



Food Standards Agency  
Annual Report and Accounts  
2000-01

Presented to Parliament pursuant to the Exchequer and Audit Departments Act 1921  
Ordered by the House of Commons to be printed [insert date] January 2002

HC No. 488  
SE/2002/SO  
NIA/42/01

LONDON: The Stationery Office

[insert price]

## Chief Executive's Foreword



I am pleased to lay before the Westminster Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly the Food Standards Agency's first Annual Report and Accounts. The Agency was launched on 1 April 2000 so this report covers the first year of our activity and achievement.

Our sphere of influence is from 'farm to fork' – in other words, from the point where the food is grown or manufactured, right through to when it arrives on your plate. From the outset, we have aimed to be trusted as the UK's most reliable source of advice and information about food. We want to protect and improve the safety of the food people eat, and to make it possible for people to choose a healthy diet.

We have successfully established a positive reputation amongst consumers and many other stakeholders because we operate according to our core values of openness, independence and putting the consumer first. Our Consumers' Attitudes Survey carried out between October and December 2000 told us that people remain concerned about food safety, particularly food poisoning and BSE, and food labelling. We have therefore put these at the very top of our agenda.

Taking account of the advice of the Spongiform Encephalopathy Advisory Committee we have carried out a thorough review of the measures in place to protect the public from the risks of vCJD transmitted through the food chain. It was conducted as openly as possible, with stakeholders involved at every stage – our dedicated BSE Controls Review website was accessed over 676,000 times. Ministers have since accepted our recommendations and we are now implementing those for which we are responsible. Through our Executive Agency the Meat Hygiene Service we have also stepped up vigilance in checking for breaches of BSE controls in imported beef. FSA Scotland has led the Agency's research and recommendations on how to prevent *E.coli* O157. In September 2000 we published an 18-point action plan to tackle consumer priorities for better food labelling, working with international organisations, UK manufacturers, retailers and consumer groups to do so.

We want to improve the population's diet, as healthy eating contributes to reducing the incidence of the major causes of premature death and disability. Jointly with the Department of Health we have formed the Scientific Advisory Committee on Nutrition. Another joint initiative was a National Diet and Nutrition Survey of young people aged 4 to 18, which told us that, despite being adequately nourished, most children do not eat the recommended five daily portions of fresh fruit and vegetables. In partnership with other Government Health Departments we are setting up a Nutrition Forum. All this is underpinned by a UK-wide Nutrition Strategic Framework, proposals for which the FSA Board agreed in March 2001.

