

Food
Standards
Scotland

**Inbhe
Bìdh Alba**

Annual Report & Accounts 2019-20

For The Year Ended
31 March 2020



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

SG/2020/103

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ANNUAL REPORT

Chair and Chief Executive's Foreword



Incredibly, we opened last year's report by asserting: "The only constant in life is change." Rarely has this maxim been more pertinent than as in the past twelve months which have been the most turbulent we can recall and unquestionably in the lifetime of FSS. The maxim is equally, if not more, pertinent this year and the level of turbulence no less challenging.

The last few weeks of an already turbulent year coincided with the COVID-19 (Coronavirus) pandemic reaching the UK. The reaction from our staff to the crisis has been nothing short of exemplary and certainly worthy of special mention. Whether it was working from home, continuing with essential duties in the field, preparing vital Q&A and advice documents for the food sector and the Scottish Government (SG), or simply being there for each other at a time of crisis, our sincere thanks go out to each and every one of the 238 staff members of the Food Standards Scotland (FSS) team. The way we work has changed, perhaps permanently, but the outcomes we look to achieve and the delivery of our responsibilities to the people of Scotland remain the same.

Prior to the onset of COVID-19, Brexit with its attendant uncertainties including a change of Prime Minister and a General Election, continued to demand our increasing attention. Food and food standards are devolved matters mainly subject to a complex body of European law. As experts in both the construction and application of this body of food law, FSS inevitably became more and more heavily engaged in Brexit preparations. Working alongside the Scottish Government, UK Government departments and the Food Standards Agency we have been

endeavouring to ensure that critical areas of food law, food regulation and key functions such as risk assessment are appropriately transferred into UK law. This process placed an enormous burden on our resources and has been highly disruptive to the work of the organisation.

We are confident that, as a result of our very considerable efforts, FSS has laid the foundations and frameworks that will enable it to continue to fulfil its duties as the food industry regulator in Scotland. FSS also fully engaged, along with SG trade leads, in discussions with the Department for Environment, Food and Rural Affairs (DEFRA) with respect to future trade deals, providing technical input designed to improve negotiating positions.

As well as dealing with the demands of Brexit, during the year, a number of key pieces of work have been successfully completed. These included the publication of our programme of research on [factors affecting variations in Campylobacter disease rates in Scotland](#), and [the burden of these infections on the Scottish population](#). A total of 21 Industry partners worked with the FSS Communications and Marketing team on a food crime campaign aimed at promoting the Scottish food crime hotline to those working within the Scottish food and drink industry. The Food Law Rating System (FLRS) implementation was completed

PERFORMANCE REPORT CHAIR AND CHIEF EXECUTIVE'S FOREWORD

and went live. Scottish National Database developments were completed for implementation of FLRS and were available for Local Authorities (LAs) to upgrade their systems from July 2019; the database now holds data for all 32 Scottish LAs.

During the year, FSS transferred its previously outsourced provision of Official Veterinarians and Meat Hygiene Inspectors into the organisation to undertake controls to support Scotland's important meat, game and poultry industries. In addition to improving the efficiency of our operational delivery, this successful transfer had the effect of increasing our direct employee numbers by 41. We also launched a highly successful **new campaign**, supported by **Allergy UK** and **Young Scot**, to encourage young people with food allergies across Scotland to discuss their food allergies with friends and to remember their allergy pen if they need one. Another key highlight was our call for significant changes to make food outside of the

home healthier. FSS believe **these evidence-based recommendations** are a positive and necessary step towards shaping the Scottish Government's Out of Home Strategy to improve public health.

We are proud to present the successes evidenced in this Annual Report. We began by acknowledging the exemplary response of the FSS team to the COVID-19 outbreak and we conclude by acknowledging that it is testament to the team's hard work, expertise and dedication, how much has again been achieved this year.



Ross Finnie,
Chair



Geoff Ogle,
Chief Executive



ANNUAL REPORT

Performance Report



ABOUT FOOD STANDARDS SCOTLAND

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

Purpose

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

Its statutory objectives are to:

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

Its statutory functions are to:

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

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

Values

The values against which FSS judges everything it does are:

- **Public service** – having people at the heart of what we do, putting consumers first.
- **Authority** – being a credible, consistent and trusted voice of authority on food matters in Scotland, basing our decisions upon sound science and evidence.
- **Partnership** – collaborating with others to achieve the best outcome for the public.
- **Openness** – being open and transparent in our dealings with the public, stakeholders and partners.
- **Independence** – at arm's length from Ministers, but aligned with the government's purpose.

PLANNING AND ORGANISING OUR WORK

The [2016-21 Strategy](#) outlines how FSS plans to achieve its vision to create a food and drink environment in Scotland that benefits, protects and is trusted by consumers, and highlights how its strategic outcomes contribute to the Scottish Government's purpose and outcomes. The Strategy continues to provide the overarching framework for planning FSS's work. The 2016-19 Corporate Plan expired in the midst of uncertainty surrounding both EU Exit and the extent of resource required and available to prepare for it. Accordingly, corporate planning for 2019-20 was based on a broad framework of priorities agreed with the Board¹, together with governance for three change programmes, our EU Exit, the Regulatory Strategy, and Nutrition Programme. FSS has started the work to develop its 2021-2026 Strategy and associated corporate plan.

The Board paper detailing the 2019/20 funding allocations can be found [here](#).

In June 2019, FSS announced it would be ending its contract with Hallmark Meat Hygiene Ltd for the supply of Official Veterinarians and Meat Hygiene Inspectors. FSS took on the in-house delivery of this function from 16 September 2019 where all employees eligible under the Transfer of Undertakings (Protection of Employment) Regulations 2006 became employees of FSS. This change has increased the total FSS staff numbers and the associated cost implications are reflected in this report and accounts.

Given the significant impact of EU Exit on FSS, a 'Future Structure' programme was established in November 2019, to ensure that FSS had the capacity and capability to deal with the consequences of the UK exiting the EU. Principles were developed to support prioritisation of recruitment, a sequencing framework with the flexibility necessary to respond to events was agreed, and some posts were filled during this financial year. Work will continue throughout 2020-21 to develop further the new structure and its governance arrangements with the intent that the new structure will be in place for 1 April 2021.

The Covid-19 pandemic in March significantly impacted the planning and organising of work late in 2019/20 when Pilgrim House closed and staff moved to working from home. As a result of the incident, reprioritisation of resources and the longer term consequences on workload for the organisation were reviewed. Some staff moved to SG to support its response and a number of activities were delayed or put on hold. The focus for FSS since then has been managing the impact that Covid-19 has had on the organisation, the work required for incident response and subsequently planning the recovery to return to normal business.

FSS's Vision, its six Strategic Outcomes, and their relationship to the Scottish Government's Purpose and Outcomes, are set out in [Table 1 below](#) and Table 2 sets out the three change programmes, with their key objectives for 2019/20.

¹ [Financial Approach for 2019-20 and managing short term consequences of Brexit](#)

TABLE 1 – VISION AND STRATEGY

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

TABLE 2 – CHANGE PROGRAMMES AND THEIR 2019/20 OBJECTIVES

<p>Brexit</p>	<ul style="list-style-type: none"> • Working towards Brexit related legislation • Further develop UK-wide frameworks with UK Government departments, in line with the agreement reached by Ministers across the UK • Carry out formal discussions surrounding future trade deals • No deal readiness planning • EU exit transition strategy
<p>Regulatory Strategy</p>	<ul style="list-style-type: none"> • Completion and integration of Scottish National Database • Monitoring feed delivery assurance systems • Implementation of Food Law Rating Scheme
<p>Nutrition</p>	<ul style="list-style-type: none"> • Deliver a public consultation on an Out of Home (OOH) Strategy • Provide expert advice to Scottish Government on restricting high fat, sugar and salt promotions • Provide advice to Scottish Government and stakeholders on Public Health England’s reformulation of foods programme • Develop calorie labelling with small businesses, and drive calorie labelling across the OOH sector (including large businesses) • Maintain a cost effective monitoring system and publish findings • Develop a set of dietary guidelines for Scotland • Development of further proposals to tackle obesity

BUSINESS MODEL

What we invest

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

What we do

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

Who we reach and work with

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

ORGANISATION



The non-executive Chair and Board Members provide strategic direction, and the staff are led by a Chief Executive Officer, supported by a Senior Management Team and an independent Chief Scientific Adviser. Staff work in a variety of locations, delivering official controls in abattoirs and meat cutting plants across Scotland, with the office based staff working either at FSS's Aberdeen office, home working or based within other Scottish Government offices. This covers a range of regulatory, policy, scientific, communications and corporate functions. Staff are allocated to one of the 11 teams shown in the diagram above, and provide expertise as needed across the delivery of core essential functions and change programme work.

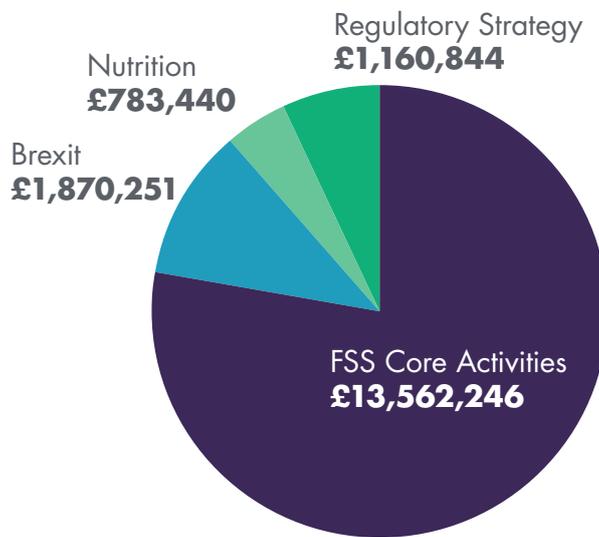
To achieve its goals, FSS works in partnership with public bodies, other research funders, enforcement authorities, industry, the private sector and third sector, and government departments in Scotland and across the UK.



HOW FSS ALLOCATED ITS RESOURCES IN 2019/2020

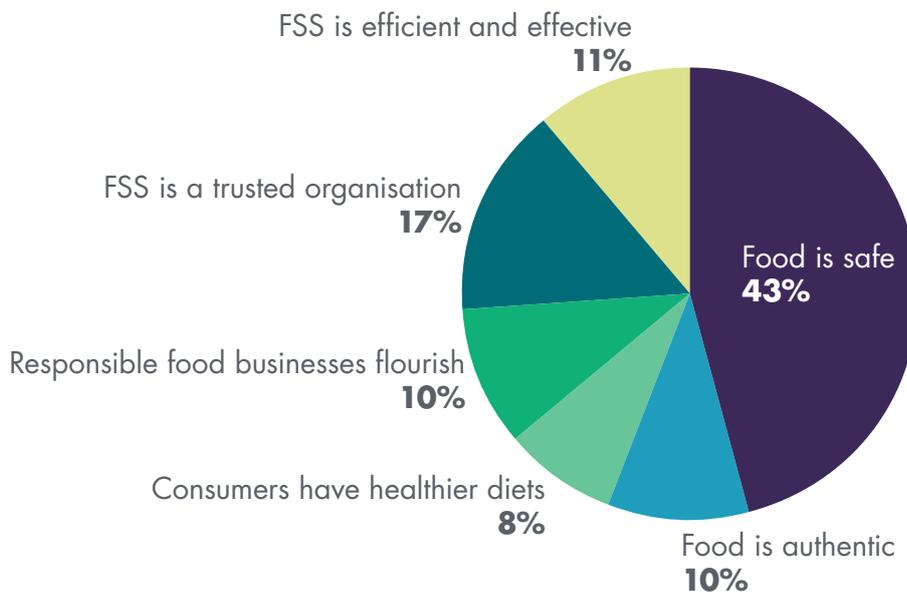
The majority of FSS's resources were allocated to delivering 'essential core activities' during the year. Each of the three change programmes - Regulatory Strategy, Nutrition and Brexit - were given individual budgets as part of the overall allocation, accounting for approximately 22% of the total budget.

Outturn Expenditure 2019/20



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

Outturn expenditure for core activity against the strategic outcomes 2019/20



KEY ISSUES AND RISKS

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.

Key Risks	Risk Mitigation
<p>HIGH RISK There is a risk of a lack of clarity within the diet and nutrition landscape due to differing roles and responsibilities of FSS and other stakeholder obligations resulting in inability for FSS to meet the statutory obligations it has been given to deliver Strategic Outcome 3.</p>	<p>Ministerial meetings held and clarity of roles and responsibilities on diet and health sought with agreement given for FSS to lead on a number of areas outlined in the Scottish Government (SG) Out Of Home (OOH) Action plan. Governance of these workstreams will be within the Nutrition programme board.</p>
<p>HIGH RISK There is a risk that scientific services in Scotland are unable to deliver FSS requirements due to under-investment in Public Analyst laboratories and varied scientific expertise across the public sector. This could result in insufficient laboratory capacity in Scotland to adequately support surveillance, official controls and incident response.</p>	<p>FSS continues to engage with Scientific Services in Scotland and relevant partners to promote the development of analytical provision in Scotland for food, water and environment and co-ordination with public health laboratory networks.</p>
<p>HIGH RISK There is a risk that Brexit could result in legislative changes which could change the constitutional settlement between Scotland & the UK.</p>	<p>FSS have been working closely with Scottish Government to address concerns with some of the UK Government proposals and rationale. FSS Brexit strategy plan shared with Cabinet Secretary for Constitutional Affairs highlighting FSS concern.</p>
<p>HIGH RISK There is a risk of either ineffective planning or delivery of official controls leading to non-compliance with food and feed law due to Local Authority (LA) capacity and capability to deliver these not matching statutory and food law code of practice requirements leaving FSS unable to meet its obligation to assure this aspect of consumer protection.</p>	<p>Minister informed of flexibility in application of Food Law Codes of Practice (FLCoP) issued in March. This permits establishments in lower Food Licencing & Registration System (FLRS) category to be engaged remotely and assessment of compliance undertaken via desktop evaluation of Food Business Operator (FBO) evidence. Cat 1 establishments prioritised on basis of compliance history - some on-site inspections may be required. Paper agreed at Deputy Chief Executive Officer (DCEO) monthly meeting and by the Senior Management Team.</p>
<p>HIGH RISK There is a risk that Financial constraints on LAs could leave them unable to maintain the current level of delivery of official controls to food businesses posing a risk of increased frequency of outbreaks of foodborne illness or other food incidents.</p>	<p>The introduction of the Scottish National Database allows real time access to information for LAs FSS meeting Convention of Scottish Local Authorities (COSLA), Scottish Food Enforcement Liaison Committee (SFELC) and Society of Chief Officers of Environmental Health in Scotland (SoCOEHS) to discuss further and consider options and to confirm that this is less a permission matter for FSS and more an issue for LAs to make a determination on their approach to service plan delivery and how they can meet local priorities.</p>

ADOPTION OF THE **GOING CONCERN BASIS**

As at 1st April 2020, FSS has significant net liabilities (£7.202 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.



PERFORMANCE SUMMARY

This summary provides a brief high level overview of FSS performance against the 6 strategic outcomes, and is based on a set of key strategic indicators which demonstrate trends since FSS's establishment. Further information on why these indicators are considered to be important, together with analysis of trends, is available in six-monthly outcomes reports made to the Board. The latest report was presented in November 2019 and can be found [here](#).

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

Food is safe

What does this mean?

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

KEY PERFORMANCE INDICATORS

Outcome 1: Food is safe	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19*	Year 4 2019-20*
Number of reported human cases of campylobacter	6,264	5,296	6,006	6,872*	6,145*
Percentage and numbers of incidents in Scotland handled by FSS that were microbiological, biotoxin and allergen food safety incidents	71% (109/154)	50% (52/104)	31% (41/134)	41% (46/112)**	89% (87/98)**
Percentage and numbers of incidents where food business had poor or insufficient food safety controls	12% (18/154)	16% (17/104)	8% (10/134)	8% (9/112)	3% (3/98)
Percentage of consumers aware of FSS remit to ensure that food in Scotland is safe to eat (Percentage based on average figures for reporting year)	80%	76%	76%	73%	71%
Percentage of unsatisfactory*** samples (total number of food samples brackets) tested by local authorities for food safety****	17.4% (9,566)	18.6% (8,527)	18.5% (7,741)	15% (7,619)	14.3% (6,267)

*Number shown has been updated from the provisional figure for 2018/19 and a provisional figure is displayed for 2019/20.

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

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

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

Food is authentic

What does this mean?

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

KEY PERFORMANCE INDICATORS

Outcome 2: Food is authentic	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20
Percentage and number of incidents related to food fraud	5% (8/154)	2% (2/104)	0 (0/89)	0 (0/89)	2% (2/98)
Percentage and number of samples (total number of food samples brackets) tested by local authorities for food authenticity and recorded on the Scottish food sampling database as unsatisfactory*	6.2% (504)	9.1% (525)	8.7% (678)	11.2% (457)	6.1% (462)
Percentage of consumers who are concerned that food is not what is says on the label (Percentage based on average figures for reporting year)	79%	76%	74%	71%	73%

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



Consumers have healthier diets

What does this mean?

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

KEY PERFORMANCE INDICATORS

Outcome 3: Consumers have healthier diets	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20
Percentage of consumers who know that they need to do something to eat more healthily	51%	59%	56%	58%	52%
Percentage of parents who are concerned about the types of food that their children are eating (Percentage based on average figures for reporting year)	45%	53%	52%	55%	46%



Responsible businesses flourish

What does this mean?

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

KEY PERFORMANCE INDICATORS

Outcome 4: Responsible food businesses flourish	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20
Number of formal enforcement notices issued to FSS-approved establishments	47	53	114	90	37
Percentage and number of passes for Food Hygiene Information Scheme (FHIS) listed businesses	91% (45,768)	92% (47,470)	92% (48,451)	92% (49,014)	93% (49,757)
Number of written warnings issued to meat food businesses	238	266	346	211	107
Percentage of consumers who have used a food hygiene information scheme to check hygiene standards	26%	30%	31%	25%	25%



FSS is a trusted organisation

What does this mean?

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

KEY PERFORMANCE INDICATORS

Outcome 5: FSS is a trusted organisation	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20
Percentage of consumers who are aware of FSS and trust FSS to do its job (Percentage based on average figures for reporting year)	70%	76%	76%	77%	77%
Percentage of consumers who are aware of FSS and have rated FSS as 'Excellent', 'Very good', or 'Good' to the statement 'Being the experts when it comes to food safety' (Percentage based on average figures for reporting year)	81%	82%	83%	82%	85%
Percentage of consumers who are aware of FSS and have rated FSS as 'Excellent', 'Very good', or 'Good' to the statement 'Having the necessary expertise to help people in Scotland eat healthily' (Percentage based on average figures for reporting year)	79%	80%	80%	78%	79%



FSS is efficient and effective

What does this mean?

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

KEY PERFORMANCE INDICATORS

Outcome 6: FSS is efficient and effective	Baseline 2015-16	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20
Percentage efficiency savings target 3% to be reinvested	N/A	1.8%	2%	1.5%	N/A
Employee engagement index from the civil service survey	62%	63%	65%	62%	70%
Percentage of female staff in FSS	39%	44%	45%	51%	49%



PERFORMANCE ANALYSIS

How FSS measures its performance

The [2016-21 Strategy](#) outlines how FSS plans to achieve its vision to create a food and drink environment in Scotland that benefits, protects and is trusted by consumers, and highlights how its strategic outcomes contribute to the Scottish Government's purpose and outcomes.

FSS's strategic aims are underpinned by corporate objectives and those of the three change programmes. The performance analysis below reports on the key pieces of work FSS has done this year to progress those objectives.

A detailed report of our performance against the 2016/19 plan was presented to the Board in November 2019 [Corporate Plan Report](#). From a total of 37 objectives, 26 have been fully achieved, 8 partially achieved and remain on track, and 3 have been deferred as outlined in the report.

Following the expiry of the 2016/19 Corporate Plan it was agreed that due to the extreme uncertainty surrounding Brexit, a broad prioritisation framework related to the 5 year Strategy and 6 Strategic Outcomes, should be applied. Resources were allocated and used to deliver the Strategy applying an appropriate degree of flexibility within the prioritisation framework, in response to Brexit developments. The Board has also been kept updated through its regular financial performance reports.

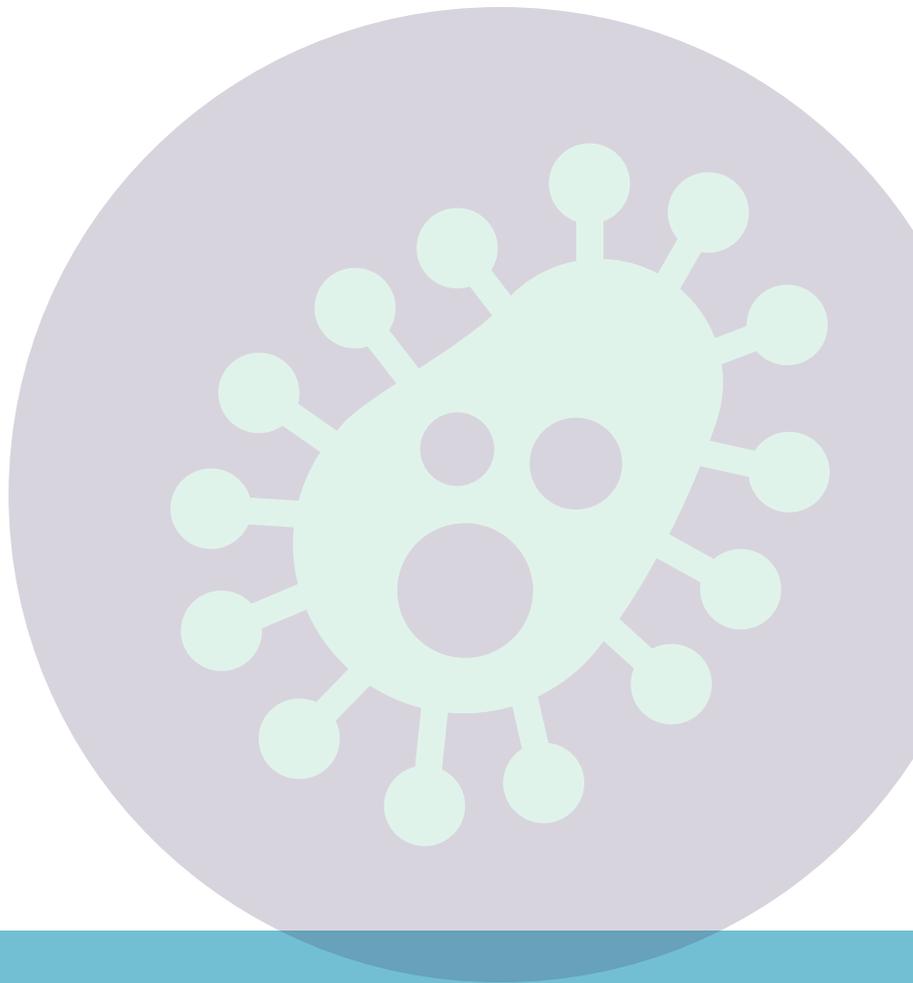
Branches and Directorates work to deliver corporate and strategic objectives. To support this, the FSS performance management system ensures that all staff agree objectives with their line manager which are closely linked to our Strategy.



