

Annual Report & Accounts 2020-21

For the year ended
31 March 2021



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SG/2021/87

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Performance Report

Chair and Chief Executive's Foreword

There have been many occasions since Food Standards Scotland's inception in 2015, where we have recorded our thanks for the diligence and commitment of our staff members, but what has been achieved over the past twelve months has been truly exceptional. The 'perfect storm' of EU Exit and the ongoing COVID-19 pandemic has created a turbulence seldom, if ever, seen across the nation and the way in which our staff has responded and delivered despite the challenges we have faced, has been nothing short of outstanding.

Whether it was working from home, continuing with essential duties in the field, preparing vital advice, information and support documents and guidance for the food sector, the public 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 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.

Food and food standards are devolved matters which have been 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 engaged in EU Exit preparations and the new responsibilities placed upon us from January 1, 2021. Working alongside the SG, the Food Standards Agency (FSA) and other UK Government Departments we have been endeavouring to ensure that critical areas of food law, food regulation and key functions have been appropriately transferred into UK law. 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.

As predicted, EU Exit impacted heavily on the food sector, none more so than those exporting goods to Europe and beyond. Working closely with colleagues at the SG, the FSS team responded superbly to the challenges around the export health certification (EHC) process in establishing, staffing and developing three significant EHC hubs in Central Scotland, which quickly delivered positive results for all involved. There were teething problems in the early stages, but our ability to react to those reflected hugely on all involved and the process is now significantly improved.

The COVID-19 guidance we delivered for businesses throughout the year as the situation evolved was also exemplary, as was the advice given and shared with incident management teams across the country in coping with essential closures and responses to COVID-19 outbreaks on premises. All this assisting the maintenance of vital food chain processes. FSS also contributed significantly to supporting the SG shielding programme to ensure the most clinically vulnerable were able to secure on-line grocery deliveries if they wanted that service. This was a very good example of Government and the retail sector working together to deliver an important societal outcome.

Performance Report

Chair and Chief Executive's Foreword

Against that background, it should not be overlooked that the FSS team also delivered significantly in key areas of work. The development of dietary guidance resources which marked a step-change in our approach to delivering healthy eating advice at a time where there is renewed and vital focus on the historically poor Scottish diet. Additionally, we launched a social media campaign to emphasise the advice to take vitamin D supplements during the COVID-19 pandemic. We established a successful partnership with researchers and industry and published our **report** on the Risk of Shiga Toxin-producing E. coli (STEC) contamination in wild venison. The IFST Handbook of Microbiological Criteria for Foods was **published**, which was co-authored by FSS science staff. FSS consulted on formal proposals aimed at requiring food to be labelled with the name of the food, an ingredients list and that allergens should be emphasised within the ingredients list. The Food Information (Scotland) Amendment Regulations 2021 came into force on 1 October 2021.

A new delivery model was agreed in relation to feed controls, and came into force on 1 April 2021, in which FSS has become the sole competent authority for delivery of official controls relating to animal feed, whilst continuing to work in partnership with Local Authorities.

Looking forward, we must mention the tremendous amount of work undertaken during the year in preparation for the launch of our new **Strategy** for 2021 – 2026, titled 'Healthy, Safe, Sustainable: Driving Scotland's Food Future', and the considerable re-structuring of the organisation to ensure we are best placed to respond to further challenges placed upon the team. Completion of these two important pieces of work means that FSS is well placed to move beyond the challenges of both COVID-19 and EU-Exit with confidence.

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 EU Exit challenges 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

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 (SG), and accountable directly to the Scottish Parliament.

Purpose

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

Its statutory objectives are to:

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

Its statutory functions are to:

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

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

Values

The values for this reporting year against which FSS judges¹ 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.

¹ FSS has a new strategy for 2021-2026 so there are new values. The values here relate to those of the previous strategy relevant to this report.

Planning and organising our work

The **2016-21 Strategy** outlined how FSS planned 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 SG's purpose and outcomes. The Strategy continued 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. 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. Accordingly, corporate planning for 2020-21 was based on a broad framework of priorities agreed with the Board², together with governance for three change programmes, our EU Exit preparation and response, the Regulatory Strategy, and Nutrition Programme.

In addition, work that had started for the Future Structure programme continued throughout the year and further developed the new structure, its governance arrangements as well as progressing with the phased recruitment plan. This work ensured that FSS had the capacity and capability to deal with the new and additional requirements post EU Exit. The new structure for FSS was implemented on 1 April 2021. The Board paper detailing the 2020-21 funding allocations can be found [here](#).

From 1 January 2021 SG and FSS established a number of logistics hubs in central Scotland to cater for the additional requirements relating to certification of exports to the EU following the UK's exit. This complemented the EHC provision undertaken by Local Authorities (LAs) in Scotland, and ensured trade from Scotland to the EU continued as far as possible, without undue delay.

The COVID-19 pandemic had a significant impact on the work of the organisation throughout the 2020/21 financial year. Pilgrim House closed and head office staff moved to working from home, resources were prioritised and the workload of the organisation was reviewed. As near normal business as was possible resumed part way through the year with office based staff still continuing to work from home, a number of activities were delayed or put on hold for part of the year.

FSS's Vision, its six Strategic Outcomes, and their relationship to the SG'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 2020/21.

² Financial Approach for 2020-21;

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 2020/21 objectives

<p>EU Exit</p>	<ul style="list-style-type: none"> • Working towards EU Exit 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"> • Further development of the Scottish National Database (SND) for national reporting, particularly Fishing Vessels and Mobile Food Units • Development of the Shellfish Management & Classification System (SMC) • Implementation of the new Feed Delivery Model • Review of third-party assurance schemes for Food and Feed • Most recommendations of the Cutting Plant Cold Store Review have been progressed during the year (April 2020-March 2021) whilst some other recommendations were put on hold as a result of the COVID-19 pandemic.
<p>Nutrition</p>	<ul style="list-style-type: none"> • Develop the content and approach for a dietary guidance resource • Maintain and publish findings from dietary purchase behaviour monitoring • Integrate Intake24 into the Scottish Health Survey to collect dietary intake data • Provide dietary advice during the COVID-19 pandemic • Update the MenuCal system to support Out of Home (OOH) calorie labelling • Support the delivery of the SG OOH action plan • Provide advice to SG on the impact of the pandemic on high in fat, sugar and salt (HFSS) promotions • Support and direct the SG reformulation programme

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

- Developing, monitoring and providing guidance for food and feed legislation and policies
- Commission and manage research
- Provide risk assessment and management
- Provide guidance and advice for consumers
- Discussing and collaboration with our stakeholders for delivery
- Supporting the Scottish food and drink industry
- Developing effective information sharing frameworks with stakeholders and other parts of Government
- Providing 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
- Food, feed and drink industry
- Health professionals
- Educators
- Academics and researchers
- Consumer groups and charities e.g. Which, Cancer Research UK
- Local Authorities
- Media
- International bodies e.g. World Health Organisation (Who), European Food Safety Authority (EFSA)

Organisation



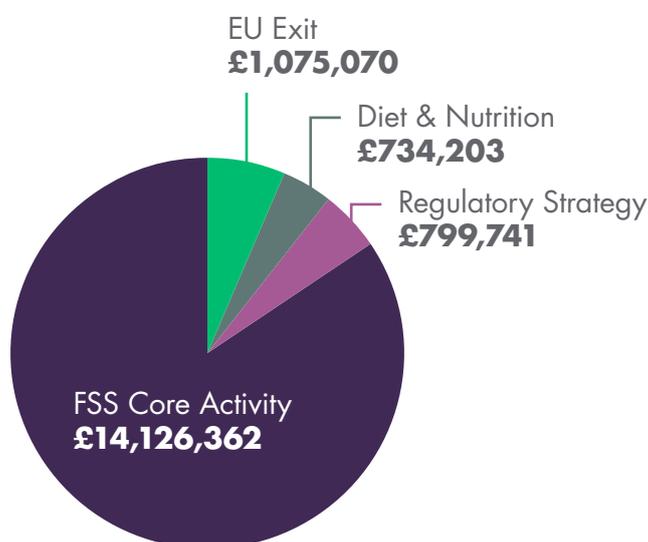
The non-executive Chair and Board Members provide strategic direction, and the staff are led by a Chief Executive Officer, supported by a Senior Management Team and an independent Chief Scientific Adviser. Staff work in a variety of locations, delivering official controls in abattoirs and meat cutting plants across Scotland, with the office based staff normally working either at FSS's Aberdeen office, home working or based within other Scottish Government (SG) offices. Throughout 2020/21 all office based staff have been working from home in line with SG COVID-19 guidance. This covers a range of regulatory, policy, scientific, communications and corporate functions. Staff are allocated to one of the 11 branches shown in the diagram above, and provide expertise as needed across the delivery of core essential functions and change programme work.

The UK leaving the EU led to additional responsibilities and activities being added to the remit of FSS. A significant internal restructure was progressed during 2020/21, with a number of corresponding changes made to the structure and governance of the organisation. Some progress was made in the appointment of the additional agreed posts during the year; however, FSS recruitment was impacted by COVID-19 as all recruitment was frozen for the first quarter of 2020-21. A number of outstanding vacancies will be progressed during 2021/22. 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 2020/21

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 EU Exit – were given individual budgets as part of the overall allocation, accounting for approximately 15% of the total budget.

Outturn Expenditure 2020/21



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

Percentage of annual FSS budget 20/21



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</p> <p>Event: FSS's regulatory and operational delivery functions are largely related to EU law.</p> <p>Cause: Due to tight timescales and ongoing uncertainty about constitutional issues, there are concerns that FSS does not have adequate time to prepare for the effect this will have in Scotland.</p> <p>Effect: This would affect our capability and capacity to achieve our strategic plan, for example through loss of statutory levers or through diverting resources away from carrying out the key activities agreed in the corporate plan.</p>	<p>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 SG Out Of Home (OOH) Action plan.</p> <p>FSS continues discussions with SG and UK Government regarding UK frameworks and we continue to be engaged in relevant forums and working groups.</p>
<p>HIGH RISK</p> <p>Event: There is a risk that provision of scientific services in Scotland fails to deliver FSS requirements.</p> <p>Cause: Under-investment in Public Analyst (PA) laboratories and poorly co-ordinated scientific expertise across the public sector.</p> <p>Effect: This may 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>COVID-19 lockdown restrictions have seen a sharp drop in sample numbers submitted to the labs with approximately 150 samples per month vs 600 per month pre-COVID-19. This has impacted on the income for the labs with private work being their key income and one PA lab has raised possibility of withdrawing from testing of official control samples.</p>

Key Issues and risks

Key Risks	Risk Mitigation
<p>HIGH RISK Event: There is a risk that key stakeholders fail to recognise the importance of FSS’s key regulatory functions to support exports and international trade.</p> <p>Cause: Exit from the EU.</p> <p>Effect: This could result in an inability to secure exports and adversely impact on FSS’s reputation and ability to protect consumer interests.</p>	<p>Continued close engagement with Local Authorities (LAs) and Scottish Food Enforcement Liaison Committee (SFELC) throughout COVID-19 to understand pressures associated with ongoing enforcement within Environmental Health (EH) departments. Adjustments in Food Law Code of Practice and proposals were forwarded to and accepted by the Minister, including remote and desktop assessment. Ongoing monitoring of Scottish National Database (SND) data demonstrated continued interventions within higher risk establishments.</p>
<p>HIGH RISK Event: There is a risk of increased frequency of outbreaks of foodborne illness or other food incidents.</p> <p>Cause: Growing pressure on LAs leaving them unable to maintain the current level of delivery of official controls to food businesses.</p> <p>Effect: Potential for serious cases of human illness and other risks to public health, loss of confidence in the food supply chain and loss of trust in FSS and other regulatory bodies.</p>	<p>Meetings have taken place with Convention Of Scottish Local Authorities (COSLA), SFELC and The Society of Chief Officers of Environmental Health in Scotland (SoCOEHS) with agreement that LAs will make a determination on their approach to service plan delivery and how they can meet local priorities.</p> <p>Agreement reached to target Official Control (OC) resources including Environmental Health Officers (EHOs) and Food Safety Officers (FSOs) at Food Business Operators (FBOs) presenting the greatest risk. Paper outlining approach tabled at Deputy Chief Executive Officer (DCEO) and Senior Management Team meetings and both reaching full agreement as to approach in targeting OC resources including EHOs and FSOs at FBOs presenting greatest risk. Further guidance issued and published on website regarding physical distancing measures in food businesses and also sector specific guidance for takeaway establishments.</p>

Key Issues and risks

Key Risks	Risk Mitigation
<p>HIGH RISK</p> <p>Event: There is a risk of either ineffective planning or delivery of Official Controls leading to non-compliance with food and feed law.</p> <p>Cause: Due to Local Authority capacity and capability to deliver these not matching statutory and food law code of practice requirements.</p> <p>Effect: In consequence, FSS would not be able to meet its obligation to assure this aspect of consumer protection.</p>	<p>Risk remains high and static. Continued close engagement with LAs and SFELC throughout COVID-19 lockdown to understand pressures associated with ongoing enforcement within EH departments. Clear focus on managing the response to pandemic has required adjustment in Food Law Code of Practice. Adjustments to method of food law interventions including remote and desktop assessment included. Close monitoring of SND data shows that interventions within higher risk establishments continuing hence static risk trend. Further work is being carried out within the Regulatory Strategy Programme to look at alternative models of delivery. Recent engagement with LAs has developed a restart plan that is currently being worked through by Enforcement Delivery Branch and SFELC.</p>

Adoption of the going concern basis

As at 1 April 2021, FSS has significant net liabilities (£9.710 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 six strategic outcomes, and is based on a set of key strategic indicators which have been in place since FSS establishment. Further information on why these indicators are considered to be important, together with analysis of trends, is available in six-monthly outcomes reports made to the Board. The latest report was presented in May 2021 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	2018-19	2019-20	2020-21
Number of reported human cases of campylobacter	6872	6145	5254
Percentage and numbers of incidents in Scotland handled by FSS that were microbiological, biotoxin and allergen food safety incidents	41% (46/112)	89% (87/98)	35% (33/94)
Percentage and numbers of incidents where food business had poor or insufficient food safety controls	8% (9/112)	3% (3/98)	2% (2/94)
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)	73%	71%	69%
Percentage of unsatisfactory* samples (total number of food samples brackets) tested by local authorities for food safety	15.0% (7,619)	14.3% (6267)	12.1% (1616)**

* 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.

** Sampling figures are reduced due to limited opportunities for testing due to COVID-19 measures

Performance summary

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	2018-19	2019-20	2020-21
Percentage and number of incidents related to food fraud	0.0% (0/112)	2.0% (2/98)	3.0% (3/94)
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*	15.0% (1145/7619)	14.3% (895/6267)	11.3%** (201/1772)
Percentage of consumers who are concerned that food is not what is says on the label (Percentage based on average figures for reporting year)	71.0%	71.0%	69.0%

* 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.

** Sampling figures are reduced due to limited opportunities for testing due to COVID-19 measures

Performance

summary

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	2018-19	2019-20	2020-21
Percentage of consumers who know that they need to do something to eat more healthily	58.0%	52.0%	59.0%
Percentage of parents who are concerned about the types of food that their children are eating (Percentage based on average figures for reporting year)	51.0%	50.0%	50.0%



Performance summary

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	2018-19	2019-20	2020-21
Number of formal enforcement notices issued to FSS-approved establishments*	90	37	15
Percentage and number of passes for Food Hygiene Information Scheme (FHIS) listed businesses	92.0% (49,014)	93.0% (49,757)	93.0% (52,281)
Number of written warnings issued to meat food businesses	211	107	91
Percentage of consumers who have used FHIS to check hygiene standards	25.0%	24.0%	28.0%

* The figures for formal notices have decreased year on year. In 2020-2021 this is, to some degree, influenced by the COVID-19 restrictions but Systems Based Enforcement is also having a positive impact, i.e. by enforcing the system/s informally (via a written warning), less issues are escalated to formal enforcement and, overall, the compliance trend is a positive one.

Performance summary

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	2018-19	2019-20	2020-21
Percentage of consumers who are aware of FSS and trust FSS to do its job (Percentage based on average figures for reporting year)	77.0%	77.0%	77.0%
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)	82.0%	85.0%	83.0%
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)	78.0%	79.0%	78.0%

Performance summary

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	2018-19	2019-20	2020-21
Employee engagement index from the civil service survey	62.0%	70.0%	70.0%
Percentage of female staff in FSS	51.0%	49.0%	45.0%

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.

Following the expiry of the 2016/19 Corporate Plan it was agreed by the Board that due to the extreme uncertainty surrounding EU Exit, a broad prioritisation framework related to the five-year Strategy and six 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. Progress was reported to the Board 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.