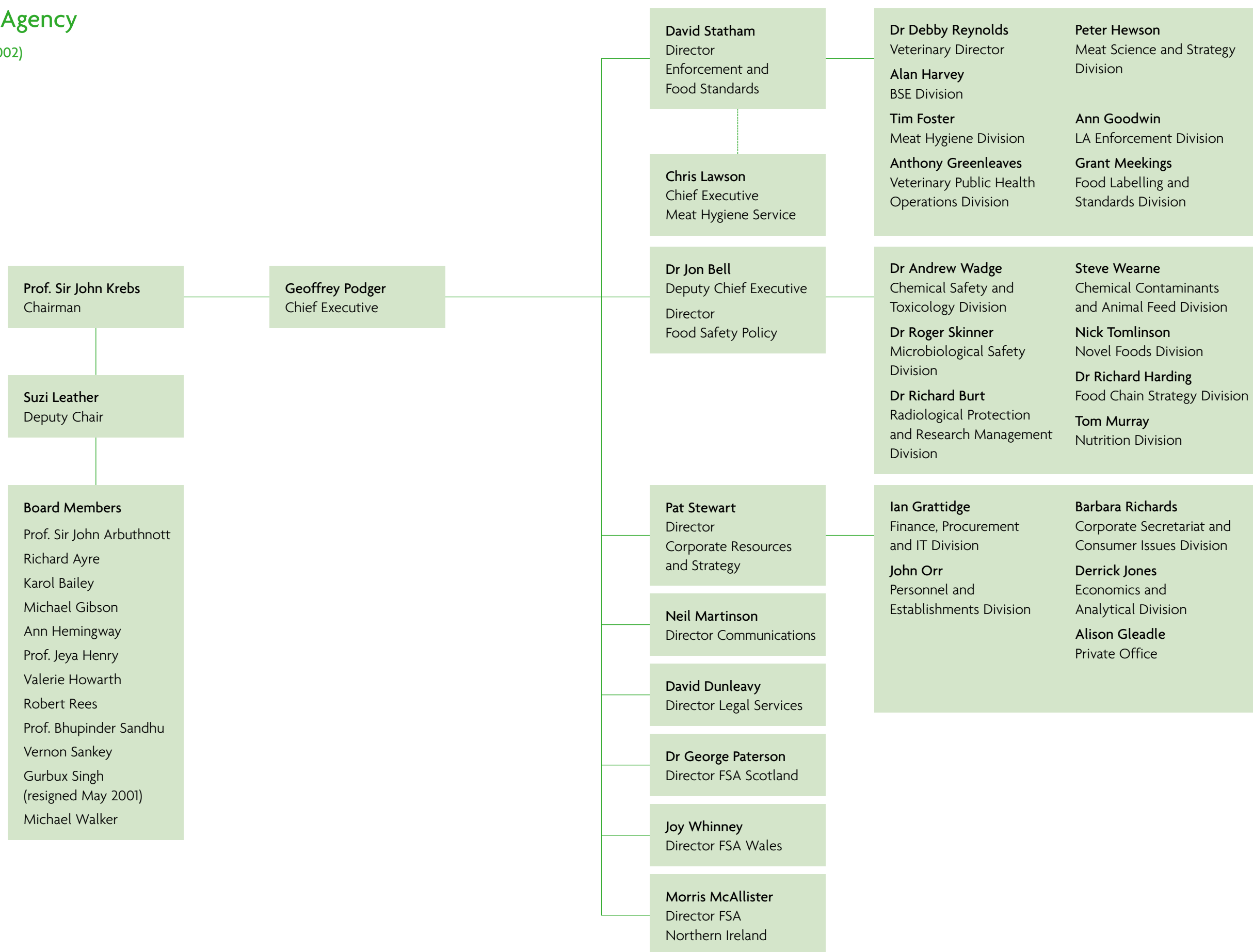
We are keen to ensure that UK food laws are effectively enforced to protect public health and consumer interests. A new national Framework Agreement on Local Authority Food Law Enforcement was launched in September 2000. It provides us with the mechanisms to set standards for, monitor and audit how local authorities carry out their enforcement work. Much of our work is conducted in partnership with local authority staff.

Setting up a new Agency is a big task. In no small measure we owe our success to the dedication of our staff throughout England, Scotland, Wales and Northern Ireland. Throughout the organisation at all levels and in all locations we have people who are enthusiastically committed to the cause of protecting consumers in relation to food safety, and do so with genuine dedication to our other core values of openness and independence.



Geoffrey Podger  
January 2002

# The Food Standards Agency organisation (at January 2002)



## The Food Standards Agency Board

Sir John Krebs, Chairman



**Sir John Krebs** has held a Royal Society Research Professorship in the Department of Zoology, Oxford University, where he is also a Fellow of Pembroke College, since 1988. He has also held posts at the University of British Columbia and the University of Wales, Bangor. Sir John is an internationally renowned scientist for his research on the behaviour and ecology of animals. Between 1994 and 1999, Sir John was Chief Executive of the Natural Environment Research Council. Sir John is a Fellow of the Royal Society, a member of Academia Europea and of the Max Planck Society, an Honorary Foreign Member of the American Academy of Arts and Sciences, and a Foreign Member of the American Philosophical Society. He has received numerous awards and honorary degrees for his scientific work.