1. Food is safe

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

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



1. FOOD IS SAFE

Regulation - Meat

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

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

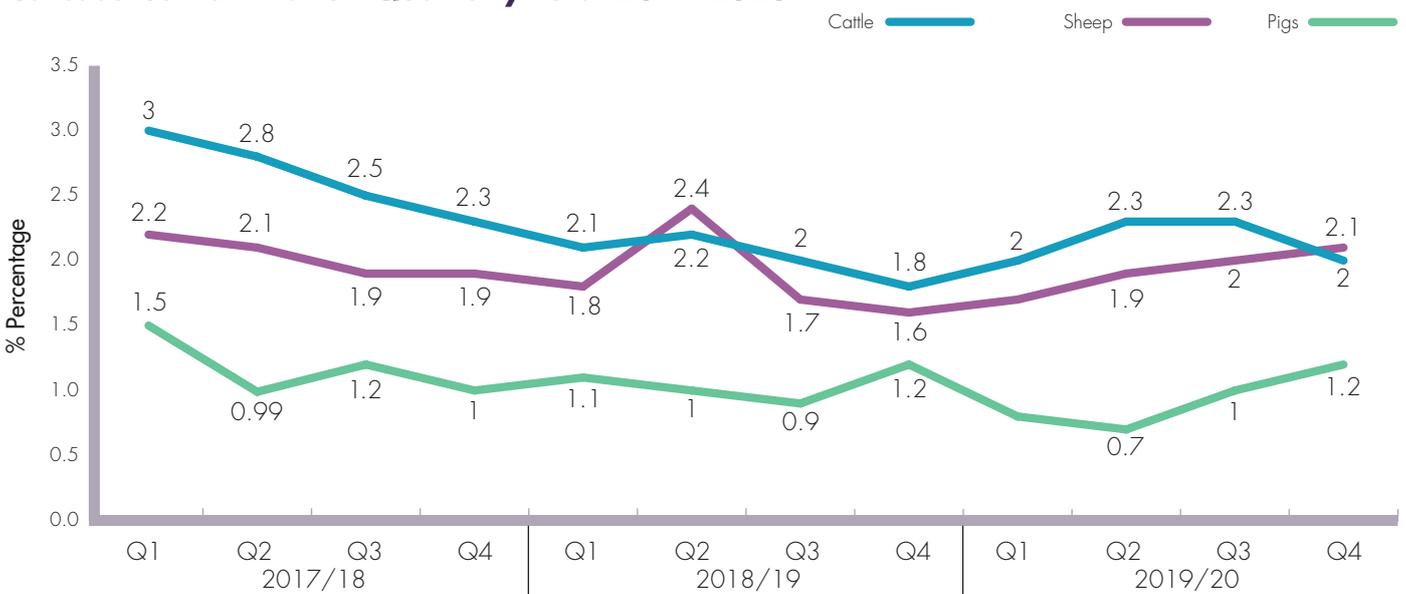
Contamination

FSS inspectors ensure that no contaminated red meat carcasses are placed on the market. Any carcass found to be contaminated must be rectified and resubmitted for inspection to confirm it is safe for human consumption before it is released. No carcass is released without a satisfactory inspection. FSS actively engages with FBOs and sets, for each red meat species, a ceiling for levels of contamination on carcasses presented for initial inspection. FSS expects all plants to operate below these ceilings whilst recognising no contamination is acceptable. For 2019/20, the ceilings for

contamination levels were set at 4% for cattle and sheep, and 2% for pigs, and the meat industry has been successful in reducing contamination levels for cattle and pigs to well below the ceiling levels, as the graph below shows.

The number of contaminated carcasses presented to FSS staff for inspection is a proxy measure for hygienic production at slaughterhouses. The following graph shows levels of contamination on carcasses presented for initial inspection as a percentage of the number of animals slaughtered, and shows a slight upwards trend for sheep and pigs in Q3 & Q4 but a downward trend for cattle. Despite mild fluctuations in the trends, the contamination figures remain well below the 2019/20 ceiling. Risk-based proportionate enforcement action is taken when spikes in contamination occur, and food business operators are encouraged to monitor the root cause of contamination and ensure corrective actions are taken if necessary.

Carcass Contamination Quarterly Total 2017-2020



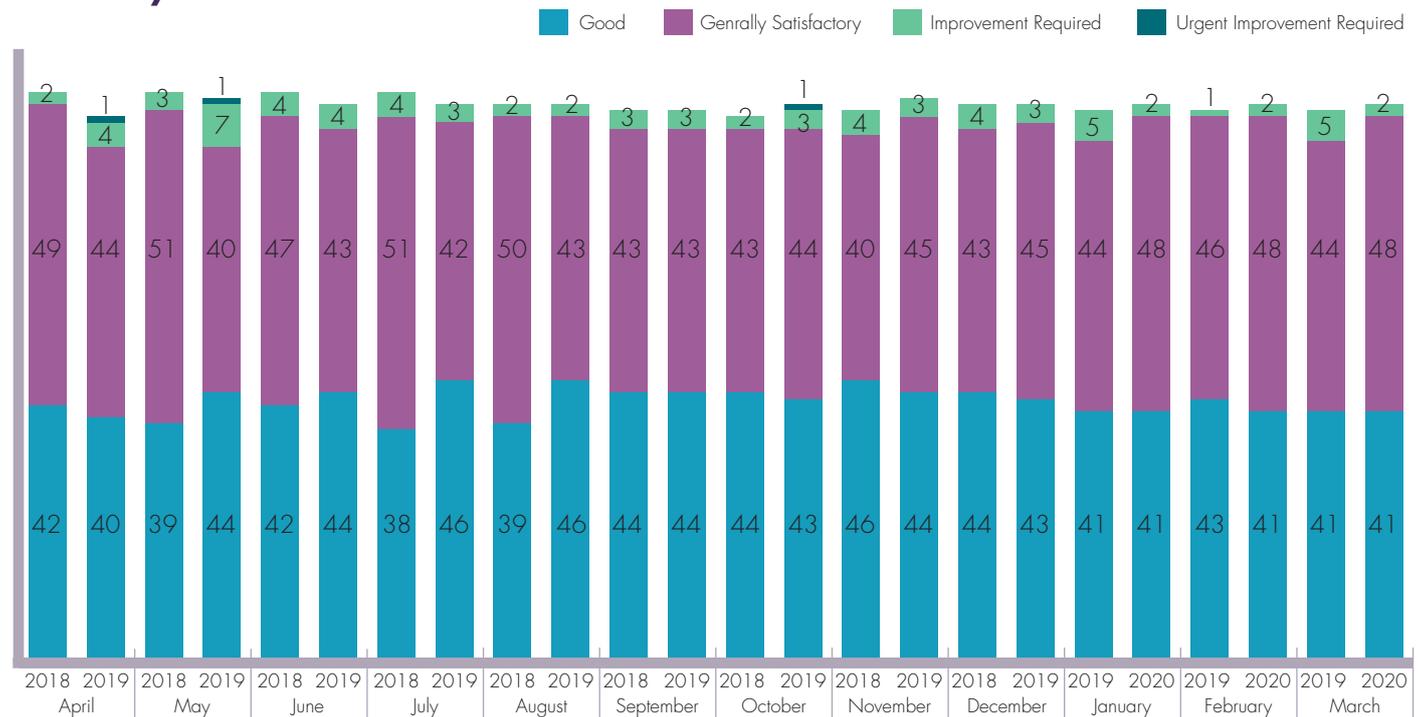
1. FOOD IS SAFE

Veterinary audit outcomes

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

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

Veterinary Audit Outcome Trends



1. FOOD IS SAFE

Animal welfare incidents

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

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

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

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

The following graphs show the number of category 3 and 4 welfare incidents in slaughterhouses. The numbers should be read in the context that in 2019/20 in Scotland 453,502 cattle, 1,286,214 sheep & goats, 354,255 pigs and 40,384,039 poultry were slaughtered. The number of category 3 and 4 incidents remains low and FSS continues to require the highest standards of operations by FBOs to eliminate welfare incidents.

Category 3 and 4 welfare incidents are defined as follows:

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

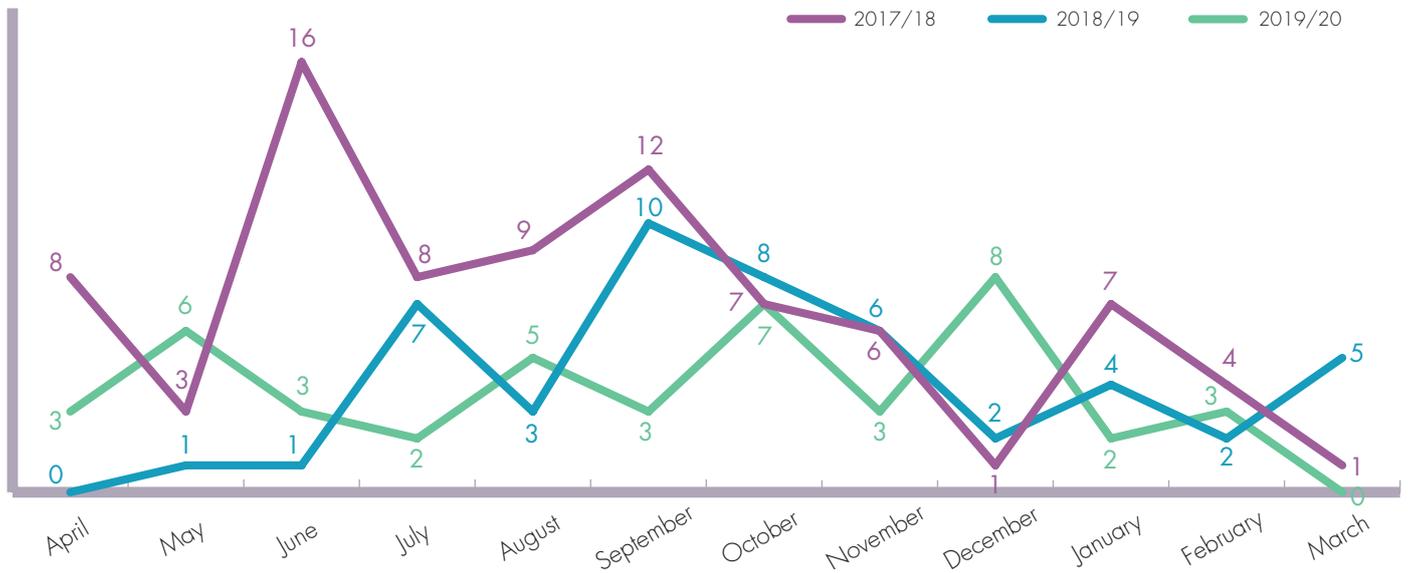
Category 4: A breach of welfare regulations with evidence of avoidable pain, distress or suffering to the animal during their killing and related operations, or a contravention poses a serious and imminent risk to animal welfare.

Seasonal peaks could be associated with increased throughput, however a more robust interrogation of the data is being undertaken to make sure it is both accurate, and statistically significant in the context of any increased throughput.

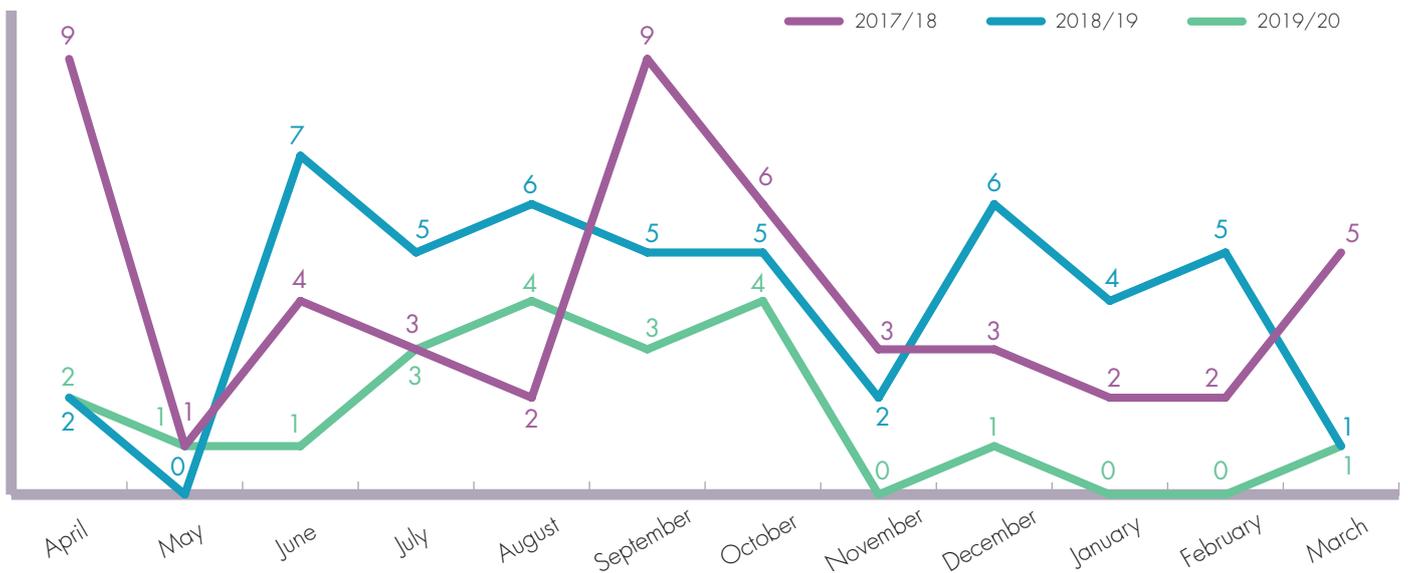
FSS routinely publish animal welfare statistics on the open portal, and the Operations team monitor the trends both monthly and quarterly, interrogating where there are apparent increases. We also have sight of all Score 3 and 4 incidents reported to ensure that any repeated issues are escalated appropriately.

1. FOOD IS SAFE

Animal Welfare abattoir Category 3 incidents



Animal Welfare abattoir Category 4 incidents



1. FOOD IS SAFE

Regulation - Shellfish

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

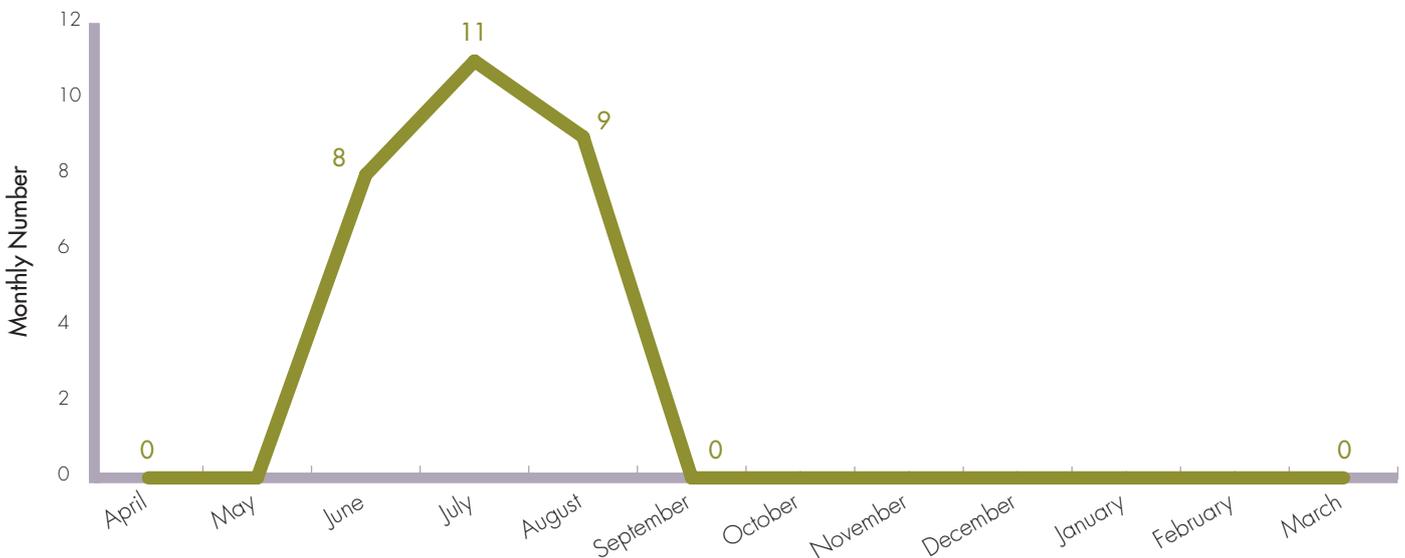
In 2019/20, of the 1,964 tested from inshore locations, 68 samples breached maximum permitted levels for lipophilic toxins (LTs).

Analyses using an High Performance Liquid Chromatography (HPLC) method to detect amnesic shellfish poisoning (ASP) toxins were conducted on 921 inshore samples, with no samples breaching the maximum permitted levels.

A total of 1,273 inshore samples were tested for paralytic shellfish poisoning (PSP) toxins. Of these samples, 1 breached maximum permitted levels for PSP.

This resulted in a total of 27 LT closures and 1 PSP closures 2019/20.

Closures 2019-2020



1. FOOD IS SAFE

Monitoring delivery of food and feed law

Local Authorities (LAs) are responsible for enforcement of food and feed law in the majority of food businesses, and FSS has a key role in setting and monitoring standards and auditing the delivery of food and feed law by LAs. FSS continues to liaise and work with the LA until all recommendations are addressed, with the audit file only being closed at that point. In addition to individual LA controls, the audit programme looks at the overall effectiveness of official controls, and if the same issue is seen to arise across several audits, that would be reported and acted upon.

Following audit, LAs are expected to draft an action plan and implement time-bound corrective and preventative action to address any weaknesses identified, and support any necessary improvement, such documentation is then reviewed by the Auditors, and only when these conditions are met, can the Audit be closed.

No new on-site audits took place last year due to insufficient resource (resource was moved to the feed project). Resource was however made available in October and a desktop review of LA Sampling Activity was conducted covering all 32 LAs. The final report is published here: [Local Authority Desktop Sampling Audit Report January 2020](#)

Local Authority	Audit Scope	Audit Date	Audit Outcome	Audit Closure Date
Scottish Borders Council	Capacity and Capability	November 2016	Insufficient Assurance	16 September 2019
North Lanarkshire Council	Capacity and Capability	August 2018	Limited Assurance	4 March 2020



1. FOOD IS SAFE

Food Incidents

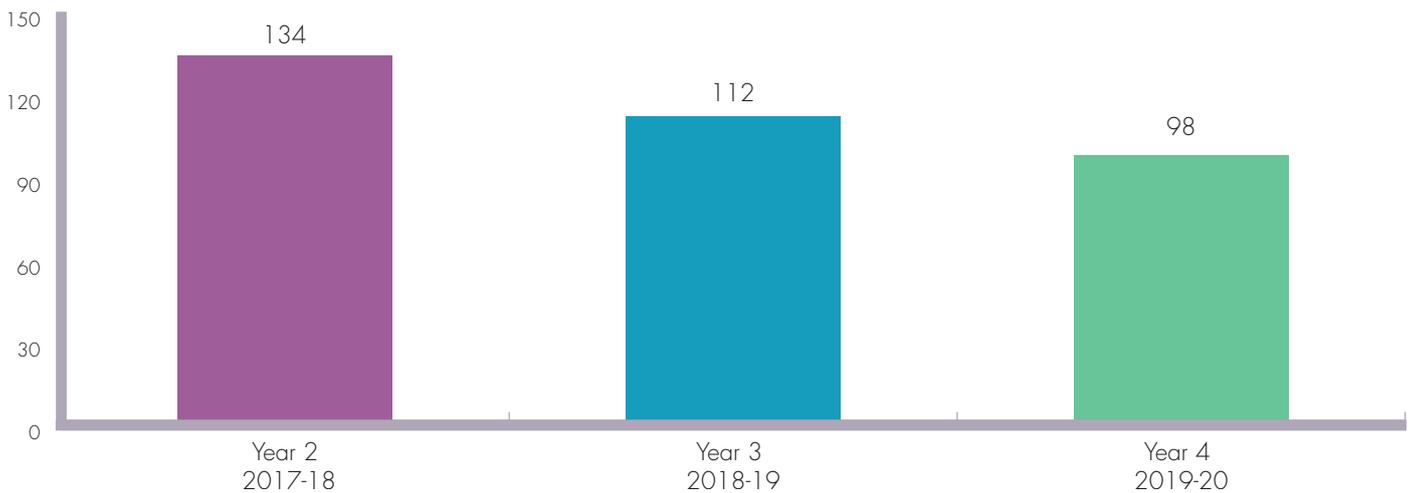
The [Incident Management Framework](#) clarifies the Board's role with respect to incident management, including how the Board receives the assurance it requires and the support it will provide to the Executive during an incident. At the end of the last reporting year [FSS Guidance on Food Traceability, Withdrawals and Recalls within the UK Food Industry](#) was published. The guidance explains what the law requires, how to comply with the law and also includes best practice guidance to support food businesses with food withdrawals and recalls.

Training on the incident management system CLIO (Central Logging of Incident/Intelligence operations) has now been successfully rolled out to some of FSS's key external partners including Local Authority Environmental Health Departments, Health Protection Scotland (HPS) and Scotland's Rural College (SRUC). To ensure both key external partners and FSS staff stay up to date with the system, annual

refresher training sessions are provided by the Incidents Team, and in addition a set of online tutorials are currently being developed to enable staff to complete the training in their own time. The CLIO roll out has been a great success, enabling all communications relating to incidents to be managed through CLIO, ensuring a complete and incorruptible audit trail in one secure location, thereby improving the effectiveness and efficiency of food incident response in Scotland.

In 2019/20, FSS led on handling 84 incidents specifically related to Scotland, and was involved in handling a further 14 incidents that started elsewhere in the UK. FSS led on 4 Product Recall Information Notices (PRIN) and 4 allergy alerts. The incident figures in the table below include all incident categories investigated by FSS rather than reporting on only microbiological contamination, biotoxin contamination of shellfish and allergens.

Total number of food safety incidents handled by FSS

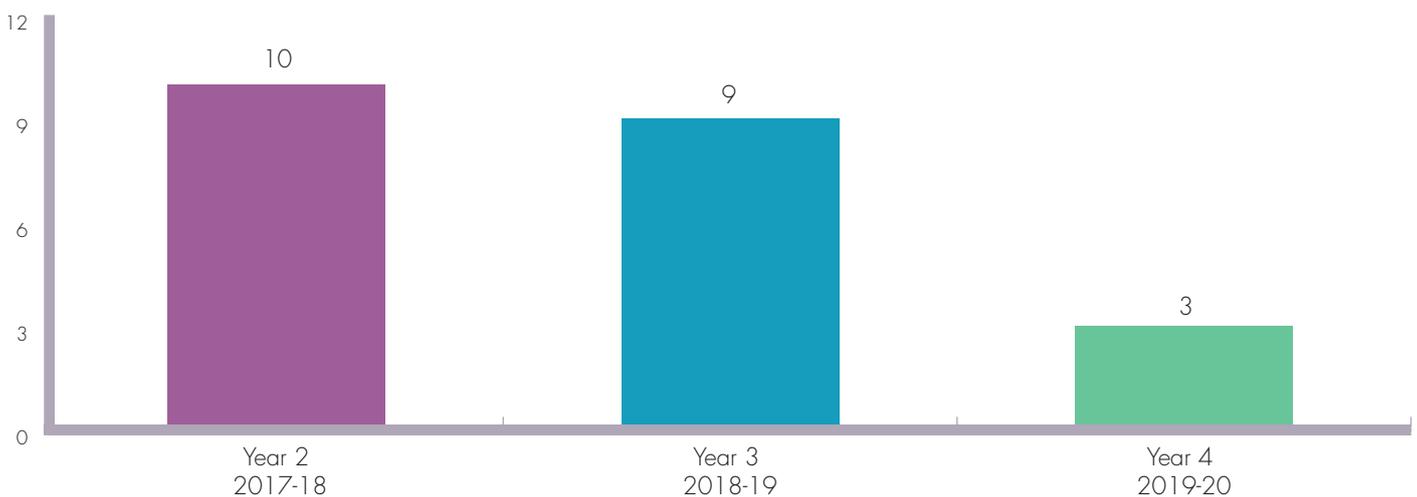


1. FOOD IS SAFE

Regulation - Food Safety controls

Our regulatory activities are aimed at ensuring businesses meet their responsibility to produce safe food. The table below demonstrates a welcome reduction in incidents related to poor or insufficient food safety controls on the part of food businesses. The reduction in the number of incidents is partly due to less of these incidents being recorded but also due to the fact that FSS has changed how incidents are categorised.

Number of Incidents related to poor or insufficient safety controls



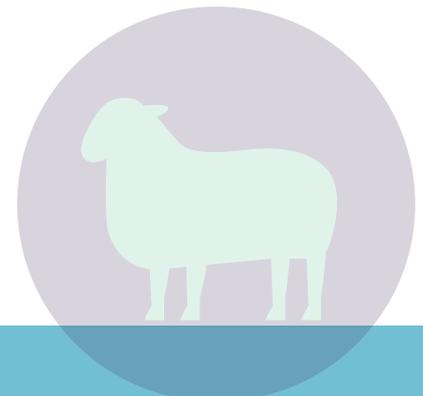
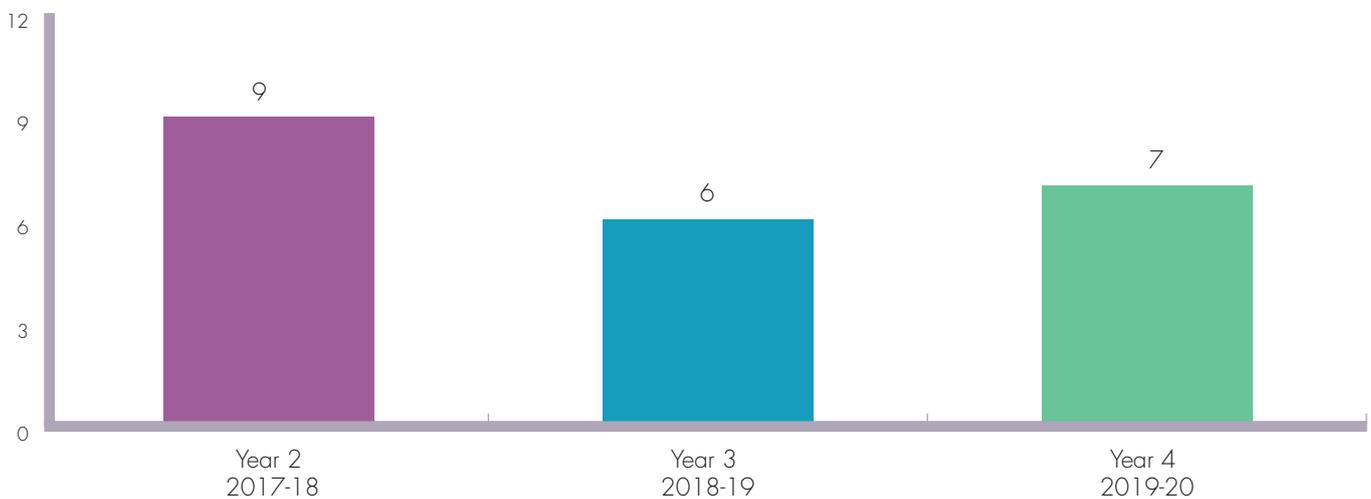
1. FOOD IS SAFE

On-Farm Incidents

For the reporting year the breakdown of on-farm incidents include 4 cases of copper poisoning and 3 cases of lead poisoning in animals on farms. FSS started an incident prevention initiative relating to on-farm incidents in 2017, this was following a gradual increase in lead and copper on-farm incidents. The prevention initiative involved FSS working with key partners such as APHA, SRUC and SG to produce a leaflet aimed at educating farmers on the importance of safe disposal and control of items such as vehicle batteries & lead paint to help avoid contact with their livestock. The leaflet was supported with social media campaign to highlight the risks associated with on-farm incidents as well as a dedicated presence on FSS website on on-farm incident prevention.