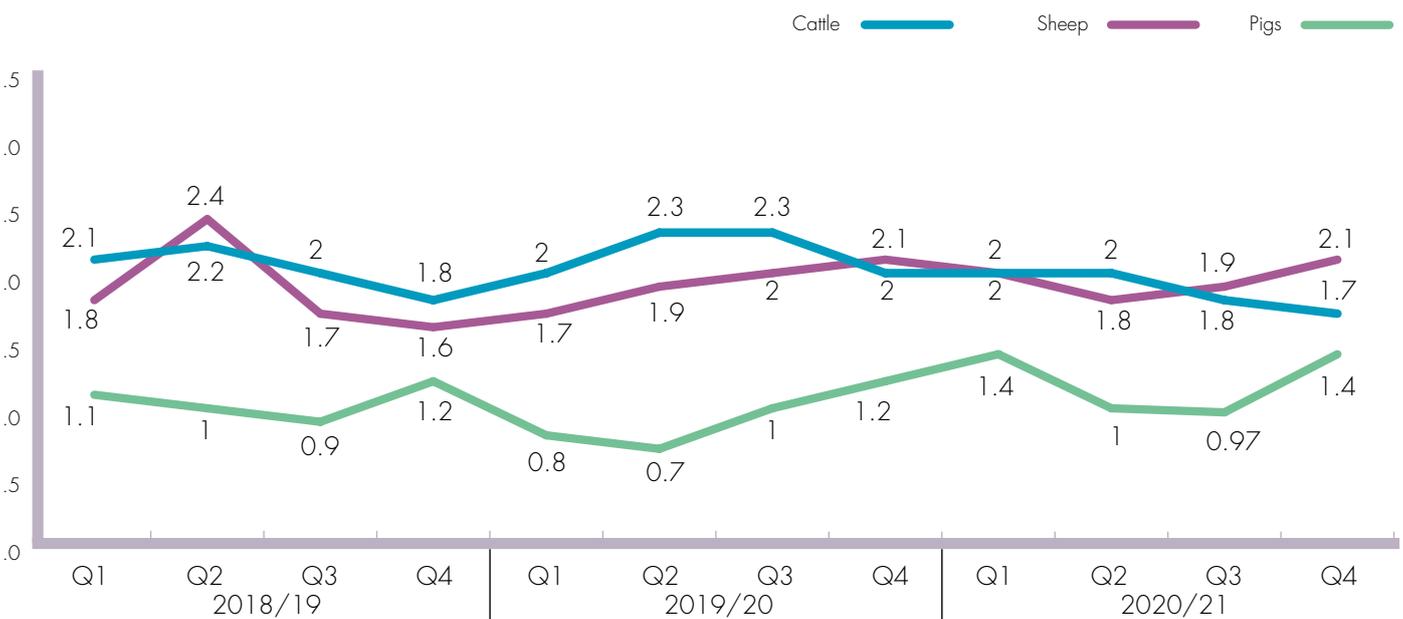
Regulation – meat

This year FSS delivered official controls in 97 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 food business operators (FBOs) and sets, for each red meat species, a ceiling for levels of contamination on carcasses presented for initial inspection. FSS expects all plants to operate below these ceilings whilst recognising no contamination is acceptable. For 2020/21 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.

Contamination Quarterly Totals



1. Food is Safe

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. Despite mild fluctuations in the trends, the contamination figures remain well below the 2020/21 ceiling. Risk-based proportionate enforcement action is taken when spikes in contamination occur, and FBOs are required to monitor the root cause of contamination and ensure corrective actions are taken if necessary. Data for the graph has been taken from the Operations workflow system (OWS).

Veterinary audit outcomes

Due to COVID-19, all routine veterinary audits were suspended in March 2020. These resumed again in January 2021, with plants entering the inspection cycle in a gradual manner, seven or eight plants every month, anticipating that by January 2022 all plants would have started the new audit format.

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 two months to twelve 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 large majority of plants categorised as generally satisfactory or good. Data for the graph has been taken from the Operations workflow system (OWS).

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 local authorities (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 enforces animal welfare, is a key performance indicator.

Category welfare incidents are defined as follows:

Category 1: Welfare compliant.

Category 2: Isolated low risk situation, unlikely to compromise animal welfare.

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.

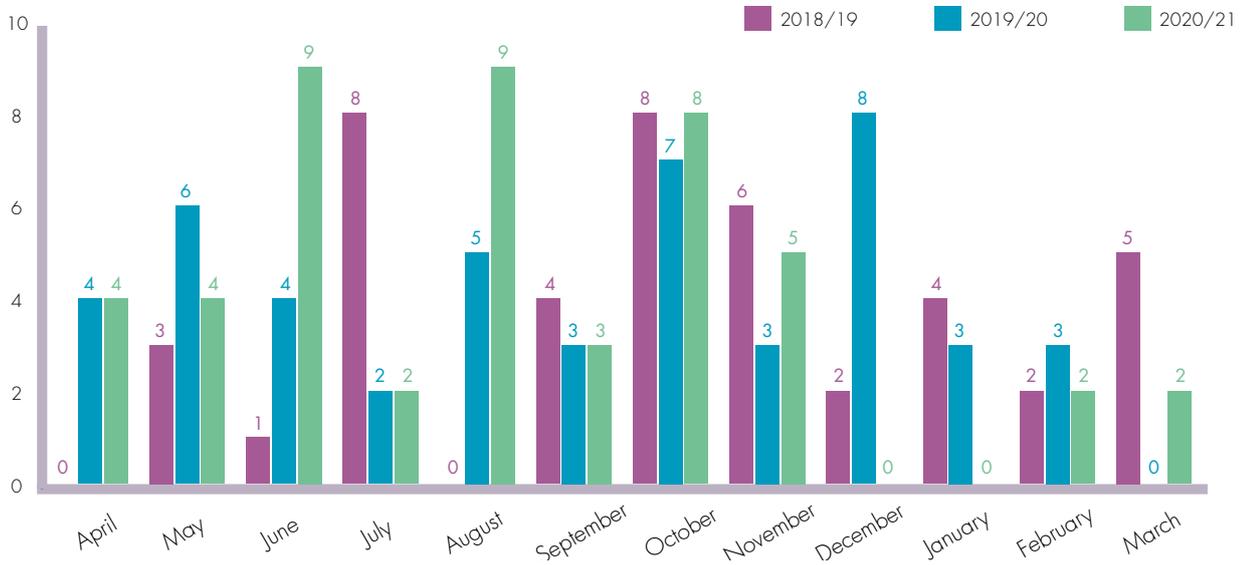
Category 4: A breach of welfare regulations with evidence of avoidable pain, distress or suffering to the animal during their killing and related operations, or a contravention poses a serious and imminent risk to animal welfare.

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.

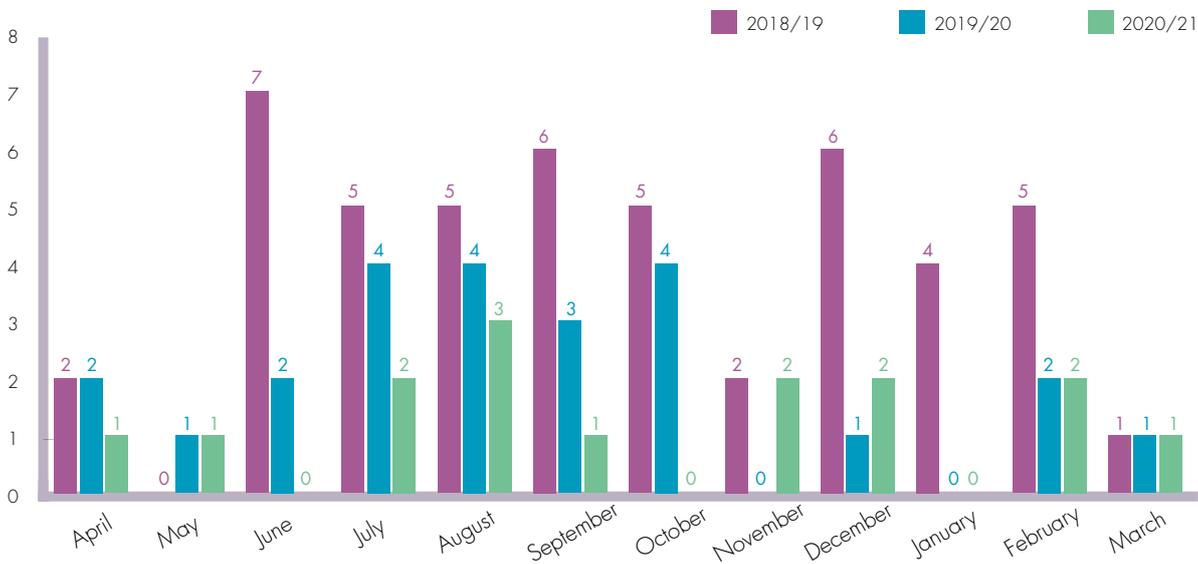
The following graphs show the number of category 3 and 4 welfare incidents in slaughterhouses. The numbers should be read in the context that in 2020/21 in Scotland 455,173 cattle, 1,205,953 sheep and goats, 348,600 pigs and 40,212,893 poultry were slaughtered. The number of category 3 and 4 incidents remains low and FSS continues to require the highest standards of operations by FBOs to eliminate welfare incidents.

1. Food is Safe

Animal welfare Abattoir SCORE 3 Incidents



Animal welfare Abattoir SCORE 4 Incidents



FSS routinely publish animal welfare statistics on the open portal, and the Operations Branch 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. Data for the graphs has been provided by the Operations Branch.

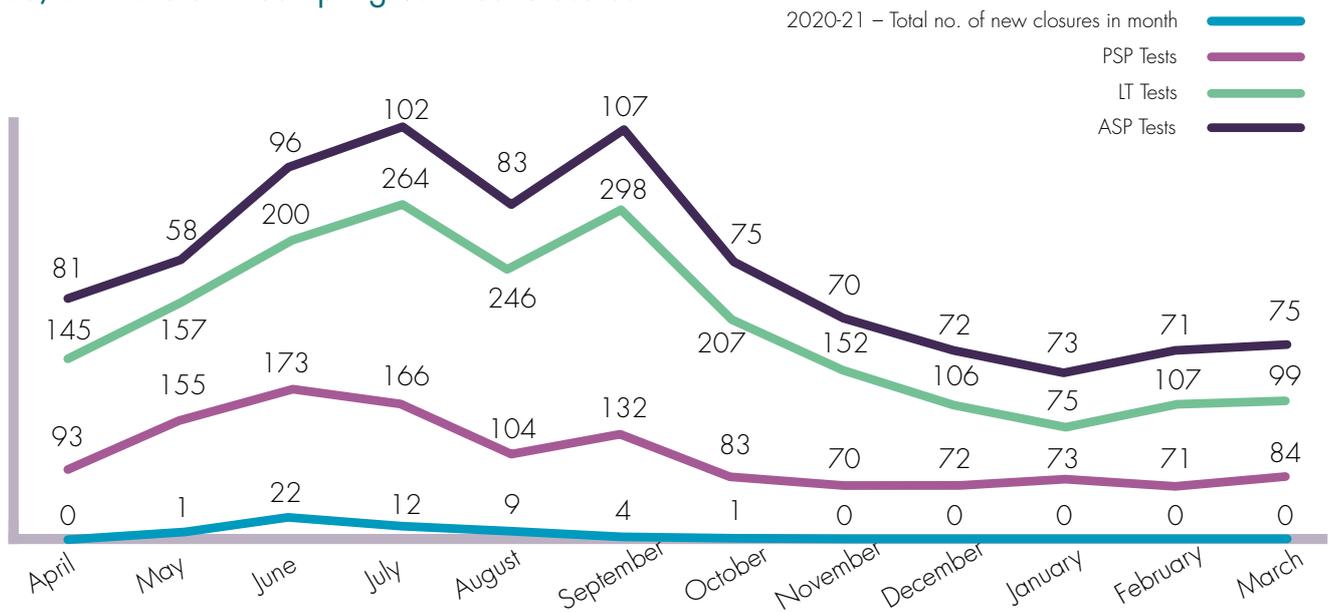
1. Food is Safe

Regulation – shellfish

FSS undertakes a risk-based shellfish sampling programme to prevent harmful biotoxins produced by marine phytoplankton being consumed and to ensure shellfish from designated harvesting areas meet the required health standards. Where samples exceed the maximum permitted level, FSS temporarily close the shellfish production area until safe levels resume. Unsafe levels are typically higher in summer months resulting in the pattern of closures seen in the graph.

In 2020/21, of the 2,056 tested from inshore locations, 161 samples breached the 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 963 inshore samples, with 1 samples breaching the maximum permitted level. A total of 1,276 inshore samples were tested for paralytic shellfish poisoning (PSP) toxins. Of these samples, 11 breached maximum permitted levels for PSP. This resulted in a total of 41 LT closures, 7 PSP closures and 1 ASP closure during 2020/21.

2020/21 – Biotoxin Sampling Vs Area Closures



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. 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.

Audits were suspended between March 2020 and March 2021 therefore no audits were closed during this period.

Following audit, LAs are required 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.

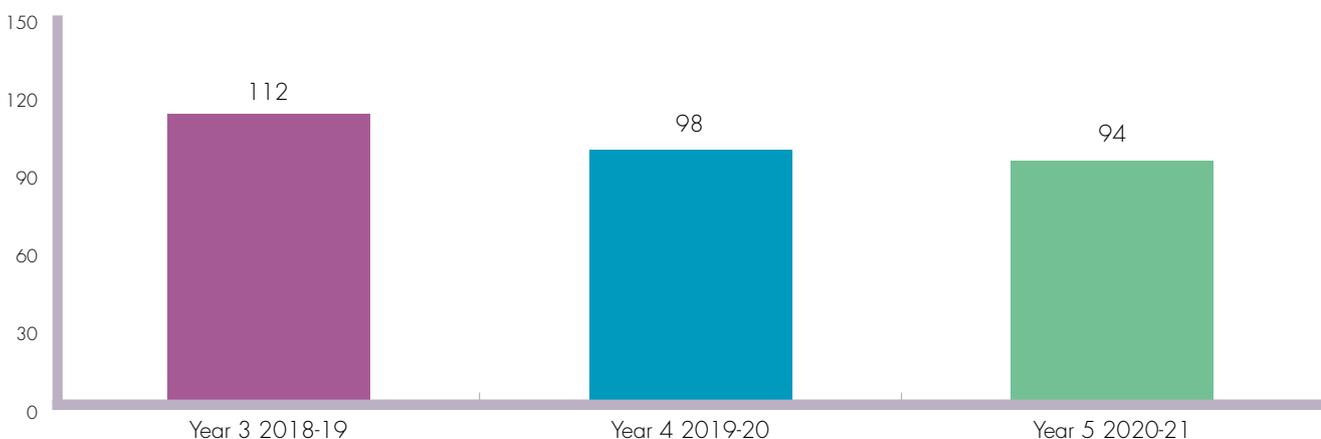
Food incidents

The **Incident Management Framework** details 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.

CLIO (Central Logging of Incident/Intelligence Operations) enables all communications relating to incidents to be managed through the system, ensuring a complete and incorruptible audit trail in one secure location, thereby improving the effectiveness and efficiency of food incident response in Scotland.

In 2020-21 FSS handled 94 incidents including 17 which were led by FSA but where a Scottish contribution was required. The incident figures in the table below covers all incident categories investigated by FSS.

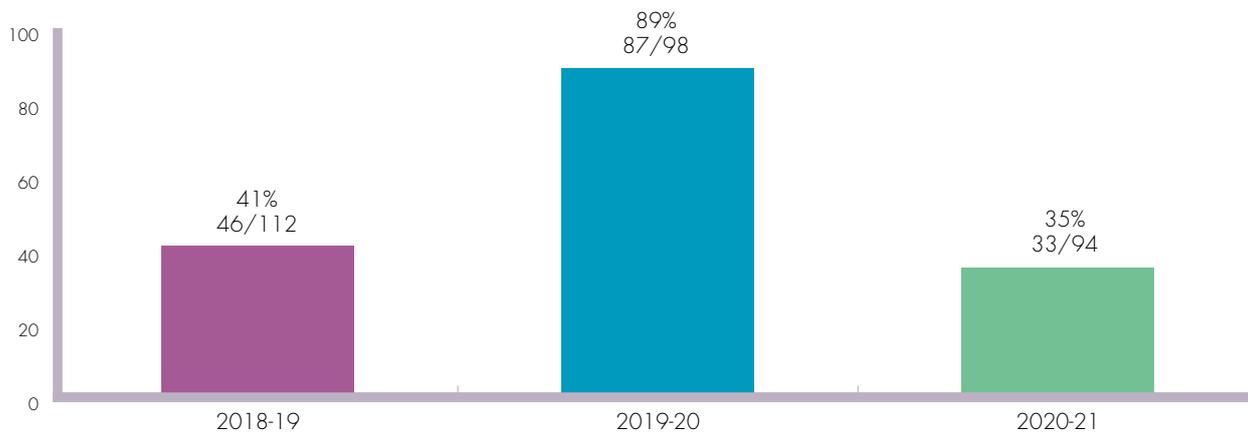
Total number of incidents handled by FSS



1. Food is Safe

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. 13 of the incidents were related to allergens.

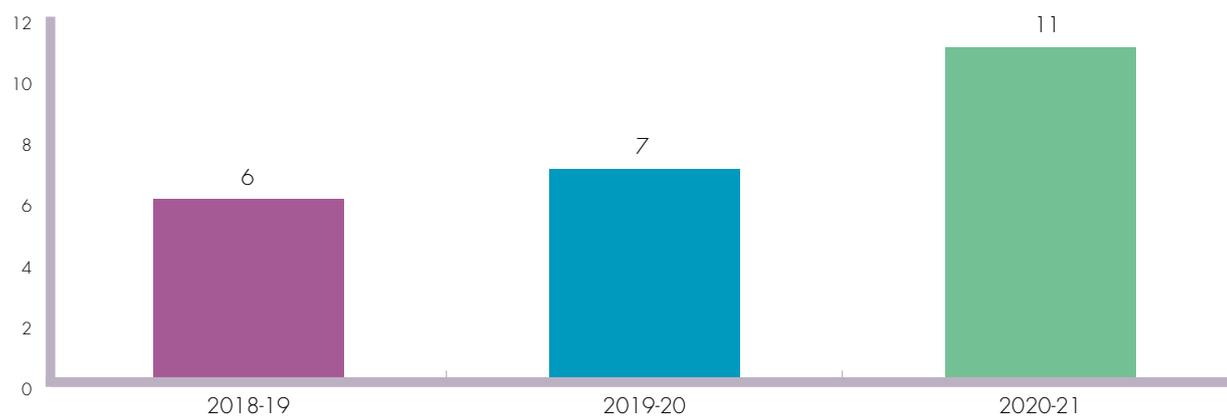
Percentage and number of incidents In Scotland handled by FSS that were Microbiological, Biotoxin and allergen Food safety incidents



On Farm Incidents

Early in 2017 FSS introduced an incident prevention initiative aimed at reducing the number of lead and copper on-farm contamination incidents. Early results were encouraging with the level reducing from 18 to 6, but recent years has seen the level rise again to 11.

Number of on farm incidents



In response, FSS has launched a new initiative in March 2021. FSS is working with key partners including the Animal and Plant Health Agency (APHA), Scotland's Rural College (SRUC), Police Scotland, Veterinary Medicine Directorate (VMD) and SG. A leaflet providing information on the importance of safe disposal and control of items such as vehicle batteries and lead paint to avoid contact with livestock was issued supported by a press release and follow up social media campaign.

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 EU Exit, 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.

