total            |
| Wages and salaries                                | 10,356        | 105        | 10,461           | 5,167            |
| Social security costs                             | 1,104         | 5          | 1,109            | 531              |
| Other pension costs                               | 2,636         |            | 2,636            | 1,311            |
| <b>Sub total</b>                                  | <b>14,096</b> | <b>109</b> | <b>14,206</b>    | <b>7,010</b>     |
| Apprenticeship Levy                               | 38            |            | 38               | 28               |
| Agency Staff                                      | 1,117         |            | 1,117            | 875              |
| Inward secondment                                 | 212           |            | 212              | 170              |
| <b>Total</b>                                      | <b>15,463</b> | <b>109</b> | <b>15,572</b>    | <b>8,083</b>     |
| Less recoveries in respect of outward secondments | (137)         |            | (137)            | (50)             |
| <b>Total net costs</b>                            | <b>15,326</b> | <b>109</b> | <b>15,435</b>    | <b>8,033</b>     |

### B Programme costs

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| Wages and salaries                                | 0                | 3,708            |
| Social security costs                             | 0                | 372              |
| Other pension costs                               | 0                | 765              |
| Contract inspectors and veterinary costs          | 227              | 156              |
| <b>Total</b>                                      | <b>227</b>       | <b>5,000</b>     |
| Less recoveries in respect of outward secondments |                  |                  |
| <b>Total net costs</b>                            | <b>227</b>       | <b>5,000</b>     |

In 2020/21, programme wages and salaries included the cost of employed meat hygiene inspectors, veterinary managers and operations support staff as they were accounted for in previous years. In 2021/22, these costs are reflected in administration costs of the current staff complement, being majorly employed staff of FSS.

## Civil Service Pension Schemes

### PCSPS

For 2021/22, employers' contributions of £2.334 million (2020/21, £1.813 million) were payable to the PCSPS at one of four rates in the range of 26.6% to 30.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020/21 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 £20,185 (2020/21, £16,335) were paid to one appointed stakeholder pension provider. Employer contributions are age-related and range from 8 - 14.75% of pensionable pay.

### Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a defined benefit scheme which is administered by London Pensions Fund Authority and governed by the Local Government Pension Scheme Regulations 2013. There are currently 42 (2020/21, 42) FSS employees who are active members of LGPS. For the year ended 31 March 2022, contributions of £380k (2020/21, £342k) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2022, this rate was 19.6% (19.6% in 2020/21) of pensionable remuneration.

On the basis of the updated actuarial valuation, under IAS19, the FSS fund deficit at 31 March 2022 was £5.323 million (2020/21, £9.597 million). In 2021/22, the actuary did not require employer's monthly contributions to reduce the deficit as it did in previous years. FSS did however contribute a single lump sum payment of £200k in February 2022 to reduce the deficit (2020/21, £200k).

The inter-valuation period review set the FSS contribution rate (19.6%) for the period from 1 April 2020 to 31 March 2023. This review did not include any required minimum deficit payment reduction amounts for those three years. A triennial valuation process will be carried out in the summer of 2022 and will determine the FSS's employer contribution rate for a three year period starting 1 April 2023.

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 2022/23 to be £220k.

## Average Number of Persons Employed

The average number of full-time equivalent (FTE) persons employed at 31 March 2022.

### Number of Senior Civil Service Staff

| Band  | 2021/22 | 2020/21 |
|-------|---------|---------|
| SCS 2 | 1       | 1       |
| SCS 1 | 2       | 2       |

### Full Time Equivalent Persons Employed

|                          | 2021/22      | 2020/21      |
|--------------------------|--------------|--------------|
| Board*                   | 8            | 7            |
| Directly Employed Staff  | 288.63       | 231.4        |
| Temporary Staff          | 14.8         | 18.3         |
| Inwards Loan/Secondments | 2.3          | 3.8          |
| <b>Total</b>             | <b>313.7</b> | <b>260.5</b> |

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

### Average Number of Persons Employed

|                           | 2021/22      | 2020/21      |
|---------------------------|--------------|--------------|
| Board*                    | 7            | 7.5          |
| Directly Employed Staff   | 264.7        | 231.4        |
| Temporary Staff           | 17           | 17.3         |
| Inwards Loans/Secondments | 2.9          | 3.9          |
| <b>Total</b>              | <b>291.6</b> | <b>260.1</b> |

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

## People

In addition to delivering our six strategic goals, it is important for FSS to continue to operate effectively as a public body. FSS aspire to be an employer of choice and promote the benefits of modern ways of working. FSS has become a much larger organisation, with a diverse workforce, bringing fresh skills and expertise. Implementing a people strategy and internal values which support the development and retention of a skilled, collaborative and motivated workforce will be key to maintaining organisational excellence.

## Resourcing

FSS resourcing is undertaken by SG Shared Services 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. The FSS HR team work closely with line managers and SG colleagues to ensure policy and practice are consistently applied.

Within FSS, people are our priority; effective workforce planning is one way we can demonstrate this. Details of the development of our new workforce plan have been included in the performance report. Analysing the makeup of our current workforce and comparing against predicted future demands will allow us to determine where any capacity and capability gaps may be. This will enable us to plan for how we can potentially address these gaps within our resource budget allocation.

## Disability Confident Scheme

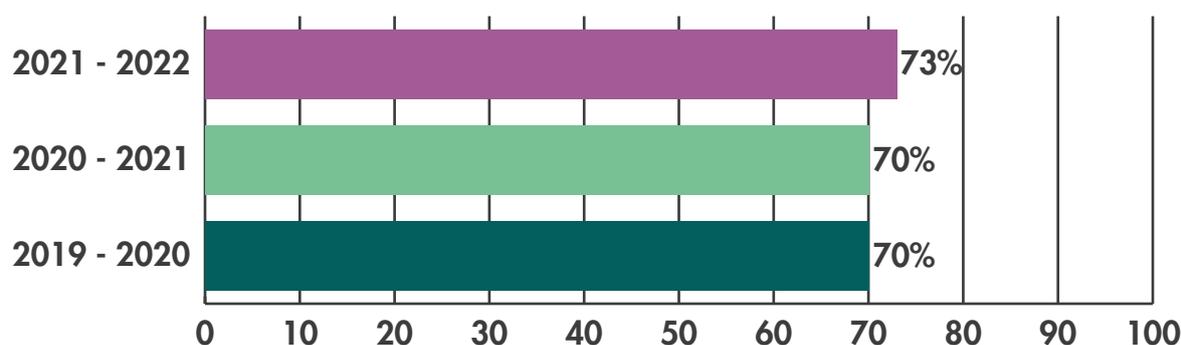
FSS is committed to equality of opportunity in employment and welcomes applications from all sections of society. FSS holds Disability Confident Employer status and disabled applicants who meet the minimum criteria for vacant posts will be invited for interview, and ensure we offer and implement where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

FSS recognise that staff may also develop a long-term health condition or disability during the course of their employment. The scheme recognises our commitment and there are a range of FSS and SG HR policies which take into account the wider employment of staff who may require additional support and reasonable adjustments to enable them to remain in work.