Since 2017, FSS has further enhanced the leaflet with partners to continue to get the message out there on how to prevent on-farm incidents. There has been a reduction in incidents year on year since the leaflet was produced up until March 2019. No leaflet was issued for 2020. However, following a review FSS will again issue the prevention leaflet given the evidence of a slight increase in the incidents.

Number of On-farm incidents



1. FOOD IS SAFE

Food surveillance

Food Surveillance Strategy

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

Local Authority Sampling

Throughout this year, all 32 Local Authority Environmental Health departments and the four Public Analyst laboratories have continued to record details of their food sampling activities on FSS's Scottish Food Sampling Database (SFSD).

The data held on SFSD supports FSS intelligence gathering activities aimed at understanding potential risks to the Scottish food chain, and reports generated from the database help to identify trends which can be used to target enforcement, interventions and surveillance activities, including priorities for our annual sampling grants programme, the production of guidance for food businesses, and consumer advice.

During 2019/20, sampling was undertaken to assess the safety and authenticity of a range of foods produced in Scotland in addition to imported products. In line with our [Surveillance Strategy](#), we have continued to refine our methods for identifying sampling priorities through intelligence generated

from our horizon scanning work, which takes account of global and national risks to food safety and fraud, trends in incidents data and insights from emerging policy and LA enforcement activities. The areas targeted in this year's sampling programme included the microbiological quality of poultry, pork, eggs, salads and cheeses, heavy metals in imported fishery products, chemical adulterants in spices, mycotoxins in dried fruits and nuts, and the presence of gluten and dairy in products claiming to be 'free from' these ingredients.

Overall there was a 17% reduction in the number of samples taken by Scottish LAs in 2019/20 compared with the previous year. It is worth noting that this is a key element of surveillance and important in ensuring food safety is maintained. This is the most significant decrease in sampling activity recorded since the 2015 baseline, and is indicative of the on-going decline in LA resourcing for food surveillance activities and laboratory services over the past 5 years.

This year, FSS has continued to work closely with LAs and the four Public Analyst laboratories on the development of sampling strategies which enable us to identify risks to the food chain and support our laboratory capacity and capability for official controls. In collaboration with the FSA, we also undertook [a review of UK Official Control Laboratory Services](#), which [was presented to the FSS Board in September 2019](#) along with proposals for safeguarding the future resilience of our Scottish food testing laboratories, including the roles of LA sampling and FSS surveillance strategy.

1. FOOD IS SAFE

Sample Type	Year	Satisfactory	% Satisfactory	Unsatisfactory	% Unsatisfactory	TOTALS
TOTAL SAMPLING	Baseline					
	2015-16	7,903	82.6	1,663	17.4	9,566
	2016-17	6,943	81.4	1,584	18.6	8,527
	2017-18	6,306	81.5	1,435	18.5	7,741
	2018-19	6,474	85.0	11,45	15.0	7,619
	2019-20	5,372	85.7	895	14.3	6,267

The results of sampling activities recorded on SFSD for the 2019/20 sampling period, compared with the 2018/19 sampling period, are shown in the table below. The most marked difference in results was observed in the substitution category, in which the proportion of unsatisfactory samples was almost

50% lower than in 2018/19. These results reflect differences in the targeting of sampling effort during these two years, with greater focus being placed on take-away food during 2018/19, where substitution is known to be a particular issue.

Sample Type	Year	Satisfactory	% Satisfactory	Unsatisfactory	% Unsatisfactory	TOTALS
Microbiological	2018-19	3,391	79.8	858	20.2	4,249
	2019-20	2,669	80.6	641	19.4	3,310
Chemical*	2018-19	2,677	91.9	236	8.1	2,913
	2019-20	2,303	90.1	228	9.9	2,531
Substitution	2018-19	406	88.8	51	11.2	457
	2019-20	400	93.9	26	6.1	426

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

1. FOOD IS SAFE

Foodborne illness

This year we have made significant progress in developing the evidence base to support our [strategy for reducing foodborne illness in Scotland](#).

A key milestone has been the publication of our programme of research on [factors affecting variations in Campylobacter disease rates in Scotland](#), and [the burden of these infections on the Scottish population](#). This work was undertaken by the University of Aberdeen and HPS, and enabled us to derive, for the first time, [direct healthcare costs associated with campylobacter infection in Scotland](#), at approximately £3 million per year, with those who were hospitalised costing an average of £2,612 per case, relative to those not hospitalised incurring an average cost of £148 per case.

14% of cases of Campylobacter infection required admission to hospital



It also provided a detailed insight into the burden of Campylobacter infection, including the fact that overall 14% of cases require admission to hospital and that the factors associated with hospitalisation include age, deprivation and underlying medical conditions. The results were presented to the [Board in May 2019](#) who agreed to further work aimed at identifying avenues for ensuring at risk groups, particularly those in the older population, are appropriately informed about the risks of Campylobacter infection and how to avoid it.

Understanding the role of food in the transmission of Shigatoxin producing *E. coli* (STEC) has also been an on-going priority. We continue to collaborate across Scottish Government through the multidisciplinary group which was set up to deliver recommendations made in their [Action Plan](#) for reducing STEC infection in Scotland. Our experience in investigating two *E. coli* O157 outbreaks in 2015 and 2016 linked to [wild venison](#) and [unpasteurised cheese](#), has focussed our research on risk assessment. Our aim is to improve our knowledge on the prevalence of STEC in the food chain and to understand which strains are capable of causing illness in humans. The European Food Safety Authority (EFSA) [opinion](#) on STEC supports our approach to risk assessment for this pathogen.

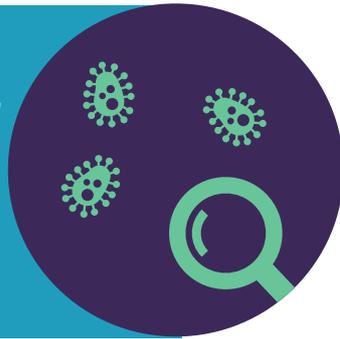
In 2020 we made a significant contribution to the evidence base on STEC pathogenicity through the publication of [research we commissioned with the Scottish E. coli O157/STEC Reference Laboratory \(SERL\) involving the whole genome sequencing of non-O157 STEC strains isolated from Scottish patients over a 16 year period](#). This work characterised the wide diversity of different STEC strains from patients, many of which did not contain genetic markers which were previously considered necessary for the bacteria to cause illness. This was the first study undertaken anywhere in the world in which a country's entire archive of non-O157 STECs was sequenced.

This study therefore provides a unique and valuable resource for this developing area of science. The outputs are currently being enhanced through a second phase of work we are undertaking with HPS to link the sequencing data with clinical and epidemiological information collected from each patient. This will support future risk assessment by enabling us to determine the extent to which strains identified in food are likely to cause serious illness in humans. In addition, we will be contributing to the

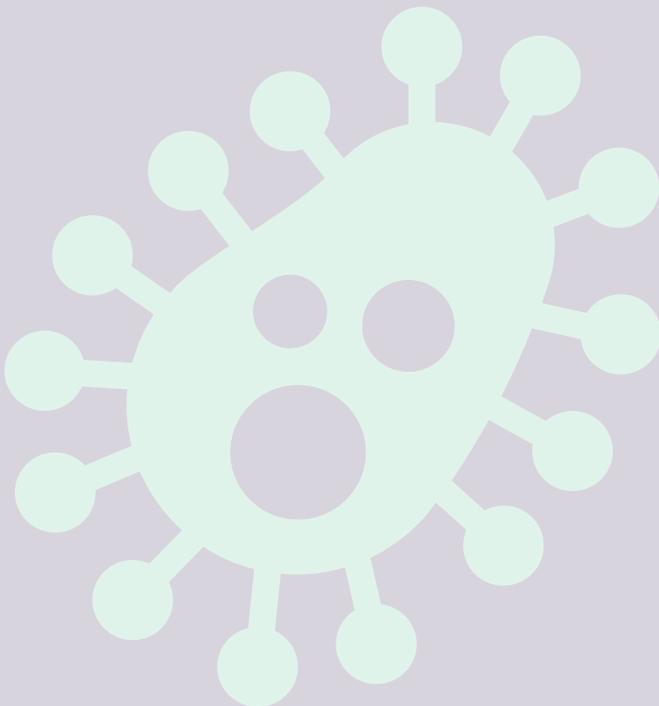
1. FOOD IS SAFE

global question of what makes an STEC pathogenic. We will be developing our STEC evidence programme later in 2020, through the publication of data on the prevalence of this pathogen in the Scottish meat supply chain and the commissioning of new survey work targeting other high risk commodities.

FSS works closely with HPS, to monitor the number of cases of infectious intestinal disease



FSS works closely with HPS, to monitor the number of cases of infectious intestinal disease (IID) reported to NHS surveillance systems, which are attributed to the five key pathogens that are most commonly associated with foodborne IID in Scotland. A comparison of the figures for 2018/19 and 2019/20 is shown in the [table](#). Due to under-reporting, the figures represent only a fraction of the total number of cases in the community. As they relate to both foodborne and non-foodborne IID, these figures cannot be used directly to specifically measure the impact of FSS's strategy on public health. They do, however, provide annual trends on the incidence of IID in different Scottish population groups that help FSS to identify where interventions and research should be targeted. The data suggests that, in 2019/20, the number of reported cases of IID decreased for all of the pathogens. FSS plans to continue to develop its programme of research to understand factors which impact on the reporting of foodborne illness in Scotland and the contribution made by each of these pathogens to the burden of disease.



1. FOOD IS SAFE

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

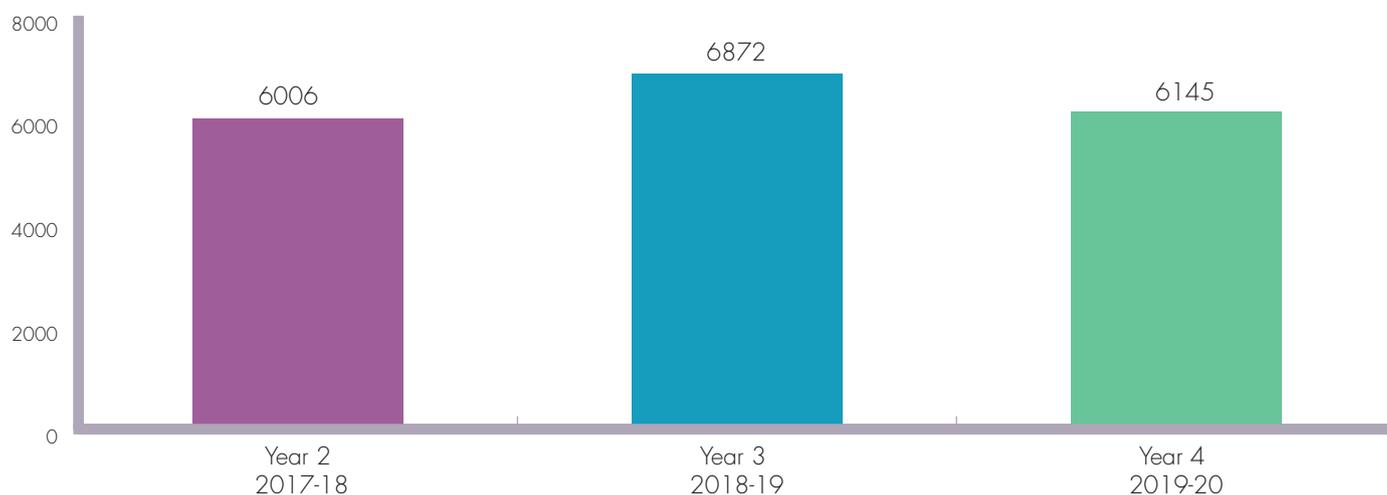
Pathogen	Number of reported cases (2018/19)*	Number of reported cases (2019/20)**
Campylobacter	6,872	6,145
Salmonella	767	737
E. coli O157	164	141
Listeria monocytogenes	10	6
Norovirus	1,272	764

* The number of cases has been updated from the provisional figures reported in 2018/19 Annual Report and Accounts

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

Note: HPS provides advice, support and information to local and national government in Scotland and from April 2020 became part of Public Health Scotland.

Number of Human reported cases of Campylobacter



1. FOOD IS SAFE

In addition to developing our evidence programme on foodborne illness reduction, we also made improvements to our information and advice for consumers and food businesses on food safety risks and how to control them. This included the publication of accessible consumer advice on [the main causes of food poisoning in Scotland](#), and [allergen risks](#), in addition to [new guidance on food safety for community and charity events](#), and a revision of our [fitness to work](#) guidelines for food handlers.

Improving our evidence base on the risks associated with chemicals in food, including measures for controlling contaminants and ensuring the appropriate use of food additives are also important objectives for our food safety strategy. Key outputs in this area during 2019/20 were the development of new guidance on the control of Polycyclic Aromatic Hydrocarbons (PAHs) for LAs and producers of processed smoked foods, and the publication of [a consumer factsheet on the use of nitrates and nitrites](#) to address concerns raised in the Scottish media regarding their role in the link between processed meats and cancer.

Consumer awareness and understanding

In order to have confidence that food placed on the market is safe, consumers need to be aware of what FSS does, and so the percentage of those consumers aware of FSS that are also aware of its responsibility to ensure safe food in Scotland is a key indicator. The FSS six-monthly consumer tracking survey shows that awareness of FSS role in relation to food safety.

Percentage of consumers aware of FSS remit to ensure that food in Scotland is safe to eat	
2015/16	80%
2016/17	76%
2017/18	76%
2018/19	73%
2019/20	71%

*(Percentage based on average figures for reporting year)

Although the awareness of our remit has dipped since 2015/16, the drop in recent years is not statistically significant. One likely reason for this is that in 2015/16 awareness of the organisation's responsibilities may have been strong as it related to confusion between FSS and Food Standards Agency Scotland (FSAS). Uncertainty appeared to have crept in as more people became aware of FSS as a separate entity and what people very clearly understood to be our area of responsibility (food safety and standards) which has been reduced a little by FSS raising awareness of its wider remit and role, particularly in regard to the nutrition agenda.

1. FOOD IS SAFE

Besides FSS's work to ensure that food placed on the market is safe, work has also been undertaken to raise the public's awareness of how their actions can impact on food safety in the home, through the information and advice that FSS provide.

An allergies campaign in partnership with Young Scot and supported by Allergy UK was launched at the end of February which aimed to encourage young people of Scotland with a food allergy to tell people of their allergies and remember to take their allergy pens wherever they go. To aid in developing the campaign, we initially surveyed 570 young people (predominantly ages 12-18 years old) and asked their thoughts on food allergies and what actions they take to avoid having an allergic reaction. The campaign was supported by social media posts, a campaign video, case studies and a dedicated campaign page on the Young Scot website. The campaign was temporarily paused in March due to COVID-19.



2. Food is authentic

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

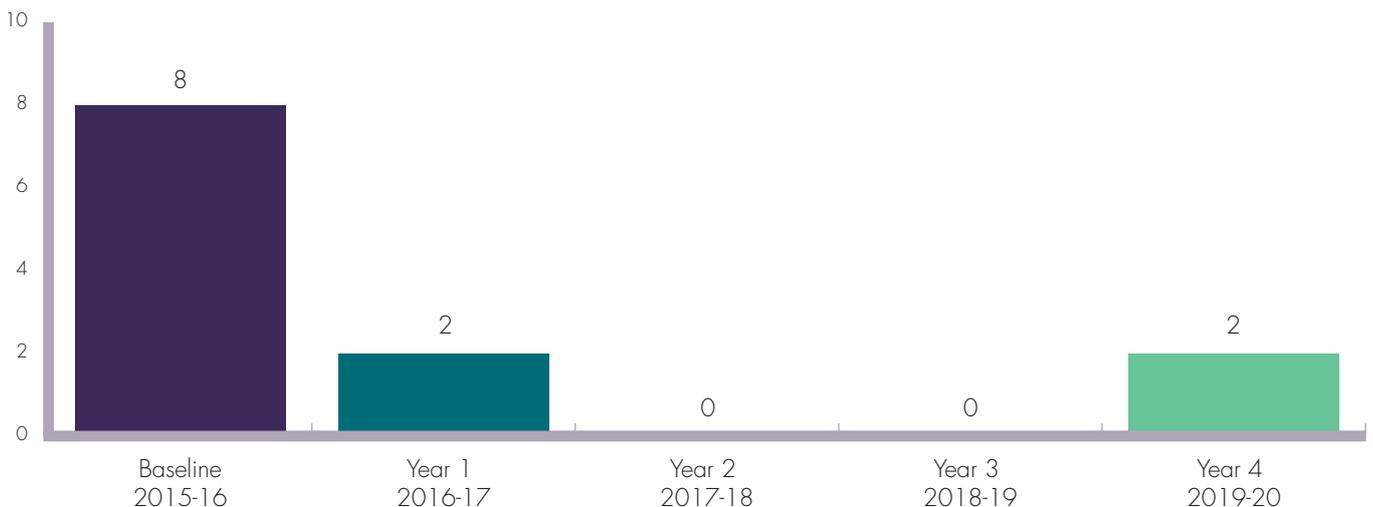
Just as with food safety, key indicators of the performance of food businesses to meet their responsibility to ensure authenticity are the percentage of LA samples that are found to be unsatisfactory, and the number of food incident reports that relate to authenticity.

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

Food fraud incidents

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

Food Fraud Incidents



2. FOOD IS AUTHENTIC

Prevention and detection

FSS remains committed to its strategic priorities through the work of the Scottish Food Crime and Incidents Unit (SFCIU). The development of the SFCIU since its inception has been focussed towards the protection of consumers and industry in Scotland from serious dishonesty within food supply chains. Although the prevention, investigation and detection of food crime is highly challenging, the SFCIU continues to expand its capability and capacity to meet that challenge, including its ability to work collaboratively with key partners such as Scottish Local Authorities and Police Scotland.

As a reporting agency, our investigations arm is now well established leading and working with partner agencies identifying food fraud in Scotland and reporting those crimes to the Crown Office and Procurator Fiscal Service.

As a leading partner in Operation OPSON, the Europol and Interpol joint operation targeting fake and substandard food and beverages, we have established international partnerships and proactively led successful campaigns resulting in actions across the world in relation to DNP (see below), coffee, Tuna and counterfeit alcohol.

- DNP is the common name for an industrial chemical called 2,4-Dinitrophenol
- It is sold as tablets or capsules and has various applications, such as for the manufacture of dyes, pesticides and explosives
- DNP is illegal to sell as a food supplement as it is not safe for human consumption
- DNP is often illegally marketed as a 'fat burning' food supplement to support weight loss and promote health and fitness
- DNP is popular among some people wanting to lose weight quickly, including bodybuilders and people with eating disorders

- DNP products are mostly sold on websites and social media
- Taking DNP can cause the body to 'overheat', with side effects ranging from nausea and vomiting, to rapid or irregular heartbeat, and in some cases it can result in coma or death
- Long-term use, even at low levels, can lead to the development of cataracts and skin lesions, and may cause damage to the heart and nervous system

Taking the lead in relation to highlighting the dangers of consuming DNP, our Community Impact Assessment included a survey with the Scottish public, which identified that only 3% knew what DNP was and most of those were not aware it can be fatal. As a result we were supported by the Scottish Government in raising awareness with all NHS frontline staff, augmented by media releases to inform the public on the serious risk to health.

In recognition of the important role that industry has to play in tackling food crime, the unit worked with the FSS Communications and Marketing team on a food crime campaign aimed at promoting the Scottish food crime hotline to those working within the Scottish food and drink industry. In its initial phase, the campaign brought on board 21 industry partners, including the Food Industry Intelligence Network, Safe and Local Supplier Approval (SALSA), Scotland Food and Drink. All of these 21 partners have a huge reach across Scotland and have committed to supporting the campaign and helping us to deliver the campaign messaging across Scotland. Although this type of effort has seen the number of calls to the hotline increase, more work is planned and we intend running the campaign again during 2020.

2. FOOD IS AUTHENTIC

Consumer awareness and understanding

The Food in Scotland Consumer Tracking Survey monitors Scotland's attitudes, behaviours and knowledge in relation to food. The survey is undertaken bi-annually by an independent research agency, and comprises a set of consistent questions at each wave on the FSS brand with two alternating modules: (1) food safety and authenticity; and (2) diet and nutrition, and a topical question module. 1,000 adults aged 16+ in Scotland were interviewed. Each wave uses an online self-completion approach to interview a representative sample of adults in Scotland ensuring comparability over time.

The table below indicates that concern had reduced over a 4 year period, possibly indicating increased consumer confidence, however the concern has begun to increase again in year 4. Further work is being taken forward to fully understand the reasons behind these figures.

	2016-17	2017-18	2018-19	2019-20
Percentage of consumers who are concerned that food is not what it says on the label (Percentage based on average figures for reporting year)	74%	73%	71%	73%

3. Consumers have healthier diets

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

FSS has a statutory duty to improve diet and nutrition in Scotland, and this year we have had a focus on improving the food environment to help meet this objective. The 2018 Scottish Government [publication](#), A Healthier Future – Scotland’s diet and healthy weight delivery plan recognised the need for partnership working to improve the nation’s diet. The plan committed FSS to consult on how to improve the Out of Home (OOH) food environment. Informed by this consultation, a [Board paper](#) alongside a suite of supporting publications including: an independent analysis of the consultation responses; an analysis of the OOH landscape in Scotland; and a report on consumer engagement. The Board put its recommendations to the Minister for Public Health, Sport and Wellbeing in September 2019. The recommendations included focus on the three priority areas identified in the FSS OOH workstreams; Calorie labelling, Children’s menus, and Calorie reduction. Significant work progressed on development of the evidence base particularly regarding calorie labelling at the point of choice in OOH establishments.

This year, FSS tested new dietary guidance messages with a wide range of stakeholders. Reports on this preparatory work will be published on the FSS website. The key findings were that consumers expect a sophisticated online resource that can provide them with the type of messages they want. There is broad support for Dietary Guidelines in Scotland to supplement the Eatwell Guide and consistent dietary messaging for everyone involved in health improvement is

welcomed. This coming year, FSS is commissioning work to develop Dietary Guidance as a novel, digital resource that will support consumers in Scotland taking small steps to tackle areas of their diet they want to change.

FSS needs to understand consumers’ dietary intake in order to decide how best to influence dietary health. FSS has harnessed the use of new technology and piloted the use of INTAKE24, a fully automated online 24 hour dietary recall system in the Scottish Health Survey during data collection in 18/19. The online tool is designed to provide a robust measure dietary intakes of survey participants and can provide comprehensive and cost effective dietary data to monitor intakes against the dietary goals. The pilot had good response rates and positive feedback from participants. The report from the pilot will be published in summer 2020.

Aside from its nutrition programme work, FSS continued its other diet and nutrition activities, which include, for example, provision of evidence based advice about diet and health for Scottish Ministers, stakeholders and consumers, together with reactive communication and marketing activities. This has included providing support and advice to government on the drafting of revised School Food Regulations and associated guidance for implementation.