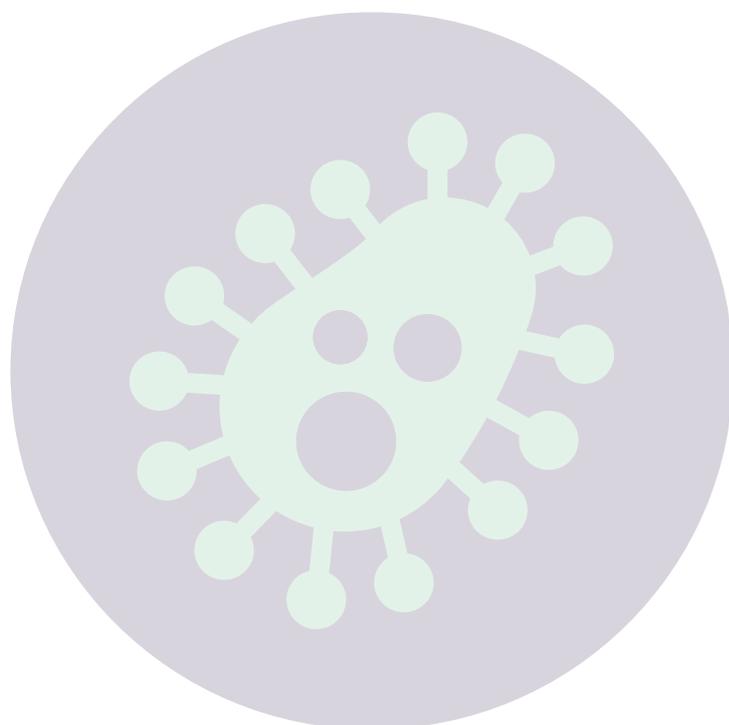
Food Surveillance and Sampling

Throughout this year, as part of our food surveillance strategy we have continued to embed our horizon scanning process which has improved our ability to make use of data collected by FSS and others to identify emerging risks and priorities and target enforcement interventions and surveillance activities.

All 32 LA EH departments and the official control laboratories have continued to record details of their food sampling activities on FSS's Scottish Food Sampling Database (SFSD). This captures the risk based sampling undertaken by LAs and the FSS funded sampling programme undertaken by Scottish LAs and Scottish Public Analyst laboratories. The areas targeted in this year's sampling programme included the microbiological quality of eggs, chicken, spices, ready to eat foods and leafy greens, mycotoxins in oat products and grain-based milks, substitution of lamb and fish in dishes and the presence of gluten and dairy in products claiming to be 'free from' these ingredients.

During 2020/21, there was a large reduction (72%) in the total number of samples taken compared with the previous year. This is the most significant decrease in sampling activity recorded since the 2015 baseline. It is indicative of the impact of COVID-19 on Local Authority activities during the year as they were only able to do limited sampling, either because they couldn't access food businesses premises (as they were closed or for health and safety purposes) or because of having to divert resources elsewhere to deal with other priorities.

Whilst there is a marked reduction in the number of samples taken across each of the three categories, there is some variation in the percentage of unsatisfactory results, however this may be a reflection of the smaller sample sizes this reporting year. Overall the percentage of unsatisfactory results continues to decrease year on year.



1. Food is Safe

Microbiological, Chemical and Substitution Food Sampling Activities

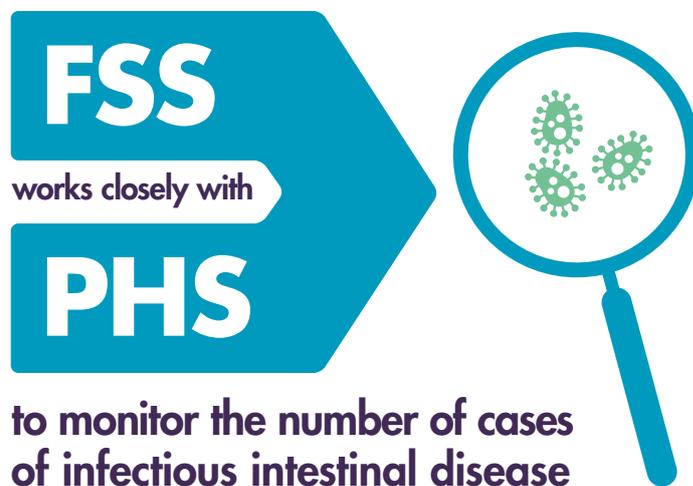
Sample Type	Year	Satisfactory	% Satisfactory		% Unsatisfactory		Total
			Satisfactory	Unsatisfactory	Unsatisfactory	Satisfactory	
Microbiological	2019-20	2669	80.6	641	19.4	3310	
	2020-21	763	89.5	90	10.5	853	
Chemical*	2019-20	2303	91.0	228	9.0	2531	
	2020-21	658	86.2	105	13.8	763	
Substitution	2019-20	400	93.9	26	6.1	426	
	2020-21	150	96.2	6	3.8	156	

*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.

Understanding the causes of foodborne illness

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

FSS works closely with Public Health Scotland (PHS), 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 2019/20 and 2020/21 is shown in the table below.



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 Public Health Scotland³:

Pathogen	Number of reported cases (2019/20)	Number of reported cases (2020/21)*
Campylobacter	6145	5254
Salmonella	737	317
E. coli O157	141	110
Listeria monocytogenes	6	18
Norovirus	764	46

It is clear there has been a decrease in the reporting of most of the five key pathogens during COVID-19. The reasons behind this change haven't yet been fully established, but may reflect under reporting due to restrictions on GP appointments and people not wanting to present to the NHS with mild cases of vomiting and diarrhoea during the pandemic. Alternatively, there may actually be a true reduction in these illnesses due to COVID-19 restrictions on overseas travel, eating out and social interactions, and also improvements in hand hygiene which can be a key factor in preventing the transmission of food poisoning. We are working with PHS to try to understand the reasons behind the reported rates of food poisoning to identify any positive behaviour changes during this period that we should continue to communicate to the Scottish population.

Campylobacter continues to be the biggest cause of bacterial foodborne illness with direct healthcare costs estimated at around £3 million each year in Scotland. Chicken remains the main source of campylobacter infection in Scotland. The industry has made significant progress in controlling contamination from the farm through to retail. However, our surveillance has indicated that there is still scope to reduce the risks of transmission through the handling of raw chicken both in retail settings and in the home. Research we have conducted with PHS has also shown that in Scotland, campylobacter infection has the most serious consequences for older people and those living in more deprived areas. Over the coming year, we will use this evidence to tailor our guidance and advice to areas of risk; helping businesses and consumers to adopt the controls and good hygiene practices which are effective in tackling campylobacter.

³ Health Protection Scotland (HPS) provides advice, support and information to local and national government in Scotland and from April 2020 became part of Public Health Scotland

1. Food is Safe

Improving knowledge base of foodborne illness in Scotland

Following a successful partnership with researchers and industry we published, in November 2020, our **report** on the Risk of Shiga Toxin-producing E. coli (STEC) contamination in wild venison. The aims of the report were to map the venison industry in Scotland, assess STEC prevalence in wild deer faeces, and review cross-contamination risks in the slaughter and processing stages of wild deer. The findings of the project have identified key recommendations for hygiene practices from cull to final product to be included in guidance for the sector.

In October 2020 we presented a **paper** to the Advisory Committee on the Microbiological Safety of Food (ACMSF) on STEC research in Scotland, showcasing the research and evidence gathering undertaken by FSS which allowed us to link up with other research efforts across the UK and beyond.

We completed a survey of the microbiological quality of beef mince on retail sale in Scotland that will be published in June 2021. The results show that the levels of pathogens present in retail mince beef were in line with other European surveys, and there were no antimicrobial resistance (AMR) "results of concern" (i.e. resistance to multiple classes or critically important antibiotics).

In 2020 FSS **began work** with the Scottish Salmonella Reference Laboratory to undertake genomic sequencing of part of its historical archive of Salmonella samples. Around 500 samples from veterinary and food isolates are being sequenced and the work is due to be completed in summer

2022. The results of this study will be used in a number of ways, such as supporting risk assessment (for example there have been a number of high profile Salmonella outbreaks in recent years, particularly associated with frozen reconstituted chicken products), and also to increase our understanding of how AMR is distributed amongst historical isolates.

Scientific advice and collaboration

During 2020-21 we have been working to update our online tools, with current evidence, to support food businesses in controlling the microbiological risks in the production of **smoked fish** and **fresh produce**. The updated tools, to be relaunched in summer 2021 will provide a new generic web tool platform that can be populated with content for any industry.

FSS have worked with a number of institutions to produce industry guidance to support the safe manufacture of food. In April 2020 the IFST Handbook of Microbiological Criteria for Foods ("Red Book") was **published**; this book was co-authored by FSS science staff. We also have a number of further collaborations such as with Campden BRI to develop other pieces of guidance, particularly in the control of *Listeria monocytogenes*.

Throughout this year, we have also worked collaboratively across Scottish Government and other partners on the work to support Scotland's waste reduction strategy, and programmes of work aimed at understanding and controlling antimicrobial resistance in Scotland.

1. Food is Safe

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 there is good awareness of FSS role in relation to food safety but still room for improvement.

Percentage of consumers aware of FSS remit to ensure that food in Scotland is safe to eat

2018/19	73%
2019/20	71%
2020/21	77%

*(Percentage based on average figures for reporting year)

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.

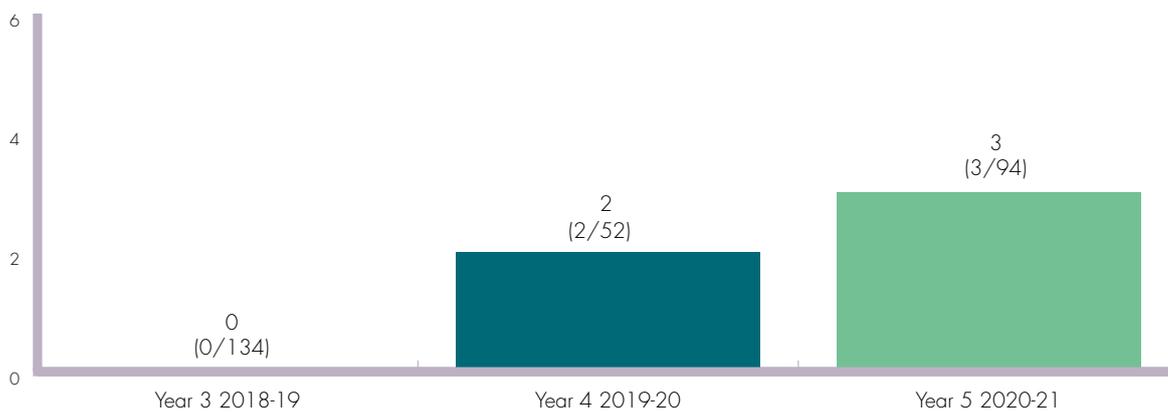
2. Food is authentic

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 are used for measuring the performance of food businesses to meet their responsibility to ensure authenticity. These indicators 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

Number of incidents related to food fraud



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 focused towards the protection of consumers and industry in Scotland from serious dishonesty within food supply chains. The unit has worked with a wide range of partner agencies and stakeholders in the United Kingdom and worldwide resulting in positive partnership working and outcomes, laying the foundations for the future.



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.

Consumer Tracking Waves are carried out during the following dates;

- Between 8 and 15 December 2015 for wave 1.
- Between 28 June and 6 July 2016 for wave 2.
- Between 8 and 21 December 2016 for wave 3.
- Between 19 June and 4 July 2017 for wave 4.
- Between 7 and 20 December 2017 for wave 5.
- Between 18 June and 5 July 2018 for wave 6.
- Between 7 and 20 December 2018 for wave 7.
- Between 9 and 19 July 2019 for wave 8.
- Between 24 January and 2 February 2020 for wave 9.
- Between 3 and 17 July 2020 for wave 10.
- Between 8 and 22 December 2020 for wave 11.

The table below indicates that concern about food authenticity had reduced slightly from prior years, possibly indicating increased consumer confidence.

	2018-19	2019-20	2020-21
Percentage of consumers who are concerned that food is not what it says on the label (Percentage based on average figures for reporting year)	71%	71%	69%

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. In October FSS Board discussed a Diet and Nutrition paper reviewing progress to date and outlining our strategic vision for the next five years. An updated situation report and assessment of the Out of Home (OOH) landscape was published alongside the paper.

The pandemic had a direct impact on actions included in the 2018 Scottish Government (SG) **publication**, 'A Healthier Future – Scotland's diet and healthy weight delivery plan', particularly those designed to improve the food environment. As a result, the SG paused the Bill restricting promotions and publication of an OOH Action plan to give time to reflect on impact of COVID-19.

Despite the delay to some parts of diet policy, throughout the year there was a renewed focus on actions to address obesity as excess weight can increase the risk of poorer health outcomes from COVID-19. During the acute phase of the pandemic we launched a social media campaign to emphasise key healthy eating messages. We worked in partnership with SG and Public Health Scotland (PHS) to ensure a consistent approach was taken.

Following the reissuing of vitamin D advice during lockdown with more people spending more time at home, we launched a social media campaign to emphasise the importance of current dietary advice to take vitamin D supplements during COVID-19. We also ran a consumer poll on vitamin D supplements in Scotland which indicated that 58% of consumers never take a supplement. Therefore a further campaign was run through the winter months. The partnership working with PHS and SG was essential to ensure consistency and amplification of messaging during these campaigns.

An essential part of our role as the only government body in Scotland is to collect and publish a robust national picture of trends in diet and nutrition through our monitoring of purchase and estimated consumer intake. Incorporated within this is a new focus on digital technologies to support the collection of dietary intake data. This year we have built on the success of developing the INTAKE24 online 24 hour dietary recall system. This fully automated tool will be used to collect dietary data from a representative sample of participants in the Scottish Health Survey during the 2021 survey data collection. This will provide an essential part of our evidence base to inform and influence policy to improve dietary health and monitor progress towards the Scottish dietary goals.

This year there has been significant progress in the development of the dietary guidance resource to support the Eatwell Guide. The resource marks a step-change in our approach to delivering healthy eating advice. For the first time, information will be tailored to individual users circumstances and will be provided in the context of their daily lives. The online resource is targeted at low income populations and will deliver practical, pragmatic healthy eating advice, tailored to individual personas, through a behaviour change model. The resource will be launched in late summer 2021.

In addition to the nutrition programme work, FSS has continued additional 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 expert advice on inclusion of non-dairy alternative drinks in the Scottish milk and healthy snack scheme including guideline nutritional specifications for the provision of non-dairy drinks.

3. Consumers have healthier diets

The FSS consumer tracking survey was in the field during July 2020. This year the nutrition wave included revised healthy eating survey questions to provide a more in-depth assessment of the impact of COVID-19 on consumer behaviours pertaining to diet during lockdown. The survey indicated that COVID-19 has clearly impacted on diet and eating habits with consumers eating more snacks and treats but fewer takeaways. The health risks associated with unhealthy diets, and recognition that these are an issue in Scotland were widely acknowledged. However, 6 in 10 reported that their own diet to be at least quite healthy, suggesting a lack of connection with the issue at a personal level.

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 Controls Regulation (OCR) implementation

This year FSS has undertaken delivery of the necessary Scottish legislation to provide for the execution and enforcement of the additional delegated and implementing acts that have been published since the OCR came into effect on 14 December 2019. This work was imperative to ensure Scottish domestic food and feed law was updated before the end of the transition period to ensure the continued and proper regulation of retained EU food and feed safety law.

In addition, FSS, in close coordination with SG, worked closely with UK Departments, such as the Department for Environment, Food and Rural Affairs (DEFRA) to undertake a deficiency fixing exercise of the OCR arising from the withdrawal of the UK from the European Union. This significant amount of work culminated in the successful delivery of the required UK legislation integral to the protection of human health and biosecurity in the UK.

The EU OCR 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 local authorities. The OCR contains a number of Commission empowerments for tertiary legislation, in the form of implementing and delegated acts, to be made in order to supplement the OCR.

Cannabidiol (CBD) oil

We have seen a move from industry towards compliance with regulations with a large number of applications for CBD having been submitted through the GB Regulated Products Application Service. We continue to engage with industry bodies, individual businesses and local authorities to encourage compliance and provide advice on proportionate enforcement. Our website has been updated with **guidance** for businesses and consumers including precautionary advice on consumption levels.

Allergen information on Pre-Packed for Direct Sale (PPDS) foods

Building on the UK-wide consultation on options for improving the information to consumers about food sold PPDS and further informal engagement with stakeholders in Scotland on the practicalities of labelling, FSS consulted on formal proposals aimed at requiring such food to be labelled with the name of the food, an ingredients list and that allergens should be emphasised within the ingredients list.

The consultation ran from 2 October to 4 December 2020 generating responses from consumers and the food business and enforcement sectors. At its meeting in January 2021, the Board reviewed the consultation feedback and following careful consideration recommended to Scottish Ministers that, with the exception of meat content labelling, the proposals should go ahead. Scottish Ministers made the legislation in February and after successfully completing Parliamentary scrutiny, the Food Information (Scotland) Amendment Regulations 2021 will come into force on 1 October 2021. This means that the new labelling requirements for PPDS food across the UK are aligned from the same date.

4. Responsible businesses flourish

Regulatory strategy

A new organisational structure and a blueprint for the Regulatory Strategy Programme (RSP) has been implemented. A series of work streams and projects are in progress as part of the programme of delivery for which further detail is provided below. FSS will republish the regulatory strategy in early 2022 covering 2021–26. The republication will take account of new approved regulatory priorities and restart guidance.

A new delivery model was agreed in relation to feed controls, in which FSS has become the sole competent authority for delivery of official controls relating to animal feed, whilst continuing to work in partnership with LAs. The Feed (Transfer of Functions) (Miscellaneous Amendments) (Scotland) Regulations 2020 was passed by the Scottish Parliament in December 2020 and came into force on 1 April 2021. To date sixteen local authority areas are receiving services from local authorities under Delegated Service Level Agreements with FSS. A further nine council areas have expressed an interest in participating in the model.

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 detailed options analysis paper on sustainable charging has been reviewed and the intention is to progress with this work during 2021. Scoping work has been undertaken with respect to charging for feed official controls in relation to imports.