## Employee Engagement

FSS also took part in the Civil Service People Survey 2021. The employee engagement index score of 73%, an increase of three percentage points from 2020, ranked FSS in the Civil Service high performers, one of a quarter of participating organisations which had a score at or above 70%.

### Employee Engagement Scores from the People Survey



FSS ensure that staff are kept informed and engaged in its work through a variety of modes of communication. During the year 2021/22 these included:

- Fortnightly Head Office and Monthly Field Staff meetings.
- Guest speakers – range of internal and external guest speakers, broad range of topics.
- Weekly blogs and newsletters including a dedicated newsletter for field operations staff.
- Communications and information sharing via MS Teams Channels including Healthy Working Lives Teams Channel and Equality, Diversity and Inclusion (EDI) Teams Channel.

### Employee Wellbeing

An internal audit review of Wellbeing Arrangements in response to COVID-19 during 2021-2022, took place in December 2021. This resulted in a substantial assurance rating being provided in the final audit report received in February 2022. The report concluded that risk, governance and control procedures are effective. Any exposure to potential weakness is low and the consequence of risk negligible. Two recommendations identified in the management action plan section of the audit report will be taken forward by the Head of HR.

### Sickness Absence Data

There has been an increase in the level of sickness absence during the year 2021/22. There have been peaks of COVID-19 absence throughout the year and also the relaxation of lockdown rules could also attribute to an increase in short term absence due to other minor illness. Long-term absence increased by 1.1%; however this remains relatively low. Long-term absence occurs when employees have been absent for more than 4 weeks.

|                    | Average total sick days per employee 2021/22  | Average total sick days per employee 2020/21 |
|--------------------|---|--|
| Short Term Absence | 3.5   | 2.5  |
| Long Term Absence  | 2.2   | 1.1  |
| <b>Total</b>       | <b>5.7</b>  | <b>3.6</b>                                   |
| <b>TREND</b>       |  |  |

## Equality and Diversity

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

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

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

## Ethnicity

|                                      | 2021/2022   | 2020/2021 |
|--------------------------------------|---|-----------|
| No. of staff from an ethnic minority | 2.3%  | 3.0%      |
| <b>TREND</b>                         |  |           |

2.3% of the FSS workforce are from an ethnic minority; this has decreased by 0.7% from 2020/21. This could be attributed to staff who left FSS to return overseas due to EU exit and the impact of the COVID-19 pandemic. The declaration rate of ethnicity from staff is currently 63.4% which is an increase of 0.7% from 2021/2022. It is worthy of note there is also a significant amount of data suppressed to protect identity due to low numbers declared. We continue to encourage staff to update their diversity data on eHR.

## Gender Balance

At 31 March 2022, the number of persons of each gender who were Board Members, Senior Managers and employees was as follows:

|  | Female     |            | Male       |            | Total      |            |
|--|------------|------------|------------|------------|------------|------------|
|  | 21/22      | 20/21      | 21/22      | 20/21      | 21/22      | 20/21      |
| Board Members  | 6          | 6          | 2          | 1          | 8          | 7          |
| Senior Management Team (Inc. Chief Executive and Deputy Chief Executive) | 1          | 1          | 2          | 2          | 3          | 3          |
| Employees  | 139        | 114        | 157        | 137        | 296        | 251        |
| <b>Total</b>   | <b>146</b> | <b>121</b> | <b>161</b> | <b>140</b> | <b>307</b> | <b>261</b> |

Note: These figures do not include agency temps and based on actual headcount not FTE

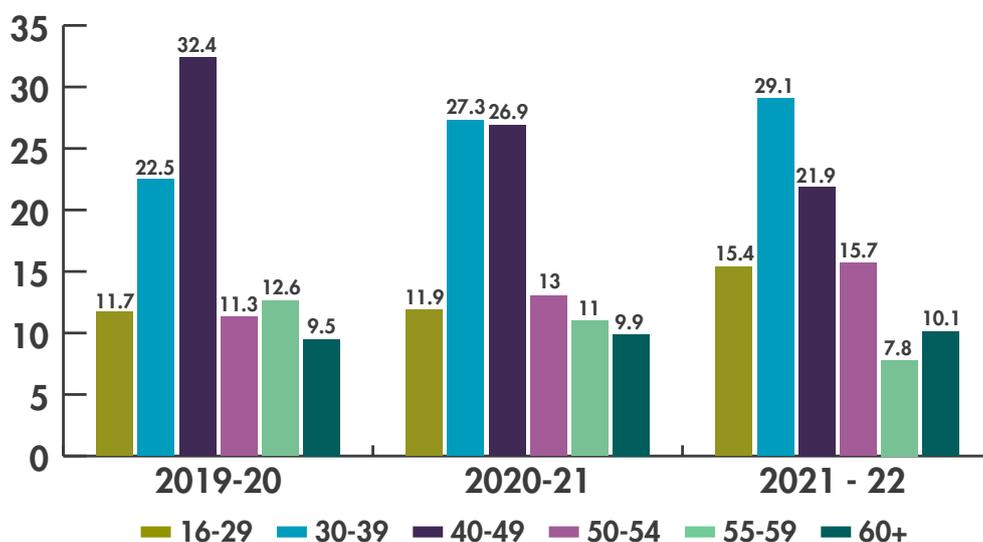
## Age

As of 31 March 2022, approx. 33.6% of staff in the organisation were 50 or over, which is a slight decrease of 0.3% from the previous year.

The proportion of staff in FSS in the 16–29 category has increased to 15.4% this is an increase of 3.5%. This could be attributed to an increase in recruitment to entry level A3/A4 post within FSS and further traineeship opportunities offered in the Operational Delivery team. The proportion of staff in the 30–49 category remains broadly the same as the previous year with 51% of staff in this age group.

As with previous years it had been identified that we have a high proportion of field-based staff in the 55+ category who are nearing retirement age. During 2021–22 we received an increasing number of partial retirement and retirement applications from staff in the field. To address potential skills gaps, FSS has introduced opportunities for trainee Meat Hygiene Inspectors and six posts were filled in 2021, and there are plans to recruit further trainees in 2022-23. Trainee Official Veterinarian posts have also been recruited and plans are in place to recruit further trainees in 2022-23.