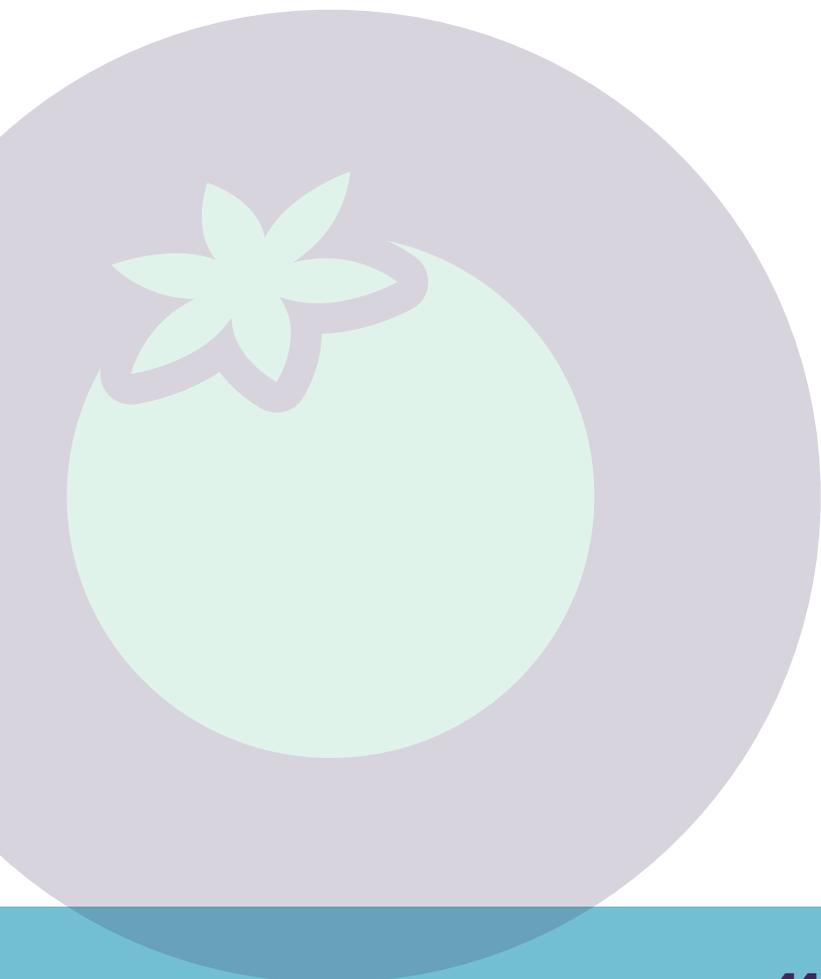
3. CONSUMERS HAVE HEALTHIER DIETS

FSS's role with respect to promoting and enabling healthy eating remains, according to our consumer tracking survey, the aspect of our role least familiar to consumers. Perceptions amongst consumers who are aware of FSS, has dropped to 46% (from 55% in the previous wave) in the most recent wave of the consumer tracking survey.

Consumer events such as the Royal Highland Show, the Edinburgh Science Festival and Taste of Grampian allow us to engage and interact first-hand with our customers, educating them on our full remit, with activities related to both Food Safety and Healthy Eating available to encourage engagement.

There has also been a drop in those reporting concern around an unhealthy diet (52% compared with 58% in the previous wave) however this finding is set against data showing a high level of recognition that in Scotland we need to make changes to eat more healthily (72% agreeing). Therefore the implications of these findings need to be carefully considered alongside the dietary monitoring and consumer purchasing research carried out by FSS public health nutritionists.

Working with our partners and stakeholders is a key way in which FSS can enable change through a cohesive approach. The use of social media to spread key messages such as healthy eating is one approach used by FSS, directing people to the website for further help and information and providing them with engaging assets such as videos to encourage sharing.



4. Responsible businesses flourish

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

Official Control Regulation (OCR) Implementation

This year FSS has undertaken a significant amount of work to implement the food and feed elements of the new EU Official Controls Regulation (OCR), which came into effect on 14 December 2019, forming part of the wider Smarter Rules for Safer Food (SRSF) legislative package. This included delivery of the required Scottish legislation to provide for domestic execution and enforcement of the OCR, and associated operational changes. This was undertaken in close coordination with the Scottish Government, which has policy responsibility for the animal and plant health aspects of the OCR, and other UK Departments.

The OCR and associated tertiary rules is a key framework regulation that sets operational standards for the performance of official controls and other official activities by competent authorities across the EU to verify business compliance with food and feed law, and animal and plant health rules. The legislation cuts across the entire agri-food chain, setting official control standards for specific commodities such as products of animal and non-animal origin, imported food and feed, as well as setting standards for official control laboratories. This legislation is integral to the activities of FSS as the national Competent Authority responsible for the delivery of official food and feed controls in Scotland, and other food and feed enforcement bodies such as LAs.

FSS planning for OCR implementation was made significantly more complex due to uncertainty regarding the timing and nature of the UK's departure from the EU, but the necessary legislative and operational changes were delivered in accordance with EU deadlines to ensure Scottish Ministers continue to meet their legal obligations in this area.

Cannabidiol (CBD) Oil

FSS has undertaken a range of activity, in coordination with the FSA and other UK Departments, to assess and inform our regulatory response to food and food supplements containing Cannabidiol (CBD) oil that are already on the market in Scotland and across the UK. This follows recent clarification from the European Commission that CBD extracts and derived products require authorisation under the EU Novel Foods Regulation. This has included development of a targeted UK-wide sampling plan to provide a public health and food authenticity risk baseline for these products, and an assessment of the regulatory and enforcement approaches adopted in other EU and non-EU countries. The Scottish Food Crime and Incident Unit (SFCIU) have also undertaken further intelligence gathering on the range and nature of these products on the market in Scotland to enhance information already received from LAs.

4. RESPONSIBLE BUSINESSES FLOURISH

Allergen Information on Pre-Packed for Direct Sale (PPDS) Foods

Following the tragic death of Natasha Ednan-Laperouse, who suffered a fatal allergic reaction after eating a baguette that contained undeclared sesame seeds, FSS, the Department for Environment, Food and Rural Affairs (Defra) and the Food Standards Agency (FSA) launched a UK-wide consultation on 25 January 2019 on options for strengthening the regulatory framework for the provision of allergen information for foods that are pre-packed for direct sale (PPDS).

After careful consideration of consultation responses, advice from FSS in May 2019, and the potential effects each option might have on Scottish consumers, businesses and local authorities, the Scottish Government agreed to take forward option 4 in Scotland, mandating full ingredient labelling for all PPDS foods.

The Scottish Government subsequently asked FSS to undertake further work to fully assess the benefits, impacts, risks, and enforcement approaches to determine how full ingredients listing can be achieved accurately and in ways that will provide the greater certainty that consumers seek. FSS has since completed a round of food industry engagement to understand more fully any technical and regulatory compliance challenges that some Scottish business may face. This has included constructive and detailed meetings with key Scottish trade bodies, who have broadly welcomed the approach taken in Scotland to have a longer lead in time to fully consider the impacts before introducing the required legislation.

These discussions have informed development of more detailed implementation options, draft regulations and robust impact assessment, and supporting technical guidance, with a view to further public consultation in Scotland in autumn 2020.

The new Scottish regulations are due to come into force in autumn 2021, broadly aligning with the timetable that has been set in England, Wales and Northern Ireland.

Regulatory Strategy

A new organisational structure and a blueprint for the Regulatory Strategy Programme (RSP) from 2019-2025 was implemented during the year. A series of workstreams and projects are in progress as part of tranche 1 of the programme of delivery for which further detail is provided below.

Progress has been made on the various recommendations, including work to introduce the official control verification methodology to inspections and audits of FSS Approved establishments throughout Scotland.

A review has been undertaken of the various official control charging models adopted globally, with work on a national framework and an options analysis completed of different delivery models based on the Food Law Rating System (FLRS) and in accordance with the new provisions contained within OCR (EU) 2017/625.

A new delivery model was agreed, in which FSS will become the sole competent authority for delivery of official controls relating to animal feed, whilst continuing to work in partnership with Local Authorities. Preparatory work has been undertaken for the launch of the delivery model,

4. RESPONSIBLE BUSINESSES FLOURISH

including development of a new software system for inspections, delivery of level 3 Hazard Analysis and Critical Control Point (HACCP) and Animal Feed labelling courses to over 60 authorised officers and drafting instructions for the necessary legislative changes.

Phase 2 of the new Shellfish Management System was completed in March 2020, which included a number of updates to improve the efficiency of the classification, sampling and management of the delivery of official controls and associated work related to shellfish in Scotland.

Systems/Digital

The 1 July 2019 saw the introduction of FLRS, which is a brand new system for assessing food business performance. This took the previous two rating systems for food hygiene and food standards and combined them into one single Food Law rating system, with a more targeted approach on non-compliant businesses and rewarding of businesses which consistently perform to a high standard. The FLRS was included in the published Interventions - Food Law Code of Practice, which was granted ministerial approval and has been issued to all 32 Local Authorities in Scotland to adopt.

Further development work was completed on the Scottish National Database (SND) of food businesses with new updates launched to support the implementation of FLRS, preparatory work for the UK exit from the EU and improved functionality of the system as a whole.

The Surveillance work stream has undertaken a number of projects including horizon scanning, improved use of data via SND and our food surveillance database, continuation of the local authority sampling programme, information sharing, business profiling and understanding business compliance.

Progress has been made on two projects working with representatives of national retailers, with a view to the feasibility and role of assurance schemes as part of the overall regulatory landscape in Scotland. Extensive consultation with retailers, including a gap analysis of their respective internal assurance systems and the official control requirements have been completed and a detailed project brief have been created with a view to a pilot of this work commencing in the near future.



4. RESPONSIBLE BUSINESSES FLOURISH

Holding businesses to account

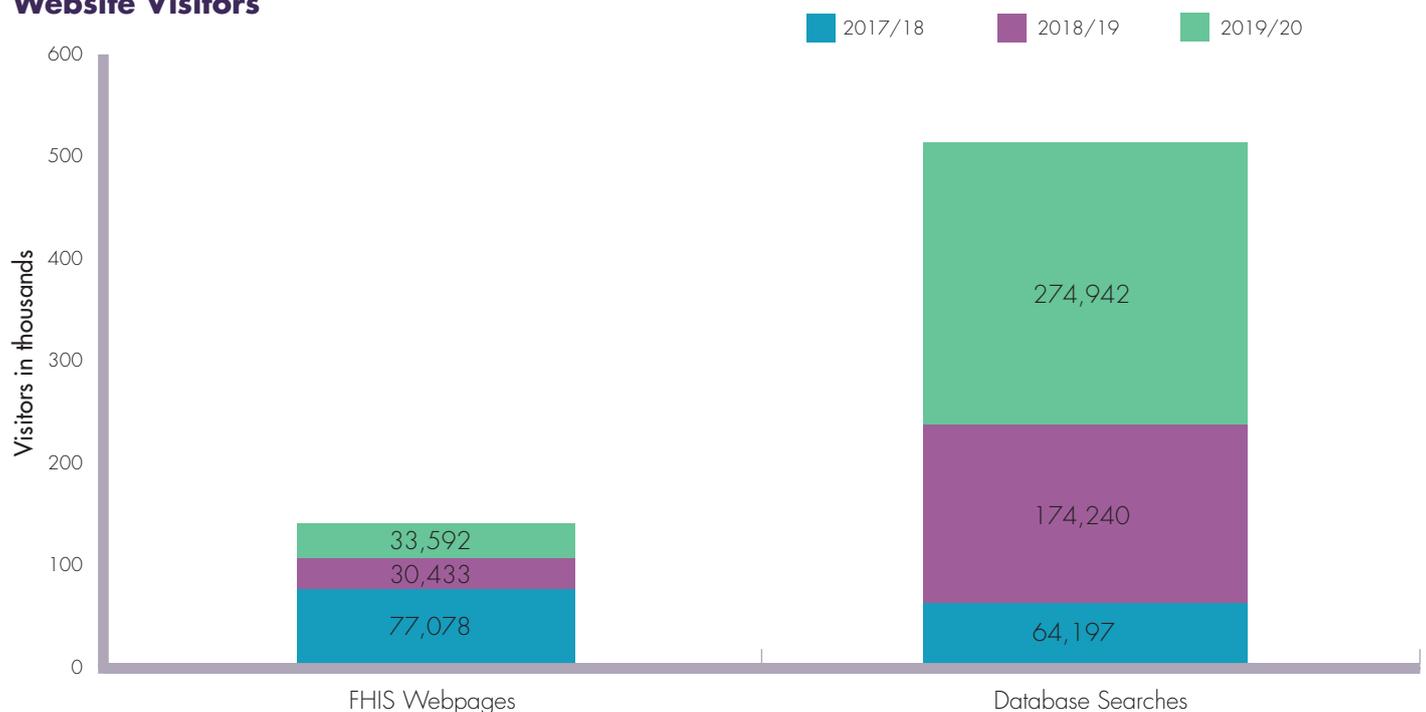
Food Hygiene Information Scheme

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

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

FHIS listings	2017/18	2018/19	2019/20
Number of businesses registered	48,451	49,014	49,757
Average pass rate	92%	92%	93%

Website Visitors



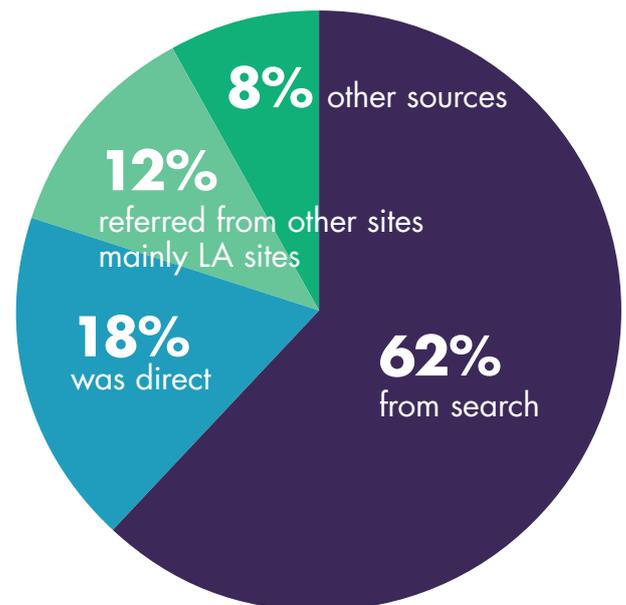
4. RESPONSIBLE BUSINESSES FLOURISH

The effectiveness of the scheme in achieving its objectives depends upon consumers using it, and so we track both reported usage through FSS consumer tracker surveys and actual usage by monitoring web-page visits and database searches. FSS uses this information as a performance indicator. Reported awareness and usage has decreased this year, but visits to the web-pages and database searches have increased considerably, suggesting that those who are aware of the scheme are using it more.

There was a peak in July, and at this time Just Eat had implemented changes to their system where Food Business Operators (FBOs) had to have a pass in order to use the service and this attracted media attention. There was also a peak during March 2020, which could be attributed to COVID-19, with more people ordering food online and being more cautious about where they order from, or looking for alternative places to order from if their usual place was not trading.



Traffic sources:



The whole section had an **overall increase of 33%**



4. RESPONSIBLE BUSINESSES FLOURISH

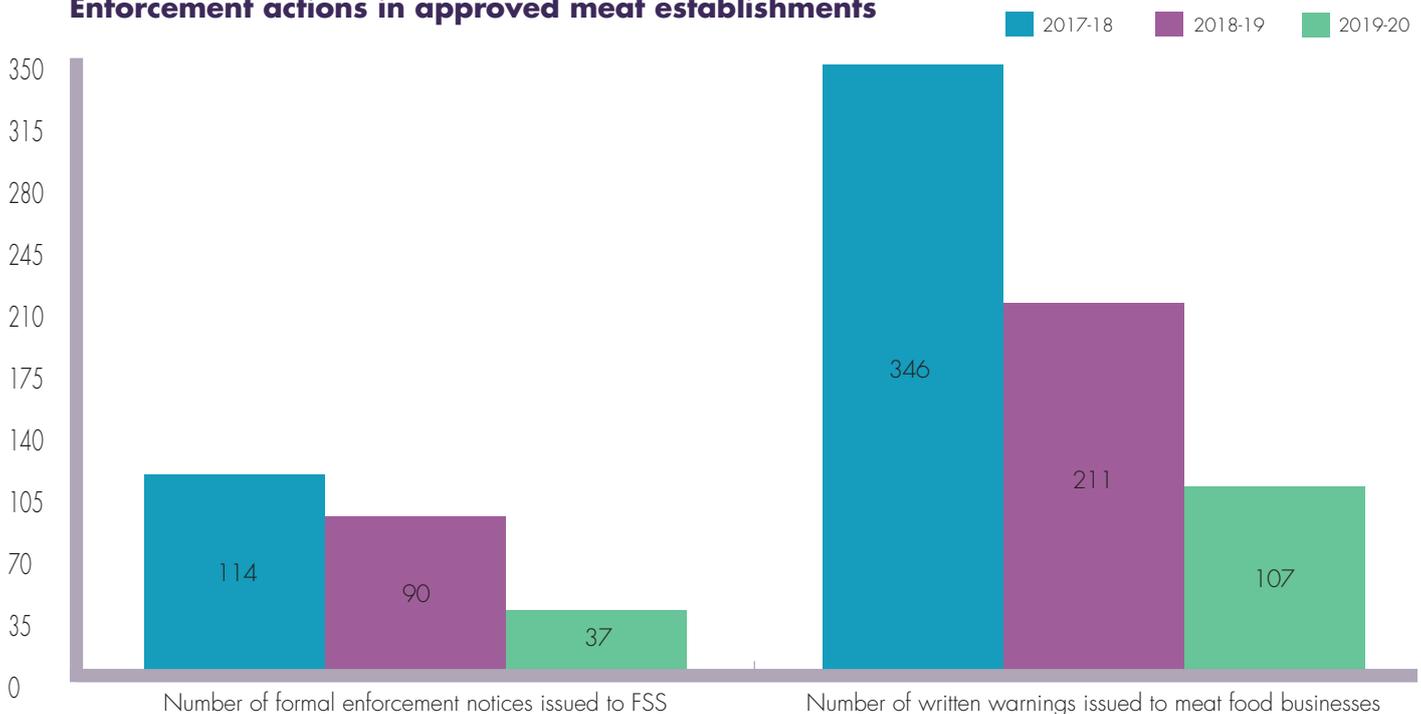
Formal enforcement notices issued to FSS-approved establishments

Where businesses subject to FSS approval and enforcement do not meet their responsibilities, FSS takes appropriate action. The number of formal enforcement notices and written warnings being issued has declined. This is a result of robust regulatory practices by FSS which has led to the reduction in the number of incidents and a lesser need to issue formal enforcement notices and written warnings.

The figures below show the numbers and types of enforcement action taken by FSS in approved meat plants in Scotland during 2019/20, compared with those for the previous three years.

The reduction in numbers of formal enforcement notices and written warnings, combined with other indicators (e.g. contamination, veterinary audit outcome) only partially indicates a small improvement in the overall compliance of FSS-approved establishments. In 2019 FSS introduced a Systems Based Enforcement approach where minor non-compliances in the same areas such as staff training or cleaning are recorded in a separate log under each area. This means that were previously all issues were entered on the enforcement system, now the smaller issues are grouped into a single entry, which has had the effect of reducing the total numbers, but not the impact of the enforcement measures on the food business. There have also been several plant closures which may also represent a reduction in the total numbers of enforcement interventions.

Enforcement actions in approved meat establishments



4. RESPONSIBLE BUSINESSES FLOURISH

The outcome of this approach is that the escalation to written warnings and formal notices has been less frequent for individual non-compliances than previous years, and accordingly matters are being rectified at an earlier stage. However this informal level of enforcement remains at a constant rate across the sector.

Brexit programme

The FSS **Brexit programme** has contributed to our work towards ensuring that responsible businesses flourish in two key ways this year.

During the uncertainty of the General Election outcome and consequential impacts on EU Exit arrangements, the FSS Brexit Programme undertook substantial work to adopt a twin track approach to prepare for both a deal and no deal Brexit outcome whereby key activities were pivoted between both those scenarios where appropriate.

The programme established a number of workstreams focussed on ensuring we were as prepared as possible to mitigate the negative impacts on Scottish businesses of either eventuality. One workstream dealt with delivery of fixes to UK and Scottish legislation to ensure the necessary amendment to retained EU law were in place should the UK exit with no deal. All necessary instruments were prepared for Ministers approval in advance of the potential no deal exits at the end of 2019 and again in January 2020. In light of the agreed transition period none of these instruments were required at that time, but shall be modified for use this year, to prepare for the end of the transition period. In addition the EU Exit outcome dependent Scottish Statutory Instrument (SSI), **The Official Feed and Food Controls (Miscellaneous Amendments) (Scotland) Regulations** (SSI 2019 No. 407), came into force on 14 December 2019.

Significant additional advancements were made throughout the year, in particular with UK Frameworks where the Nutritional and Health Claims framework with Department of Health and Social Care (DHSC) is currently the most advanced across government and the complex Food and Feed Safety and Hygiene Framework and associated UK Risk Analysis function with FSA is also well advanced. Significant and valued contributions were also made to no deal operational readiness plans associated with imports and exports, where FSS provided pragmatic solutions to the challenge of ensuring health certification for exports of fish to the EU. These plans will now be further developed as part of the transition plan mentioned below.

FSS is also fully engaged along with SG trade leads, in discussions with DEFRA with respect to future trade deals, providing technical input designed to improve negotiating positions.

In January 2020, the UK officially exited the EU with a transition period as agreed in the EU Withdrawal agreement to the end of December 2020. In light of these developments, a detailed FSS EU Exit Transition and Strategy Plan was developed which has contributed to an overall SG EU withdrawal and transition integrated plan. The EU Exit Transition and Strategy plan was submitted to the Minister which outlined the strategic intent and key aims and objectives for FSS for the transition period.

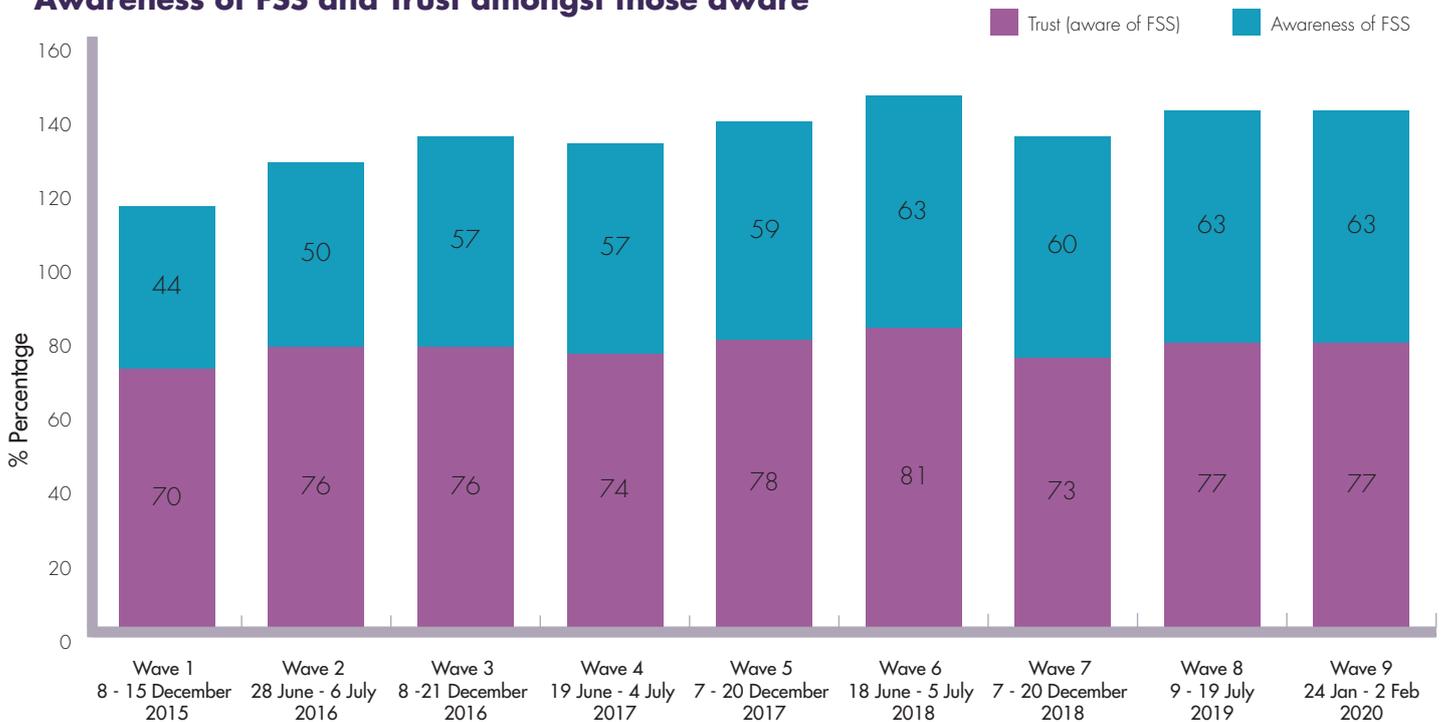
5. FSS is a trusted organisation

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

Scottish consumers

Consumer trust in FSS remains at a high level - 77% when averaged over Waves 8 and 9 of the biannual consumer tracker survey. Trust and awareness of FSS amongst those surveyed has remained steady with only minor variations of the past two years. There has been a positive increase in 2019/20 from the previous fall in the figures reported in wave 7 which was likely to have been related to a change of research agency in 2018/19.