A feasibility study of a Third-Party Assurance model for Registered Food Businesses inspected under FLRS following Codex guidelines is being undertaken. The scope of this project applies only to food businesses that demonstrate high level of compliance and/or sustained compliance and the aim is that data obtained from inspections conducted by FSS approved Third-Party Assurance bodies would inform Official Controls. Next steps include a pilot with LAs participation however the start of the pilot will be delayed because of COVID-19 pressures on their resources.

Twelve recommendations from the Cutting Plant Cold Store Review have either been completed or moved to business as usual over the last year. An interim report will be produced in July 2021 to review the seven outstanding recommendations and advising whether further work is required to address these or whether they can be moved to business as usual.

Phase 3 of the new Shellfish Management & Classification System (SMC) was completed and signed off in April 2021. The work included a number of updates to improve the efficiency of the classification and sampling modules that will assist in the management and delivery of the shellfish Official Control Monitoring Programmes in Scotland.

4. Responsible businesses flourish

The Scottish National Database (SND) is now being used by all 32 Local Authorities with 400 users across FSS and the LAs. Some new developments completed in 2020-2021 have included:

- New functionality to allow LAs and FSS to mark businesses as importers and/or exporters and to record products imported/exported and countries of origin/destination, if this information is known.
- LAs and FSS are now able to monitor food business establishment profiles, compliance status, unrated businesses and inspection status over time and at any specific date using a suite of dashboards and reports in SND.
- A National Fishing Vessel dashboard to allow certifying officers at national hubs and in LAs to quickly query the registration and compliance status of any Fishing Vessel registered at Scottish LAs. The registrations in SND are also publicly available via the FSS website.

Holding businesses to account

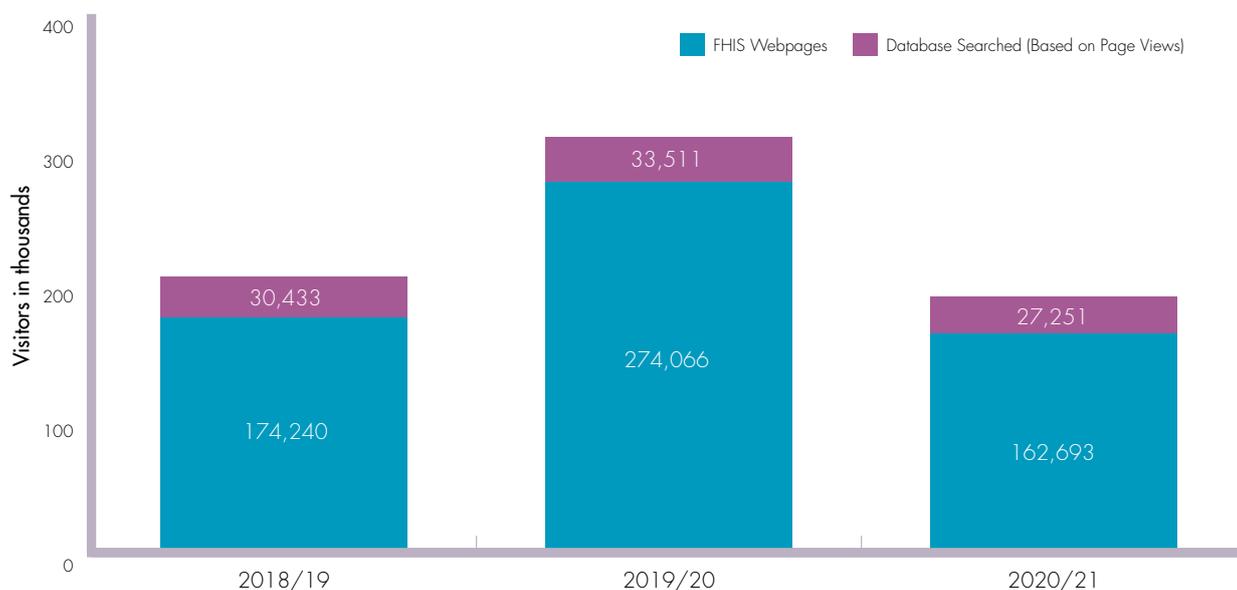
Food Hygiene Information Scheme (FHIS)

The percentage and number of passes for businesses listed in the 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	2018/19	2019/20	2020/21
Number of businesses registered	49,014	49,757	52,281
Average pass rate	92%	93%	93%

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.

Website Visitors



4. Responsible businesses flourish

For the website as a whole, there was a 74% increase in page views and 182% increase in users compared to the previous year.

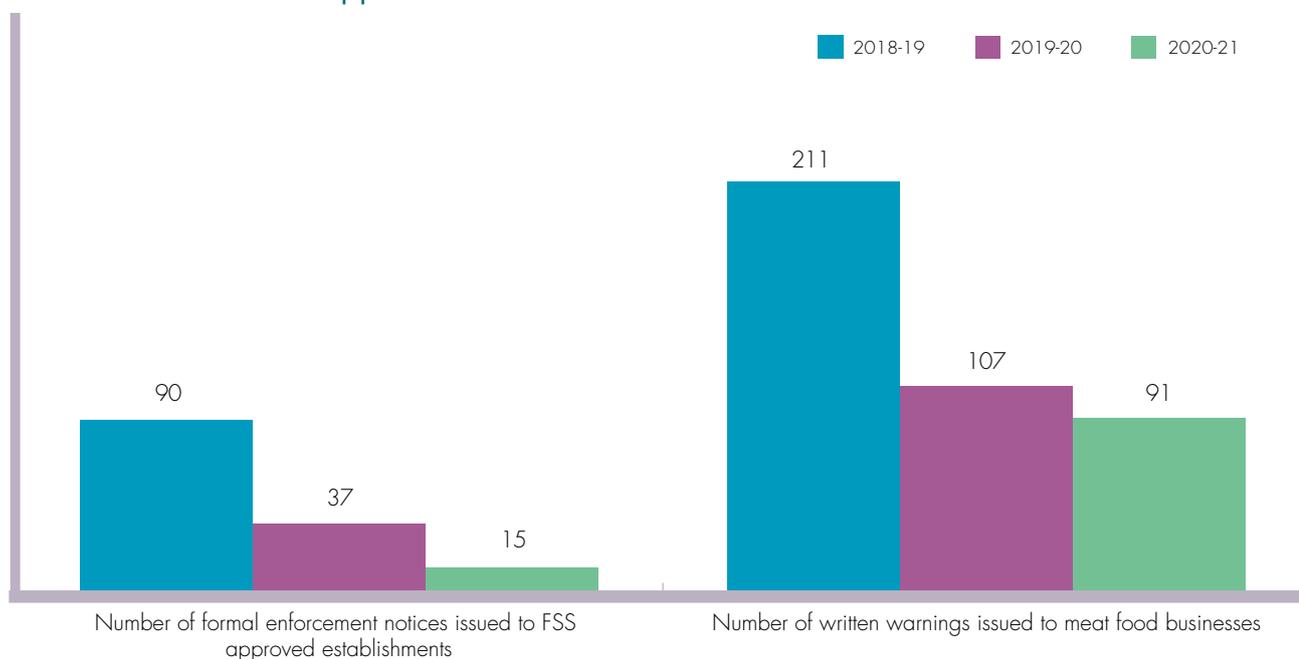
- There was a 41% decrease (162,693 vs 274,066) in the number of searches of the FHIS database, which could be attributed to food businesses being closed due to COVID-19 and therefore consumers having little opportunity to eat out. There was a 23% drop in traffic (27,251 vs 33,511 page views) to the FHIS search page which could again be attributed to the pandemic.
- News, food and allergy alerts - There are now 2436 people signed up to receive email alerts (up 17% from 2019/20) and 1269 people signed up for text alerts (up 101% from 2019/20). This is largely due to a social media and radio advertising campaign that took place across February and March 2021.

Formal enforcement notices issued to FSS-approved establishments

FSS will issue a formal enforcement notice or written warning to any business subject to FSS approval and enforcement that does not comply with their legislated obligations. 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 and also because of COVID-19.

The figures below show the numbers and types of enforcement action taken by FSS in approved meat plants in Scotland during 2020/21, compared with those for the previous three years.

Enforcement actions in approved meat establishments



4. Responsible businesses flourish

In April 2020 and in light of COVID-19 and attendant health and safety considerations, the decision was taken to halt all non-urgent inspections (such as routine unannounced inspections in standalone cutting plants and audits). Only a small number of visits were undertaken in standalone cutting plants and these were specifically linked to non-compliance or intelligence-led investigations. Decisions around permitting FSS on-site inspections were therefore taken in consideration of the risks from COVID-19 and the potential risk to public health associated with establishment non-compliance.

The figures for 2020/21, for both written warnings and formal notices, have decreased year on year. This is, to some degree, influenced by the COVID-19 restrictions. Reflecting on the trend of written warnings compared to the one for formal notices, it can be established that Systems Based Enforcement is having a positive impact, i.e. by enforcing the system/s informally (via a written warning), less issues are escalated to formal enforcement and, overall, the compliance trend is a positive one.

EU Exit Programme

The FSS **EU Exit Programme** has contributed to our work towards ensuring that responsible businesses flourish and that food is safe and authentic this year.

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.

During the transition period and the negotiations to establish the agreement on which the UK would leave the EU, the EU Exit Programme continued its twin track approach to prepare for both a deal and no deal outcome whereby key activities could be pivoted between both those scenarios where appropriate.

The programme maintained its focus 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 amendments to retained EU law were in place. During the transition period these instruments were modified to prepare for the end of the transition period.

The three UK Frameworks in which FSS has an interest were also further advanced during the year. Although the finalisation has been delayed (as a result of Whitehall timescales), all three remain at a well-advanced stage and we expect sign-off to happen during 2021, subject to further discussions on how to reflect the operation of the Internal Market Act in the Frameworks themselves. FSS also engaged extensively in the development of a new UK Risk Analysis process to underpin the food and feed safety and hygiene framework, as well as regulated product authorisation processes, and a new international product assurance model.

Significant negotiations also took place on maintaining access to sources of intelligence which allow FSS to continue to monitor and respond effectively to food crime and fraud following the loss of access to EU reporting systems. A number of alternative arrangements are now operational, with negotiations ongoing with some intelligence partners (such as Interpol) on data sharing in future.

4. Responsible businesses flourish

Operational readiness plans associated with imports and exports were advanced over the course of the year and resulted in the establishment of export 'hubs' where FSS provided pragmatic solutions to the challenge of ensuring health certification for exports of fish to the EU. While there were significant challenges in the early days following the end of the transition period, FSS colleagues made significant efforts to engage with industry and government stakeholders to minimise delays in the system and ensure product was able to move into the EU with minimal risk of being returned. We have also continued to contribute to a wider SG working group on future Border arrangements and the development of Border Control Point infrastructure at Cairnryan.

FSS was also fully engaged along with SG trade leads, in discussions with DEFRA with respect to trade deals, both those which have already been agreed and those which remain under negotiation, providing technical input designed to improve negotiating positions.

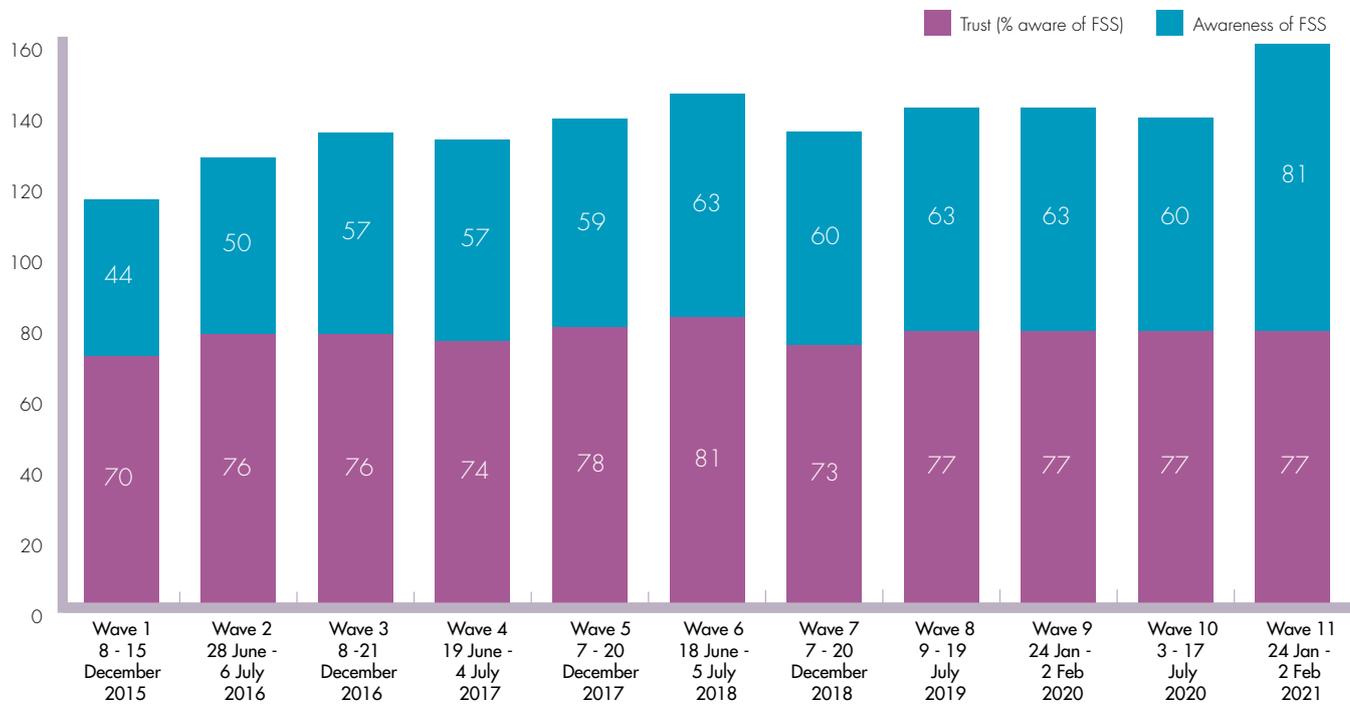
5. FSS is a trusted organisation

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 10 and 11 of the biannual consumer tracker survey. Trust of FSS amongst those surveyed has remained steady with only minor variations of the past two years. 2020/21 has seen a large increase in awareness of FSS but this is partly linked to a change in the wording of the question asked.

Awareness of FSS and Trust amongst those aware



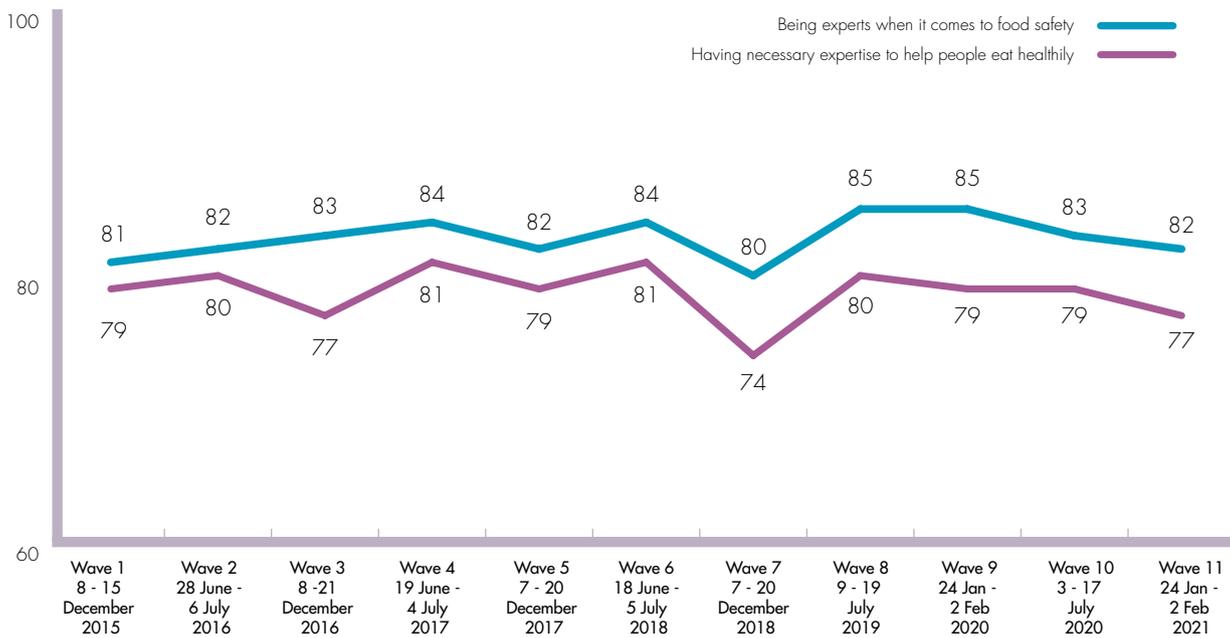
Consumer awareness of FSS has risen to 81% at wave 11, compared to 60% at wave 10 of the biannual consumer tracker survey. There was a slight change to the question wording at wave 11 compared to wave 10 so an average for the reporting year cannot be given.