Suzi Leather, Deputy Chair



**Suzi Leather** was appointed Deputy Chair of the Food Standards Agency from its inception in April 2000. She is a member of the Royal Society Inquiry into Infectious Diseases in Livestock. She has worked in consumer representation since 1978 specialising in health, food and agricultural issues. She was Chair of Exeter & District Community Health Trust from December 1997 to March 2001. Ms Leather has worked at regional, national and European level and is a leading national authority on nutrition and poverty. She was the first Chair of the North & East Devon Health Forum – an inter-agency body with a remit to improve health and tackle health inequalities. Ms Leather was also the founder chair of the St. Sidwell's project, the UK's only combined healthy living centre and UK online centre.

The Board Members (at January 2002)



**From left to right:** (standing) Michael Gibson, Richard Ayre, Vernon Sankey, Karol Bailey, Baroness Valerie Howarth OBE, Robert Rees, Prof. Jeya Henry, Michael Walker, Prof. Bhupinder Sandhu (sitting) Sir John Arbuthnott, Prof. Sir John Krebs, Suzi Leather, Ann Hemingway

Sir John Arbuthnott

**Sir John Arbuthnott** is Chairman of the Agency's Scottish Food Advisory Committee. Sir John became the Principal and Vice-Chancellor of the University of Strathclyde in 1991, and stayed in this post until his retirement in December 2000. He was Convenor of the Committee of Scottish Higher Education Principals from 1994 – 1996 and served as a Vice-Chairman of the Committee of Vice-Chancellors and Principals from 1997 – 1999. He was also a member of the Dearing Inquiry into Higher Education, including its Scottish Standing Committee (The Garrick Committee) and the working group on the economic role of higher education. Sir John is also the Secretary Treasurer of the Carnegie Trust for the Universities of Scotland. Sir John's academic background is in medical microbiology, with special interest in mechanisms of infectious disease. He was appointed to the Chair of Microbiology at the University of Nottingham in 1988 and served on the Richmond Committee that examined the integrity of the whole of the food chain, from farm to fork. In 1997 Sir John was appointed chair of the steering group on the National Review into the Allocation of Health Resources within Scotland, publishing the report, 'Fair Shares for All' in 1999. He was a member of the MAFF Veterinary Products Committee and the AFRC Food Research Committee from 1990-1993.

### Ann Hemingway

**Ann Hemingway** is Chairman of the Advisory Committee for Wales. Ann is an experienced businesswoman qualified in Home Economics and Marketing. Her early career experience was in publicity for the milling industry before she moved to British Gas, initially in a marketing role using her home economics background but later taking senior management positions in information technology, personnel and general management of customer service operations. She played a significant role in developing the new direction for British Gas from privatisation through to demerger, leading the management team responsible for customer service in the first phase of gas competition. She is currently involved in a non-executive role with the strategic development of Driver and Vehicle Operator Services with the DTLR and is a non-executive Board Member with the Strategic Rail Authority.

### Michael Gibson

**Michael Gibson** is the Managing Director of a small family meat firm, Macbeth's Butchers, which employs five full-time and three part-time staff. He runs this in conjunction with Edinvale Farms, which consists of 900 acres of farmland and some 600 head of cattle. Michael Gibson is Chairman of the Agricultural Committee of the Scottish Landowners Federation. Since 1996 he has co-ordinated the Federation's handling of BSE and all red meat-related matters. He is currently leading a Scottish initiative on Less Favoured Area support in conjunction with the Macauley Land Use Research Institute. He is also a member of the Highlands & Islands Agricultural Partnership a newly formed group consisting of local authorities, enterprise companies, producer organisations, and environmental groups advising politicians and civil servants of local issues. In his role as Senior Fieldsman to the Highland Cattle Society, Mr Gibson provides advice to breeders on feeding, marketing, breeding policy and general husbandry as well as formulating Society policy on breed development.

### Michael Walker

**Michael Walker** is Chairman of the Agency's Food Advisory Committee for Northern Ireland. As a partner in a private firm of UKAS accredited consulting chemists, he is the resident Public Analyst for Northern Ireland. The Public Analyst provides an official food control laboratory for local authorities, dealing with, among other things, chemical enforcement services relating to food composition, additives, contaminants, labelling and consumer complaints. He was appointed to the General Consumer Council (Northern Ireland) in February 1999, and is convenor of the Council's combined Food and Consumer Education Groups. He is also a member of the Advisory Board of the all-Ireland implementation body the Food Safety Promotion Board. His academic background is in chemistry and he is a fellow of the Royal Society of Chemistry and a member of the Institute of Food Science and Technology.