Awareness of FSS and Trust amongst those aware

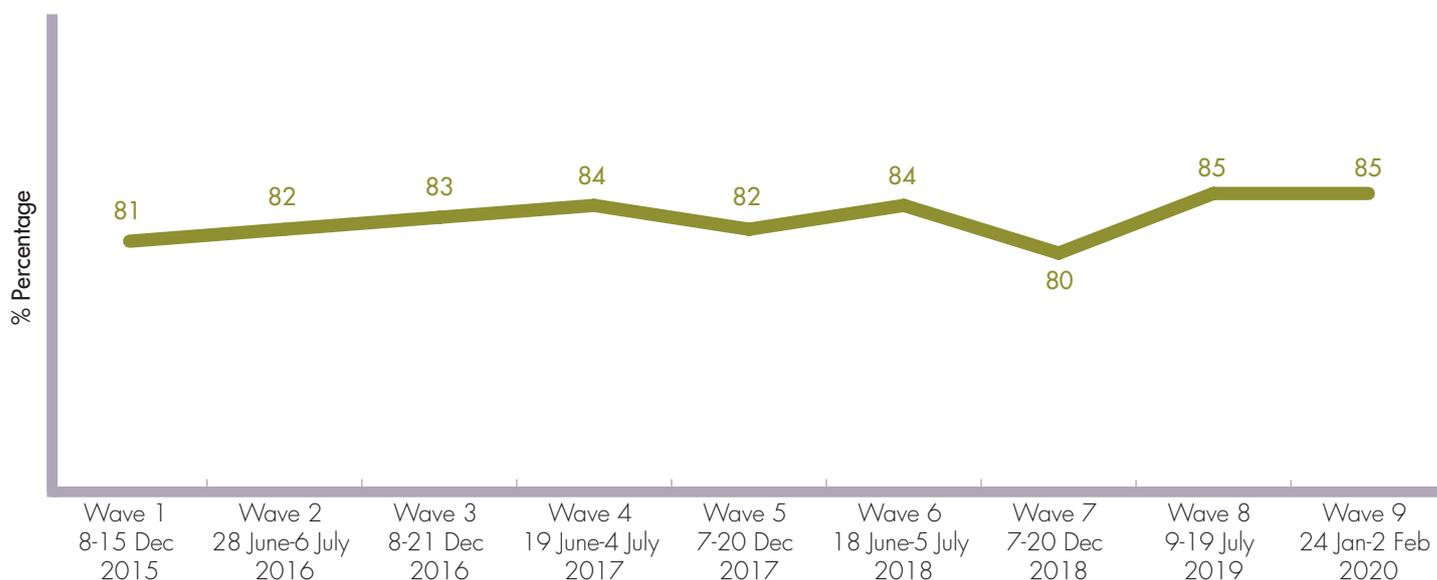


5. FSS IS A TRUSTED ORGANISATION

Awareness and Trust are built through the activities of the organisation as a whole – policies, interventions, research, governance, consumer campaigns, events etc. During 2019/20, FSS conducted evidence-based activities such as targeting young people to raise awareness of allergens through our campaign with YoungScot and promoting the allergy alert service. There has also been activity about informing the public about what constitutes food crime and what to do if they encounter it. Also food safety campaigns such as our 2019 festive campaign giving guidance on proper poultry cooking methods, storage and reheating of leftovers etc. to prevent food poisoning.

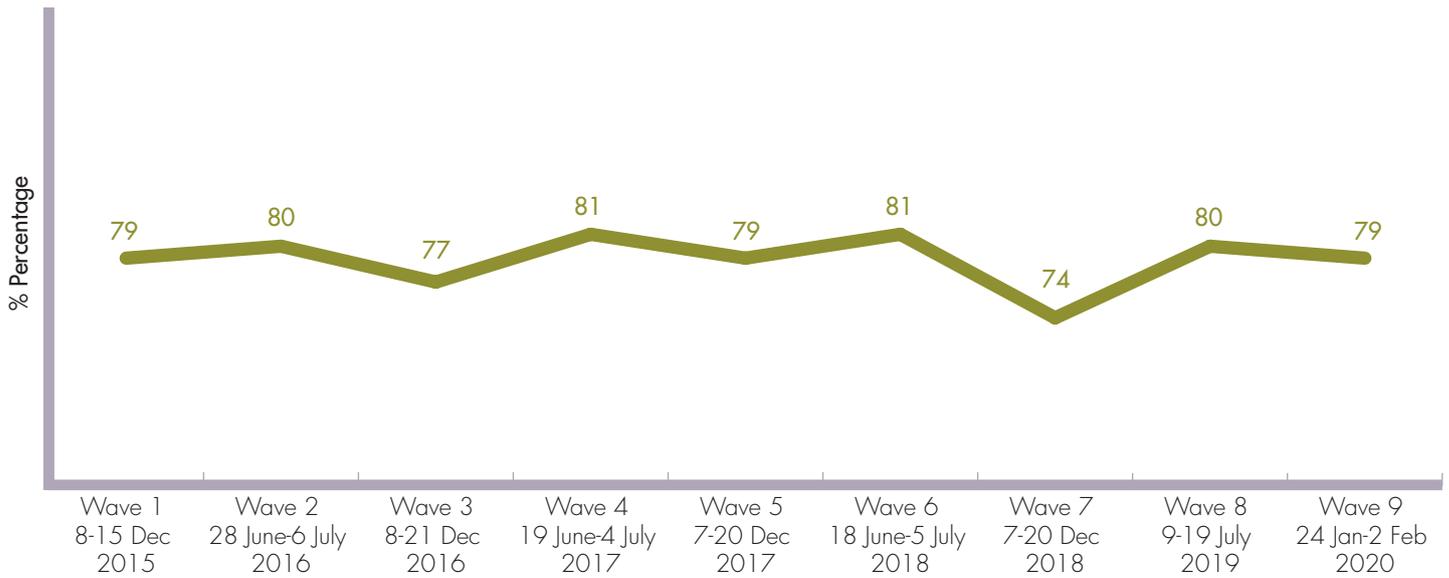
There has also been a positive improvement throughout 2019/20 with respect to the more specific measures illustrated in the graphs below from those provided during the 2018/19 reporting period.

Being experts when it comes to food safety

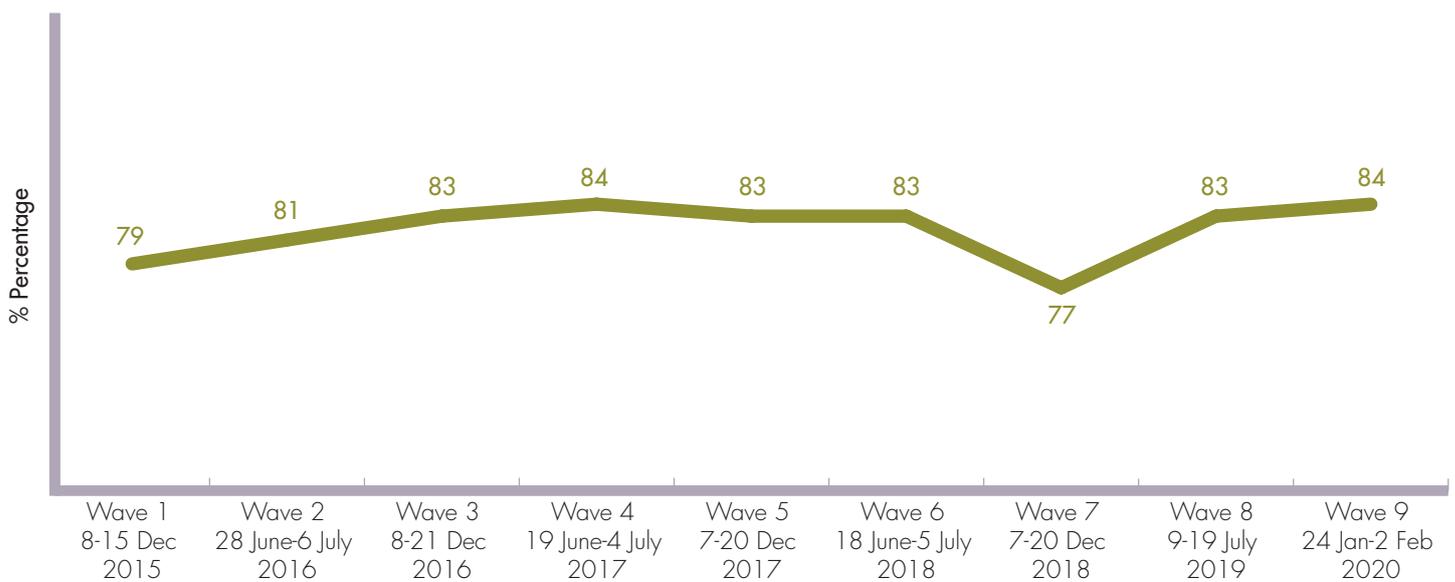


5. FSS IS A TRUSTED ORGANISATION

Having necessary expertise to help people eat healthily



Working in the best interests of Scotland



5. FSS IS A TRUSTED ORGANISATION

There was an overall increase of traffic to the FSS website during 2019/20, however the increase wasn't as large as was seen in 2018/19, and this can be attributed to decreased campaign activity. Search Engine Optimisation (SEO) was a big focus for 2019/20, so it is encouraging to see this has paid off with a 43% increase in traffic to the site coming from search engines.

Website page views: 1,019,580

Increase of 5.06% from previous year

Areas of the site that saw a significant year on year increase are,

Vitamins and Minerals (up 1,208%),

Cooksafe, (up 141%),

Interactive Eatwell Guide education resource (up 54%)

Traffic sources:

66% of traffic came from search engines

21% was direct

6% from social media

5% referred from other sites

2% from other sources

Website users: 241,237

Increase of 15% from previous year

51% of users visited the site from a **desktop**,

43% from a **mobile** and

7% from a **tablet**.

A new text and email allergy alert service was officially launched in April 2019, giving consumers the opportunity to receive allergy alerts by text straight to their phone and giving them control over what information they receive. The launch received good coverage in the media and feedback from subscribers has been positive. In addition, the new system improves our compliance with GDPR. As at 31/3/20 there were 2,040 email subscribers (more than double the subscribers to the previous service at the time of replacement) and 590 text subscribers (for both food and allergy alerts).

Industry, government and stakeholders

Managing stakeholders and partners is crucial for a regulatory body such as FSS and the new Stakeholder Engagement Management System (SEMS) has been developed to support this function. This system is part of a new coordinated approach to communicating and engaging with internal and external stakeholders to facilitate meaningful and effective ways of working. It also supports compliance with the relevant Data Protection regulations, which require FSS to process securely the data we hold for all our stakeholders. We are proactively working on how we can ensure our stakeholder engagement is cognisant of the need to fully represent the diverse range of stakeholders and consumers in Scotland.

All FSS strategic objectives are aligned with the National Performance Framework and therefore stakeholder engagement is aligned with the Scottish Government National Performance Framework outcome - *Our public services are high quality, continually improving, efficient and responsive to local people's needs.*

6. FSS is efficient and effective

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

Budget

FSS's total resource budget for the period of the report was £18.2 million which was allocated to deliver essential core activities and the three change programmes. This budget included additional funding of £2.3m provided in-year for the Brexit programme of work.

The following table provides the detail of the budget split and expenditure for the year. Allocations for the three change programmes were estimated at the start of the year and some adjustments were made to reprioritise budget allocation during the year. The expenditure outturn is within 5% of our total budget.

Directorate / Branch	Budget allocated	Actual	% of Budget
FOOD STANDARDS SCOTLAND	18,203,000	17,376,784	95%
FSS CORE ACTIVITIES	13,568,930	13,562,246	100%
WORK PROGRAMMES	4,634,070	3,814,534	82%
Brexit	2,300,00	1,870,251	81%
Diet and Nutrition	1,019,109	783,440	77%
Reg Strategy	1,314,962	1,160,844	88%

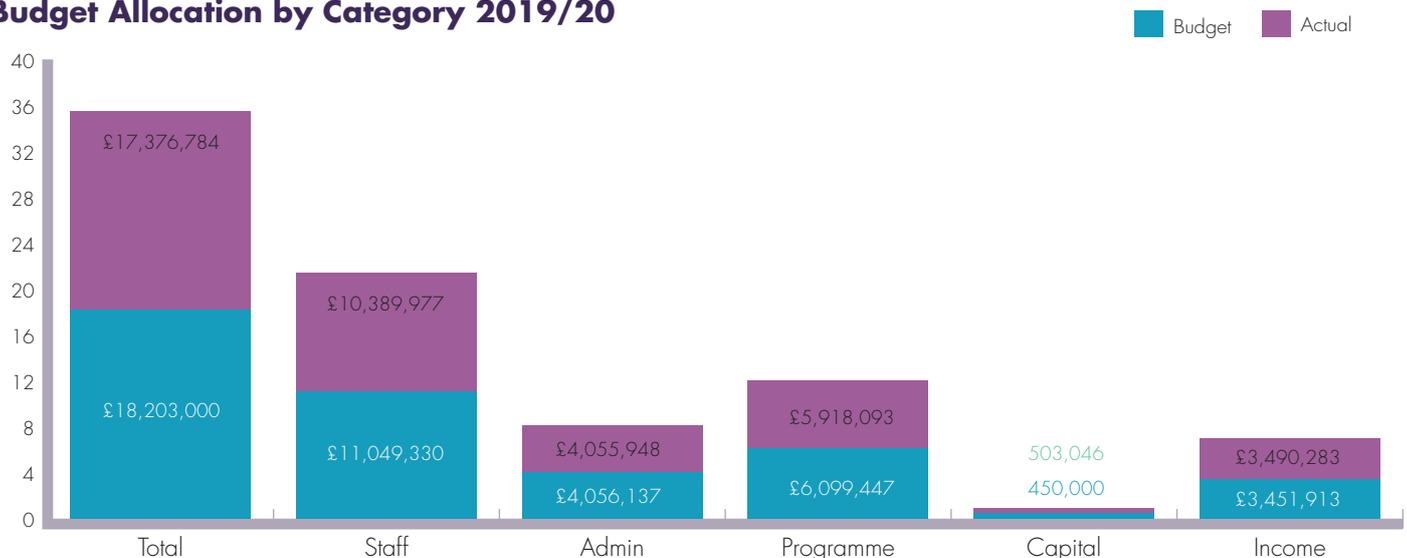
6. FSS IS EFFICIENT AND EFFECTIVE

A more detailed overview of how FSS allocated and spent its financial resources for essential core activities to deliver the six Strategic Outcomes during 2019/20 is provided below. The budget allocation shows the revised position following an in-year budget review exercise. The actual spend for each outcome represents the outturn for the year.

Strategic Outcomes



Budget Allocation by Category 2019/20



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

6. FSS IS EFFICIENT AND EFFECTIVE

Financial Performance

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

	Actual	Budget	Variance
DEL Operating Expenditure	16.9	17.6	(0.7)
DEL Capital Expenditure	0.5	0.6	(0.1)
Total DEL	17.4	18.2	(0.8)
Total AME	0.4	0.7	(0.3)
Total expenditure	17.8	18.9	(1.1)

* DEL is abbreviated for Departmental Expenditure Limit

This was to cover FSS's expected pension liability for the year.

FSS drew down £15.6m in cash terms to cover its capital and net operating costs for the year. This has resulted in a cash balance of £1m at the end of the financial year which is required to cover accruals in relation to invoices due to be paid and income yet to be received at the beginning of 2020/21.

Supplier Payment Policy

In line with Scottish Government policy, FSS requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. FSS aim to pay 100% of these invoices, including disputed invoices once the dispute has been settled, on time in these terms. During the year ended 31 March 2020, FSS paid 100% (2018/19, 100%) of invoices within these terms.

Additionally, in accordance with Scottish Government's guidance on prompt payment, an associated 10 day payment target also exists, for all valid and undisputed invoices. During the year ended 31 March 2020, FSS paid 93% (2018/19, 88%) of invoices within these terms.

Efficiency Savings

In 2018/19, FSS identified financial savings from across its business in order to reinvest this money in other key parts of its work. The savings came from better value being achieved through delivery of various contracts and projects to achieve the organisations objectives. During 2019/20, instead of looking at efficiency savings, FSS started to explore best value assessment and discussed this approach with our auditors. Work is currently underway to develop a best value framework which includes a proposal for reporting of efficiencies and any related savings. An outline framework has been drafted and some feedback received on this. Further review and update is required and therefore this work is still in progress.

6. FSS IS EFFICIENT AND EFFECTIVE

Our 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.

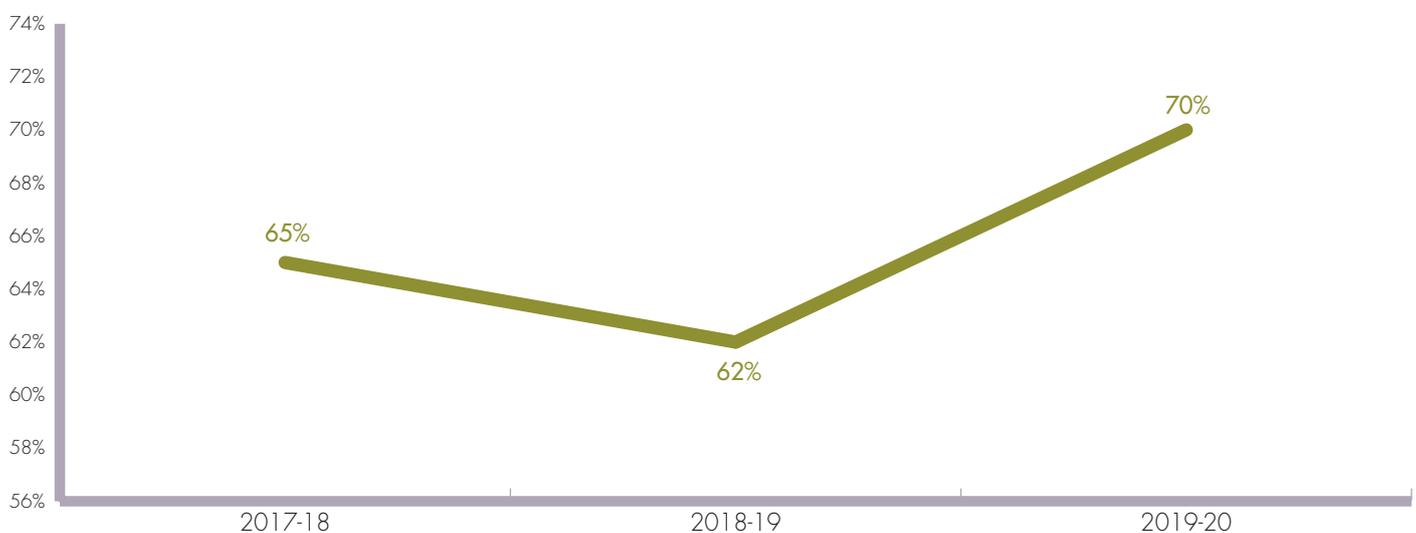
The SEI strategy helps provide a link for staff between organisational and SEI values under three key themes by providing underpinning approaches and assurance of FSS SEI for the Chief Scientist and Board. Continuing to implement the SEI Strategy, this year FSS has published its annual [summary](#) of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

People

FSS continues to engage with staff through a variety of communication channels. This year FSS was ranked in the top 20 organisations taking part in the People Survey across the UK civil service for employee engagement. The employee engagement index score of 70%, was an increase of 8% on the previous year, placing FSS above the civil service average of 63% and high performing units at 68%.

FSS is committed to equality and diversity in its staff. The composition of staff by gender and age are key indicators for FSS. 3.2% of the FSS workforce are from an ethnic minority. However the declaration rate from staff is currently only at 59.5% and there is also a significant amount of data suppressed to protect identity due to low numbers. FSS continues to encourage the self-declaration of equality and diversity information which staff can self-report via the Human Resource (HR) system.

Employee Engagement Index from the Civil Service survey

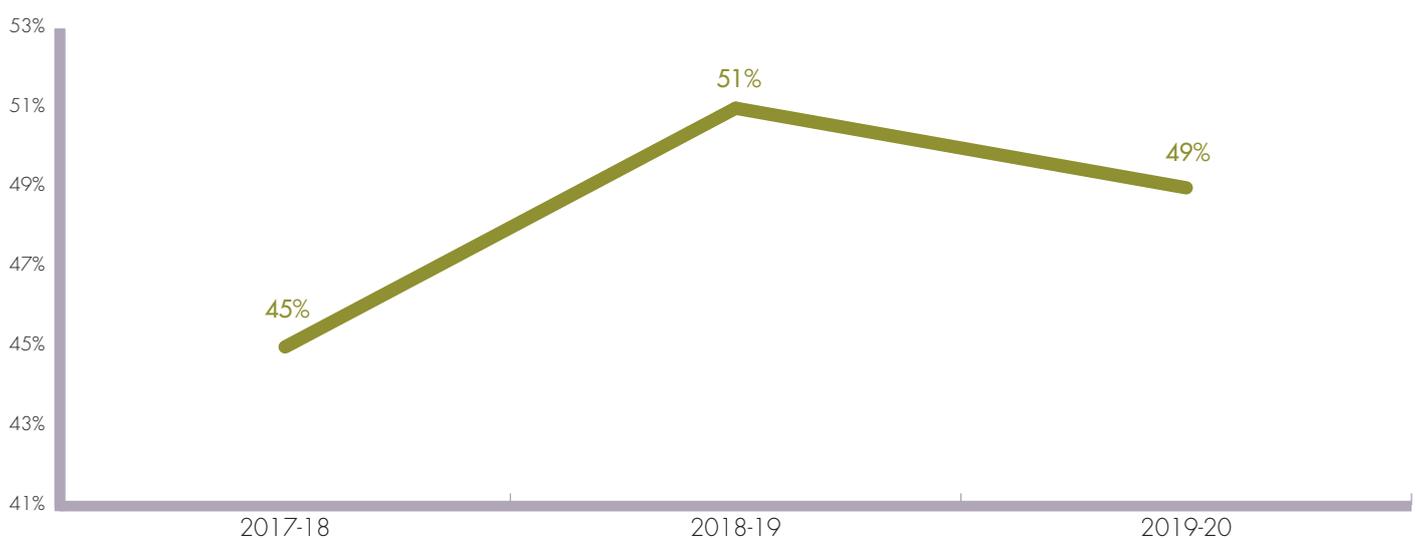


6. FSS IS EFFICIENT AND EFFECTIVE

FSS has 49% female staff compared with the civil service average of 54% and the Scottish Government average of 53%. The Meat Hygiene & Veterinarian profession in FSS has historically been male dominated but following the in-year TUPE exercise, which brought more Veterinarian services within FSS, the female staff percentage has gone up from 8% last year to 29% in 2019-2020 within Meat Hygiene Inspectors (MHIs) and Official Veterinarians (OVs) segment in FSS.