5. FSS is a trusted organisation

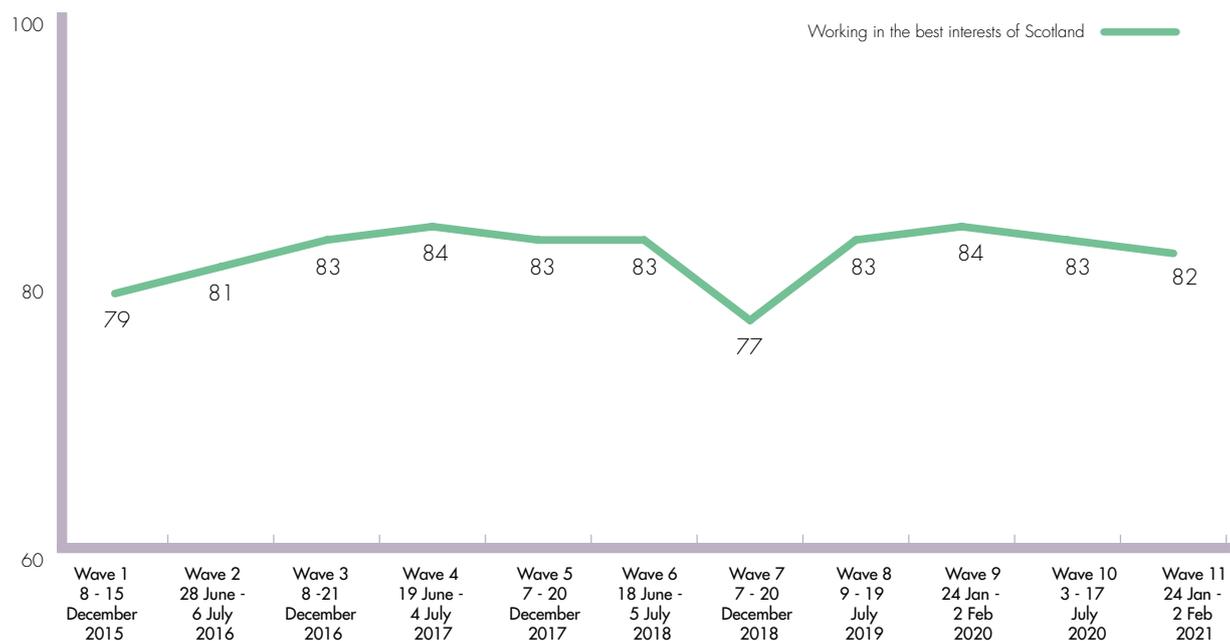
Awareness and trust are built through the activities of the organisation as a whole – policies, research, governance, consumer and industry campaigns, events etc. During 2020/21, FSS undertook campaign activity to encourage the people of Scotland to take Vitamin D during the winter months.

There was also activity to inform the seafood and meat industry about exporting goods after EU Exit. Our festive food safety campaign provided guidance on proper poultry cooking methods, storage and defrosting etc. to prevent food poisoning.

Consumer Trust



Working in the best interest of Scotland



5. FSS is a trusted organisation

Industry, government and stakeholders

As a regulatory body, FSS is committed to the collaborative relationship it has with both internal and external stakeholders crucial for the delivery of its strategic objectives. In 2020/21, a new marketing module was added to the Stakeholder Engagement Management System (SEMS) to support this function. The additional marketing instance provides a better communication medium for the sending of targeted email and marketing campaigns to stakeholders with a record of each communication recorded against the stakeholder's contact record. The SEMS is an integral component of FSS's accountability and transparency obligations under the data protection laws ensuring that personal data is kept securely, with technical measures in place to facilitate data subjects' rights. New and refreshed stakeholder engagement templates and procedures have been developed as part of a coordinated approach to communicating and engaging with internal and external stakeholders to facilitate meaningful and effective ways of working. We are proactively and intentionally upgrading our stakeholder engagement tools to effectively engage with and fully represent the diverse range of stakeholders and consumers in Scotland.

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 £18.4 million which was allocated to deliver essential core activities and the three change programmes. This budget included additional funding of £2.8m provided in-year for new activities following the UK's exit from the EU.

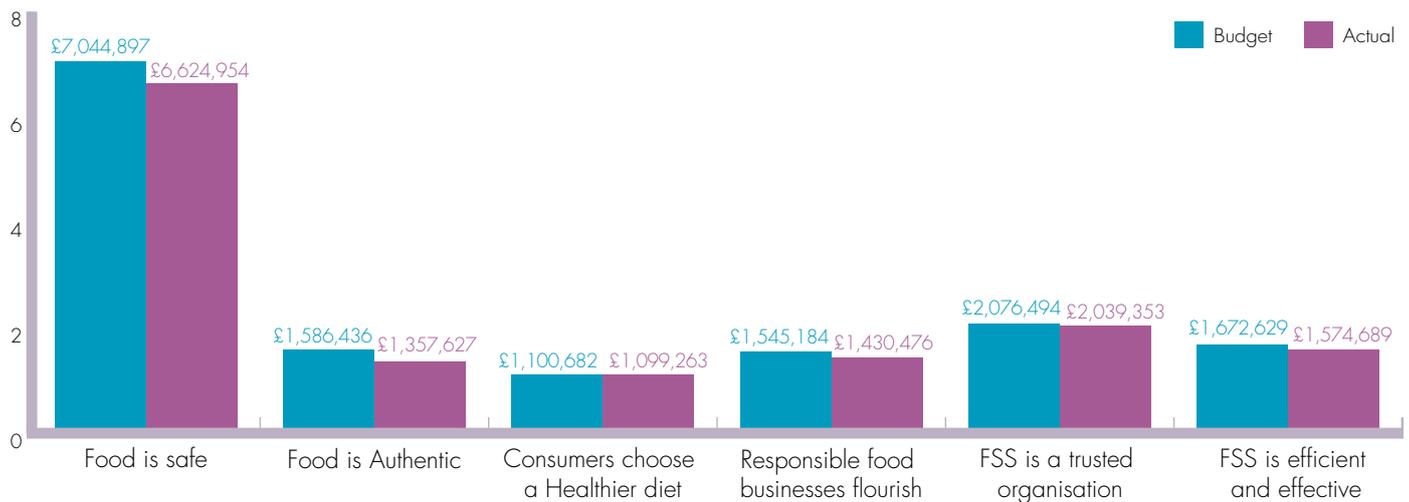
The following table provides the detail of the budget split and expenditure for the year. Allocations for the three change programmes were estimated at the start of the year and some adjustments were made to reprioritise budget allocation during the year. The expenditure outturn is within 9% of our total budget.

Directorate/Branch	Budget Allocated	Actual	% of Budget
Food Standards Scotland	18,350,629	16,735,376	91%
FSS Core Activities	15,026,322	14,126,362	94%
Work programmes	3,324,306	2,609,014	78%
EU Exit	977,005	1,075,070	110%
Diet and Nutrition	829,894	734,203	88%
Regulatory Strategy	934,997	799,741	86%
Future Structures	582,410	0	0%

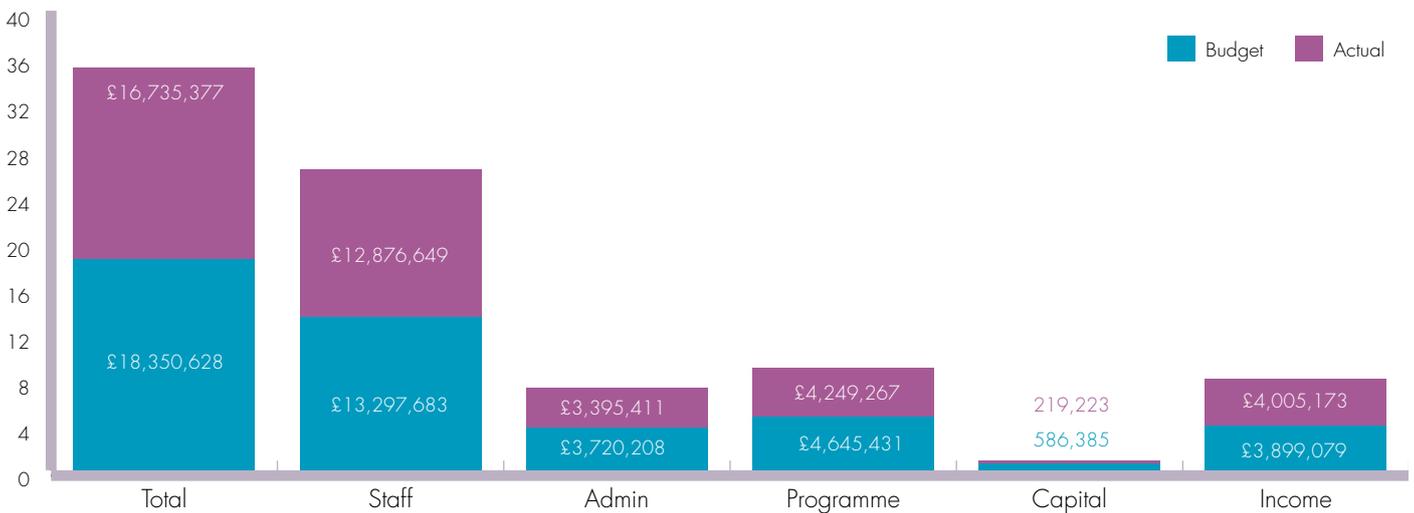
6. FSS is efficient and effective

A more detailed overview of how FSS allocated and spent its financial resources for essential core activities to deliver the six Strategic Outcomes during 2020/21 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 2020/21



Budget Allocation by Category 2020/21



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

** Staff Costs are for employed staff and agency workers. Contracted out cost for inspectors and veterinary costs are included within Programme expenditure

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	16.5	17.8	(1.3)
DEL Capital Expenditure	0.2	0.6	(0.4)
Total DEL	16.7	18.4	(1.7)
Total AME	0.3	0.5	(0.2)
Total expenditure	17.0	18.9	(1.9)

* DEL is abbreviated for Departmental Expenditure Limit

FSS received an additional £0.150 million at the Spring Budget Revision for non-cash Annually Managed Expenditure (AME). This was to cover FSS's expected pension liability for the year.

FSS drew down £17.5m in cash terms to cover its capital and net operating costs for the year. This has resulted in a cash balance of £1.6m 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 2021/22.

Supplier payment policy

In line with Scottish Government (SG) 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 2021, FSS paid 100% (2019/20, 100%) of invoices within these terms.

Additionally, in accordance with SG's guidance on prompt payment, an associated 10-day payment target also exists, for all valid and undisputed invoices. During the year ended 31 March 2021, FSS paid 93% (2019/20, 93%) of invoices within these terms.

Efficiency savings

FSS has 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 Scientific Advisor and Board.

In August 2020, Professor Norval Strachan presented his final **update** to the Board as FSS's Chief Scientific Advisor. This paper outlined progress with the implementation of our **SEI Strategy** during 2019/20 and presented our latest **achievements** relating to the prioritisation, communication and governance of our science.

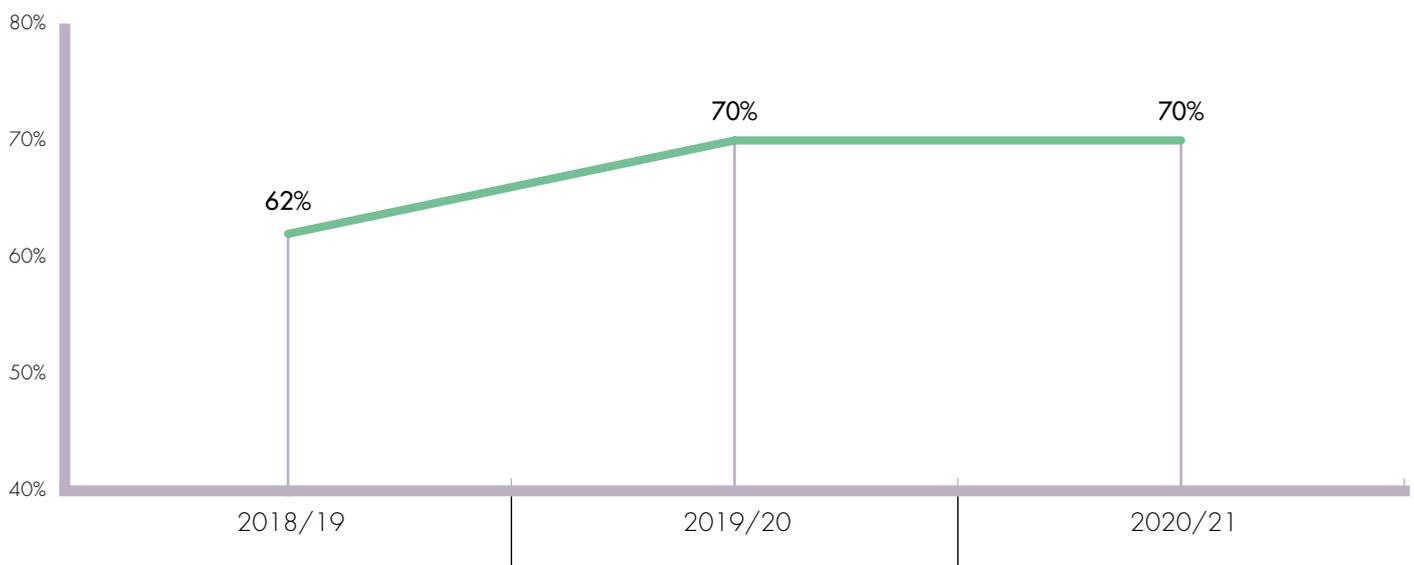
It also described how we have strengthened our capacity and capability to support **new risk assessment functions post EU Exit** and how our science was used to underpin policy and **guidance to support Scotland's response to the COVID-19 pandemic** during 2020.

In February 2021, FSS appointed **Professor David Gally** as its new Chief Scientific Advisor. Professor Gally has been working with scientists across the organisation to review the SEI Strategy and ensure our approach to science governance aligns with our new responsibilities and the evidence programmes needed to support our new strategy for 2021-26.

People

FSS continues to engage with staff through a variety of communication channels. The employee engagement index score of 70%, remained the same as the previous reporting year, placing FSS above the civil service average of 63%.

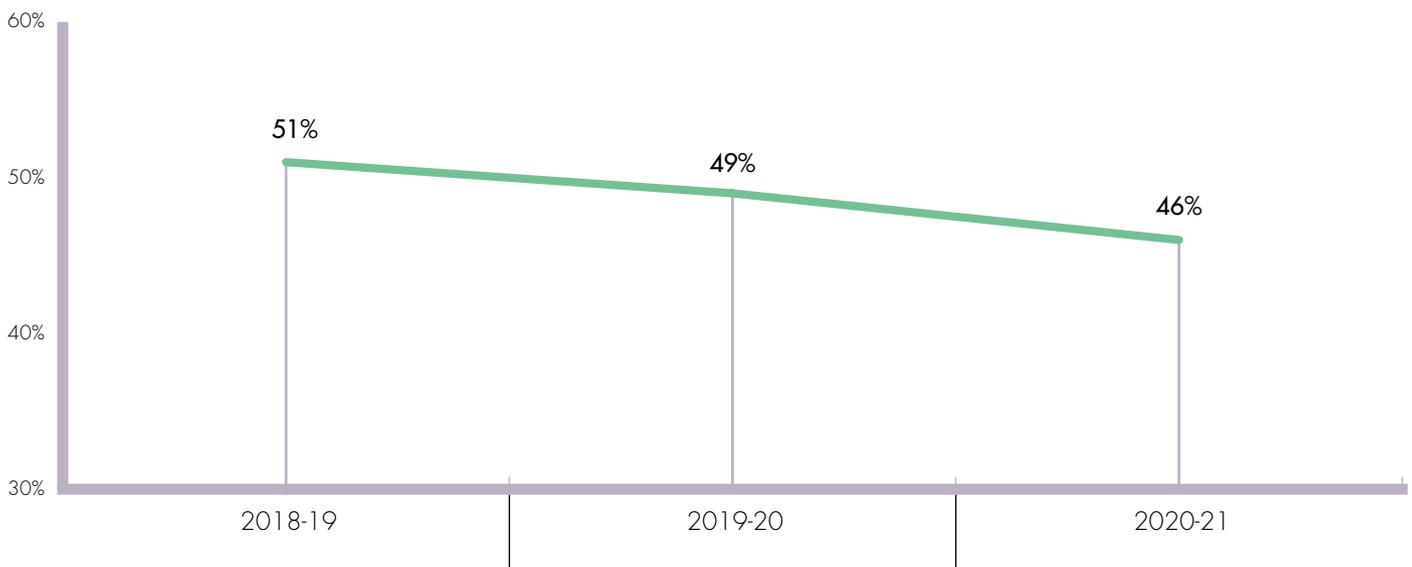
Employee engagement index from the Civil Service Survey



6. FSS is efficient and effective

FSS is committed to equality and diversity in its staff. The composition of staff by gender and age are key indicators for FSS. FSS continues to encourage the self-declaration of equality and diversity information which staff can self-report via the Human Resource (HR) system, 3% of the FSS workforce are from an ethnic minority. The declaration rate from staff is currently 63% which is an increase from 59.5% and there is also a significant amount of data suppressed to protect identity due to low numbers.