### Richard Ayre

**Richard Ayre** was Deputy Chief Executive of BBC News from 1996 until the end of 1999. He began his career with the BBC as a reporter in Northern Ireland, and ran several parts of BBC News before becoming the Controller of Editorial Policy, responsible for the editorial and ethical standards of all BBC programme making. He served for three years on the 'D-Notice Committee', established between the media and Government departments to oversee guidelines for the reporting of issues of national security. He is a board member of the charity Article 19, which campaigns around the world against censorship and for freedom of information.

### Karol Bailey

**Karol Bailey** is a small tenant farmer and food producer/retailer, with a farm shop in Knutsford, Cheshire. She has experience of all aspects of food production from initial conception to production preparation, packaging and labelling. She is also a trainer in food hygiene. Her farm shop, which opened in 1991, now offers a range of more than 600 fresh and frozen products. Karol retails all livestock produced on the farm, and is a rare breeds accredited butcher. The shop also has a bakery area for speciality pies, cakes, and cooked meats.

### Baroness Valerie Howarth OBE

**Baroness Valerie Howarth OBE** was until July 2001 the Chief Executive of the charity ChildLine, the free national helpline for children in trouble or danger. Under her leadership, ChildLine counselled over one million children and young people since it opened in 1986 and developed from a small London based project to a UK-wide children's charity. A social worker by background, she worked in the Family Welfare Association, the London Borough of Lambeth and then Brent where she was Director of Social Services. During this time she served on numerous working parties and chaired several child care service groups. She was the first UK representative of the European Forum for Child Welfare, a founder member and first Chair of the Telephone Helplines Association, founded the King's Cross Homelessness Project and London Homelessness Forum. She has taken a leading role in changing the law concerning child witnesses and serves on the Department of Health's Quality Protects Steering Group. She has spent over ten years in consumer protection and standard setting as a committee member of the Independent Committee for the Supervision of Telephone Information Systems (ICSTIS). She is Vice Chair of John Grooms Association for Disabled People, Vice Chair of the Faithfull Foundation, an organisation providing treatment for child abusers and a Trustee of the Seiff Foundation.

She chairs the 'Stop It Now' campaign, a partnership organisation involved in child abuse education. In February 2000 she was appointed to the Board of the Food Standards Agency and serves on the Meat Hygiene Advisory Committee. In February 2001 she joined the Board of National Care Standards Commission. Awarded the OBE in 1999, she became Baroness Howarth of Breckland in the Summer of 2001, one of the first of the new commission appointed peers.

### Professor Jeya Henry

**Professor Jeya Henry** is Professor of Human Nutrition at Oxford Brookes University, and Editor-in-Chief of the International Journal of Food Sciences and Nutrition. In September 2000, he was made a Royal Society Visiting Professor at the Chinese University of Hong Kong. He initially trained as a food technologist and subsequently read human nutrition at the London School of Hygiene and Tropical Medicine. He has extensively worked on topics related to nutrition ranging from the prevention of obesity in school children, the tracking of energy requirements during growth in adolescence, the impact of food composition on appetite and food intake, to the development of nutritionally enhanced foods. His expertise at the interface of food science and nutrition has led him to be seconded to UNICEF to advise on nutrition in India and China. He is a member of the Department for International Development's Crop Post-Harvest Programme, and Committee on Health and Population Research Awards and a member of the Scientific Advisory Panel of the British Nutrition Foundation. He has published over 75 papers, edited three books, and has lectured extensively on food and nutrition issues around the world. He continues to be actively involved in bridging the scientific links between nutrition, public health, and food science.