Percentage of Female Staff in FSS

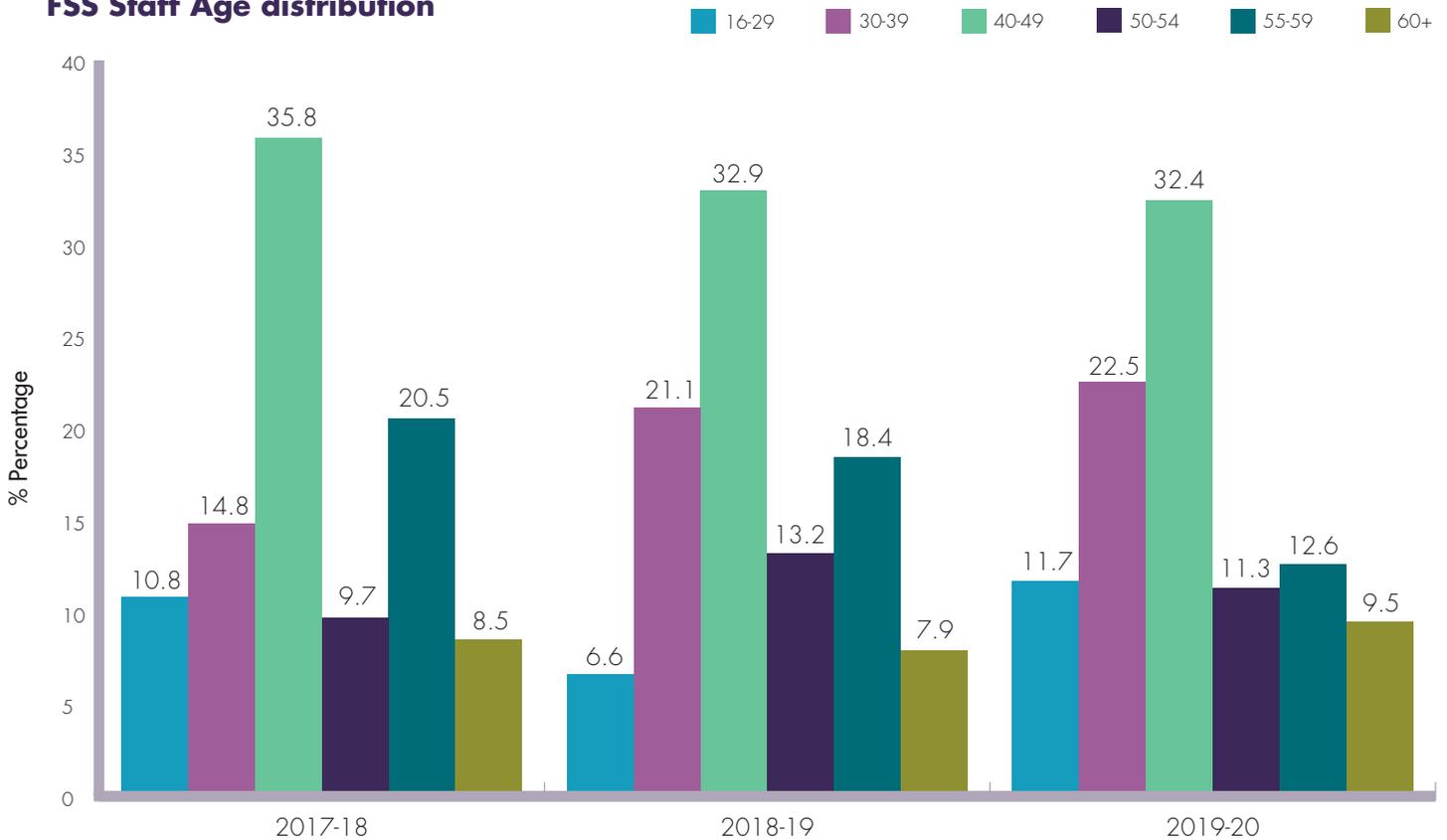


6. FSS IS EFFICIENT AND EFFECTIVE

In common with SG, FSS has an ageing workforce. As of 31 March 2020, 33.4% of staff in the organisation were 50 or over. Only 34.2% of the organisation is 39 or under. The profile is not uniform across the organisation, with a higher number of staff in operations being in the 55+ category whereas a lower number of staff in communications are 39 or below. Work is ongoing to consider succession planning in areas where we are most at risk and how we can increase the numbers of younger staff, for instance by using modern apprenticeships in some areas, encouraging work experience placements in an attempt to broaden our pool of applicants for advertised posts and recruiting staff in trainee roles.

- Given the higher percentage of staff in the 30 – 49 category it would suggest that we have no issues in attracting staff in this category.
- In order to redress that balance and increase the low numbers of staff in the 16 – 29 category, steps are being taken to attract younger people in to the workforce by using Modern Apprenticeships in some areas and encouraging work experience to broaden the pool of applicants for advertised posts and recruiting to trainee roles.

FSS Staff Age distribution



6. FSS IS EFFICIENT AND EFFECTIVE

Brexit preparations – future capability and capacity

As part of our [Brexit programme](#), FSS undertook an assessment of future capability and capacity requirements for transferred functions post Brexit. Ministers agreed the business case for additional EU Exit funding with the total additional request of just under £28m over four years from 2020/21. The funding will be used to implement our new structure to enable FSS to be ready to deal with the implications of the UK exiting the EU and deliver our priorities after the transition has taken place.

Work was undertaken to develop principles around allocation and prioritisation of resource and associated recruitment of new posts. The resource secured not only covered additional staff but also programme, capital and administrative expenditure.

As the outcome of negotiations between the UKG and the EU with respect to a free trade agreement is still unknown, FSS has to plan on the basis of certain assumptions. The Brexit programme structure has been modified to prioritise this work with the necessary workstreams identified and approved, and further detailed analysis being undertaken in the identified areas. **The effects of COVID-19 have unfortunately delayed the anticipated transition to a new structure designed to meet the demands of EU Exit, however necessary reprioritisation of posts has taken place to ensure we are as prepared for delivery challenges as we can be.**

Our social and environmental responsibilities

FSS [consulted](#) on its first British Sign Language Plan (BSL) in 2018/19 which included engagement with BSL users and organisations who represented them. The plan was approved in 2019 and will be delivered from 2020 onwards to review and improve the accessibility of FSS services and information for BSL users, with the overall aim to ensure there are no barriers to BSL users in accessing information

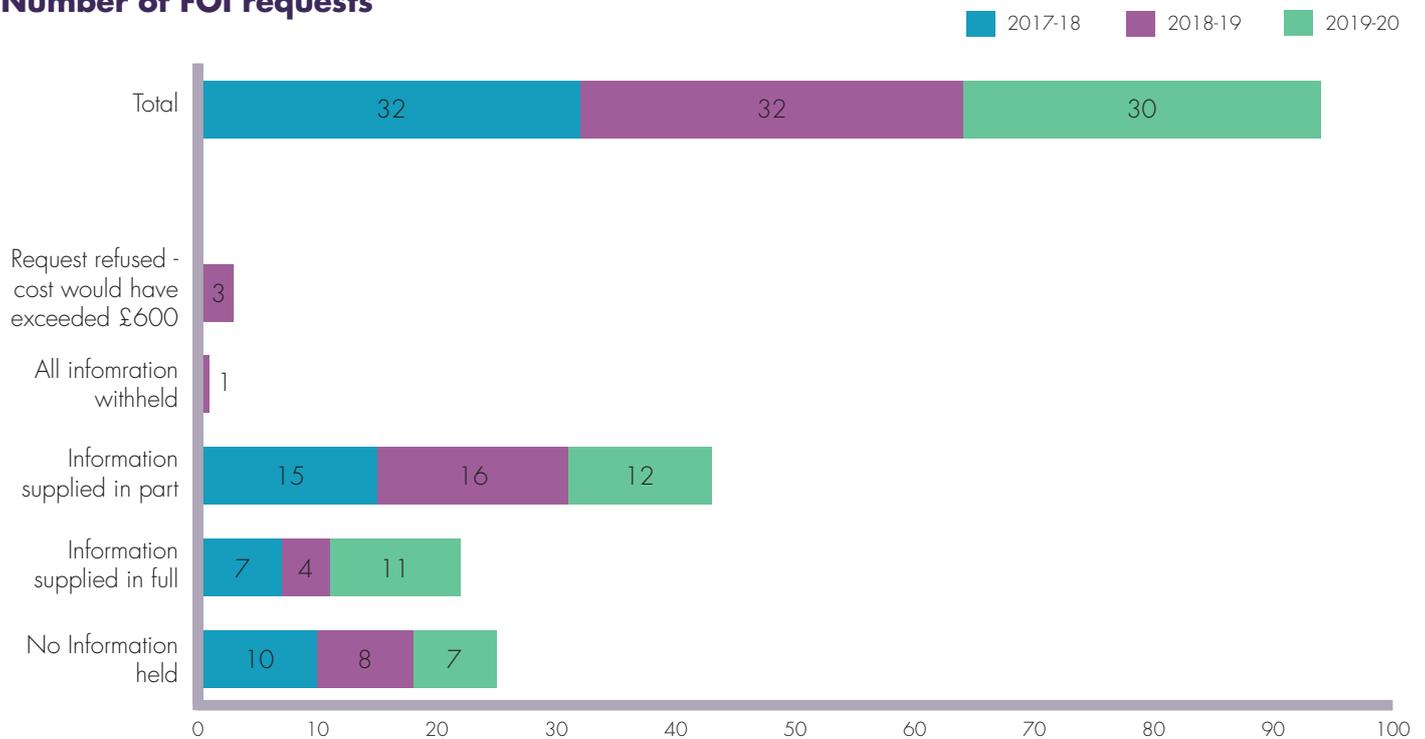
Our Health, Safety and Environmental Management System enables FSS to manage health, safety and environmental processes across the organisation. A staff led Environmental Team advises FSS on environmental initiatives, promote “Eco” awareness throughout the organisation, and champions any individual or corporate efforts that have a positive environmental effect. 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](#). There has been a reduction in overall reported emissions in the year despite an increase in staff numbers. Purchase of an Ultra-Low Emissions Vehicle (ULEV) pool car, that takes the pool car fleet to 75% ULEV, and a new waste management system following engagement with service providers have helped contribute to this. Scheduled reviews of the initiatives in place across the Carbon Management Plan in collaboration with the environmental team and other SG bodies helps to ensure FSS retains its focus on the environment.

6. FSS IS EFFICIENT AND EFFECTIVE

Freedom of Information

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

Number of FOI requests



FSS pro-actively publishes information, and the most up to date [Guide to Information](#) is published on the FSS website. Further information on how FSS manages its compliance with FOISA, and copies of information provided in response to Freedom of information requests, can be found on the [FSS website](#).

6. FSS IS EFFICIENT AND EFFECTIVE

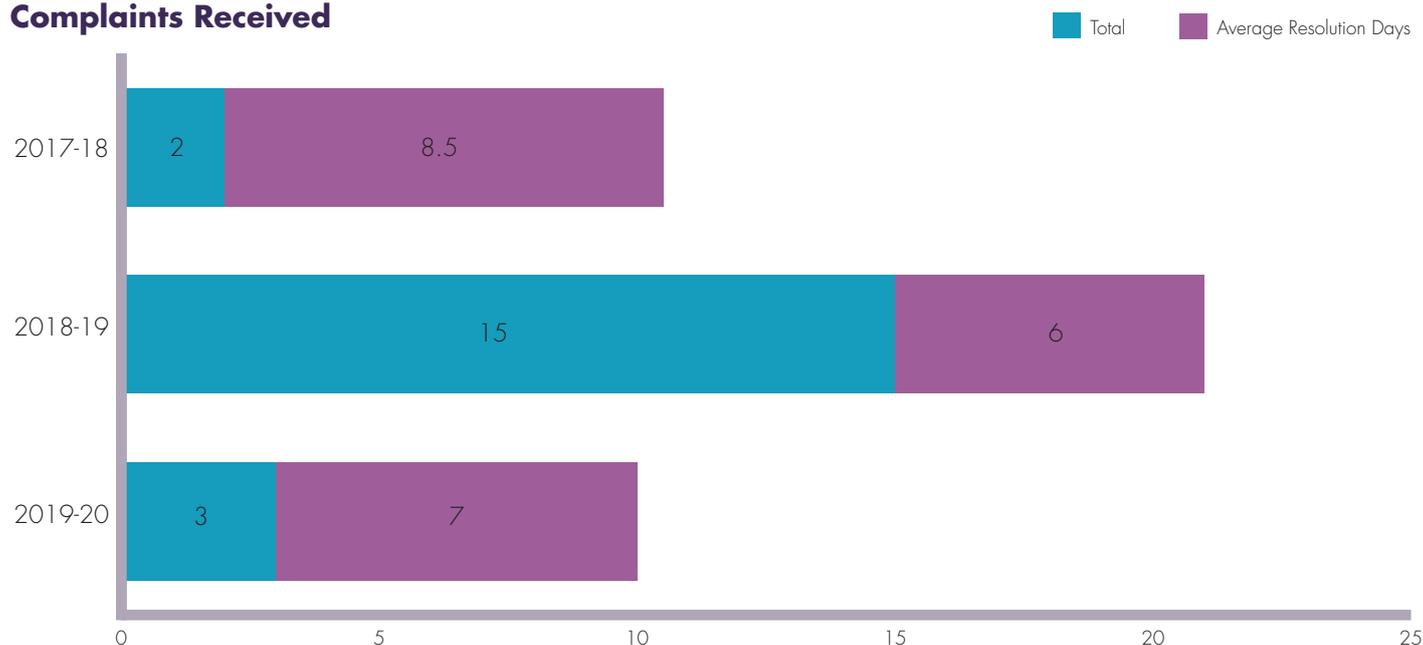
General Data Protection Regulations

Data protection is taken seriously across all business areas in the organisation. This is reflected in a greater awareness of the importance of data handling, and the production of data sharing agreements, data protection impact assessments, and privacy notices that are necessary for the delivery of official controls, and the protection of all personal data. As a result, there were no personal data incidents or losses which required to be reported to the UK Information Commissioner in the 2019/20 reporting year. We are fully compliant with our statutory obligations under the Public Records (Scotland) Act 2011 (PRSA). Equally, FSS continues to support other non-ministerial Scottish Government organisations in their data protection and PRSA compliance. A records management maturity model benchmarked against PRSA standards that we developed, has been adopted by other Scottish public sector organisations.

Complaints Handling

FSS received three formal complaints during 2019/20 related to our operations delivery; One regarded communication issues related to delivery of an audit in a meat plant, and the other two being linked complaints from two complainants regarding the same issue, namely the seizure of IT equipment in the course of an investigation. Two complaints were resolved at the frontline and one was referred to Senior Management for further investigation and the outcome was that the complaint was upheld.

Complaints Received



6. FSS IS EFFICIENT AND EFFECTIVE

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: 18 November 2020

ANNUAL REPORT

Accountability Report



The Accountability Report comprises of three elements: Corporate Governance Report; a Remuneration and Staff Report; and a 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 2020 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 18 November 2020. The approval and issue of the Annual Report and Accounts took place later than normal due to the impact the Covid-19 pandemic had on FSS and Audit Scotland and the capacity to produce and audit the Annual Report and Accounts in line with the agreed delivery plan.

Financial Regularity

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

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

The Budget (Scotland) Act 2019 confirmed the FSS budget of £16.0m with resource budget for the financial year 2019/20 of £15.6 million and Annually Managed Expenditure (AME) of £0.4m.

In May 2019, the Scottish Government confirmed that FSS would receive additional funding of up to £3.5m in 2019/20 to help manage the consequential impact exiting the EU would have on the organisation. As part of the Spring Budget Revision, FSS was formally allocated £2.3 million of this additional budget to fund work to support EU Exit preparation.

During the Scottish Government's Autumn budget revision, FSS was allocated an additional resource budget of £0.3m to offset the increase in employers pension contributions which resulted in a revised total resource budget of £18.2m. In addition, a further AME budget was provided of £0.3 million in order to cover the estimated provisions linked to pension liabilities that were transferred to FSS from the Food Standards Agency (FSA) as part of its establishment in 2015. The total approved budget for the year was £18.9m.

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](#).

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. This was laid before the Scottish Parliament in January 2015 and gained approval on 18 February 2015. 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.

Post balance sheet events

There are no post balance sheet events to report that occurred between the end of the reporting period and the date when the financial statements were authorised for issue relating to the 2019/20 financial year.

FSS gained ministerial approval for its business case for additional funding to deliver its remit following the UK's exit from the EU. The agreed proposal for new resource for the four years from 2020/21, with £5m in the first year, will enable the organisation to put in place the new future structure that has been developed to meet the challenges that it will face from January 2021.

At the end of one financial year and the start of another FSS was impacted by the COVID pandemic. This resulted in some work being halted or delayed as the organisation responded to the incident and other work became the priority. The response to COVID is still going at the time of this report.

ANNUAL REPORT

Corporate Governance Report



Directors' Report

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

The Board

As a non-Ministerial Office of the Scottish Administration, FSS is led by a Board of non-executive members. The interests of the consumer and the general public are the primary concern of each member. None of the members is a 'stakeholder member' or represents the interests of a particular sector or sectors. Each has knowledge and experience in areas relevant to the work of FSS or otherwise has skills and experience which would contribute effectively to the work of FSS.

Membership of the Board is as follows:

Board Member	Appointed to Board	Term	Date at which current term of appointment ends
Ross Finnie (Chair)	1 April 2015	2nd	31 March 2022
Louise Welsh (Deputy Chair)	1 April 2015	2nd	31 March 2023
George Brechin	1 April 2015	2nd	17 October 2020
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 September 2021

Board Appointments are made by Scottish Ministers through an open public appointments process, and future appointments will be overseen by the Commissioner for Ethical Standards in Public Life in Scotland. The first round of appointments to the Board were made before FSS was established and therefore were not overseen by the Commissioner, however the process undertaken adhered to the regulated procedure as closely as possible. Additional details of Members' terms of appointment are set out in the Remuneration and Staff Report. The Scottish Government Public Appointments Team

suspended all Board recruitment during the Covid-19 pandemic. Three Members were due to come to the end of their terms in early 2021 after each having served a 6 year term. However, the terms of these members will be extended; George Brechin and Marieke Dwarshuis by 9 months and Anne Maree Wallace by 6 months.

Sadly, as this Report was being finalised George Brechin passed away on 17 October 2020. A tribute to George can be found on our website [here](#).

The Board normally meets in public and did so four times during 2019/20. Minutes of the Board meetings are publicly available on the [FSS website](#), together with the Board Members' Code of Conduct and Register of Interests. In addition to its formal meetings, the Board attended workshops, visits and briefing seminars to increase its understanding of a wide range of relevant topics. With physical distancing requirements for COVID-19 likely to continue during the 2020/21 financial year, interim governance arrangements are being put in place to hold virtual board meetings.

Audit and Risk Committee

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

Due to exceptional circumstances because of the COVID-19, the ARC meeting on 25 March 2020 was held via teleconference and without members of the executive or Internal or External Auditors in attendance. Going forward interim governance arrangements are being put in place, similar to Board meetings, to hold meetings virtually.

Chief Executive and Senior Management Team

Geoff Ogle was appointed by Scottish Ministers on 1 April 2015 as the Chief Executive and is accountable to the Board for the day-to-day running of the organisation and is a member of the Senior Civil Service. It is the responsibility of the Board to ensure that the performance of Senior Civil Servants working for FSS is managed and their objectives cover business, corporate and capability matters. In the case of the Chief Executive, annual appraisals are conducted by the Chair of the Board and countersigned by the Director General for Health and Social Care in the Scottish Government. Subsequent appointments of Chief Executive may, with the approval of Scottish Ministers, be made by the Board.

Elsbeth Macdonald left her role as Head of Strategy and Policy and Deputy Chief Executive with FSS in August 2019. From that date, Ian McWatt, previously Chief Operating Officer, was appointed Deputy Chief Executive, Chief Operating Officer, and Director of ICT and Change and Communications on an interim basis; and Garry Mournian was appointed Director Policy, Science, Finance and HR, again on an interim basis. As part of the FSS Future Structure programme, a recruitment process intended to appoint two Deputy Chief Executive/Directors took place, and resulted in Ian McWatt being appointed as Deputy Chief Executive and Director Policy, Science and Operations on a permanent basis. The remaining Deputy Chief Executive/Director role remains vacant. Pending conclusion of recruitment to that post, and full implementation of the new FSS structure, Ian McWatt will fulfil the role of Deputy Chief Executive, Chief Operating Officer, and Director of ICT and Change and Communications, while Garry Mournian continues to fulfil the role of Director Policy, Science, Finance and HR.

Membership of the Senior Management Team in the year was:

- Geoff Ogle, Chief Executive
- Elspeth Macdonald, Head of Strategy and Policy and Deputy Chief Executive (until August 2019)
- Ian McWatt, Chief Operating Officer (until end July 2019); Deputy Chief Executive and Chief Operating Officer, Director of ICT and Change and Communications (from August 2019)
- Garry Mournian, Corporate Service Director (until end July 2019); Interim Director Policy, Science, Finance and Human Resources (from August 2019)
- Professor Norval Strachan, Chief Scientific Advisor

Remuneration and pension entitlements

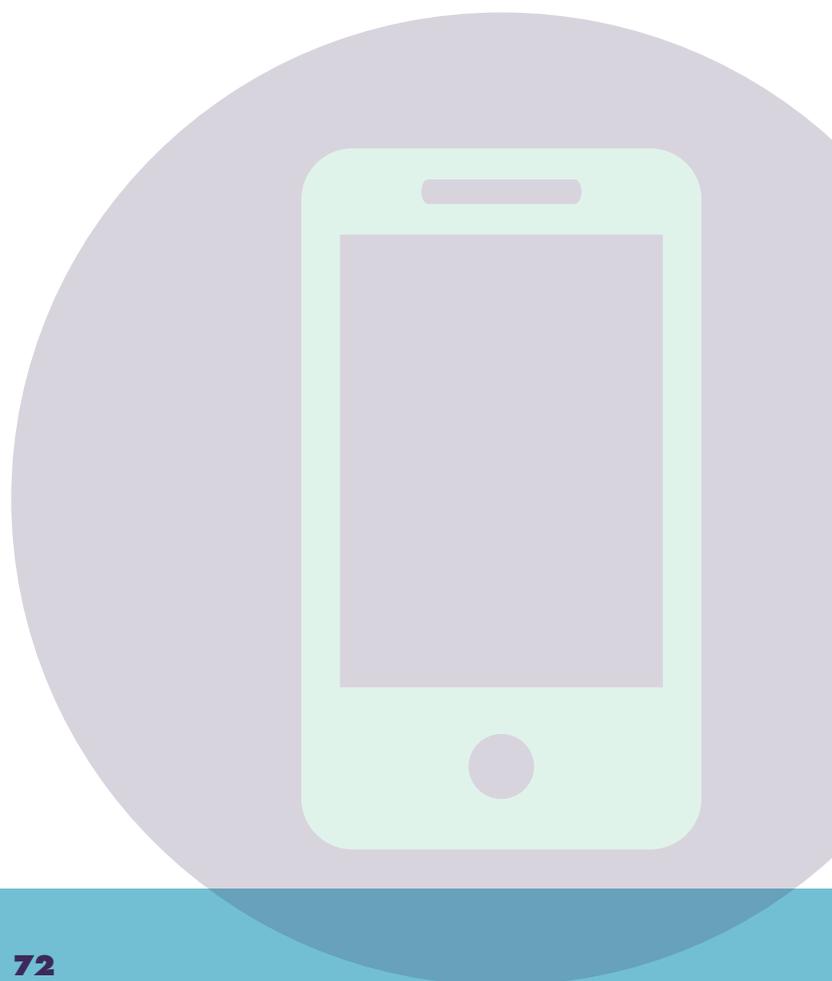
Details of the Senior Management Team's remuneration and Pension entitlements can be found in the Remuneration and Staff Report.

Information Security and Personal Data Related Incidents

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

Auditor

Under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland has appointed Liz Maconachie of Audit Scotland as the auditor for the financial year 2019/20. 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 £46,000 is explained and shown at [note 1.13](#).



Statement of Board's Responsibilities

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

The role of the Board

The Board is responsible for:

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

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

The role of the Chair

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

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

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

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

Statement of Accountable Officer's Responsibilities

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

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

The Permanent Secretary of the Scottish Administration has appointed me, the Chief Executive, as the Accountable Officer for FSS.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the government Financial Reporting Manual (FReM) and in particular to:

- Observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and applying suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the 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 I am answerable, for keeping proper records and for safeguarding FSS's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

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

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

Governance Statement

Scope of responsibility

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

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

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

FSS's 5 year Strategy (2016-21) continues to provide the overarching framework for planning our work, and following the expiry of our 3 year Corporate Plan (2016-19), and in the context of uncertainty surrounding both EU Exit and the funds available to prepare for it, our corporate planning has been based on a broad prioritisation framework agreed with the Board, and programme governance surrounding our EU Exit, Regulatory Strategy, and Nutrition Programmes. We have begun work to develop a new FSS Strategy, to run from 2021 to 2026, and a Corporate Plan will be developed to support this.

As Accountable Officer, I am responsible for:

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

Impact of Covid-19

In March 2020 in response to the Covid-19 pandemic, FSS implemented its Business Continuity Plan to ensure that key services remained available and risks were identified to the delivery of core business activity, financial impact and staff availability. Key risks around service delivery, such as delivery of official controls in approved meat establishments, were identified and managed at an operational and strategic level through an established and robust risk management approach.

The Board, ARC and SMT meetings were moved to virtual meetings to comply with SG rules about non-essential work being done from home, to ensure social distancing took place and keep the demands on members to an absolute minimum. Board papers have been published on the FSS website as per our standard procedures. The Executive were delegated the keeper of the FSS corporate governance system by the Board and met weekly with the FSS Chair and Deputy Chair to provide updates on activity relating to Covid, business as usual and the organisation's recovery strategy.

FSS has been operating recommended social distancing measures and our Pilgrim House-based staff were equipped to work remotely. Staff safety and wellbeing has been of crucial importance and guidance, tools and online resources have been made available with staff encouraged to maintain open lines of communication. This has been in line with the approach taken by SG.

To support the wider Covid effort in SG, two staff were seconded to meet the need of key programmes of work and FSS staff worked on support for the shielded and vulnerable groups in Scotland. FSS worked with food retailers, other government departments including DEFRA and FSA, and continue to work in partnership with SG to develop guidance for the food sector on recommended practices to manage Covid.

In June a detailed update was provided to the Board on the organisation's response to the Covid-19 pandemic and can be view here [Food Standards Scotland - Response to COVID-19](#).

FSS is now in the business recovery phase of strategic planning and there are a range of activities going on across the organisation to support recovery, ranging from local authority planning to producing and revising guidance to food businesses and our continued collective efforts to maintain business continuity for field staff and those working from home.