Percentage of female staff in FSS

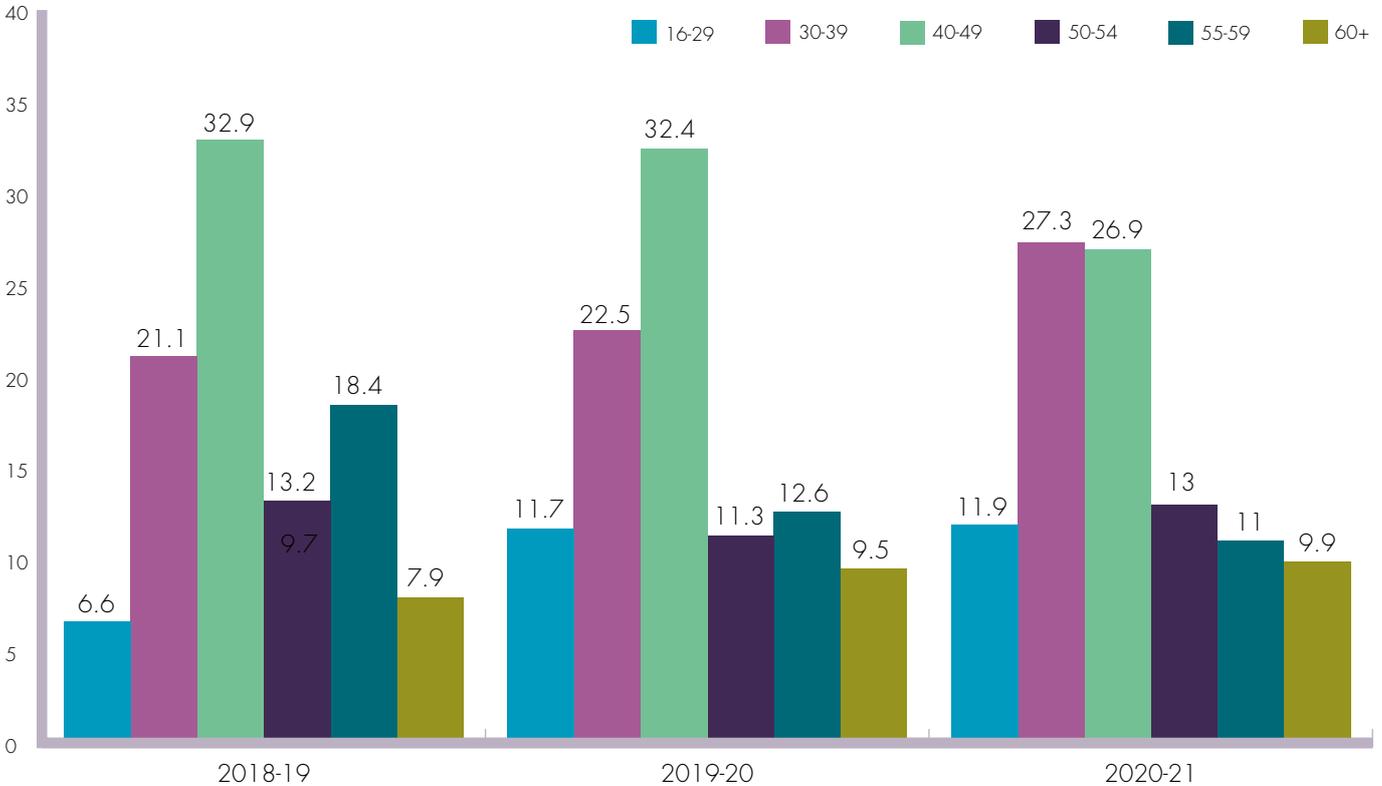


FSS has 46% female staff compared with the civil service average of 54% and the SG average of 55%. In 2020/21, the number of female staff employed in FSS Head Office (excluding the Board) was 68% compared with 32% of females employed within the Operational Delivery areas. The Operational Delivery branch within FSS has historically been male dominated however we continue to promote opportunities to increase the number of women working in Operational roles including Meat Hygiene Inspectors, Official Veterinarians and Certifying Officers in the Export Fish Hubs.



6. FSS is efficient and effective

FSS Staff Age distribution



As of 31 March 2021, approx. 34% of staff in the organisation were 50 or over, which is a slight increase from the previous year. The proportion of staff in FSS in the 16 – 29 category has remained fairly static at 11.9%, in comparison with the SG which as seen an increase in the proportion of younger staff during the same period with 16.5% of staff in this category. The proportion of staff in the 30 – 49 category remains broadly the same as the previous year.

The FSS HR branch will be working with managers on Workforce Planning to introduce toolkits across FSS which will help highlight areas where we are most at risk across FSS in terms of skills gaps/ageing workforce and assess how we can best address these as an organisation to minimise impact. We will continue to promote opportunities such as modern apprenticeships and encouraging work experience placements in an attempt to broaden our pool of younger applicants.

It had been identified that we have a high proportion of field-based staff in the 55+ category who are nearing retirement age and we have received an increasing number of partial retirements to the end of March 2021 from staff in the field. To address potential skills gaps, FSS has introduced opportunities for trainee Meat Hygiene Inspectors and six posts were filled in 2020, and there are plans to recruit further trainees in 2021.

In year recruitment continued to progress under our future structure programme of work. There were a number of vacancies (approx. 50) in the organisation at the end of the year which had an impact on the underspend of the budget. The delay in the recruitment of staff in the 2021-22 financial year will continue to be risk to the organisation and the delivery of objectives and will be closely monitored during the year.

6. FSS is efficient and effective

Our social and environmental responsibilities

FSS implemented its first **British Sign Language (BSL) Plan 2021-2024** in 2020, this was led by a dedicated FSS BSL Steering group who continue to be supported by Scottish Deaf and sensory impairment organisations. Within the first year we have delivered BSL and Deaf awareness training and a section on the FSS website has been created as a single point of information dedicated to BSL users, where all BSL/English translated materials and resources can be easily accessed. FSS will continue to engage with the deaf community and commits to improving the accessibility of FSS services and resources, with the overall aim to improve accessibility of information, advice and services for BSL users.

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. Reasons for the reduction include less travel per person and for the organisation as a whole as a consequence of COVID-19.

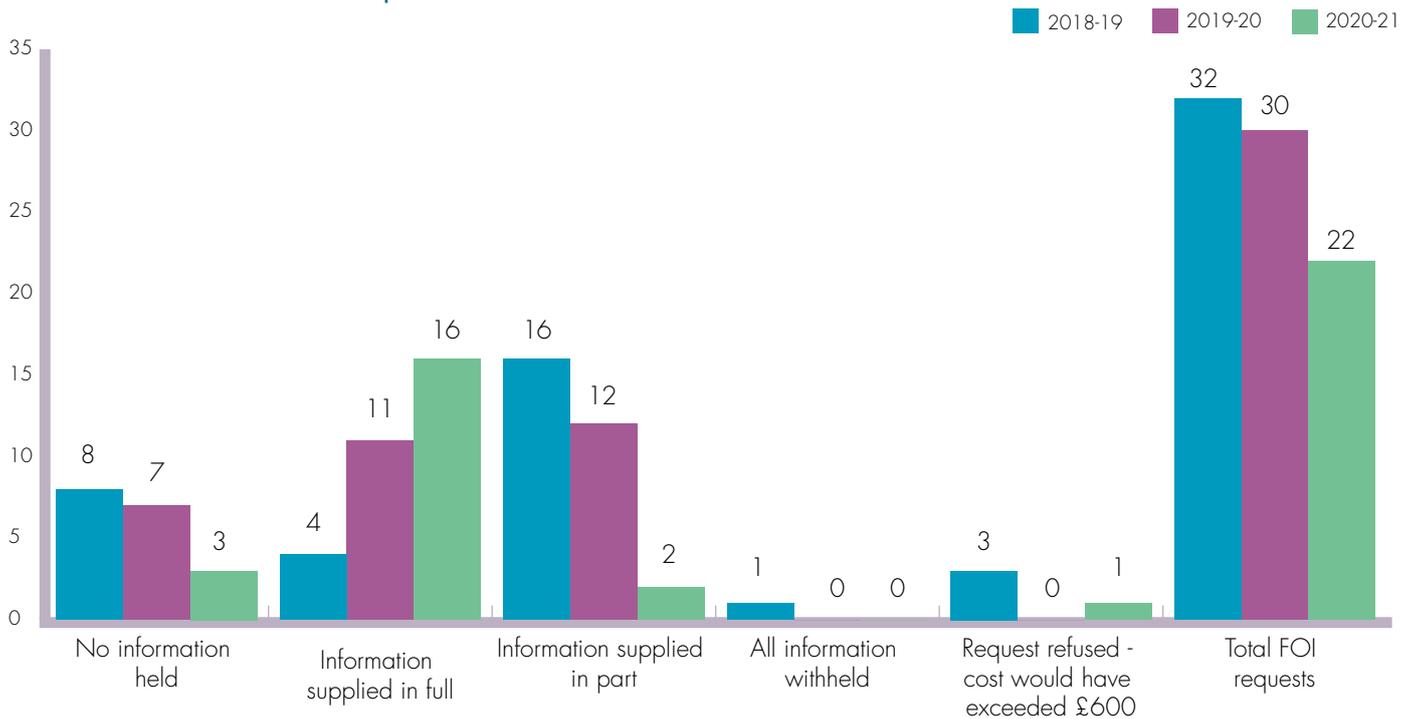
Scheduled reviews of the initiatives in place across the Carbon Management Plan in collaboration with the environmental team and other SG bodies helps to ensure FSS retains its focus on the environment.

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.

Freedom of Information Responses



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](#).

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,

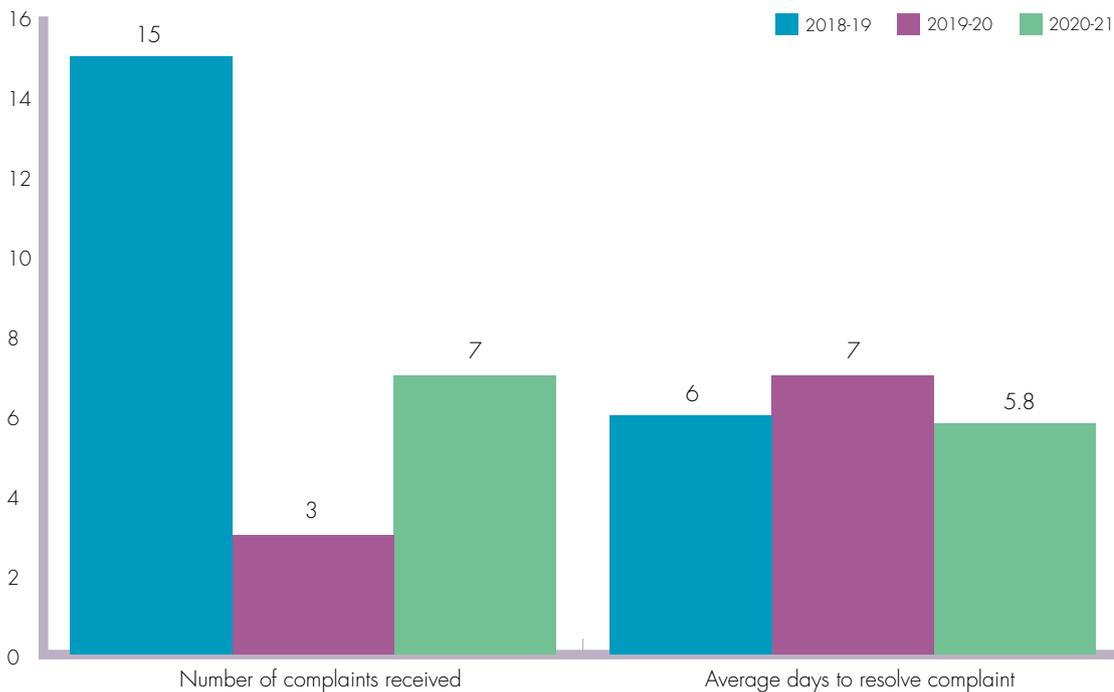
and privacy notices that are necessary for the delivery of official controls, and the protection of all personal data. As a result, there were no personal data incidents or losses which required to be reported to the UK Information Commissioner in the 2020/21 reporting year. We are fully compliant with our statutory obligations under the Public Records (Scotland) Act 2011 (PRSA). Equally, FSS continues to support other non-ministerial SG 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.

6. FSS is efficient and effective

Complaints handling

FSS received seven formal complaints during 2020/21. Five complaints were resolved at the frontline and two were referred to Senior Management for further investigation and the outcome was that one complaint was not upheld and the other was partially upheld.

Complaint Management



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

Geoff Ogle,
Chief Executive and Accountable Officer

Date: **17 November 2021**

Annual Report Accountability 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 2021 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 17 November 2021. The approval and issue of the Annual Report and Accounts took place later than normal due to the impact the COVID-19 had on Audit Scotland and the capacity to 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 2020 confirmed the FSS budget of £16.0m with resource budget for the financial year 2020/21 of £15.650 million and Annually Managed Expenditure (AME) of £0.350m. As part of the Spring Budget Revision, FSS was formally allocated £2.8 million of additional budget to enable a new organisational structure to be put in place as well as preparation for EU Exit which resulted in a revised total resource budget of £18.4m. In addition, a further AME budget was provided of £0.150 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 two post balance sheet events subsequent to 31 March 2021 for which IAS 10 as interpreted by the FReM requires adjustment or disclosure that have been identified. One of these has been reflected in the financial statements. The other event was a legal case settlement which occurred late in the audit process making it not practical to adjust for, however it is not considered material to the accounts.

Since the date of the Statement of Financial Position no other events or transactions have occurred which required adjustment.

Annual Report

Corporate Governance 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

* Deceased 17 October 2020

Corporate Governance Report

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 in 2020 during COVID-19. Three Members were due to end their terms in early 2021. However, their terms were extended by 9 months for George Brechin and Marieke Dwarshuis and by 6 months for Anne Maree Wallace. Sadly, George Brechin passed away on 17 October 2020. A tribute to George can be found on our website [here](#).

The recruitment process for three new Members has recently concluded with two appointments being made from 1 July 2021 and a third from 1 January 2022.

The Board normally meets in public and did so seven times during 2020/21. 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 briefing seminars to increase its understanding of a wide range of relevant topics. Due to physical distancing requirements for COVID-19, governance arrangements were in place throughout 2020/21 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 meets quarterly and 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.

With physical distancing requirements for COVID-19 governance arrangements were in place throughout 2020/21, 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.

Corporate Governance Report

As part of the Future Structures programme an additional Deputy Chief Executive/ Director position was created. Garry Mournian fulfilled the role of Director Policy, Science, Finance and HR on an interim basis. Julie Hesketh-Laird was appointed as Director of Strategy, Communications and Programmes in November 2020 at which point Garry Mournian took up a new role as Head of Food Safety and Standards Policy. At the same time Ian McWatt's title changed to align with his responsibilities under the new structure to Deputy Chief Executive & Director of Policy, Science and Operations.

In January 2021 David Gally took over from Food Standards Scotland's first Chief Scientific Advisor, Professor Norval Strachan, who completed his tenure in October 2020.

Membership of the Senior Management Team in the year was:

- Geoff Ogle, Chief Executive
- Ian McWatt, Deputy Chief Executive & Director of Policy, Science and Operations
- Julie Hesketh-Laird, Deputy Chief Executive & Director of Strategy, Communications and Programmes (from November 2020)
- Garry Mournian, Interim Director Policy, Science, Finance and Human Resources (until November 2020)
- Norval Strachan, Chief Scientific Advisor (until October 2020)
- David Gally, Chief Scientific Advisor (from January 2021)

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 Tommy Yule of Audit Scotland as the auditor for the financial year 2020/21. 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 £47,590 is explained and shown at **note 1.13**

Statement of Board's Responsibilities

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

The role of the Board

The Board is responsible for:

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

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

The role of the Chair

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

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

The Chair also ensures that all Board members are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction and 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.

Corporate Governance Report

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 (SG), we liaise with SG colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn; and to inform preparation of the annual Scottish Budget Act.

Our **Framework Document**, which is our agreement with the SG and sets out our relationship, was revised in April 2016 and is published on our website.

FSS's five-year Strategy (2016-21) continued to provide the overarching framework for planning our work, and following the expiry of our three-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. The Food Standards Scotland Strategy for 2021-2026 was published in May 2021, and the Corporate Plan then followed in June.

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 Senior Management Team meetings 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 team were delegated the keeper of the FSS corporate governance system by the Board and meet weekly with the FSS Chair and Deputy Chair to provide updates on activity relating to COVID-19, business as usual and the organisation's recovery strategy.

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FSS has been complying with the recommended social distancing guidelines and our Pilgrim House based staff are all 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-19 effort in SG, staff made a significant contribution 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-19.

In **June** and **October** 2020 detailed updates were provided to the Board on the organisation's response to COVID-19. This was in addition to regular updates at Board meetings.

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 2021 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 (SG) 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.

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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 SG;
- 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; and
- management supervision, through organisational structures, and formal schemes of delegation for both budget and procurement responsibilities.

During the year a number of Scottish Procurement Policy Notes (SPPNs) were issued by the SG to support public bodies in their response to COVID-19. Guidance included supplier relief as well as recovery and transition from the pandemic. 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 SG Divisions for the provision of certain business critical functions, such as core services relating to IT network provisions, procurement support and human resources shared services. Assurance within these areas is primarily provided through the work of the SG's Internal Auditors.

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 7 times during 2020/21 to fulfil this role and all of the meetings were quorate.

Record of Attendance at Board meetings 2020/21

FSS Board Member	Number of Meetings	Attendance
Ross Finnie	7	7
George Brechin*		3
Marieke Dwarshuis		5
Heather Kelman		7
Carrie Ruxton		6
Susan Walker		7
Anne Maree Wallace		6
Louise Welsh		7

* Deceased 17 October 2020

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**.

Corporate Governance Report

All Board members have the opportunity for on-going training and are subject to an annual appraisal by the Chair. The Chair is subject to annual appraisal by the Director General for Health and Social Care. Members also normally participate in regular training events and an annual review of the Board's effectiveness is carried out; however, due to COVID-19 work pressures this work was put on hold in 2020/21 and will be considered again in 2021/22.

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 is currently comprised of four non-executive members and the Chair is appointed from the membership of the ARC by the FSS Chair under delegated powers.

Marieke Dwarshuis re-joined the ARC after George Brechin sadly passed away on 17 October 2020. The Chief Executive, as Accountable Officer, attends meetings of the ARC and is supported by the Head of Corporate Services Functions and Records Management at each meeting. The Committee meets at least four times per a 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 ARC meetings 2021/21

Committee Member	Number of Meetings	Attendance
Susan Walker (Chair)	4	4
George Brechin*		2
Heather Kelman		4
Carrie Ruxton		4
Marieke Dwarshuis**		1

* Deceased 17 October 2020

** Re-joined committee November 2020

Relevant induction training and development has been, and will continue to be, provided to members of the Committee. The ARC will annually review its own effectiveness and reports the results of that review to the Board and Accountable Officer, recommending any changes it considers necessary. However, due to COVID-19 work pressures this work was put on hold in 2020/21. The most recent ARC Effectiveness Review was completed on 27 November 2019; the next is scheduled for 10 November 2021.

The Senior Management Team

The Senior Management Team 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 Senior Management Team has responsibility for the development and maintenance of the governance environment within their own area of control.

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The Senior Management Team 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 & Director of Policy, Science and Operations; Deputy Chief Executive & Director of Strategy, Communications & Programmes 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 was reviewed by the Board at its **August** meeting in the light of COVID-19 events. At its **February** meeting the Board agreed the updated Risk Appetite Statement and carried out the annual review of the FSS Strategic Risk Register. 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.

FSS has continued to adopt the principles of the SG approach to managing risk. The FSS Risk Management Policy outlines the FSS risk appetite and how FSS seeks to consistently identify and manage risks effectively, through a tiered approach. The Senior Management Team 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 left, poses significant risk to the regulatory regime, delivery of FSS strategy and operations. Given the scale, impact, proximity and uncertainty of risks materialising, the EU Exit Programme risk register, that considered in more detail the risks associated with leaving the EU, received close attention during the year, and was discussed by the ARC at every meeting.