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



### Equalities Mainstreaming Report

FSS published the main [Equality Mainstreaming Report \(2022\)](#) on 12 April 2022 (published earlier than the statutory deadline of 30 April 2022 due to Local Election period). This is a statutory requirement which we are required to publish every four years, with a progress report published every two years.

The report sets out our plans for how we will embed equality across FSS in order meet the general and specific duties, as well as looking at how delivery of its functions impacts on those with protected characteristics. Due to the year FSS was established we are out of sync with other public sector bodies and our next Equalities Mainstreaming Progress Report is due for publication on 30 April 2024.

### Fair Work Framework

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

### Trade Union Relationship (TUS)

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

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

|   |         |
|---|---------|
| Number of employees who were relevant union officials during 2021/22                        | 2       |
| Full Time Equivalent (FTE) Employee Number  | 2       |
| Percentage of time spent on facility time   | 1 – 50% |
| 0%  |         |
| 1 – 50%   |         |
| 51% - 99%   |         |
| 100%  |         |
| Percentage of pay bill spent on facility time   | 0.01%   |
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 7.3%    |

### Compensation for loss of office (audited)

There have been no leavers who received compensation for loss of office during the 2021/22 financial year.

FSS had no redundancy and other departure costs in 2021/22 related to active staff members. Exit costs are accounted for in full in the year of departure. Where FSS has agreed early retirements, the additional costs are met by the FSS and not by the Civil Service pension scheme.

Ill-health retirement costs are met by the pension scheme and are not included in the table. There were no retirements made on ill-health grounds in 2021/22.

### Community, social and human rights

We continue to make British Sign Language (BSL) translations of FSS resources. During 2021/22 information about our vitamin D, Christmas and healthy eating campaigns was translated into BSL and shared on social media. An overview of FSS' new healthy eating resource 'Eat Well, Your Way' was also translated and shared. We delivered more BSL awareness training sessions with FSS staff, which were well-attended.

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

# Parliamentary Accountability Disclosures

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## Consultancy

One contract for consultancy services was in place with a value of £10.5k to improve implementation support in two of the shellfish export hubs during the year.

## Charitable Donations, Gifts and Paid Sponsorships

FSS did not make any charitable donations during the year. In line with the Scottish Public Finance Manual, no gifts were given or donated by FSS during 2021/22.

## Losses and Special Payments

During the year to 31 March 2022, there were no losses and special payments recorded in the Statement of Comprehensive Net Expenditure (SOCNE) (2020/21, £325 salary overpayment).

## 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 Scottish Public Finance Manual regarding full-cost recovery, approval by the Cabinet Secretary for Finance and Sustainable Growth to continue with partial cost recovery was agreed in February 2014.

With the discount system in place, there currently remains a shortfall between the costs for FSS of delivering meat official controls and the income received from FBOs for these services. This was effectively a subsidy of approximately £1.3m to the meat industry for the 2021/22 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:

|                                   | 2021/22      |              |                       | 2020/21      |              |                       |
|-----------------------------------|--------------|--------------|-----------------------|--------------|--------------|-----------------------|
|                                   | £'000        | £'000        | £'000                 | £'000        | £'000        | £'000                 |
|                                   | Income       | Full Cost    | Surplus/<br>(Deficit) | Income       | Full Cost    | Surplus/<br>(Deficit) |
| Industry                          | 4,674        | 5,829        | (1,155)               | 3,705        | 4,834        | (1,129)               |
| Government                        | 274          | 274          | -                     | 266          | 266          | -                     |
| Other (Assessment Centre charges) | 31           | 31           | -                     | 34           | 34           | -                     |
| <b>Total</b>                      | <b>4,979</b> | <b>6,134</b> | <b>(1,155)</b>        | <b>4,005</b> | <b>5,134</b> | <b>(1,129)</b>        |

#### Guarantees, indemnities and letters of comfort

No guarantees or letters of comfort were provided during the 2021/22 reporting year.

*Geoff Ogle*

**Geoff Ogle**

Chief Executive and Accountable Officer

**Date:** 22 September 2022



# 3. Independent Auditor's Report

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

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

### Reporting on the audit of the financial statements

#### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Food Standards Scotland for the year ended 31 March 2022 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 UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 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 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

#### Basis for opinion

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 7th July 2021. The period of total uninterrupted appointment is two years. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

### Responsibilities of the Accountable Officer for the financial statements

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

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

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

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 decisions of users taken on the basis of these financial statements.

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

- o obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;

- o identifying which laws and regulations are significant in the context of the body;
- o assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- o considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

## Reporting on regularity of expenditure and income

### Opinion on regularity

In my opinion in all material respects:

- o 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
- o the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, 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.

## Reporting on other requirements

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

I have audited the parts of the Remuneration and Staff Report described as audited. 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.

### Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

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

In 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.

*Tommy Yule*

**Tommy Yule, FCPFA**

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

22 September 2022

## 4. Financial Statements

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

# Statement of Comprehensive Net Expenditure

|   | Note         | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|--------------|------------------|------------------|
| Other operating income                                | 4            | (4,979)          | (4,005)          |
| <b>Total operating income</b>                         |              | <b>(4,979)</b>   | <b>(4,005)</b>   |
| Staff costs   | Staff Report | 15,662           | 13,034           |
| Purchase of goods and services                        | 3            | 4,802            | 3,667            |
| Depreciation and impairment charges                   | 3            | 421              | 461              |
| Provision expense/(Write back)                        | 3            | (7)              | 123              |
| Pension expense                                       | 3            | 401              | 331              |
| Other operating expenditure                           | 3            | 4,437            | 3,238            |
| <b>Total operating expenditure</b>                    |              | <b>25,716</b>    | <b>20,854</b>    |
| <b>Net operating expenditure</b>                      |              | <b>20,737</b>    | <b>16,849</b>    |
| <b>Other comprehensive net income</b>                 |              |                  |                  |
| - Actuarial (gain)/loss on pension scheme liabilities | 13.3         | (4,471)          | 2,383            |
| <b>Total comprehensive net expenditure</b>            |              | <b>16,266</b>    | <b>19,232</b>    |