Governance framework and systems of internal control

The FSS Governance Framework accords with the SPFM and these processes have been in place for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

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

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

Within FSS, the systems of internal control are a key element of the assurance and governance framework, based on an 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 has also established, and will maintain, appropriate financial and procurement procedures in accordance with the SPFM in order to provide reasonable assurance that Scottish Administration resources are being used properly. This includes:

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

In March 2020 two Scottish Procurement Policy Notes (SPPNs) were issued by the Scottish Government to support public bodies in their response to Covid-19. One covering procurement related issues as a consequence of the coronavirus outbreak and the other for supplier relief during Covid-19. Procurement work and contracts in FSS were reviewed to consider the options in the SPPNs and take forward any action that was required.

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

The Board

As stated in the Directors' Report, the Board sets the strategic direction and holds the Chief Executive to account for the leadership and performance of FSS. The Board met 4 times during 2019/20 to fulfil this role and all of the meetings were quorate.

Record of Attendance at Board meetings 2019/20

FSS Board Member	Number of Meetings	Attendance
Ross Finnie	4	4
George Brechin		4
Marieke Dwarshuis		4
Heather Kelman		4
Carrie Ruxton		4
Susan Walker		4
Anne Maree Wallace		4
Louise Welsh		2

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

All Board members received induction training and are subject to an annual appraisal by the Chair. The Chair is subject to annual appraisal by the Director General for Health and Social Care. Members also participate in regular training events and carried out an annual review of the Board's effectiveness on 17 April 2019.

Audit and Risk Committee (ARC)

The ARC has been appointed by the Board and has been established to provide assurance to the Board and Chief Executive, as Accountable Officer, that the appropriate risk management, governance structures and internal controls are in place.

The ARC currently comprises of five non-executive members and the Chair is appointed from the membership of the ARC by the FSS Chair under delegated powers. Anne Maree Wallace's term as a member of the ARC came to an end on 31 March 2020. The Chief Executive, as Accountable Officer, attends meetings of the ARC and is supported by the Corporate Services Director at each meeting. The Committee meets at least four times per year and the external and internal auditors attend 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.

Record of attendance at Audit and Risk committee meetings 2019/20

Committee Member	Number of Meetings	Attendance
Susan Walker (Chair)	5	5
George Brechin		4
Heather Kelman		5
Carrie Ruxton		5
Anne Maree Wallace		5

Relevant induction training and development has been, and will continue to be, provided to members of the Committee. The ARC also annually reviews its own effectiveness and reports the results of that review to the Board and Accountable Officer, recommending any changes it considers necessary. The most recent ARC Effectiveness Review was completed on 27 November 2019.

The Senior Management Team

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

SMT holds a formal business meeting once a fortnight and additionally has catch-up meetings weekly, primarily to review actions and deal with any urgent business. The Chief Executive also has regular one-to-one meetings with his direct reports (Deputy Chief Executive, Interim Director Policy,

Science, Finance and Human Resources and Head of Private Office) and with the wider Corporate Leadership team of the organisation.

Risk and Control Framework

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

The approach to managing the organisation's risk appetite and the FSS Strategic Risk Register were subject to annual review by the Board at its **November** meeting. Board Members also consider risks in relation to each of the papers presented at its meetings. The ARC continues to provide oversight of strategic risks on behalf of the Board on a quarterly basis and can raise any issues with the Board. In addition, during 2019/20, the ARC has also continued to undertake 'deep dive' reviews of Directorate risk registers.

FSS has continued to adopt the principles of the Scottish Government approach to managing risk. 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 SMT reviews all risk registers monthly and report to the ARC on a quarterly basis.

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

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

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

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

FSS faced a strategic risk at the outset of the financial year posed by a lack of additional funding to support the consequential impact EU exit will have on FSS, bringing the likelihood that FSS would have to divert resources from delivery of statutory functions and strategy to ensure EU exit operational readiness. This issue was subject of discussion by the Board in **February** 2019, and by **May** 2019 it was reported to the Board that the Scottish Government had confirmed that additional resource would be available to FSS for 2019-20, which mitigated this strategic risk to an extent. The risk was further mitigated by the Scottish Government's approval, in October 2019, of a business case for additional funding that would enable FSS to increase its capacity and capability to deal with the requirements of EU exit on an ongoing basis. The Covid-19 pandemic has had a significant impact on taking forward the proposals for our future delivery model, in particular as resource has had to be prioritised away from this work. In addition, the change to ways of working provided an additional challenge when our head office staff moved to working from home towards the end of the year. Not being able to progress recruitment and a delay in moving to the new structure has also increased the risks associated with the organisation's ability to have the structures and processes in place to be able to manage the increased legal obligations that will need to be met by the end of the transition period.

Internal Audit and Official Controls Audit

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

During 2019/20, SG Internal Audit undertook a programme of risk-based audits covering Stakeholder Management, Governance and Delivery and Review of Information Analysis and its linkage to decision taking. A Culture Review of Operations was also undertaken. One follow-up review was completed during the year with no outstanding issues being reported. Two other follow-up reviews are yet to be completed, having been delayed by Covid-19.

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

The FSA Internal Audit planned four audits of official controls on behalf of FSS during the year covering controls for Traceability and Product Recalls; Minced Meat, Meat Preparations and Ready to Eat Foods; Microbiological Criteria Testing and Export Certification. The first two of these four audits was completed during the year, with the third in progress at the end of the year, with progress impacted by Covid-19. Due to suspension of audit activities in year, the Export Certification audit was cancelled.

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

Internal Audit Opinion

The Internal Auditors issued their report on Internal Audit Activities for 2019/20, including their annual assurance opinion of FSS.

A "Reasonable" assurance has been provided by SG Internal Audit in respect of FSS risk management, control and governance arrangements. They highlighted in their report that this assurance marking is a positive rating that means FSS's controls are adequate but require improvement in some areas to enhance the adequacy and effectiveness of procedures. SG Internal Audit also provided a "Reasonable" assurance in regard of the key SG corporate systems on which FSS depends.

The FSA's Head of Internal Audit issued a "Moderate" annual assurance opinion with respect to risk management control and governance

arrangements for Official Controls. A "Moderate" assurance rating is the equivalent of SG Internal Audit's "Reasonable" rating. He concluded that the level of maturity of risk control and governance arrangements within FSS as they relate to Official Controls are now well established and in the main continue to operate as intended and effectively in the control activities audited during the year. The opinion reflects FSS ongoing and successful effort to develop and implement appropriate and effective control arrangements.

Specific External Assurance Reviews

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

An independent review of the FSS Enforcement Authority Audit function was carried out in 2018/19, in accordance with the existing [procedure](#). The report of review of the [LA Audit Process](#) was finalised in May 2019.

On 28 May 2019, the Investigatory Powers Commissioner's Office (IPCO) carried out an inspection of FSS in relation to how it exercises its statutory powers in relation to covert surveillance in compliance with the complex statutory provisions contained within the Investigatory Powers (Scotland) Act 1990, associated codes of practice and procedures and guidance. IPCO made no recommendations as a result of this inspection.

In September 2019, the Central Government Procurement Capability team carried out a Procurement Healthcheck on FSS. The Healthcheck is part of the Scottish Public Sector Procurement and Commercial Improvement Programme (PCIP) and is carried out on central government bodies with annual procurement spend below £7m. The assessment covered nine areas which received green RAG status and also identified some areas for development which are being taken forward with our Shared Services Business Partner.

Controls Assurance Statements

At the start of the financial year, the Deputy Chief Executive, Chief Operating Officer and Corporate Services Director agreed to operate a proportionate system of internal control over a budget delegation received from me as Accountable Officer. As outlined in the Director's Report there were changes to the Senior Management Team during the year. Therefore as part of the year-end process, the Deputy Chief Executive Chief and Operating Officer, Director of ICT and Change and Communications and the **Interim** Director Policy, Science, Finance and Human Resources complete an assurance statement, based on the requirements of the SPFM Internal Controls checklist and supported by the FSS internal assurance mapping process which is undertaken by Branch Heads bi-annually. These statements set out how an effective system of internal controls has been maintained within the respective business areas. I have reviewed all of the statements produced and can confirm that no serious issues have been reported in relation to the effectiveness of internal controls.

Best Value

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

A recommendation from last year's external audit was for FSS to review the ministerial guidance on Best Value and develop arrangements to demonstrate best value attributes and practices in the organisation. Work started in the year to develop a best value framework which includes a proposal for reporting of efficiencies and any related savings. Further discussion, review and assessment of the proposal is on-going and this work will be taken forward into the next year.

Information Security and Personal Data Related Incidents

During 2019/20, FSS has continued to develop its Information Security framework and policies which work alongside relevant Scottish Government guidance. These policies have been adopted and are published on the FSS intranet and include a policy on undertaking Privacy Impact Assessments. Over the early part of the reporting year, the policies were also updated, where required, to ensure compliance with the new General Data Protection Regulation (GDPR) which came into effect in May 2018.

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

In September 2019, we achieved Cyber Essentials certification. Cyber Essentials is a UK Government information assurance scheme operated by the National Cyber Security Centre (NCSC) that encourages organisations to adopt good practice in information security. Our draft Cyber Incident Response Plan is currently under review and was due for completion in March 2020. However, due to there being limited resources and COVID-19, the deadline has been extended to 30 June 2020.

During March 2020, supported by Audit Scotland, we undertook a Your Business @ Risk (YB@R) survey. This is a web-based survey that helps assess procedural, cultural and ethical compliance risks that have the potential to undermine the effectiveness of our information governance policies. The YB@R provides a snapshot of our organisation's information governance policies are achieving their objectives and can help minimise the likelihood of data loss and the consequent corrective work that would result. The report was finalised on 22 April 2020 by Audit Scotland and an action plan is currently being developed to address areas for improvement. One proposal for the action plans is to run this survey in 2021 to measure improvements resulting from the actions put in place following the survey.

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

Whistleblowing

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

FSS 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.

Fraud

FSS have counter-fraud policies and procedures in place and no cases of fraud were reported during 2019/20.

Internal Controls and Corporate Governance - Looking Ahead

During 2020/21, FSS will continue to seek to improve the effectiveness of its governance framework and systems of internal controls and will need to consider this against the impact both EU exit and Covid-19 has had. In particular, FSS will look to:

- Review internal controls relating to the implementation of the new structure.
- Assess Internal Control and Risk Assessment checklist and confirm controls and processes are in place for Covid-19-related work.
- Formalise its Performance Management and reporting by implementing a framework that will allow FSS to report consistently and demonstrate better how it is are delivering essential core activities, corporate priorities and Strategy.
- Progress workforce planning, particularly in the light of EU Exit, to inform organisational change under our Future Structure programme to ensure FSS is ready for the UK exiting the EU and the new and expanded regulatory functions it will need to undertake.
- Continue to develop and implement a programme-based approach to how FSS delivers its work with a view to embedding it across more of the organisation.
- Implement Internal Audit recommendations made as a result of audits undertaken during the year.
- Develop a framework and a set of indicators to allow FSS to review progress in the area of Best Value and to benchmark against other public sector organisations.
- Develop and implement a Digital Transformation plan and governance arrangements, which will outline how FSS plans to enhance the use of new technologies to delivery its business in a more efficient and effective manner, where possible.
- Consider the results of the recent Staff Survey, Pulse Surveys and other staff engagement channels and take action to address any areas for improvement during the reporting year – including publishing the first FSS People Strategy.

Review of adequacy and effectiveness

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

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

Taking this into account, as Accountable Officer, I can confirm I am content with the effectiveness of FSS's current arrangements to ensure good standards of governance and systems of internal control. There are, in my opinion, no other significant matters arising which would require to be raised specifically in the Governance Statement.

ANNUAL REPORT

Remuneration and Staff Report



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

Remuneration Policy

Board Members are entitled to receive a fee at a daily rate, determined in accordance with the 'Public Sector Pay Policy for Senior Appointments 2019/20'. Further information about the policy may be found on the [Scottish Governments website](#).

The Chair's post is part-time for eight days per month, and was paid at £289 (2018/19, £283) per day. The members' posts are also part-time, for four days per month, and were paid at £219 (2018/19, £219) per day. The Deputy Chair is paid for an additional six days over the year, in recognition of the increased responsibilities. Board Members appointments are non-pensionable.

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at www.civilservice.gov.uk) 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

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

The majority of staff employed below senior civil service level are part of the Scottish Government main collective bargaining unit for the determination of salary. Remuneration is determined by the Scottish

Government and, in determining policy, account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

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

Employment Contracts

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

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

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

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

Salary, benefits in kind and pension entitlements (audited)

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

Single total figure of remuneration (audited)										
	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £'000) ¹		Total (£'000)	
	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19	19/20	18/19
Board Member Fees										
Ross Finnie	25-30	25-30	-	-	15	-	-	-	25-30	25-30
George Brechin	10-15	10-15	-	-	7	-	-	-	10-15	10-15
Marieke Dwarshuis	10-15	10-15	-	-	5	-	-	-	10-15	10-15
Heather Kelman	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Carrie Ruxton	10-15	10-15	-	-	3	-	-	-	10-15	10-15
Susan Walker	10-15	10-15	-	-	-	-	-	-	10-15	10-15
Anne Maree Wallace	10-15	10-15	-	-	10	-	-	-	10-15	10-15
Louise Welsh	10-15	10-15	-	-	10	-	-	-	10-15	10-15
Chief Executive										
Geoff Ogle ²	105-110	105-110	-	-	-	-	-	-	105-110	105-110
Senior Management Team										
Elspeth Macdonald ³	25-30	70-75	-	-	-	-	5-10	35-40	30-40	105-115
Ian McWatt	75-80	70-75	-	-	-	-	60-65	35-40	135-145	105-115
Garry Mourmian	65-70	60-65	-	-	-	-	40-45	45-50	105-115	105-115
Norval Strachan ⁴	70-75	70-75	-	-	-	-	-	-	70-75	70-75

¹ 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.

² 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.

³ Elspeth Macdonald left in August 2020 therefore salary figure represents her employment until end date with FSS.

⁴ Norval Strachan joined the Senior Management Team as the organisations Chief Scientific Advisor, on secondment from Aberdeen University, 18 April 2016 working 2.5 days per week on FSS business (0.5 FTE) and FSS are charged for this time only. Pay and Pension benefits remain the responsibility of Aberdeen University, however Norval's Full Time Equivalent gross salary has been included in the table above to satisfy the requirements of the government Finance Reporting Manual.

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 2019/20.

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.

	2019/20	2018/19
Band of Highest Paid Directors Total remuneration	£105 - £110,000	£105 - £110,000
Median Total Remuneration	£30,000	£28,891
Ratio	3.6	3.7
Remuneration Range (Band)	£20,000 - £110,000	£20,000 - £110,000

Pension Benefits (audited)

	Accrued pension at pension age as at 31/3/20	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Chief Executive						
Geoff Ogle ¹	-	-	-	-	-	16,040
Senior Management Team						
Elsbeth Macdonald ²	30-35 plus a lump sum of 65-70	0-2.5 plus a lump sum of 0-2.5	576	554	3	-
Ian McWatt	35-40	2.5-5	626	551	46	-
Garry Mournian	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0 - 2.5	310	275	19	-
Norval Strachan ³	N/A	N/A	N/A	N/A	N/A	N/A

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

² Elsbeth Macdonald left FSS in August 2020.

³ Norval Strachan's pension and associated benefits are paid by the University of Aberdeen. The University paid a total of £21,715.38 via a salary sacrifice arrangement in respect of Norval Strachan for the period 1 April 2019 to 31 March 2020. Of that, £14,943 represented the employer's payment contribution to the pension provider. Aberdeen University were unable to provide the pension information in the format set out in the table above for this year's accounts.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

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

two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

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

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do

make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

Cash Equivalent Transfer Values

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

Real increase in CETV

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

Staff Report

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

Staff Costs (audited)

Overall staff costs for the year were £10.3m. 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 as well as contract inspectors and veterinary costs.

Staff costs comprise :

A Administration costs	2019/20			2018/19
	£'000	£'000	£'000	£'000
	STAFF	BOARD	TOTAL	TOTAL
Wages and salaries	4,327	107	4,434	4,070
Social security costs	463	5	468	433
Other pension costs	1,132	-	1,132	825
Sub total	5,922	112	6,034	5,329
Apprenticeship Levy	20	-	20	15
Agency Staff	478	-	478	367
Inward secondment	286	-	286	194
Total	6,706	112	6,818	5,905
Less recoveries in respect of outward secondments		-	-	-
Total net costs	6,706	112	6,818	5,905

B Programme costs	2019/20	2018/19
	£'000	£'000
Wages and salaries	2,673	1,764
Social security costs	259	182
Other pension costs	639	307
Agency Staff	-	-
Contract inspectors and veterinary costs	1,106	2,068
Total	4,678	4,321
Less recoveries in respect of outward secondments		
Total net costs	4,678	4,321

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

Compensation for loss of office (audited)

There have been no leavers who received compensation for loss of office during the 2019/20 financial year. There was a lump sum payment of £13k made to a member of staff whose employment came to an end during the financial year 2019/20 due to a long period of sickness absence. This payment was made up of £4k for 5 weeks' pay in lieu of notice and £9k in respect of efficiency dismissal notification as advised by MCSPS.

PCSPS

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

For 2019/20, employers' contributions of £1,067,555 (2018/19, £761,000) were payable to the PCSPS at one of four rates in the range of 26.6% to 34.1% 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 2019/20 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 £16,040 were paid to one appointed stakeholder pension providers. Employer contributions are age-related and range from 8-14.75% of pensionable pay.

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a defined benefit scheme which is administered by London Pensions Fund Authority and governed by the Local Government Pension Scheme Regulations 2013. There are currently 42 (2018/19, 42) FSS employees who are active members of LGPS. For the year ended 31 March 2020, contributions of £469,000 (2018/19, £351,230) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2020, this rate was 20.02% (20.02% in 2018/19 restated from previous year) of pensionable remuneration.

On the basis of the updated actuarial valuation, under IAS19, the FSS fund deficit at 31 March 2020 was £7.090 million (2018/19, £8.632 million). FSS has taken over responsibility to fund the scheme and in 2019/20, £194,310 (2018/19, £189,770) was paid based on the actuary's estimate of employer's contributions as a lump sum payment to reduce the deficit. In addition to the required payment, a payment of £100,000 was made in March 2020 to reduce the deficit further.

The LPFA 2016 Triennial Fund Valuation undertaken during 2016 set the FSS contribution rate (20.02%) for the period from 1 April 2017 to 31 March 2020. The inter-valuation period review has set the FSS contribution rate (19.6%) for the period from 1 April 2020 to 31 March 2023. This review does not include any required minimum deficit payment reduction amounts for the next three years.

The projected unit method of valuation has been used to calculate the service cost under IAS19. The actuary has estimated the employer's contributions for 2020/21 to be £251,000.

Number of Senior Civil Service staff employed at 31 March 2020

Band	2019/20	2018/19
SCS 2	1	1
SCS 1	1	1

Full Time Equivalent persons employed at 31 March 2020

*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).

	2019/20	2018/19
Board*	8	8
Directly Employed Staff	209.3	169.5
Temporary Staff	14	8
Inwards Loan/Secondments	3.7	3
Total	235	188.6

Average Number of Persons Employed

*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).

	2019/20	2018/19
Board	8	8
Directly Employed Staff	213	174
Temporary Staff	14	8
Inwards Loans/Secondments	5	3
Total	240	193

Gender Balance

At the end of the 2019/20 financial year, the number of persons of each gender who were Board Members, Senior Managers and employees was as follows:

	Female		Male	
	19/20	18/19	19/20	18/19
Board Members	6 (75%)	6 (75%)	2 (25%)	2 (25%)
Senior Management Team (Inc. Chief Executive and Deputy Chief Executive)	0 (0%)	1 (20%)	3 (100%)	4 (80%)
Employees	108 (48%)	93 (52%)	117 (53%)	87 (48%)
Total	114 (49%)	100 (52%)	122 (52%)	93 (48%)

Sickness Absence Data

	Average total sick days per employee 2019/20	Average total sick days per employee 2018/19
Short Term Absence	3.0	2.1
Long Term Absence	4.8	1.5
Total	7.8	3.6

The increase in overall sick days is a result of a small number of staff on long term sick absence during the year.

Reporting of Civil Service and other compensation schemes

FSS had no redundancy and other departure costs in 2019/20 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 2019/20.

Employee Engagement

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

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

Employment Policies

During 2015/16 negotiations took place with the recognised trade unions and agreement was reached to offer all staff the opportunity to transfer to Scottish Government Main bargaining unit (SG Main) terms and conditions of employment from 1 April 2016. The majority of staff accepted the offer at the time and since then the staff that didn't transfer have been given the opportunity to transfer to SG Terms and Conditions. As at 31 March 2020, there are 11 staff retaining FSS Terms and Conditions, resulting in 95% of the workforce now on SG Terms and Conditions.

Agreement was also reached with the trade unions that the SG Main pay award would be applied to staff regardless of which terms and conditions they had opted for and that negotiations on any changes to terms and conditions would also take place as part of the SG Main bargaining unit.

Trade Unions

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

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

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

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

Number of employees who were relevant union officials during the relevant period	FTE employee number
2	2

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

Percentage of time	Number of representatives
0%	0
1-50%	2
51%-99%	0
100%	0

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

Total cost of facility time	£3,480
Total pay bill	£10,359,565
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

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

Time spent on paid TU activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid TU activities by relevant trade union officials during the relevant period ÷ total paid facility time hours) x 100	£27.6%
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The FSS data return covers only local Trade Union activity. As FSS are part of the Scottish Government Main Bargaining Unit, its pay bargaining is carried out centrally, therefore this activity is covered under the Scottish Government data return. FSS employed 234.9 staff at 31 March 2020. The number of trade union representatives is therefore 0.8% of the total number of staff.

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

Recruitment

FSS recruitment is undertaken by Scottish Government and their policies align with the Civil Service recruitment principles. All recruitment during the year was carried out in accordance with these principles as well as internal FSS policies and procedures relating to the approval of recruitment of staff. This ensures that appointment of the best candidate is made on merit, identified through a process of open and fair competition.

Employment of disabled people

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

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

Equality and Diversity

The primary role of FSS is to protect the Scottish public from health risks arising from the consumption of food. We also provide advice on promoting good health through the food we eat and it is important that we seek to ensure that our services are accessible by, and benefit, everyone. This is equally important whether you are a food business operator or a consumer. FSS will continue to review our key services, to ensure they are consistent with our commitment to equality, and our commitment to being a world-leading consumer protection agency.

FSS is also committed to being an excellent employer. Delivering our vision requires us to have a diverse workforce of skilled, suitably qualified and committed and engaged people across our organisation. FSS is committed to equality of opportunity for all, and we want to ensure that everyone in our workforce feels they are treated fairly and consistently. We value diversity in our workforce; there is no doubt that it brings a range of talents and different perspectives to our work, and rightly should reflect the diversity of our society.

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 monitoring of the protected characteristics of its workforce. This allows FSS to identify any gaps or issues in its recruitment and employment practices and procedures and to find ways to try to address any inequalities.

It is a statutory requirement that FSS, sets and publishes equality outcomes and report on progress to achieving them every two years, through development of an Equality Mainstreaming Report.

FSS recently published [Equalities Mainstreaming Progress Report 2018 - 2020](#) on 30 April 2020.

The report outlines FSS progress to date since the publication of our Equalities Mainstreaming Report in 2018 and outlines equalities outcomes and plans for the next two years. It also outlines how we will embed equality across the organisation in order to meet the general and specific requirements of the legislation, as well as looking at how delivery of its functions impacts on those with protected characteristics.

Health, Safety and the Environment

FSS operates a Health, Safety and Environmental Management System (HSE MS). The HSE MS is reviewed and updated, where necessary, to reflect any legislative or organisational changes.

This year, the FSS HSE Committee structure has been reviewed to provide more focus on how health, safety and welfare (HSW) matters are managed across FSS. Ian McWatt, Deputy Chief Executive chairs the quarterly strategic HSW Committee and oversees the field and office sub-committees. Each of the sub-committees which include staff and trade union representation, meet quarterly to address relevant issues which need to be proactively managed, developing initiatives and reviewing procedural content in line with any changes.

Reportable Incidents, Diseases and Dangerous Occurrences (RIDDOR)

No incidents were required to be reported under RIDDOR to the HSE during this period (2019-20). All incidents that were reported were followed up in accordance with the FSS H&S policies and corrective action taken where necessary.

During 2019-20, 43 incidents were reported across FSS, compared to 32 the previous year. There has been an increase in reports this year due to an on-going issue in a particular Food Business establishment which, although bears no risk to FSS, is still reported as an 'Undesired Circumstance'. FSS has taken steps to ensure the site operator is aware and as a result, the site owner has reviewed their maintenance regime and implemented improved controls to reduce the risk to their own staff.

Consultancy Spend

No external (to the Public Sector) consultants were used during the year.