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COVID-19 had a significant impact on taking forward the proposals for our future delivery model, to support the impact that leaving the EU had on FSS, in particular as resource had to be prioritised away from this work. In addition, not being able to progress recruitment and a delay in moving to the new structure increased the risks associated with the organisation's ability to have the structures and processes in place to manage the increased legal obligations post-EU Exit.

Internal Audit and Official Controls Audit

Internal Audit

The internal audit function is provided by Scottish Government (SG) Directorate of Internal Audit and Assurance (DIAA). The relationship with SG DIAAs is formalised through a Memorandum of Understanding (MoU) between the two parties. The MoU agreement has been extended and will run until 31 March 2024. 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 2020/21, the DIAA committed to undertake four risk based audits covering FSS Open Data Review, Review of Policy Management, Workforce planning and Financial Management review. The Open Data Review and Review of Policy Management have been completed and the Workforce Planning and Financial Management reviews were deferred and replaced by an advisory review of FSS Best Value Framework that has now been completed.

To manage and monitor the progress made to implement any Internal Audit recommendations, FSS's Audit recommendations are reviewed regularly by the Business Performance Reporting Officer and the Head of Corporate Services Functions and Records Management to update progress on actions taken and discuss relevant issues. Updates are provided to Senior Management Team on a monthly basis with bi-annual progress reports also being provided to the ARC.

Internal Audit Annual Opinion

The Internal Auditors issued their report on Internal Audit Activities for 2020/21, including their annual assurance opinion of FSS.

A "Reasonable" annual assurance opinion for 2020/21 has been provided by SG DIAA 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. They noted that their opinion reflects the excellent work done by FSS in what has been a very challenging year and particularly noted that the EU- exit response was well handled and the response to COVID-19 was robust.

Official Controls Delivery Assurance

Audit of delivery of official controls transferred to FSS from FSA on 1 April 2020 and is carried out by FSS Audit Assurance branch. In carrying out this activity, the Audit and Assurance branch follow the principles contained within the **EU produced guidance** (page 22) on the implementation of the audit requirements. The Official Controls annual audit plan is developed through discussions with FSS management to ensure activities included in the plan reflect FSS's risk-based priorities and strategic objectives for Official Controls. The Audit plan for 2020/21 was approved by FSS ARC on 25 March 2020.

During 2020/21 the Audit Assurance branch undertook three audits covering controls for Post Mortem Inspection, Imported Food and Enforcement. Action plans put in place to address

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recommendations are routinely followed up by the Audit Assurance who will formally close the audit files once the action plan has been satisfactorily implemented.

Official Controls Annual Assurance Statement

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

Specific External Assurance Reviews

No assurance reviews completed in year.

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 (SG)'s corporate shared services where possible and takes 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.

An advisory review of the draft FSS Best Value framework was carried out by SG DIAA as part of their 2020-21 Internal Audit Plan in the last quarter of the year. The output of that review has been considered and further work is to take place to develop a strategic Best Value framework. This will form part of a programme of Best Value audits going forward.

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Information Security and Personal Data Related Incidents

The unprecedented impact of COVID-19 brought about a confluence of challenges to find the right balance between remote working during a pandemic and the data protection and privacy risks that have emerged as a result of the new ways of working. During 2020/21, FSS continued to provide advice and support to internal and external stakeholders taking a risk-based approach to meet the requirements of the data protection laws, and the effective delivery of business objectives.

FSS has a robust and effective data protection programme in place that is compliant with existing information security legislation and abides by the data protection principles. We recognise our collective and individual obligations in updating and expanding this programme to continue to meet the demands of the UK GDPR and the Data Protection Act (DPA) 2018. There has been an increase in the drafting and approval of Data Protection Impact Assessments (DPIA), Data Sharing Agreements (DSA) and Privacy Notices to ensure that the processing of personal data across all FSS business areas is lawful, fair and transparent.

In compliance with the UK data protection laws, 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 (SIRO). Information Asset Owners have provided their annual information security assurance to FSS

SIRO, and are required to update their information assets on the Information Asset Register on a regular basis. An effective Records Management Plan is in place and supports FSS in meeting our obligations under the Public Records (Scotland) Act 2011.

Following achievement of 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) we are currently reviewing our Cyber Incident Response Plan. This has been outstanding and was due for completion in March 2020. However, due to there being limited resources and the impacts of COVID-19, the deadline has been extended to 30 June 2021.

FSS takes the privacy and security of individuals and their personal information very seriously and take every reasonable measure and precaution to protect and secure the data that we process. All recommendations from the two 'Your Business @ Risk' (YB@R) survey have been implemented. We are exploring ISO 27001 accreditation in 2021/22 with the completion of a gap analysis and production of statement of applicability. ISO 27001 is the summary of best information security practices worldwide. The implementation of ISO 27001 will help to protect FSS from threats, whether internal or external, deliberate or accidental.

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

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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 2020/21.

Internal Controls and Corporate Governance – looking ahead

During 2021/22 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 that both EU Exit and COVID-19 has had. In particular, FSS will look to:

- finalise its Performance Management and reporting by implementing a framework that will allow FSS to report consistently and demonstrate better how it is delivering essential core activities, corporate priorities and Strategy;
- be able and competent to deliver the 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 strategic Best Value framework and a set of indicators to allow FSS to review progress in this area 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 deliver its business in a more efficient and effective manner, where possible; and
- 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 of FSS Systems of Internal Control and Risk Management Arrangements

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 Executives, 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 the risks to which 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

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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 in compliance with generally accepted best practice principles and relevant guidance. There are, in my opinion, no other significant matters arising which would require to be raised specifically in the Governance Statement.

Remuneration 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 2020/21'. 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 £297 (2019/20, £289) per day. The members' posts are also part-time, for four days per month, and were paid at £225 (2019/20, £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 (SG), 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 SG main collective bargaining unit for the determination of salary. Remuneration is determined by the SG and, in determining policy, account is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

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 626. The tables in the remuneration report are subject to audit.

Remuneration and Staff Report

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)	
	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20	20/21	19/20
Board Member Fees										
Ross Finnie	25-30	25-30	-	-	-	15	-	-	25-30	25-30
George Brechin	5-10	10-15	-	-	-	7	-	-	5-10	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	110-115	105-110	-	-	-	-	-	-	110-115	105-110
Senior Management Team										
Ian McWatt	80-85	75-80	-	-	-	-	70-75	60-65	150-160	135-145
Garry Mournian	70-75	65-70	-	-	-	-	60-65	40-45	130-140	105-115
Julie Hesketh-Laird ³	35-40	-	-	-	-	-	10-15	-	45-55	-
David Galley ⁴	15-20	-	-	-	-	-	-	-	15-20	-
Norval Strachan ⁵	30-35	70-75	-	-	-	-	-	-	30-35	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 Julie Hesketh-Laird joined FSS in November 2020 therefore salary figure represents her employment from then.

⁴ David Galley joined the Senior Management Team as the organisation's Chief Scientific Advisor, on secondment from the University of Edinburgh in January 2021 working 3 days per week on FSS business (0.6 FTE) and FSS are charged for this time only. Pay and Pension benefits remain the responsibility of University.

⁵ 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. Norval's secondment to FSS ended in October 2020.

Remuneration and Staff Report

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 2020/21.

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.

	2020/21	2019/20
Band of Highest Paid Directors Total remuneration	£110-£115,000	£105-£110,000
Median Total Remuneration	£30652	£30,000
Ratio	3.7	3.6
Remuneration Range (Band)	£20,064 - £115,000	£20,000 - £110,000

Remuneration and Staff Report

Pension benefits (audited)

	Accrued pension at pension age as at 31/3/21	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Chief Executive						
Geoff Ogle ¹	-	-	-	-	-	16400
Senior Management Team						
Ian McWatt	40 - 45	2.5-5	705	626	53	-
Garry Mournian	25 - 30 plus a lump sum of 50-55	2.5-5 plus a lump sum of 2.5 - 5	359	310	35	-
Julie Hesketh - Laird	0-5	0-2.5	10	0	7	-
David Gally ³	N/A	N/A	N/A	N/A	N/A	N/A
Norval Strachan ⁴	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 full disclose the information required in the table above in relation to Accrued Pension, Real increase in pension, CETV and Real increase in CETV.

2 Julie Hesketh- Laird joined FSS in November 2020 so figures are for part of the year.

3 David Gally's pension and associated benefits are paid by the University of Edinburgh. The total employer contribution in the tax year 2020 – 2021 was £16,455. The University of Edinburgh were unable to provide the pension information in the format set out in the table for this year's accounts.

4 Norval Strachan's pension and associated benefits are paid by the University of Aberdeen. Norval's secondment to FSS ended in October 2020.

Remuneration and Staff Report

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

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75%

Remuneration and Staff Report

(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.

Remuneration and Staff Report

Staff Report

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

Staff costs (audited)

Overall staff costs for the year were £12.8m. Staff costs comprises wages and salaries, social security costs and other pension costs for all staff as well as Agency costs. It excludes the wages and salaries and pension costs of the Board Members as well as contract inspectors and veterinary costs.

A Administration costs	2020/21			2019/20
	£'000	£'000	£'000	£'000
	STAFF	BOARD	TOTAL	TOTAL
Wages and salaries	5,064	104	5,167	4,434
Social security costs	526	5	531	468
Other pension costs	1,311	-	1,311	1,132
Sub total	6,901	109	7,010	6,034
Apprenticeship Levy	28	-	28	20
Agency Staff	875	-	875	478
Inward secondment	170	-	170	286
Total	7,924	109	8,083	6,818
Less recoveries in respect of outward secondments	(50)	-	(50)	-
Total net costs	7,924	109	8,033	6,818

Remuneration and Staff Report

B Programme costs	2020/21	2019/20
	£'000	£'000
Wages and salaries	3,708	2,673
Social security costs	372	259
Other pension costs	765	639
Contract inspectors and veterinary costs	156	1,106
Total	5,000	4,678
Less recoveries in respect of outward secondments		
Total net costs	5,000	4,678

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 2020/21 financial year.

Remuneration and Staff Report

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 2020/21, employers' contributions of £1,812,911 (2019/20, £1,414,374 (revised)) 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 2020/21 to be paid when the member retires and not the benefits paid during this period to existing members.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £16,335 (2019/20, £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 (2019/20, 42) FSS employees who are active members of LGPS. For the year ended 31 March 2021, contributions of £342,000 (2019/20, £469,000) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2021, this rate was 19.6% (20.02% in 2019/20) of pensionable remuneration.

On the basis of the updated actuarial valuation, under IAS19, the FSS fund deficit at 31 March 2021 was £9.597 million (2019/20, £7.090 million). FSS has taken over responsibility to fund the scheme. In 2020/21 the actuary did not require employer's monthly contributions to reduce the deficit as it did in previous years (2019/20, £194,310). FSS did however contribute a single lump sum payment of £200k in March 2021 to reduce the deficit (2019/20, £100k).

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 reviews 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 2021/22 to be £238,140.

Remuneration and Staff Report

Number of Senior Civil Service staff employed at 31 March 2021

Band	2020/21	2019/20
SCS 2	1	1
SCS 1	2	1

Full Time Equivalent persons employed at 31 March 2021

*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).

	2020/21	2019/20
Board*	7	8
Directly Employed Staff	231.4	209.3
Temporary Staff	18.3	14
Inwards Loan/Secondments	3.8	3.7
Total	260.5	235

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).

	2020/21	2019/20
Board	7.5	8
Directly Employed Staff	231.4	213
Temporary Staff	17.3	14
Inwards Loans/Secondments	3.9	5
Total	260.1	240

Remuneration and Staff Report

Gender balance

At the end of the 2020/2021 financial year, the number of persons of each gender who were Board Members, Senior Managers and employees was as follows:

	Female		Male	
	20/21	19/20	20/21	19/20
Board Members	6	6 (75%)	1	2 (25%)
Senior Management Team (Inc. Chief Executive and Deputy Chief Executive)	1	0 (0%)	2	3 (100%)
Employees	114	108 (48%)	137	117 (53%)
Total	121	114 (49%)	140	122 (52%)

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

Sickness absence data

	Average total sick days per employee 2020/21	Average total sick days per employee 2019/20
Short Term Absence	2.5	3.0
Long Term Absence	1.1	4.8
Total	3.6	7.8

There has been a significant decrease in sickness absence during the year 2020/21. Short term absence has been higher than long term absence which could be as a result of a small number of staff absent due to COVID-19.

Reporting of Civil Service and other compensation schemes

FSS had no redundancy and other departure costs in 2020/21 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 2020/21.

Remuneration and Staff Report

Employee engagement

FSS ensure that staff are kept informed and engaged in its work through a range of methods. During the year 2020/21 these include fortnightly Head Office and Field Staff meetings which have included a number of guest speakers, weekly blogs/newsletters including a newsletter specifically for the Field.

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. The remaining staff transferred to SG Terms and Conditions during the year 2020/21. As at 31 March 2021, there are no staff retaining FSS Terms and Conditions, resulting in 100% of the workforce now on SG Terms and Conditions.

Trade Unions

As FSS is part of the SG Main bargaining unit it adheres to the terms of the Partnership Agreement set out between the SG Management and the Council of SG 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.

Remuneration and Staff Report

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	£3,723.08
Total pay bill	£12,537,101
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	34.7%
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Remuneration and Staff Report

The FSS data return covers only local Trade Union activity. As FSS are part of the SG Main Bargaining Unit, its pay bargaining is carried out centrally, therefore this activity is covered under the SG data return. FSS employed 273 staff at 31 March 2021. The number of trade union representatives is therefore 0.7% of the total number of staff.

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

Recruitment

FSS recruitment is undertaken by SG 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 SG 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 an FBO 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

Remuneration and Staff Report

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 published its **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 until 2022. 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.

Due to the year FSS was established we are out of sync with other Public Sector bodies and our next report is due for publication on 30 April 2022.

Health, safety and the environment

FSS operates a Health, Safety and Environmental Management System (HSE MS). Recently, an internal review of the HSE MS has taken place and this has helped shape the revision of guidance documents and access to the system to ensure it continues to reflect the needs of the organisation.

This reporting year has seen the first full year operating under the new committee structure. The committees were reviewed and revised to more effectively represent FSS. This year has seen a number of changes to work through COVID-19 and the actions arising from these have had the opportunity for a more direct focus due to the change in HSE committee structure.

Reportable Incidents, Diseases and Dangerous Occurrences (RIDDOR)

There was a single report to the Health and Safety Executive where an FSS member of staff suffered an injury defined as reportable under RIDDOR – Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, 2013. The staff member suffered no lasting injury, but hospital treatment was required. A full investigation with Trade Union input was conducted and risk of further incidents reduced through mitigation. The incident is now closed out.

Remuneration and Staff Report

During the year 50 reports were submitted relating to incidents, near misses and undesired circumstances. This compares to 43 reports across FSS in 2019-20. Of these reports, 9 incidents, 12 near misses and 29 undesired circumstances were reported and actioned. A number of reports were received relating to one food business operator (FBO) and following extensive interaction with the business to no effect, FSS raised a concern with the HSE. An HSE visit ensued and a number of breaches and areas for improvement noted. The FBO has now closed out all actions identified.

Consultancy spend

One contract for consultancy services was in place with a value of £12k to improve implementation support in one of the shellfish export hubs during the year.

Annual Report Parliamentary Accountability Report



Parliamentary Accountability Report

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 2020 (£2,000). In line with the Scottish Public Finance Manual, no gifts were given or donated by FSS during 2020/21.

Losses and special payments

The Statement of Comprehensive Net Expenditure (SOCNE) includes the following losses, salary overpayment (£325).

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 2020/21 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:

	2020/21			2019/20		
	£000	£000	£000	£000	£000	£000
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
Industry	3,705	4,834	-1,129	3,171	4,309	-1,138
Government	266	266	-	270	270	-
Other (Assessment Centre charges)	34	34	-	49	49	-
Total	4,005	5,134	-1,129	3,490	4,628	-1,138

Parliamentary Accountability Report

Guarantees, indemnities and letters of comfort

No guarantees or letters of comfort were provided during the 2020/21 reporting year.

Geoff Ogle

Geoff Ogle,
Chief Executive and Accountable Officer

Date: 17 November 2021

Annual Report

Independent Auditor's Report



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

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Food Standards Scotland for the year ended 31 March 2021 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 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 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 7th July 2021. The period of total uninterrupted appointment is 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

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

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the 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.

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

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.

Reporting 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. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

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

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

Statutory other information

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

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Tommy Yule

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

17 November 2021

Financial Statements for the year ended 31 March 2021

-
- Statement of Comprehensive Net Expenditure
-
- Statement of Financial Position
-
- Statement of Cash Flows
-
- Statement of Changes in Taxpayers' Equity
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- Notes to the accounts
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Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

		2020/21	2019/20
	Note	£'000	£'000
Other operating income	5	(4,005)	(3,490)
Total operating income		<u>(4,005)</u>	<u>(3,490)</u>
Staff costs	Staff Report	13,034	11,496
Purchase of goods and services	4	3,667	4,618
Depreciation and impairment charges	4	461	627
Provision expense	4	123	13
Pension expense	4	331	345
Other operating expenditure	4	3,238	3,285
Total operating expenditure		<u>20,854</u>	<u>20,383</u>
Net operating expenditure		<u>16,849</u>	<u>16,893</u>
Other comprehensive net expenditure			
- Actuarial (gain)/loss on pension scheme liabilities	13.5	2,383	(1,583)
Total comprehensive net expenditure		<u>19,232</u>	<u>15,310</u>

* Staff Costs includes the board as well as contracted out costs for inspectors and veterinary staff.