# Statement of Financial Position

|  | Note | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------|------------------|------------------|
| <b>Non-current assets</b>                    |      |                  |                  |
| Property, plant and equipment                | 5    | 633              | 675              |
| Intangible assets                            | 6    | 648              | 784              |
| <b>Total non-current assets</b>              |      | <b>1,281</b>     | <b>1,459</b>     |
| <b>Current assets</b>                        |      |                  |                  |
| Trade and other receivables                  | 10   | 796              | 688              |
| Other current assets                         | 10   | 721              | 967              |
| Cash and cash equivalents                    | 9    | 3,792            | 1,233            |
| <b>Total current assets</b>                  |      | <b>5,309</b>     | <b>2,888</b>     |
| <b>Total assets</b>                          |      | <b>6,590</b>     | <b>4,347</b>     |
| <b>Current Liabilities</b>                   |      |                  |                  |
| Trade and other payables                     | 11   | (173)            | (663)            |
| Other liabilities                            | 11   | (2,544)          | (1,397)          |
| Provisions                                   | 12   | (19)             | (23)             |
| <b>Total current liabilities</b>             |      | <b>(2,736)</b>   | <b>(2,083)</b>   |
| <b>Total assets less current liabilities</b> |      | <b>3,854</b>     | <b>2,264</b>     |
| <b>Non-current liabilities</b>               |      |                  |                  |
| Accumulated Dilapidation                     | 12   | (71)             | (57)             |
| Provisions                                   | 12   | (118)            | (158)            |
| Net pension liability                        | 13.3 | (5,434)          | (9,710)          |
| <b>Total non-current liabilities</b>         |      | <b>(5,623)</b>   | <b>(9,925)</b>   |
| <b>Total Assets less total liabilities</b>   |      | <b>(1,769)</b>   | <b>(7,661)</b>   |
| <b>Taxpayers' equity and other reserves</b>  |      |                  |                  |
| General fund                                 |      | (1,769)          | (7,661)          |
| <b>Total Assets less total liabilities</b>   |      | <b>(1,769)</b>   | <b>(7,661)</b>   |

*Geoff Ogle*

**Geoff Ogle**

Chief Executive and Accountable Officer

**Date:** 22 September 2022

# Statement of Cash Flows

|   | Note     | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|----------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |          |                  |                  |
| Net operating Expenditure   | SOCNE    | (20,737)         | (16,849)         |
| Adjustment for non-cash transactions  | 3, SoCiE | 493              | 557              |
| (Increase)/Decrease in trade and other receivables  | 10       | 139              | (425)            |
| Increase/(Decrease) in trade and other payables   | 11       | 657              | (675)            |
| Less movements relating to items not passing through the Statement of Comprehensive Net Expenditure   |          |                  |                  |
| Use of provisions   | 4,13     | 380              | 335              |
| Cash contribution to pension deficit  | 12,13.3  | (229)            | (231)            |
| <b>Net cash outflow from operating activities</b>   |          | <b>(19,297)</b>  | <b>(17,288)</b>  |
| <b>Cash flows from investing activities</b>   |          |                  |                  |
| Purchase of property, plant and equipment   | 5        | (134)            | (128)            |
| Purchase of intangible assets   | 6        | (109)            | (142)            |
| <b>Net cash outflow from investing activities</b>   |          | <b>(244)</b>     | <b>(270)</b>     |
| <b>Cash flows from financing activities</b>   |          |                  |                  |
| From the Consolidated Fund (Supply)   | SoCiE    | 22,100           | 17,490           |
| <b>Net Financing</b>  |          | <b>22,100</b>    | <b>17,490</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b> |          | <b>2,559</b>     | <b>(68)</b>      |
| <b>Cash and cash equivalents at the beginning of the period</b>   | 9        | <b>1,233</b>     | <b>1,301</b>     |
| <b>Cash and cash equivalents at the end of the period</b>   | 9        | <b>3,792</b>     | <b>1,233</b>     |

# Statement of Changes in Taxpayers' Equity

|  | Note  | 2021/22<br>General<br>Fund<br>£'000 | 2020/21<br>General<br>Fund<br>£'000 |
|--|-------|-------------------------------------|-------------------------------------|
| <b>Balance at 01 April 2021</b>        |       | <b>(7,661)</b>                      | <b>(5,999)</b>                      |
| <b>Transfers on absorption</b>         |       |                                     |                                     |
| Net Parliamentary Funding              |       | 22,100                              | 17,490                              |
| Net operating expenditure for the year | SOCNE | (20,737)                            | (16,849)                            |
| Actuarial gain/(loss)                  | 13.3  | 4,471                               | (2,383)                             |
| Auditors' remuneration and expenses    | 3     | 49                                  | 48                                  |
| Other                                  |       | 9                                   | 32                                  |
| <b>Balance at 31 March 2022</b>        |       | <b>(1,769)</b>                      | <b>(7,661)</b>                      |

# Notes to the Financial Statements

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## 1. Statement of Accounting Policies

The accounts have been prepared in accordance with the accounts direction issued by Scottish ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 and also in accordance with the Financial Reporting Manual (FReM) applicable for the year. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of Food Standards Scotland (FSS) for the purposes of giving a true and fair view has been selected.

### 1.1 Basis of Accounting

These accounts have been prepared under the historical cost convention. As at 1 April 2022, FSS has significant net liabilities (£5.434 million) relating to pension liabilities for former Food Standards Agency (FSA) staff, both retired as well as current FSS employees, who are members of the Local Government Pension Scheme (LGPS). In addition, there is also a small liability for former FSA in Scotland Board Members who are members of the Principal Civil Service Pension Scheme (PCSPS). 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.

### 1.2 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.

### 1.3 Non-Current Assets

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

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

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.

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-lived where applicable:

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

### 1.4 Operating Income

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

Income from 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.

### 1.5 Administration and Programme Expenditure

The statement of net comprehensive expenditure is analysed between administration and programme costs. The classification of expenditure as administration or programme follows the definition of administration costs set out in Consolidated Budgeting Guidance 2021/22 by HM Treasury.

## 1.6 Pension Arrangements

Pension assets and liabilities attributable to FSS in the LGPS are recorded in line with IAS19 with a valuation undertaken annually to measure the value of pension assets and liabilities at the Statement of Financial Position date, determining the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is included within interest receivable/payable.

The change in value of assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position. The IAS19 valuation includes sensitivity analysis and the potential impact and this information can be found in Note 13 together with the costs in relation to the LGPS scheme. Further details about LGPS pensions can be found at the website [www.lpfa.org.uk](http://www.lpfa.org.uk).

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

## 1.7 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.

## 1.8 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.

## 1.9 Value Added Tax (VAT)

Operating costs are stated net of VAT where VAT is recoverable by FSS. FSS is registered for VAT as part of the SG, which is responsible for recovering VAT from HM Revenue and Customs. Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, or if it is incurred on the purchase of a non-current asset, it is capitalised in the cost of the asset.

### 1.10 Provisions

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

The Early 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.

### 1.11 Contingent Liabilities

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

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

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

### 1.12 Financial Assets and Liabilities

FSS holds the following financial assets and liabilities:

|                    |  |
|--------------------|--|
| <b>Assets</b>      | Trade and other receivables<br>Other current assets<br>Cash and cash equivalents |
| <b>Liabilities</b> | Trade and other payables<br>Other liabilities<br>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' bank account. FSS does not currently have cash equivalents. Trade receivables are measured at fair value with an impairment review carried out on a monthly basis. Trade and other payables are measured at fair value, with use of agreed invoiced amount, or management estimate in the case of accrued expenditure, forming the basis for valuation.