## Robert Rees

**Robert Rees** is a self-employed chef and restaurateur from Bisley, Gloucestershire. He has a strong catering background. He is currently resident chef for Stroud Farmers' Markets, cooking seasonal and local fresh produce. From 1993 until 2000 he ran a restaurant called The Country Elephant in Painswick. He has also worked at restaurants in Bath, in the Grand Cayman Islands (West Indies) and at Le Gavroche, one of London's most fashionable eating houses. He has had entries in many international restaurant guides, including the Michelin Guide (Gourmande and Red Meal Award); Taste of West Country; the Good Food Guide; the Egon Ronay Guide; the Ackerman Guide; and two AA Rosettes in four consecutive years. Robert is a regular contributor on Central Television and BBC Radio Gloucestershire. He is a part-time employee of Gloucestershire College of Arts and Technology where he is a training advisor, assessor and lecturer in the Hospitality Department where he is involved with Modern Apprenticeships, National Trainee schemes and work based training. Robert is also a Board member of the Stroud Business Education Partnership, and has worked with Gloucestershire Tourism promoting local foods. He is a Health and Safety Work Placement Inspector and is currently undertaking Intermediate Hygiene Certificate Training. Robert does a lot of work with children and persons with various special needs.

## Professor Bhupinder Sandhu

**Professor Bhupinder Sandhu** is a Consultant Paediatrician and Gastroenterologist at the Bristol Royal Hospital for Sick Children and the Institute for Child Health, Bristol University and visiting Professor of Child Health, Gastroenterology and Nutrition at the University of West of England (UWE). She has published extensively in her field and her track record of academic research and teaching at local, national and international level gives her expertise in evaluating statistical data and scientific evidence. She has a commitment to optimising health and nutrition, particularly in children. Bhupinder has worked at a number of teaching hospitals in London and Cambridge including Great Ormond Street Hospital for Sick Children where she was a Research Fellow. She was Secretary of the British Society of Paediatric Gastroenterology and Nutrition (1993-96); Secretary of the South West Paediatricians' Society (1991-96); Chairman of the Division of Paediatrics at Bristol Children's Hospital (1991-96) and chairs a research group of the European Society of Paediatric Gastroenterology, Hepatology and Nutrition (1998- ) and has acted as an advisor to WHO. Bhupinder is an examiner for Bristol and Birmingham Universities and for the Royal College of Paediatrics and Child Health, where she is a Fellow. She was Chair of the BBC West Regional Advisory Committee (1993-96) and she is a School Governor, Member of the Governing Board of the UWE and a Trustee and Board member of Voluntary Service Overseas (since 1997) and The Old Vic Theatre School, Bristol.

## Vernon Sankey

**Vernon Sankey** is currently a non-executive Director of Pearson plc and Zurich Financial Services AG (Swiss). He is Chairman of Gala Group Holdings plc and the Really Effective Development Company Ltd and Deputy Chairman of Photo-Me International plc and Beltpacker plc. He also serves on the Advisory Boards of a number of companies in the UK and abroad. From 1992 to 1999 he was Chief Executive of Reckitt & Colman plc, having spent 28 years with that company in a number of functions and countries and was also Chairman of Thomson Travel Group plc. Vernon is a former member of the London Stock Exchange's Listed Companies Advisory Committee, a former Board member of the Grocery Manufacturers of America and a former Council member of the UK's Food and Drink Federation.

## Gurbux Singh (resigned May 2001)

**Gurbux Singh** is Chairman of the Commission for Racial Equality, a position he has occupied since 15th May 2000. He is a former Chief Executive of the London Borough of Haringey, having been appointed to that post in 1989 in the aftermath of the Broadwater Farm riots. From 1983-1985, Gurbux was District Housing Manager at the Greater London Council where he established and managed a new District Housing Office in Tower Hamlets, serving 11,000 tenants with a staff of 150. He was Senior Housing Officer to the Commission for Racial Equality from 1977 to 1983, reporting to the Chief Executive on a major research programme and working with a range of bodies, including the construction industry, estate agencies, and mortgage lenders, to promote good practice. He is a member of the Home Secretary's Race Relations Forum, and of the Steering Group Implementation Action Plan on the Lawrence Inquiry.