Statement of Financial Position as at 31 March 2021

	Note	2020/21 £'000	2019/20 £'000
Non-current assets:			
Property, plant and equipment	6	675	708
Intangible assets	7	784	943
Total non-current assets		1,459	1,650
Current assets			
Trade and other receivables	11	688	703
Other current assets	11	967	527
Cash and cash equivalents	10	1,233	1,301
Total current assets		2,888	2,531
Total assets		4,347	4,182
Current Liabilities			
Trade and other payables	12	(663)	(935)
Other liabilities	12	(1,397)	(1,800)
Provisions	13	(23)	(23)
Total current liabilities		(2,083)	(2,758)
Total assets less current liabilities		2,264	1,424
Non-current liabilities			
Accumulated Dilapidation	13	(57)	(43)
Provisions	13	(158)	(178)
Net pension liability	13.5	(9,710)	(7,202)
Total non-current liabilities		(9,925)	(7,422)
Total Assets less total liabilities		(7,661)	(5,999)
Taxpayers' equity and other reserves			
General fund		(7,661)	(5,999)
Total taxpayers' equity		(7,661)	(5,999)

Geoff Ogle

Geoff Ogle,
Chief Executive and Accountable Officer

Date: 17 November 2021

Statement of Cash Flows for the year ended 31 March 2021

	Note	2020/21 £'000	2019/20 £'000
Cash flows from operating activities			
Net operating Expenditure	SOCNE	(16,849)	(16,893)
Adjustment for non-cash transactions	4	557	687
(Increase)/Decrease in trade and other receivables	11	(425)	59
Increase/(Decrease) in trade and other payables	12	(675)	299
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure			
Use of provisions	4,13	335	344
Cash contribution to pension deficit	13.5	(231)	(324)
Net cash outflow from operating activities		(17,288)	(15,827)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(128)	(96)
Purchase of intangible assets	7	(142)	(406)
Proceeds from disposal of property, plant and equipment			
Net cash outflow from investing activities		(270)	(503)
Cash flows from financing activities			
From the Consolidated Fund (Supply)	SoCiE	17,490	15,600
Net Financing		17,490	15,600
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			
		(68)	(730)
Cash and cash equivalents at the beginning of the period	10	1,301	2,031
Cash and cash equivalents at the end of the period	10	1,233	1,301

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

	Note	2020/21 General Fund £'000	2019/20 General Fund £'000
Balance at 01 April 2020		(5,999)	(6,335)
Transfers on absorption			
Net Parliamentary Funding		17,490	15,600
Net operating expenditure for the year	SOCNE	(16,849)	(16,893)
Actuarial gain/(loss)	13.5	(2,383)	1,583
Auditors' remuneration and expenses	4	48	46
Other		32	
Balance at 31 March 2021		(7,661)	(5,999)

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, these financial statements have been prepared in accordance with the 2020/21 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.

Notes to the Annual Report and Accounts

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-lived where applicable:

2020/21	
Property, plant and equipment	
Computer equipment	2-5 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Furniture, fixtures and fittings – fit out Pilgrim House	15 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.

Notes to the Annual Report and Accounts

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 2020/21 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 (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.

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.

Notes to the Annual Report and Accounts

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 SG, which is responsible for recovering VAT from HM Revenue and Customs. Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, or if it is incurred on the purchase of a non-current asset, it is capitalised in the cost of the asset.

1.15 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.

Notes to the Annual Report and Accounts

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 2019/20 Comparatives

FSS has not restated the accounts relating to 2019/20.

Notes to the Annual Report and Accounts

3. Net Costs by Group

Branch	Administration		Programme		2020/21	2019/20
	Costs	Income	Costs	Income	Net operating cost	Net operating cost
	£'000	£'000	£'000	£'000	£'000	£'000
Board, Senior Management Team & Private Office	884				884	755
Communications and Marketing	787		198		985	1,074
Corporate Services	3,807				3,807	3,606
Regulatory Policy	479		21		500	482
Food Protection Science and Surveillance	574		346		920	623
Nutrition Science & Policy	134				134	128
Operational Delivery	6,280	303	2,448	3,702	4,722	4,299
Veterinary Management					-	-
Enforcement Delivery	592		515		1,107	1,014
Scottish Food Crime Unit	898		8		905	997
Audit Branch	224				224	310
Science Strategy and Information Analysis	173				173	140
Brexit Work Programme	819		256		1,075	1,794
Diet and Nutrition Work Programme	297		437		734	778
Regulatory Strategy Work Programme	657		23		680	895
Totals	16,604	303	4,251	3,702	16,850	16,893

Notes to the Annual Report and Accounts

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 FBOs 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.

	2020/21	2019/20
	£'000	£'000
Staff Costs	11,854	9,606
Apprenticeship Levy	28	20
Agency Staff	875	478
Inward Secondment	170	286
Contract inspectors and veterinary costs	156	1,106
Less recoveries in respect of outward secondments	(50)	-
Total net costs	13,034	11,496

Notes to the Annual Report and Accounts

4. Non-pay expenditure

		2020/21		2019/20
		£'000		£'000
Goods and services	3,667		4,618	
		3,667		4,618
Depreciation and impairment charges: Non cash				
Depreciation	160		191	
Amortisation	250		436	
Loss on disposal of property, plant and equipment	51		0	
		461		627
Provision expense				
Other services	106		-	
Dilapidation	14		14	
Early Departure	4		(1)	
		124		13
Pension expense	331		345	
		331		345
Other operating expenditure				
Accommodation costs including rates, estate management and security	306		314	
System Support Costs - Other	428		636	
Legal costs	186		165	
Other Admin costs	887		695	
Internal auditors' remuneration and expenses	45		65	
Travel & Subsistence and Hospitality	161		565	
Training and Development	91		123	
Other	49		(28)	
IT Costs	141		79	
Rentals under operating leases	469		431	
Research and Development expenditure	428		194	
Nominal charge: External auditors' remuneration and expenses	48		46	
		3,239		3,285

Notes to the Annual Report and Accounts

5. Income

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

	2020/21	2019/20
	£'000	£'000
Income for official controls charged to industry	3,705	3,171
Income for meat hygiene work charges to other government departments	266	270
Other income e.g. assessment centre charges	34	49
Total income	4,005	3,490

FSS's financial objective is to recover costs fully. There currently remains a shortfall between costs for FSS of delivering meat official controls and the income received from FBOs for these activities. This is effectively a subsidy of £1.3m to the meat industry as well as other corporate activities that are currently being charged to the industry. EU regulations make provision for member states to take small/rural establishments into consideration when collecting fees and charges. However, the current system provides a level of subsidy to FBOs over and above that required by EU regulations. FSS can charge no more than the full cost. Invoices for any supplementary charges are issued quarterly in arrears.

Notes to the Annual Report and Accounts

6. Plant and Equipment

	Fixtures and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
Cost or valuation					
At 1 April 2020	799	336	509	81	1,725
Additions	13	-	115	-	128
Disposals	-	(1)	-	-	(1)
At 31 March 2021	812	335	624	81	1,852
Depreciation					
At 1 April 2020	356	300	332	30	1,017
Charged in year	75	16	58	12	160
Disposals	-	-	-	-	-
At 31 March 2021	431	316	389	41	1,177
Carrying amount at 31 March 2021	382	19	234	40	675
Carrying amount at 1 April 2020	443	36	177	51	708
Asset financing					
Owned	382	19	234	40	675
Carrying amount at 31 March 2021	382	19	234	40	675
Historical information					
	Fixtures and Fittings £'000	Office Equipment £'000	Computer Equipment £'000	Motor Vehicles £'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

Notes to the Annual Report and Accounts

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 2020	2,318	358	2,676
Additions	330	119	449
Transfers	-	(358)	(358)
Disposals	-	-	-
At 31 March 2021	2,648	119	2,767
Amortisation			
At 1 April 2020	1,734	-	1,734
Charged in year	250	-	250
Disposals	-	-	-
At 31 March 2021	1,983	-	1,983
Carrying amount At 31 March 2021	664	119	784
Carrying amount At 31 March 2020	584	358	943
	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

Notes to the Annual Report and Accounts

8. Capital and other commitments

8.1 Capital Commitments

At 31 March 2021 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.

	2020/21	2019/20
	£'000	£'000
Obligations under operating leases comprise:		
Land and buildings:		
Not later than one year	468	468
Later than one year and not later than five years	1,942	1,872
Later than five years	2,153	2,691
	4,563	5,031

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 2021.

Notes to the Annual Report and Accounts

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

	2020/21 £'000	2019/20 £'000
Balance at 1 April	1,301	2,031
Net changes in cash and cash equivalents	(68)	(730)
Balance at 31 March	1,233	1,301

The following balances at 31 March were held at:

Government Banking Service	1,233	1,301
Balance at 31 March	1,233	1,301

11. Trade receivables, financial and other current assets

	2020/21 £'000	2019/20 £'000
Amounts falling due within one year:		
Trade receivables	447	473
VAT recoverable	279	231
Other receivables	(38)	-
	688	703
Other current assets :		
Prepayments and accrued income	967	527
	967	527

Notes to the Annual Report and Accounts

12. Trade payables and other current liabilities

	2020/21 £'000	2019/20 £'000
Amounts falling due within one year:		
Other taxation and social security	13	13
Trade payables	645	719
Other payables	5	202
	<u>663</u>	<u>935</u>
Other current liabilities :		
Accruals	1,397	1,800

Notes to the Annual Report and Accounts

13. Provisions for liabilities and charges

Early departure and other provisions

			2020/21	2019/20
	Early departure	Dilapidations	Other services	£'000 Total
Balance at 31 March	201	43	-	244
Transfer from FSA		-		-
Provided in the year	2	14	106	121
Provisions not required written back		-		
Provisions utilised in the year	(23)	-		(23)
Borrowing costs (unwinding of discount)	2	-		2
Balance at 31 March	182	57	106	344

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

			2020/21	2019/20
	Early departure	Dilapidations	Other services	£'000 Total
within one year	24	-	106	129
Total current provisions liability	24	-	106	129
between one and five years	89	-	-	89
thereafter	69	57	-	126
Total non-current provisions liability	158	57	-	215
Provisions balance at 31 March	182	57	106	344

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.

Notes to the Annual Report and Accounts

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 -0.95% (2019/20 -0.50%) in real terms. During 20/21, no early departure costs were incurred in relation to current staff members.

13.2 Other

Legal Claims

There were two legal claims made against FSS that were carried forward from 2019/20 in relation to a TUPE transfer exercise. One claim was settled in 2020/21 with the other claim remain outstanding. 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 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 2021 is £113,000 (31 March 2020, £112,000).

The disclosures confirm that over the period the defined benefit liability has increased by £1,000. This is attributable to changes to the actuarial financial and demographic assumptions.

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

Notes to the Annual Report and Accounts

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 31/03/21	Year Ending 31/03/20
Discount rate	1.25%	1.80%
Rate of increase in pensions in payment	2.22%	2.35%
CPI inflation assumption	2.22%	2.35%

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 2021		As at 31 March 2020	
	Men (years)	Women (years)	Men (years)	Women (years)
60	26.9	28.6	26.8	28.4
65	22	23.7	21.9	23.5

Notes to the Annual Report and Accounts

Present value of scheme liabilities

	Value at 31/03/21	Value at 31/03/20
	£'000	£'000
Liability in respect of:		
Current pensioners	113	112
Total present value of scheme liabilities	<u>113</u>	<u>112</u>

Analysis of movement in scheme liability

	2020/21	2019/20
	£'000	£'000
Scheme liability at the beginning of year	112	108
Movement in the year:		
Interest cost	2	3
Actuarial (Gain)/Loss	5	7
Benefits paid	(6)	(6)
Net pension liability at the end of year	<u>113</u>	<u>112</u>

Analysis of amount charged to operating profit

	2020/21	2019/20
	£'000	£'000
Current service cost (net of employee contributions)		
Interest cost	2	3
Total expense/(income)	<u>2</u>	<u>3</u>

Notes to the Annual Report and Accounts

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

	2020/21	2019/20
	£'000	£'000
Experience (losses)/gains arising on the scheme liabilities	(1)	1
Changes in financial assumptions underlying the present value of scheme liabilities	6	6
Net total actuarial (loss)/gain recognised in the statement of changes in taxpayers' equity	5	7

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)	(7)
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.

Notes to the Annual Report and Accounts

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 2021, contributions of £342,000 (2019/20, £469,000) were paid to the fund at the rate determined by the Actuary appointed to the fund. For the year ended 31 March 2021, this rate was 19.6% of pensionable remuneration.

On the basis of the updated actuarial valuation (issued 31 May 2021), under IAS19, the FSS fund deficit at 31 March 2021 was £9.597 million. FSS have taken over responsibility to fund to the scheme. In 2020/21 there were no requirement to make additional employer monthly contributions however FSS did contribute a lump sum payment of £200,000 to further reduce the deficit.

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

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

The actuary has estimated the employer's contributions for 2021/22 to be £238,140 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 2021.

Notes to the Annual Report and Accounts

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 31/03/21 % p.a.	Year Ending 31/03/20 % p.a.
Discount Rate	1.95%	2.35%
Pension Increases	2.90%	1.95%
Salary Increases	3.90%	2.95%

Mortality

The post retirement mortality is based on the Club Vita mortality analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%. Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021.

This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. The ages as at 31 March 2020 have also been updated accordingly for comparability purposes. Based on these assumptions, the average life expectancies at age 65 are summarised below.

	As at 31 March 2021		As at 31 March 2020	
	Men (years)	Women (years)	Men (years)	Women (years)
Retiring today	20.2	23.5	20.4	23.5
Retiring in 20 years	21.5	24.7	21.9	24.8

Notes to the Annual Report and Accounts

Movement in liabilities

	2020/21	2019/20
	£'000	£'000
Opening Defined Benefit Obligation	29,171	32,048
Current service cost	399	498
Interest cost	673	756
Change in financial assumptions	6,122	(2,317)
Change in demographic assumptions	(301)	(1,119)
Experience loss/(gain) on defined benefit obligation	(362)	418
Liabilities assumed/(extinguished) on settlements	0	0
Estimated benefits paid net of transfers in	(1,180)	(1,172)
Past service costs, including curtailments	-	-
Contributions by Scheme participants	79	84
Unfunded pension payments	(23)	(25)
Closing Defined Benefit Obligation	34,578	29,171

Notes to the Annual Report and Accounts

Movement in assets

	2020/21	2019/20
	£'000	£'000
Opening Fair Value of Employer's Assets	22,081	23,416
Interest on assets	509	557
Return on assets less interest	3,081	(644)
Other actuarial gains/(losses)		(784)
Administration expenses	(29)	(30)
Contributions by Employer including unfunded	463	679
Contributions by Scheme participants	79	84
Estimated benefits paid plus unfunded net of transfers in	(1,203)	(1,197)
Settlement prices received/(paid)	0	0
Closing Fair Value of Employer Assets	24,981	22,081

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

	Value at 31/03/21 £'000	% at 31/03/21	Value at 31/03/20 £'000	% at 31/03/20
Equities	13,871	56%	11,917	54%
LDI/Cashflow matching	-	n/a	-	n/a
Target return portfolio	5,732	23%	5,689	26%
Infrastructure	2,133	9%	1,609	7%
Commodities	-	n/a	-	n/a
Property	2,202	9%	2,192	10%
Cash	1,043	4%	674	3%
Market value of assets	24,981	100%	22,081	100%
Present value of scheme liabilities	(34,578)		(29,171)	
Net pension liability	(9,597)		(7,090)	

Notes to the Annual Report and Accounts

13.4.2 Movement in deficit during the year

	2020/21	2019/20
	£'000	£'000
Scheme liability at 1 April	(7,090)	(8,632)
Service cost	(399)	(498)
Past service cost	-	-
Administration expenses	(29)	(30)
Employer contributions	263	385
Payment of deficit	200	294
Other finance net interest charged (note 13.4.3)	(164)	(199)
Actuarial (loss)/gain (note 13.4.4)	(2,378)	1,590
Net pension liability	<u>(9,597)</u>	<u>(7,090)</u>

13.4.3 Analysis of the amount charged to net operating expenditure

	2020/21	2019/20
	£'000	£'000
Service cost	399	498
Administration expenses	29	30
	<u>428</u>	<u>528</u>
Employer contributions to be set off	(263)	(385)
Amount (credited)/charged to operating cost	<u>165</u>	<u>143</u>

Analysis of the net amount charged to operating cost

Net interest on the defined liability/(asset)	<u>164</u>	<u>199</u>
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Notes to the Annual Report and Accounts

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

	2020/21	2019/20
	£'000	£'000
Return on fund assets in excess of interest	3,081	(644)
Other actuarial gains/(losses) on assets		(784)
Change in financial assumptions	(6,122)	2,317
Change in demographic assumptions	301	1,119
Experience gain/(loss) on defined benefit obligation	362	(418)
Changes in effect of asset ceiling		
Remeasurement of the net assets/(defined liability)	<u>(2,378)</u>	<u>1,590</u>

13.4.5 Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of Total Obligation	34,041	34,578	35,124
Projected Service Cost	518	530	542
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of Total Obligation	34,638	34,578	34,519
Projected Service Cost	530	530	530
Adjustment to pension increases and deferred valuation	+0.1%	0.0%	-0.1%
Present value of Total Obligation	35,059	34,578	34,105
Projected Service Cost	542	530	518
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of Total Obligation	36,326	34,578	32,917
Projected Service Cost	555	530	506

Notes to the Annual Report and Accounts

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

	Board pension	LGPS	Total 2020/21	2019/20
	£'000	£'000	£'000	£'000
Net pension liability at 1 April	(112)	(7,090)	(7,202)	(8,740)
Current service cost		(399)	(399)	(498)
Past service cost			-	-
Administrative expenses		(29)	(29)	(30)
Employer contributions set off		263	263	385
Interest cost	(2)	(164)	(166)	(202)
Charged to net operating expenditure	(2)	(329)	(331)	(345)
Deficit payments	6	200	206	300
Actuarial gain/(loss) recognised in SOCTE	(5)	(2,378)	(2,383)	1,583
Net pension liability	(113)	(9,597)	(9,710)	(7,202)

Notes to the Annual Report and Accounts

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.

Notes to the Annual Report and Accounts

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 SG is regarded as a related party. During the year, FSS had various material transactions, mainly in relation to the provision of shared services, with the SG.

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

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

16. Events after the reporting period

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

17. Early adoption of IFRSs, amendments and interpretations

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

18. Application of Newly Issued Accounting Standards

No new Standards were introduced by the International Accounting Standards Board (IASB) in the period. The IFRS16 applicable date (as adopted by FReM) has been deferred to 1 April 2022.



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/2021/87

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

SG/2021/87

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