## 2. Net Costs by Group

| Division   | Administration |            | Programme    |                | 2021/22            | 2020/21            |
|--|----------------|------------|--------------|----------------|--------------------|--------------------|
|  | Costs          | Income     | Costs        | Income         | Net operating cost | Net operating cost |
|  | £'000          | £'000      | £'000        | £'000          | £'000              | £'000              |
| Board, Executive Leadership team & Private Office    | 567            | -          | -            | -              | 567                | 884                |
| <b>Directorate of Policy, Science and Operations</b> | 640            | -          | -            | -              | 640                | -                  |
| Scottish Food Crime & Incidents Unit                 | 1,145          | -          | 33           | -              | 1,178              | 905                |
| Science, Delivery & Research                         | 817            | -          | 840          | -              | 1,657              | 1,092              |
| Food Safety & Standards Policy                       | 934            | -          | 9            | -              | 943                | 500                |
| Local Authority Delivery                             | 1,091          | (0)        | 735          | -              | 1,826              | 1,107              |
| Operational Delivery                                 | 7,232          | -          | 2,815        | (4,979)        | 5,069              | 4,722              |
| <b>Directorate of Strategy and Corporate Affairs</b> | 479            | -          | -            | -              | 479                | -                  |
| Governance & Infrastructure                          | 4,762          | -          | -            | -              | 4,762              | 3,807              |
| UK and International Relations                       | 378            | -          | -            | -              | 378                | -                  |
| Audit Assurance                                      | 323            | -          | -            | -              | 323                | 224                |
| Communications and Marketing                         | 705            | -          | 298          | -              | 1,003              | 985                |
| Public Health Nutrition, Science & Policy            | 162            | -          | -            | -              | 162                | 134                |
| Regulatory Strategy Work Programme                   | 500            | -          | 36           | -              | 536                | 680                |
| Diet and Nutrition Work Programme                    | 397            | -          | 819          | -              | 1,216              | 734                |
| Brexit Work Programme                                |                |            |              |                |                    | 1,075              |
| <b>Totals</b>  | <b>20,131</b>  | <b>(0)</b> | <b>5,584</b> | <b>(4,979)</b> | <b>20,737</b>      | <b>16,850</b>      |

FSS identifies reportable segments in the form of Directorates, Divisions and Programmes, that reflect the new organisational structure. The financial system also reflects the organisational structure and enables income and expenditure to be analysed and reported by segment. Staff costs by branch are contained within the Administration costs presented above.

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

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

A summary of staff costs is shown in the table below. Additional detail regarding staff number and costs can be found in the [Staff Report](#) on page 71.

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| Staff Costs                                       | 14,206           | 11,854           |
| Apprenticeship Levy                               | 38               | 28               |
| Agency Staff                                      | 1,117            | 875              |
| Inward Secondment                                 | 212              | 170              |
| Contract inspectors and veterinary costs          | 227              | 156              |
| Less recoveries in respect of outward secondments | (137)            | (50)             |
| <b>Total net costs</b>                            | <b>15,662</b>    | <b>13,034</b>    |

### 3. Non-pay Expenditure

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| <b>Goods and services</b>   | 4,802            | 3,667            |
|   | 4,802            | 3,667            |
| <b>Depreciation and impairment charges: Non cash</b>                |                  |                  |
| Depreciation  | 176              | 160              |
| Amortisation  | 245              | 250              |
| Loss on disposal of property, plant and equipment                   | -                | 51               |
|   | 421              | 461              |
| <b>Provision expense</b>  |                  |                  |
| Other services  | -                | 106              |
| Dilapidation  | 14               | 14               |
| Early Departure   | (21)             | 4                |
|   | (7)              | 124              |
| <b>Pension expense</b>  | 401              | 331              |
|   | 401              | 331              |
| <b>Other operating expenditure</b>                                  |                  |                  |
| Accommodation costs including rates, estate management and security | 311              | 306              |
| System Support Costs - Other  | 948              | 428              |
| Legal costs   | 332              | 186              |
| Other Admin costs   | 925              | 887              |
| Internal auditors' remuneration and expenses                        | 59               | 45               |
| Travel & Subsistence and Hospitality                                | 245              | 161              |
| Training and Development  | 303              | 91               |
| Other   | 35               | 49               |
| IT Costs  | 201              | 141              |
| Rentals under operating leases                                      | 473              | 469              |
| Research and Development expenditure                                | 556              | 428              |
| Nominal charge: External auditors' remuneration and expenses        | 49               | 48               |
|   | 4,437            | 3,239            |

#### 4. Operating Income

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

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| Income for official controls charged to industry                     | 4,674            | 3,705            |
| Income for meat hygiene work charges to other government departments | 274              | 266              |
| Other income e.g. assessment centre charges                          | 31               | 34               |
| <b>Total income</b>  | <b>4,979</b>     | <b>4,005</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 £1.3m to the meat industry as well as other corporate activities that are currently being charged to the 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.