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Charitable Donations, Gifts and Paid Sponsorships

FSS did not make any charitable donations during the year. Two sponsorships were made in relation to our presence at the Taste of Grampian event in June 2019 (£4000) and sponsorship of the Marketing Society Industry Insight programme for 2019 (£6000). In line with the Scottish Public Finance Manual, no gifts were given or donated by FSS during 2019/20.

Losses and Special Payments

The Statement of Comprehensive Net Expenditure (SOCNE) includes the following losses, including disposable of IT equipment (£444) and irrecoverable debt for the charges for delivering meat official controls (£17,031.83).

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 2019/20 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.

Guarantees, indemnities and letters of comfort

No guarantees or letters of comfort were provided during the 2019/20 reporting year.

Geoff Ogle

Geoff Ogle,
Chief Executive and Accountable Officer

Date: 18 November 2020

	2019/20			2018/19		
	£'000	£'000	£'000	£'000	£'000	£'000
	Income	Full Cost	Surplus/(Deficit)	Income	Full Cost	Surplus/(Deficit)
Industry	3,171	4,309	(1,138)	3,135	4,290	(1,155)
Government	270	270	-	279	279	-
Other (Assessment Centre charges)	49	49	-	34	37	(3)
Total	3,490	4,628	(1,138)	3,448	4,606	(1,158)

ANNUAL REPORT

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

INDEPENDENT AUDITOR'S REPORT TO FOOD STANDARDS SCOTLAND, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Food Standards Scotland for the year ended 31 March 2020 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 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 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 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 7 October 2020. The period of total uninterrupted appointment is less than one year. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts.

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

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

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

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

Responsibilities for regularity

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

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Liz Maconachie

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

Date: 18 November 2020

ANNUAL REPORT

Financial Statements for the year ended 31 March 2020

- STATEMENT OF COMPREHENSIVE NET EXPENDITURE
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF CASH FLOWS
- STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
- NOTES TO THE ACCOUNTS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2020

		2019/20	2018/19
	Note	£'000	£'000
Other operating income	5	(3,490)	(3,448)
Total operating income		<u>(3,490)</u>	<u>(3,448)</u>
Staff costs	Staff Report	11,496	10,226
Purchase of goods and services	4	4,618	4,369
Depreciation and impairment charges	4	627	564
Provision expense	4	13	20
Pension expense	4	345	709
Other operating expenditure	4	3,285	3,344
Total operating expenditure		<u>20,383</u>	<u>19,231</u>
Net operating expenditure		<u>16,893</u>	<u>15,784</u>
Other comprehensive net expenditure			
- Actuarial (gain)/loss on pension scheme liabilities	13.5	(1,583)	(1,536)
Total comprehensive net expenditure		<u>15,310</u>	<u>14,248</u>

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2019/20 £'000	2018/19 £'000
Non-current assets:			
Property, plant and equipment	6	708	803
Intangible assets	7	943	972
Total non-current assets		1,650	1,775
Current assets			
Trade and other receivables	11	703	799
Other current assets	11	527	489
Cash and cash equivalents	10	1,301	2,031
Total current assets		2,531	3,319
Total assets		4,182	5,094
Current Liabilities			
Trade and other payables	12	(935)	(317)
Other liabilities	12	(1,800)	(2,118)
Provisions	13	(23)	(23)
Total current liabilities		(2,758)	(2,459)
Total assets less current liabilities		1,424	2,635
Non-current liabilities			
Accumulated Dilapidation	13	(43)	(28)
Provisions	13	(178)	(203)
Net pension liability	13.5	(7,202)	(8,740)
Total non-current liabilities		(7,422)	(8,971)
Total Assets less total liabilities		(5,999)	(6,335)
Taxpayers' equity and other reserves			
General fund		(5,999)	(6,335)
Total taxpayers' equity		(5,999)	(6,335)

Geoff Ogle

Geoff Ogle,
Chief Executive and Accountable Officer

Date: 18 November 2020

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 £'000	2018/19 £'000
Cash flows from operating activities			
Net operating Expenditure	SOCNE	(16,893)	(15,784)
Adjustment for non-cash transactions	4	687	620
(Increase)/Decrease in trade and other receivables	11	59	341
Increase/(Decrease) in trade and other payables	12	299	446
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure			
Use of provisions	4,13	344	714
Cash contribution to pension deficit	13	(324)	(411)
Net cash outflow from operating activities		(15,827)	(14,074)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(96)	(11)
Purchase of intangible assets	7	(406)	(515)
Proceeds from disposal of property, plant and equipment			12
Net cash outflow from investing activities		(503)	(515)
Cash flows from financing activities			
From the Consolidated Fund (Supply)	SoCiE	15,600	14,500
Net Financing		15,600	14,500
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			
		(730)	(89)
Cash and cash equivalents at the beginning of the period	10	2,031	2,120
Cash and cash equivalents at the end of the period	10	1,301	2,031

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 General Fund £'000	2018/19 General Fund £'000
Balance at 01 April 2019		(6,335)	(6,629)
Transfers on absorption			
Net Parliamentary Funding		15,600	14,500
Net operating expenditure for the year	SOCNE	(16,893)	(15,784)
Actuarial gain/(loss)	13.5	1,583	1,536
Auditors' remuneration and expenses	4	46	42
Balance at 31 March 2020		(5,999)	(6,335)

ANNUAL REPORT

Notes to the Annual Report and Accounts



1. Statement of Accounting Policies

1.1 Basis of Preparation

In accordance with the accounts direction issued by Scottish ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 103), these financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of Food Standards Scotland (FSS) for the purposes of giving a true and fair view has been selected.

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

The accounts are prepared on a going concern basis.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention.

1.3 Significant Accounting Policies and Material Judgements

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

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

1.4 Non-Current Assets

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

1.5 Property, Plant and Equipment

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

1.6 Intangible Assets

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

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

1.7 Depreciation and Amortisation

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

2019/20	
Property, plant & equipment	
Computer equipment	2.5 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Furniture, fixtures and fittings – fit out Pilgrim House	14.5 years – over life of lease
Vehicles	7 years
Intangible assets	
Computer software and software licences	2.7 years

1.8 Inventories

FSS does not hold any inventories.

1.9 Operating Income

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

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

1.10 Administration and Programme Expenditure

The statement of net comprehensive expenditure is analysed between administration and programme costs. The classification of expenditure as administration or programme follows the definition of administration costs set out in Consolidated Budgeting Guidance 2019/20 by HM Treasury.

1.11 Pensions

Pension assets and liabilities attributable to FSS in the LGPS are recorded in line with IAS19 with a valuation undertaken annually to measure the value of pension assets and liabilities at the Statement of Financial Position date, determining the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is included within interest receivable/payable. The change in value of assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes

in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position. The IAS19 valuation includes sensitivity analysis and the potential impact and this information can be found in Note 13.

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

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

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

1.12 Operating Leases

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

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

1.13 Audit Costs

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

1.14 Value Added Tax

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

1.15 Provisions

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

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

1.16 Contingent Liabilities

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

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

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

1.17 Financial Assets and Liabilities

FSS holds the following financial assets and liabilities:

1. Assets
 - Trade and other receivables
 - Other current assets
 - Cash and cash equivalents

2. Liabilities
 - Trade and other payables
 - Other liabilities
 - Provisions

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

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

2. Restatement of 2018/19 Comparatives

FSS has not restated the accounts relating to 2018/19.

3. Net Costs by Group

Branch	Administration		Programme		2019/20	2018/19
	Costs	Income	Costs	Income	Net operating cost	Net operating cost
	£'000	£'000	£'000	£'000	£'000	£'000
Board, Senior Management Team & Private Office	755				755	753
Communications and Marketing	721		353		1,074	1,317
Corporate Services	3,651		(45)		3,606	4,027
Regulatory Policy	449		32		482	420
Food Protection Science and Surveillance	454		169		623	631
Nutrition Science & Policy	128				128	139
Operational Delivery	4,349	298	3,420	3,173	4,299	3,606
Veterinary Management					-	-
Enforcement Delivery	523		491		1,014	609
Scottish Food Crime Unit	992		5		997	914
Audit Branch	329			19	310	321
Science Strategy and Information Analysis	134		5		140	167
Brexit Work Programme	929		864		1,794	1,057
Diet and Nutrition Work Programme	421		357		778	1,065
Regulatory Strategy Work Programme	629		266		895	757
Totals	14,465	298	5,918	3,192	16,893	15,784

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

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

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

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

	2019/20	2018/19
	£'000	£'000
Staff Costs	9,606	7,582
Apprenticeship Levy	20	15
Agency Staff	478	367
Inward Secondment	286	194
Contract inspectors and veterinary costs	1,106	2,068
Less recoveries in respect of outward secondments	-	-
Total net costs	11,496	10,226

4. Non-pay expenditure

		2019/20	2018/19
		£'000	£'000
Goods and services	4,618	4,369	4,369
		4,618	4,369
Depreciation and impairment charges: Non cash			
Depreciation	191	179	
Amortisation	436	345	
Loss on disposal of property, plant and equipment	0	39	
		627	564
Provision expense			
Dilapidation	14	14	
Early Departure	(1)	6	
		13	20
Pension expense	345	709	
		345	709
Other operating expenditure			
Accommodation costs including rates, estate management and security	314	355	
System Support Costs - Other	636	476	
Legal costs	165	237	
Other Admin costs	695	639	
Internal auditors' remuneration and expenses	65	79	
Travel & Subsistence and Hospitality	565	532	
Training and Development	123	92	
Other	(28)	21	
IT Costs	79	147	
Rentals under operating leases	431	402	
Research and Development expenditure	194	322	
Nominal charge: External auditors' remuneration and expenses	46	42	
		3,285	3,344

5. Income

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

	2019/20 £'000	2018/19 £'000
Income for official controls charged to industry	3,171	3,135
Income for meat hygiene work charges to other government departments	270	279
Other income e.g. assessment centre charges	49	34
Total income	3,490	3,448

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 Food Business Operators (FBOs) for these activities. This is effectively a subsidy of £1.2m to the meat industry. EU regulations make provision for member states to take small/rural establishments into consideration when collecting fees and charges. However, the current system provides a level of subsidy to FBOs over and above that required by EU regulations. FSS can charge no more than the full cost. Invoices for any supplementary charges are issued quarterly in arrears.

6. Plant and Equipment

	Fixtures and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	AUC £'000	Total £'000
Cost or valuation						
At 1 April 2019	793	335	420	81	-	1,629
Additions	6	1	89	-	-	96
Disposals	-	-	(0)	-	-	(0)
At 31 March 2020	799	336	509	81	-	1,725
Depreciation						
At 1 April 2019	282	284	243	18	-	826
Charged in year	74	16	89	12	-	191
Disposals	-	-	0	-	-	0
At 31 March 2020	356	300	332	30	-	1,017
Carrying amount at 31 March 2020	443	36	177	51	-	708
Carrying amount at 1 April 2019	511	52	177	63	-	803
Asset financing						
Owned	443	36	177	51	-	708
Carrying amount at 31 March 2020	443	36	177	51	-	708
	Fixtures and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	AUC £'000	Total £'000
Cost or valuation						
At 1 April 2018	782	341	514	88	-	1,726
Additions	10	-	-	24	-	34
Disposals	-	-	-	-	-	-
At 31 March 2019	-	(6)	(94)	(31)	-	(131)
	793	335	420	81	-	1,629
Depreciation						
At 1 April 2018						
Charged in year	209	272	215	27	-	723
Disposals	73	16	103	10	-	202
At 31 March 2019	-	(5)	(75)	(20)	-	(99)
Carrying amount at 31 March 2019	282	284	243	18	-	826
Carrying amount at 1 April 2018	511	52	177	63	-	803
	574	69	299	61	-	1,003
Asset financing						
Owned						
Carrying amount at 31 March 2019	511	52	177	63	-	803
Carrying amount at 1 April 2018	511	52	177	63	-	803

7. Intangible Assets

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

	Computer software and software licences £'000	AUC £'000	Total £'000
Cost or valuation			
At 1 April 2019	2,083	187	2,270
Additions	235	358	594
Transfers	-	(187)	(187)
Disposals	-	-	-
At 31 March 2020	2,318	358	2,676
Amortisation			
At 1 April 2019	1,298	-	1,298
Charged in year	436	-	436
Disposals	-	-	-
At 31 March 2020	1,734	-	1,734
Carrying amount At 31 March 2020	584	358	943
Carrying amount at 31 March 2019	785	187	972
	Computer software and software licences £'000	AUC £'000	Total £'000
Cost or valuation			
At 1 April 2018	1,755	31	1,785
Additions	328	187	515
Transfers	-	(31)	(31)
Disposals	-	-	-
At 31 March 2019	2,083	187	2,270
Amortisation			
At 1 April 2018	957	-	957
Charged in year	341	-	341
Disposals	-	-	-
At 31 March 2019	1,298	-	1,298
Carrying amount At 31 March 2019	785	187	972
Carrying amount at 1 April 2018	798	31	829

8. Capital and other commitments

8.1 Capital Commitments

At 31 March 2020 there were no commitments for the purchase of capital items.

8.2 Commitments under leases

8.2.1 Operating Leases

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

	2019/20	2018/19
	£'000	£'000
Obligations under operating leases comprise:		
Land and buildings:		
Not later than one year	468	404
Later than one year and not later than five years	1,872	1,616
Later than five years	2,691	2,464
	5,031	4,484

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

8.3 Other financial commitments

FSS did not have any other financial commitments as at 31 March 2020.

9. Financial Instruments

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

10. Cash and cash equivalents

	2019/20 £'000	2018/19 £'000
Balance at 1 April	2,031	2,120
Net changes in cash and cash equivalents	(730)	(89)
Balance at 31 March	1,301	2,031

The following balances at 31 March were held at:

Government Banking Service	1,301	2,031
Balance at 31 March	1,301	2,031

11. Trade receivables, financial and other current assets

	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Trade receivables	473	418
VAT recoverable	231	382
Other receivables	-	(1)
	703	799
Other current assets :		
Prepayments and accrued income	527	489
	527	489

12. Trade payables and other current liabilities

	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Other taxation and social security	13	17
Trade payables	719	296
Other payables	202	4
	<hr/> 935	<hr/> 317
Other current liabilities :		
Accruals	1,800	2,118

13. Provisions for liabilities and charges

Early departure and other provisions

			2019/20	2018/19
	Early departure	Dilapidations	£'000 Total	£'000 Total
Balance at 31 March 2019	226	28	254	243
Transfer from FSA		-	-	-
Provided in the year	(2)	15	13	20
Provisions not required written back		-		
Provisions utilised in the year	(23)	-	(23)	(23)
Borrowing costs (unwinding of discount)	1	-	1	0
Balance at 31 March 2020	201	43	244	240

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

			2019/20	2018/19
	Early departure	Dilapidations	£'000 Total	£'000 Total
within one year	23	-	23	37
Total current provisions liability	23	-	23	37
between one and five years	91	-	91	93
thereafter	87	43	130	109
Total non-current provisions liability	178	43	221	203
Provisions balance at 31 March 2020	201	43	244	240

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

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

FSS 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.

13.1 Early departure costs

Early departure cost refers to liabilities to staff for early retirement. FSS is meeting the additional costs of benefits beyond the normal PCSPS and LGPS benefits in respect of employees who retire early by paying the required amounts annually to the pension fund over the period between early departure and normal retirement date. FSS provides for this in full when the early retirement programme becomes binding on the department by establishing a provision for the estimated payments discounted by the HM Treasury discount rate of 0.29% (2017/18 0.14%) in real terms. During 19/20, no early departure costs were incurred in relation to current staff members.

13.2 Other

Legal Claims

There were four legal claims made against FSS during 2019/20, three in relation to a TUPE transfer exercise, the other in relation to an unlawful deduction of wages. Two claims have now been withdrawn, however the other two claims remain outstanding and we continue to incur legal costs as a result of the ongoing work.

13.3 Pension Provision for former FSA Board Members

Pension liabilities in the 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. 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 2020 is £112,000 (31 March 2019, £108,000).

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

The disclosures confirm that over the period the defined benefit liability has increased by £4,000. This is attributable to changes to the actuarial financial and demographic assumptions.

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

Financial Assumptions

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

	Year Ending 31/03/20	Year Ending 31/03/19
Discount rate	1.80%	2.90%
Rate of increase in pensions in payment	2.35%	2.60%
CPI inflation assumption	2.35%	2.60%

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 Exact Age	As at 31 March 2020		As at 31 March 2019	
	Men (years)	Women (years)	Men (years)	Women (years)
60	26.8	28.4	27.6	29.3
65	21.9	23.5	22.7	24.3

Present value of scheme liabilities

	Value at 31/03/20 £'000	Value at 31/03/19 £'000
Liability in respect of:		
Current pensioners	112	108
Total present value of scheme liabilities	<u>112</u>	<u>108</u>

Analysis of movement in scheme liability

	2019/20 £'000	2018/19 £'000
Scheme liability at the beginning of year	108	113
Movement in the year:		
Interest cost	3	3
Actuarial (Gain) / Loss	7	(2)
Benefits paid	(6)	(6)
Net pension liability at the end of year	<u>112</u>	<u>108</u>

Analysis of amount charged to operating profit

	2019/20 £'000	2018/19 £'000
Current service cost (net of employee contributions)		
Interest cost	3	3
Total expense/(income)	<u>3</u>	<u>3</u>

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

	2019/20	2018/19
	£'000	£'000
Experience (losses) / gains arising on the scheme liabilities	1	1
Changes in financial assumptions underlying the present value of scheme liabilities	6	(3)
Net total actuarial (loss)/gain recognised in the statement of changes in taxpayers' equity	7	(2)

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

Sensitivity Analysis

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.

13.4 Provision for LGPS pension liability

13.4.1. There are currently 42 FSS employees who are active members of the LGPS. LGPS is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 2013, and administered by London Pension Fund Authority (LPFA). For the year ended 31 March 2020, contributions of £469,000 (2018/19, £351,230) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2020, this rate was 20.2% of pensionable remuneration.

On the basis of the updated actuarial valuation (issued 4 June 2020), under IAS19, the FSS fund deficit at 31 March 2020 was £7.090 million. FSS have taken over responsibility to fund to the scheme. In 2019/20, £194,310 was paid based on the actuary's estimate of employer's contributions as well as a lump sum payment of £100,000 to further reduce the deficit.

The 2019 LPFA fund valuation (as at 31 March 2020) has 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 actuary has estimated the employer's contributions for 2020/21 to be £251,000, with no lump sum required to reduce the deficit.

McCloud/Sargeant Judgement

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

The Actuary has advised that the 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 2020.

Financial Assumptions

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

	Year Ending 31/03/20 % p.a.	Year Ending 31/03/19 % p.a.
Discount Rate	2.35%	2.40%
Pension Increases	1.95%	2.45%
Salary Increases	2.95%	3.95%

Mortality

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

	As at 31 March 2020		As at 31 March 2019	
	Men (years)	Women (years)	Men (years)	Women (years)
Retiring today	20.3	22.5	20.3	23.8
Retiring in 20 years	21.7	24.1	22.1	25.6

Movement in liabilities

	2019/20	2018/19
	£'000	£'000
Opening Defined Benefit Obligation	32,048	31,456
Current service cost	498	509
Interest cost	756	793
Change in financial assumptions	(2,317)	1,294
Change in demographic assumptions	(1,119)	(1,407)
Experience loss/(gain) on defined benefit obligation	418	0
Liabilities assumed / (extinguished) on settlements	0	0
Estimated benefits paid net of transfers in	(1,172)	(848)
Past service costs, including curtailments	-	189
Contributions by Scheme participants	84	87
Unfunded pension payments	(25)	(25)
Closing Defined Benefit Obligation	29,171	32,048

Movement in assets

	2019/20	2018/19
	£'000	£'000
Opening Fair Value of Employer's Assets	23,416	21,606
Interest on assets	557	549
Return on assets less interest	(644)	1,421
Other actuarial gains/(losses)	(784)	0
Administration expenses	(30)	(28)
Contributions by Employer including unfunded	679	654
Contributions by Scheme participants	84	87
Estimated benefits paid plus unfunded net of transfers in	(1,197)	(873)
Settlement prices received / (paid)	0	0
Closing Fair Value of Employer Assets	22,081	23,416

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

	Value at 31/03/20 £'000	% at 31/03/20	Value at 31/03/19 £'000	% at 31/03/19 £'000
Equities	11,917	54%	12,738	54%
LDI/Cashflow matching	-	n/a	-	n/a
Target return portfolio	5,689	26%	6,245	27%
Infrastructure	1,609	7%	1,411	6%
Commodities	-	n/a	-	n/a
Property	2,192	10%	2,202	9%
Cash	674	3%	820	4%
Market value of assets	22,081	100%	23,416	100%
Present value of scheme liabilities	(29,171)		(32,048)	
Net pension liability	(7,090)		(8,632)	

13.4.2 Movement in deficit during the year

	2019/20	2018/19
	£'000	£'000
Scheme liability at 1 April	(8,632)	(9,850)
Service cost	(498)	(509)
Past service cost	-	(189)
Administration expenses	(30)	(28)
Employer contributions	385	264
Payment of deficit	294	390
Other finance net interest charged (note 13.4.3)	(199)	(244)
Actuarial (loss)/ gain (note 13.4.4)	1,590	1,534
Net pension liability	(7,090)	(8,632)

13.4.3 Analysis of the amount charged to net operating expenditure

	2019/20	2018/19
	£'000	£'000
Service cost	498	698
Administration expenses	30	28
	528	726
Employer contributions to be set off	(385)	(264)
Amount (credited)/charged to operating cost	143	462

Analysis of the net amount charged to operating cost

Net interest on the defined liability/(asset)	199	244
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13.4.4 Analysis of amount recognised in Statement of Changes in Taxpayers' Equity

	2019/20	2018/19
	£'000	£'000
Return on fund assets in excess of interest	(644)	1,421
Other actuarial gains/(losses) on assets	(784)	-
Change in financial assumptions	2,317	(1,294)
Change in demographic assumptions	1,119	1,407
Experience gain/(loss) on defined benefit obligation	(418)	
Changes in effect of asset ceiling		
Remeasurement of the net assets/(defined liability)	1,590	1,534

13.4.5 Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of Total Obligation	28,720	29,171	29,630
Projected Service Cost	413	421	429
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of Total Obligation	29,219	29,171	29,124
Projected Service Cost	421	421	421
Adjustment to pension increases and deferred valuation	+0.1%	0.0%	-0.1%
Present value of Total Obligation	29,584	29,171	28,765
Projected Service Cost	429	421	413
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of Total Obligation	30,147	29,171	28,227
Projected Service Cost	435	421	407

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

	Board pension	LGPS	Total 2019/20	2018/19
Net pension liability at 1 April	(108)	(8,632)	(8,740)	(9,962)
Current service cost		(498)	(498)	(509)
Past service cost			-	(189)
Administrative expenses		(30)	(30)	(28)
Employer contributions set off		385	385	264
Interest cost	(3)	(199)	(202)	(247)
Charged to net operating expenditure	(3)	(342)	(345)	(709)
Deficit payments	6	294	300	395
Actuarial gain/(loss) recognised in SOCTE	(7)	1,590	1,583	1,536
Net pension liability	(112)	(7,090)	(7,202)	(8,740)

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 2020 (1 April 2020) as disclosed in Note 13, includes an allowance for a 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 SPA by 6 April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase. Therefore management has taken the actuaries view that there is no need to make any adjustments to the value placed on the liabilities as a result of the above outcome at this time as we are unable to reliably quantify an associated contingent liability.

14.2 Goodwin Contingent Liability

The Goodwin case (Employment Tribunal: Mrs Goodwin v Department for Education) concluded on 30 June 2020 that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation.

The Chief Secretary to the Treasury issued a Statement on 20 July 2020 that in the light of the Goodwin case, amendments would be made to the Teachers' Pension Scheme and other public service pension schemes so that "surviving male same-sex and female same-sex spouses and civil partners will, in certain cases, receive benefits equivalent to those received by widows of opposite sex marriages". Potentially, this could affect some members benefit entitlement as far back as 5 December 2005.

Although, the regulations underpinning the public service pension schemes have not yet been amended, the statement of the Chief Secretary to the Treasury of 20 July 2020 has much the same impact as that of his predecessor on 15 July 2019 in relation to the McCloud and Sargeant cases.

Therefore management has taken the CIPFA guidance on board and at this time we are unable to reliably quantify an associated contingent liability.

15. Related-Party Transactions

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

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

FSS had a number of material transactions with local authorities, other government departments and other central government bodies including, Food Standards Agency, Defra, CEFAS, LPFA and the Cabinet Office.

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

16. Events after the reporting period

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

17. Early adoption of IFRSs, amendments and interpretations

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

18. Application of Newly Issued Accounting Standards

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

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

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

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



FOOD STANDARDS SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

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

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

Signed by the authority of the Scottish Ministers

Dated 20 April 2016



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

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(SG/2020/103)

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

SG/2020/103

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