## The Food Standards Agency Chief Executive

### Geoffrey Podger, Chief Executive

**Geoffrey Podger** is a career civil servant, who worked for the Department of Health from 1982. Before taking up responsibilities in the food area, he was Under-Secretary for Health Promotion. He was head of the combined Joint Food Safety and Standards Group of the Department of Health and MAFF from its inception in 1997. He was appointed as Chief Executive of the Food Standards Agency on 1 April 2000.

## The Food Standards Agency (FSA)

The FSA is a department dedicated to putting the interests of consumers first. In our first annual report we review our achievements in our first year, the action we have taken on food safety issues, and the progress we are beginning to make in regaining consumer confidence in the way food safety decisions are made.

The FSA was set up to meet the growing concerns of consumers about food safety, and the way food safety decisions are made, following a series of highly publicised food safety issues. Examples include *Salmonella* in eggs, *Listeria* in pâtés and cheeses, the Scottish *E.coli* outbreak and Bovine Spongiform Encephalopathy (BSE).

### Our origins

Following consultation in 1997 on a proposal by Professor Philip James for an independent food standards agency, which received a favourable response, the Government published a White Paper, *The Food Standards Agency – a Force for Change*. This set out the basis for an independent body with a remit to represent consumers' interests and rebuild their trust. The FSA was established by the Food Standards Act 1999 and launched on 1 April 2000.



## Our structure and accountability

The FSA is a non-ministerial government department, operating at arm's length from Ministers, and governed by a Board appointed to act in the public interest. It is a UK body, accountable to the Westminster Parliament and to the devolved administrations through the relevant Health Ministers.

The Board consists of a Chairman, Deputy Chair and up to 12 other members. It is responsible for the FSA's overall strategic direction and for ensuring that the FSA puts the consumer first, basing its decisions and actions on evidence, and consulting those affected by its decisions, advice, and actions.

The Chairman and Deputy Chair were appointed jointly by the Secretary of State for Health and his counterparts in the devolved authorities in Scotland, Wales and Northern Ireland. Two Board members were appointed by the relevant devolved authority in Scotland. Similarly, one Board member was appointed by the appropriate authority in Wales, and another by Northern Ireland. Eight other members were appointed by the Secretary of State for Health. Members of the Board each demonstrate substantial achievement in their chosen field, many with expertise in food matters.

The Chief Executive manages the day to day operations of the FSA. He is also the Accounting Officer, responsible for the propriety and regularity of the public finances, for keeping proper records, for safeguarding the department's assets, and for preparing the department's accounts. As the FSA is a government department its staff are civil servants.

## Operating independently across the UK

Our UK headquarters is in London. It comprises three main groups: Food Safety Policy Group, Enforcement and Food Standards Group, and Corporate Resources and Strategy Group, together with the Communications and Legal Directorates. We also have offices in Scotland, Wales and Northern Ireland, and each of these countries has its own advisory committee chaired by a Board member. The Meat Hygiene Service (MHS) is an Executive Agency of the FSA. An organisation chart for the FSA can be found on pages 4 and 5 of this Report. Fuller details of our organisation can be found on our website ([www.food.gov.uk](http://www.food.gov.uk)).

Our **Scotland office** is based in Aberdeen and advises Scottish Ministers and the Scottish Parliament through the Minister for Health and Community Care. FSA Scotland's programme of work concentrates on specific local needs. For example, it established the *E.coli* Task Force jointly with the Scottish Executive Health Department.

### Openness in practice

- 24 events which were open to the public including 9 open Board meetings, 7 open meetings of the Scottish Food Advisory Committee, 2 open meetings of the Advisory Committee for Wales, and 1 open meeting of the Northern Ireland Advisory Committee
- Over 1,556,200 hits on the FSA website
- Over 676,000 people accessed the BSE Controls Review website and over 3,700 copies of the Report were downloaded
- 101 UK press releases plus 72 specific to FSA Scotland, 5 to FSA Wales and 3 to FSA Northern Ireland
- 21 press releases from Scientific Advisory Committees
- 5 statements from the Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment
- 6 issues of Food Standards News from launch in October 2000
- 12 Food Surveillance Information Sheets published
- Some 100 major public consultation exercises across the UK

It led investigations into two major *Salmonella* outbreaks. It is working on ways of improving the poor diet of many people in Scotland and is targeting homeless consumers, one of the country's most excluded groups.