## 5. Plant and Equipment

|   | Fixtures<br>and Fittings<br>£'000 | Office<br>Equipment<br>£'000 | Computer<br>Equipment<br>£'000 | Motor<br>Vehicles<br>£'000 | Total<br>£'000 |
|---|-----------------------------------|------------------------------|--------------------------------|----------------------------|----------------|
| <b>Cost or valuation</b>                    |                                   |                              |                                |                            |                |
| At 1 April 2021                             | 812                               | 335                          | 624                            | 81                         | 1,852          |
| Additions                                   | -                                 | 7                            | 56                             | 71                         | 134            |
| Disposals                                   | -                                 | -                            | -                              | -                          | -              |
| <b>At 31 March 2022</b>                     | <b>812</b>                        | <b>342</b>                   | <b>680</b>                     | <b>152</b>                 | <b>1,986</b>   |
| <b>Depreciation</b>                         |                                   |                              |                                |                            |                |
| At 1 April 2021                             | 431                               | 316                          | 389                            | 41                         | 1,177          |
| Charged in year                             | 76                                | 16                           | 75                             | 9                          | 176            |
| Disposals                                   | -                                 | -                            | -                              | -                          | -              |
| <b>At 31 March 2022</b>                     | <b>507</b>                        | <b>332</b>                   | <b>464</b>                     | <b>50</b>                  | <b>1,353</b>   |
| <b>Carrying amount at 31<br/>March 2022</b> | <b>305</b>                        | <b>10</b>                    | <b>216</b>                     | <b>102</b>                 | <b>633</b>     |
| <b>Carrying amount at 31<br/>March 2021</b> | <b>382</b>                        | <b>19</b>                    | <b>234</b>                     | <b>40</b>                  | <b>675</b>     |
| <b>Asset financing</b>                      |                                   |                              |                                |                            |                |
| Owned                                       | 305                               | 10                           | 216                            | 102                        | 633            |
| <b>Carrying amount at 31<br/>March 2022</b> | <b>305</b>                        | <b>10</b>                    | <b>216</b>                     | <b>102</b>                 | <b>633</b>     |
| <b>Cost or valuation</b>                    |                                   |                              |                                |                            |                |
| At 1 April 2020                             | 799                               | 336                          | 509                            | 81                         | 1,725          |
| Additions                                   | 13                                | -                            | 115                            | -                          | 128            |
| Disposals                                   | -                                 | (1)                          | -                              | -                          | (1)            |
| <b>At 31 March 2021</b>                     | <b>812</b>                        | <b>335</b>                   | <b>624</b>                     | <b>81</b>                  | <b>1,852</b>   |
| <b>Depreciation</b>                         |                                   |                              |                                |                            |                |
| At 1 April 2020                             | 356                               | 300                          | 332                            | 30                         | 1,017          |
| Charged in year                             | 75                                | 16                           | 58                             | 12                         | 160            |
| Disposals                                   | -                                 | -                            | -                              | -                          | -              |
| <b>At 31 March 2021</b>                     | <b>431</b>                        | <b>316</b>                   | <b>389</b>                     | <b>41</b>                  | <b>1,177</b>   |
| <b>Carrying amount at 31<br/>March 2021</b> | <b>382</b>                        | <b>19</b>                    | <b>234</b>                     | <b>40</b>                  | <b>675</b>     |
| <b>Carrying amount at 31<br/>March 2020</b> | <b>443</b>                        | <b>36</b>                    | <b>177</b>                     | <b>51</b>                  | <b>708</b>     |
| <b>Asset financing</b>                      |                                   |                              |                                |                            |                |
| Owned                                       | 382                               | 19                           | 234                            | 40                         | 675            |
| <b>Carrying amount at 31<br/>March 2021</b> | <b>382</b>                        | <b>19</b>                    | <b>234</b>                     | <b>40</b>                  | <b>675</b>     |

## 6. Intangible Assets

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

|   | Computer software and software licences<br>£'000 | AUC<br>£'000 | Total<br>£'000 |
|---|--|--------------|----------------|
| <b>Cost or valuation</b>                |  |              |                |
| At 1 April 2021                         | 2,648  | 119          | 2,767          |
| Additions                               | 229  | -            | 229            |
| Transfers                               | -  | (119)        | (119)          |
| Disposals                               | -  | -            | -              |
| <b>At 31 March 2022</b>                 | <b>2,877</b>                                     | <b>-</b>     | <b>2,877</b>   |
| <b>Amortisation</b>                     |  |              |                |
| At 1 April 2021                         | 1,983  | -            | 1,983          |
| Charged in year                         | 245  | -            | 245            |
| Disposals                               | -  | -            | -              |
| <b>At 31 March 2022</b>                 | <b>2,229</b>                                     | <b>-</b>     | <b>2,229</b>   |
| <b>Carrying amount At 31 March 2022</b> | <b>648</b>                                       | <b>-</b>     | <b>648</b>     |
| <b>Carrying amount At 31 March 2021</b> | <b>664</b>                                       | <b>119</b>   | <b>784</b>     |
| <b>Cost or valuation</b>                |  |              |                |
| At 1 April 2020                         | 2,318  | 358          | 2,676          |
| Additions                               | 330  | 119          | 449            |
| Transfers                               | -  | (358)        | (358)          |
| Disposals                               | -  | -            | -              |
| <b>At 31 March 2021</b>                 | <b>2,648</b>                                     | <b>119</b>   | <b>2,767</b>   |
| <b>Amortisation</b>                     |  |              |                |
| At 1 April 2020                         | 1,734  | -            | 1,734          |
| Charged in year                         | 250  | -            | 250            |
| Disposals                               | -  | -            | -              |
| <b>At 31 March 2021</b>                 | <b>1,983</b>                                     | <b>-</b>     | <b>1,983</b>   |
| <b>Carrying amount At 31 March 2021</b> | <b>664</b>                                       | <b>119</b>   | <b>784</b>     |
| <b>Carrying amount At 31 March 2020</b> | <b>584</b>                                       | <b>358</b>   | <b>943</b>     |

## 7. Capital and other Commitments

At 31 March 2022 there were no commitments for the purchase of capital items.

### Commitments under Leases

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

|   | 2021/22      | 2020/21      |
|---|--------------|--------------|
|   | £'000        | £'000        |
| <b>Obligations under operating leases comprise:</b> |              |              |
| Land and buildings:                                 |              |              |
| Not later than one year                             | 468          | 468          |
| Later than one year and not later than five years   | 2,012        | 1,942        |
| Later than five years                               | 1,615        | 2,153        |
|   | <b>4,095</b> | <b>4,563</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).

### Other financial Commitments

FSS did not have any other financial commitments as at 31 March 2022.

## 8. Financial Instruments

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

## 9. Cash and Cash Equivalents

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| Balance at 1 April                       | 1,233            | 1,301            |
| Net changes in cash and cash equivalents | 2,559            | (68)             |
| <b>Balance at 31 March</b>               | <b>3,792</b>     | <b>1,233</b>     |

The following balances at 31 March were held at:

|                            |              |              |
|----------------------------|--------------|--------------|
| Government Banking Service | <b>3,792</b> | <b>1,233</b> |
| <b>Balance at 31 March</b> | <b>3,792</b> | <b>1,233</b> |

## 10. Trade and Other Receivables

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade receivables                           | 536              | 447              |
| VAT recoverable                             | 267              | 279              |
| Other receivables                           | (6)              | (38)             |
|   | <b>796</b>       | <b>688</b>       |
| Other current assets :                      |                  |                  |
| Prepayments and accrued income              | 721              | 967              |
|   | <b>721</b>       | <b>967</b>       |

## 11. Trade and Other Payables

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| <b>Amounts falling due within one year</b> |                  |                  |
| Other taxation and social security         | 16               | 13               |
| Trade payables                             | 149              | 645              |
| Other payables                             | 8                | 5                |
|  | <b>173</b>       | <b>663</b>       |
| Other current liabilities :                |                  |                  |
| Accruals                                   |                  |                  |
|  | <b>2,544</b>     | <b>1,397</b>     |

## 12. Provisions for liabilities and charges

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.

|   |                 |               |                | 2021/22     | 2020/21     |
|---|-----------------|---------------|----------------|-------------|-------------|
|   | Early departure | Dilapidations | Other services | £'000 Total | £'000 Total |
| Balance at 31 March 2021                | 182             | 57            | 106            | 344         | 244         |
| Transfer from FSA                       | -               | -             | -              | -           | -           |
| Provided in the year                    | 11              | 14            | -              | 26          | 121         |
| Provisions not required written back    | (31)            | -             | (68)           | (99)        | -           |
| Provisions utilised in the year         | (23)            | -             | (38)           | (61)        | (23)        |
| Borrowing costs (unwinding of discount) | (2)             | -             | -              | (2)         | 2           |
| <b>Balance at 31 March 2022</b>         | <b>137</b>      | <b>71</b>     | <b>-</b>       | <b>208</b>  | <b>344</b>  |

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

|  |                 |               |                | 2021/22     | 2020/21     |
|--|-----------------|---------------|----------------|-------------|-------------|
|  | Early departure | Dilapidations | Other services | £'000 Total | £'000 Total |
| within one year                            | 19              | -             | -              | 19          | 129         |
| Total current provisions liability         | 19              | -             | -              | 19          | 129         |
| between one and five years thereafter      | 75              | -             | -              | 75          | 89          |
| Total non-current provisions liability     | 43              | 71            | -              | 114         | 126         |
|  | 118             | 71            | -              | 189         | 215         |
| <b>Provisions balance at 31 March 2022</b> | <b>137</b>      | <b>71</b>     | <b>-</b>       | <b>208</b>  | <b>344</b>  |

### 12.1 Dilapidations

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

### 12.2 Early departure costs

Early departure cost refers to liabilities to staff for early retirement. FSS is meeting the additional costs of benefits beyond the normal PCSPS and LGPS benefits in respect of employees who retire early by paying the required amounts annually to the pension fund over the period between early departure and normal retirement date. FSS provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments discounted by the HM Treasury discount rate of -1.30% (2020/21 -0.95%) in real terms. During 2021/22, no early departure costs were incurred in relation to current staff members.

## 13. Pension Assets and Liabilities

### 13.1 Pension Provision for former FSA Board Members

Pension liabilities in the Board Pension Scheme are calculated by the GAD and a valuation is undertaken annually. The change in value of pension liabilities arising from changes in benefits or actuarial assumptions is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability is shown in the Statement of Financial Position. Board pension provision relates to the by-analogy pension scheme with the 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 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 2022 is £111,000 (31 March 2021, £113,000). The disclosures confirm that over the period the defined benefit liability has decreased by £2,000. 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<br>31/03/22 | Year Ending<br>31/03/21 |
|---|-------------------------|-------------------------|
| Discount rate                           | 1.55%                   | 1.25%                   |
| Rate of increase in pensions in payment | 2.90%                   | 2.22%                   |
| CPI inflation assumption                | 2.90%                   | 2.22%                   |

### Mortality

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

| Current Pensions | As at 31 March 2022 |                  | As at 31 March 2021 |                  |
|------------------|---------------------|------------------|---------------------|------------------|
|                  | Men<br>(years)      | Women<br>(years) | Men<br>(years)      | Women<br>(years) |
| 60               | 27.0                | 28.6             | 26.9                | 28.6             |
| 65               | 22.1                | 23.8             | 22.0                | 23.7             |

### Present value of scheme liabilities

|   | Value at<br>31/03/22<br>£'000 | Value at<br>31/03/21<br>£'000 |
|---|-------------------------------|-------------------------------|
| Liability in respect of:                  |                               |                               |
| Current pensioners                        | 111                           | 113                           |
| Total present value of scheme liabilities | 111                           | 113                           |

### Analysis of movement in scheme liability

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| Scheme liability at the beginning of year | 113              | 112              |
| Movement in the year:                     |                  |                  |
| Interest cost                             | 1                | 2                |
| Actuarial (Gain) / Loss                   | 3                | 5                |
| Benefits paid                             | (6)              | (6)              |
| Net pension liability at the end of year  | 111              | 113              |

### Analysis of amount charged to operating expenditure

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| Current service cost (net of employee contributions) |                  |                  |
| Interest cost  | 1                | 2                |
| Total expense/(income)                               | 1                | 2                |

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

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| Experience loss/(gain) arising on the scheme liabilities                                    | (1)              | (1)              |
| Changes in financial assumptions underlying the present value of scheme liabilities         | 4                | 6                |
| Net total actuarial loss/(gain) recognised in the statement of changes in taxpayers' equity | 3                | 5                |

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

| Sensitivity Analysis<br>Change in assumptions*                              |     | Impact on DBO |       |
|---|-----|---------------|-------|
|   |     | %             | £'000 |
| Rate of discounting scheme liabilities                                      | 0.5 | (6)           | (6)   |
| Rate of increase in CPI   | 0.5 | 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.

### 13.2 Provision for LGPS Pension Liability

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

The disclosures confirm that over the period the net pension liability has decreased by £4.274 million. This is attributable to changes to the actuarial financial and demographic assumptions.

### McCloud/Sargeant Judgement

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

The Actuary has advised that the allowance previously made for the potential impact of the McCloud/Sargeant judgement has been rolled forward and remeasured for the valuation of defined benefit and unfunded liabilities at 31 March 2022.

## 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<br>31/03/22<br>% p.a. | Year Ending<br>31/03/21<br>% p.a. |
|-------------------|-----------------------------------|-----------------------------------|
| Discount Rate     | 2.60%                             | 1.95%                             |
| Pension Increases | 3.35%                             | 2.90%                             |
| Salary Increases  | 4.35%                             | 3.90%                             |

## Mortality

The post retirement mortality is based on the Club Vita mortality analysis. These base tables are then projected using the CMI\_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

|                      | As at 31 March 2022 |                  | As at 31 March 2021 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | Men<br>(years)      | Women<br>(years) | Men<br>(years)      | Women<br>(years) |
| Retiring today       | 20.2                | 23.6             | 20.2                | 23.5             |
| Retiring in 20 years | 21.6                | 24.8             | 21.5                | 24.7             |

## Movement in liabilities

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| <b>Opening Defined Benefit Obligation</b>            | 34,578           | 29,171           |
| Current service cost                                 | 492              | 399              |
| Interest cost  | 660              | 673              |
| Change in financial assumptions                      | (1,187)          | 6,122            |
| Change in demographic assumptions                    | -                | (301)            |
| Experience loss/(gain) on defined benefit obligation | 49               | (362)            |
| Estimated benefits paid net of transfers in          | (1,430)          | (1,180)          |
| Contributions by Scheme participants                 | 75               | 79               |
| Unfunded pension payments                            | (23)             | (23)             |
| <b>Closing Defined Benefit Obligation</b>            | <b>33,214</b>    | <b>34,578</b>    |