**FSA Wales** is based at Southgate House, Cardiff. The Agency is accountable to the National Assembly for Wales through the Assembly's Minister for Health and Social Services. FSA Wales carries out those food safety, food standards and nutrition functions formerly discharged by public health and agriculture staff of the National Assembly, together with the new functions of the Agency. At the request of the Minister for Health and Social Services in the National Assembly for Wales, FSA Wales is leading the development of a nutrition strategy for Wales. A steering group representing Government, NHS, local authority and consumer interests has been established to oversee this process and held its first meeting in March 2001.

**The FSA in Northern Ireland (NI)**, based at 10C Clarendon Road, Belfast, is responsible for providing advice and draft legislation across the range of food-related issues to the Minister in the Northern Ireland Assembly with responsibility for Health, Social Services and Public Safety. FSA (NI) has developed strong partnerships with the Food Safety Promotion Board (FSPB), an all-Ireland body set up following the Belfast Agreement of April 1998, and with the Food Safety Authority of Ireland, which is responsible for food safety enforcement in the Republic of Ireland. FSA (NI) has collaborated with both these organisations on an innovative all-Ireland survey on gastrointestinal disease. To further strengthen links, an FSPB representative is invited to attend the Committee on Toxicity and FSA Research Workshops.

## The Meat Hygiene Service (MHS)

The MHS, which came into being on 1 April 1995 as an Executive Agency of the former Ministry of Agriculture, Fisheries and Food (MAFF), was transferred to the FSA as its sole Executive Agency on 1 April 2000. Its headquarters are in York, and it has five regional offices in Edinburgh, York, Wolverhampton, Cardiff, and Taunton.

The MHS has its own Agency Accounting Officer (the MHS Chief Executive) and publishes its own Annual Report and Accounts. The Annual Report and Accounts for 2000 – 2001 was published on 16 October 2001. Copies are available from The Stationery Office, and on the FSA website ([www.food.gov.uk](http://www.food.gov.uk)).

The aim of the MHS is to safeguard public health through fair, consistent, and effective enforcement of hygiene, inspection and welfare regulations in Great Britain. Similar enforcement action in Northern Ireland is carried out by the Department of Agriculture and Rural Development (NI) on behalf of the FSA (NI).



#### Highlights from our first year – April 2000 to March 2001

1 April 2000

All aspects of food safety and standards in the UK become the responsibility of the FSA.

6 April 2000

An Agency task force is set up to look at meat inspection charges.

25 May 2000

First public Board meeting is held in London.

25 May 2000

Board agrees to review the FSA's research portfolio and research management systems.

31 May 2000

The FSA holds its first public forum in Birmingham, a forerunner to other public meetings across the UK.

1 June 2000

The FSA publishes the National Diet and Nutrition Survey into the eating habits of 4-18 year olds.

26 July 2000

The FSA publishes MHS Performance Targets for 2000 – 01.

28 July 2000

The FSA announces plans to reduce foodborne illness, which affects up to 4.5 million people annually, by 20% by 2006.

12 September 2000

The first draft of the Review of BSE controls is published and public consultation on the review starts.

27 September 2000

The *E.coli* O157 Task Force starts its work in Scotland.

29 September 2000

The FSA issues to local authorities the Framework Agreement on Local Authority Food Law Enforcement, containing a food law enforcement standard to help ensure high standards of food safety and consumer protection.

2 October 2000

The butchers' licensing scheme is introduced in Scotland.

The objectives of the MHS are to:

- provide supervision, inspection and health marking in all licensed fresh meat premises;
- deliver value for money in the provision of efficient and high-quality services;
- promote 'best practice' in hygiene of operation;
- apply the principles of the Government's Service First programme, in particular to maintain or improve the quality of services to customers;
- achieve the financial and performance targets set by the FSA Board.