## Movement in assets

|   | 2021/22<br>£'000 | 2020/21<br>£'000 |
|---|------------------|------------------|
| <b>Opening Fair Value of Employer's Assets</b>            | 24,981           | 22,081           |
| Interest on assets  | 479              | 509              |
| Return on assets less interest                            | 3,336            | 3,081            |
| Administration expenses                                   | (32)             | (29)             |
| Contributions by Employer including unfunded              | 505              | 463              |
| Contributions by Scheme participants                      | 75               | 79               |
| Estimated benefits paid plus unfunded net of transfers in | (1,453)          | (1,203)          |
| <b>Closing Fair Value of Employer Assets</b>              | <u>27,891</u>    | <u>24,981</u>    |

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

|                                     | Value at<br>31/03/22<br>£'000 | % at<br>31/03/22 | Value at<br>31/03/22<br>£'000 | % at<br>31/03/22 |
|-------------------------------------|-------------------------------|------------------|-------------------------------|------------------|
| Equities                            | 15,876                        | 57%              | 13,871                        | 56%              |
| Target return portfolio             | 6,007                         | 22%              | 5,732                         | 23%              |
| Infrastructure                      | 2,841                         | 10%              | 2,133                         | 9%               |
| Property                            | 2,502                         | 9%               | 2,202                         | 9%               |
| Cash                                | 665                           | 2%               | 1,043                         | 4%               |
| Market value of assets              | <u>27,891</u>                 | 100%             | <u>24,981</u>                 | 100%             |
| Present value of scheme liabilities | <u>(33,214)</u>               |                  | <u>(34,578)</u>               |                  |
| Net pension liability               | (5,323)                       |                  | (9,597)                       |                  |

**Movement in deficit during the year**

|                                    | <b>2021/22</b> | <b>2020/21</b> |
|------------------------------------|----------------|----------------|
|                                    | <b>£'000</b>   | <b>£'000</b>   |
| Scheme liability at 1 April        | (9,597)        | (7,090)        |
| Service cost                       | (492)          | (399)          |
| Administration expenses            | (32)           | (29)           |
| Employer contributions             | 305            | 263            |
| Payment of deficit                 | 200            | 200            |
| Other finance net interest charged | (181)          | (164)          |
| Actuarial (loss) / gain            | 4,474          | (2,378)        |
| Net pension liability              | <u>(5,323)</u> | <u>(9,597)</u> |

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

|   | <b>2021/22</b> | <b>2020/21</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Service cost                                | 492            | 399            |
| Administration expenses                     | 32             | 29             |
|   | <u>524</u>     | <u>428</u>     |
| Employer contributions to be set off        | (305)          | (263)          |
| Amount (credited)/charged to operating cost | <u>219</u>     | <u>165</u>     |

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

|   |            |            |
|---|------------|------------|
| Net interest on the defined liability/(asset) | <u>181</u> | <u>164</u> |
|---|------------|------------|

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

|  | 2021/22<br>£'000 | 2020/21<br>£'000 |
|--|------------------|------------------|
| Return on fund assets in excess of interest          | 3,336            | 3,081            |
| Change in financial assumptions                      | 1,187            | (6,122)          |
| Change in demographic assumptions                    | -                | 301              |
| Experience gain/(loss) on defined benefit obligation | (49)             | 362              |
| Remeasurement of the net assets/(defined liability)  | 4,474            | (2,378)          |

## Sensitivity Analysis

|  | £'000   | £'000  | £'000   |
|--|---------|--------|---------|
| Adjustment to discount rate                            | +0.1%   | 0.0%   | -0.1%   |
| Present value of Total Obligation                      | 32,701  | 33,214 | 33,735  |
| Projected Service Cost                                 | 445     | 456    | 466     |
| Adjustment to long term salary increase                | +0.1%   | 0.0%   | -0.1%   |
| Present value of Total Obligation                      | 33,269  | 33,214 | 33,159  |
| Projected Service Cost                                 | 456     | 456    | 456     |
| Adjustment to pension increases and deferred valuation | +0.1%   | 0.0%   | -0.1%   |
| Present value of Total Obligation                      | 33,675  | 33,214 | 32,662  |
| Projected Service Cost                                 | 466     | 456    | 446     |
| Adjustment to mortality age rating assumption          | +1 Year | None   | -1 Year |
| Present value of Total Obligation                      | 34,845  | 33,214 | 31,662  |
| Projected Service Cost                                 | 477     | 456    | 436     |

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

|   | Board<br>pension<br>£'000 | LGPS<br>£'000 | Total<br>2021/22<br>£'000 | 2020/21<br>£'000 |
|---|---------------------------|---------------|---------------------------|------------------|
| Net pension liability at 1 April          | (113)                     | (9,597)       | (9,710)                   | (7,202)          |
| Current service cost                      |                           | (492)         | (492)                     | (399)            |
| Past service cost                         |                           |               | -                         | -                |
| Administrative expenses                   |                           | (32)          | (32)                      | (29)             |
| Employer contributions set off            |                           | 305           | 305                       | 263              |
| Interest cost                             | (1)                       | (181)         | (182)                     | (166)            |
| Charged to net operating expenditure      | (1)                       | (400)         | (401)                     | (331)            |
| Deficit payments                          | 6                         | 200           | 206                       | 206              |
| Actuarial gain/(loss) recognised in SOCTE | (3)                       | 4,474         | 4,471                     | (2,383)          |
| Net pension liability                     | (111)                     | (5,323)       | (5,434)                   | (9,710)          |

## 14. Contingent Liabilities

### 14.1 Guaranteed Minimum Pension

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

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

#### **14.2 Goodwin Contingent Liability**

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

#### **15. Related Party Transactions**

None of the Board Members, Executive Leadership 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 SG 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 SG.

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.

There are no post balance sheet events to report that occurred between the end of the reporting period and the date when the financial statements were authorised for issue relating to the 2021/22 financial year.

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### **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**

No new Standards were introduced by the International Accounting Standards Board (IASB) in the period. The IFRS 16 - Leases applicable date (as adopted by FReM) is 1 April 2022. We are working with SG to determine whether there will be any impact on the financial statements for the financial year 2022/23.



## FOOD STANDARDS SCOTLAND

### DIRECTION BY THE SCOTTISH MINISTERS

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

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

Signed by the authority of the Scottish Ministers

Dated 20 April 2016

# Food Standards Scotland

For safe food and healthy eating

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

Food Standards Scotland  
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Aberdeen, AB11 5RL  
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