### What we do and how we work

Our sphere of influence ranges across the entire food chain, from pesticides and veterinary medicines, to food safety and hygiene standards in shops, restaurants and takeaways, and the home kitchen. Working in collaboration with the MHS, local authorities, and with other government departments, it is our task to ensure that regulations on food safety and standards are enforced to protect consumers. We aim to provide clear guidance to the public on healthy eating and carry out surveys on nutrition and diet to monitor changing eating habits. Because the market for food is global, we negotiate on behalf of the UK Government to improve international food standards in the interests of UK consumers.

We consult widely, commission independent research and, wherever possible, seeks consumers' and other interested parties' views before reaching conclusions. So that there is no doubt about our independence, we are committed to doing our business in as open a way as possible and explaining the reasons for our decisions clearly and honestly.

Openness is one of our core values. From the beginning our Board set the example by meeting and making policy decisions in public. The venues and agendas are published in advance, and the resulting papers are made publicly available. During our first year, we held nine open Board meetings, which included an open Questions and Answers session, a public forum in Birmingham, seven open meetings of the Scottish Food Advisory Committee, two open meetings of the Advisory Committee for Wales, and one open meeting of the Northern Ireland Advisory Committee.

Being an independent voice within Government, we are able to give advice and to publish it without first asking Ministers. We are also able to publish advice given to Ministers about action needed to protect public health, so consumers can be sure of how we are advising the Government.

#### Highlights Continued...

26 October 2000

The Phillips inquiry report is published and the FSA pledges that vital information on food safety risks will never again be withheld from the public.

1 November 2000

The butchers' licensing scheme is introduced in England.

15 November 2000

First meeting of the Meat Hygiene Advisory Committee.

20 December 2000

The FSA publishes the Review of BSE controls.

22 February 2001

The *E.coli* O157 Task Force produces its interim report on preventative measures.

19-23 February 2001

The FSA hosts a major inter-governmental meeting, the Codex Committee on Fats and Oils, and represents the UK at the meeting.

9 March 2001

Legislation giving effect to the new charging regime for MHS inspection charges is laid before the Westminster Parliament.

12 March 2001

Practical nutritional guidelines, Catering for Health, which are jointly developed by the Agency and the Department of Health, are published.

22 March 2001

A multi-agency operation into unfit meat entering the food chain results in warrants being executed at 20 premises and homes of people suspected of being involved in illegal activities, and 19 initial arrests are made.

### Basing our decisions on the evidence

We commission scientific research and surveys to ensure that our policies are based on the latest and best-available evidence. We seek advice from experts on independent scientific advisory committees and listen to the views of the widest possible range of individual experts and interested bodies. In keeping with our policy of openness and accessibility, our own scientific advisory committees publish their agendas, papers and minutes.

We aim to draw expert advice from a wide range of external sources to help us keep an open mind to the possibility of the evidence changing. But we also need the internal expertise to be an intelligent customer. The report of the BSE inquiry emphasised the importance of departments having sufficient "in-house" expertise to enable them to understand and critically review scientific advice, and the reasoning behind it, provided by external experts and advisory committees. Our scientific base provides a firm foundation; a high proportion of staff – about 40% – have scientific qualifications, many of them at a high level. Scientific and policy experts work in an integrated way to ensure that our policy development is firmly based on the evidence.

### Openness means being honest about uncertainty

We often have to manage food risks in the face of incomplete knowledge. Rather than dealing with well-established, undisputed scientific facts, we are often at the frontiers of knowledge where there are uncertainties, a changing evidence base and disagreements amongst the experts. Our commitment to openness means being honest about uncertainties. We do not pretend to have a definitive answer when one does not exist.

## Putting consumers first

To truly put the consumer first we need to know their views about the food they eat and the way it is produced.

In our first year we have consciously experimented with new ways of involving consumers in our decision making and policy development processes, beginning with a public forum held in May 2000 in Birmingham. We have commissioned research to develop and evaluate different approaches to consulting people, especially hard-to-access groups, such as people on low incomes, the unemployed and the elderly.

We seek the views of organisations that represent consumers, such as the Consumers' Association, the National Consumer Council, Sustain – the Alliance for Better Food and Farming, the General Consumer Council of Northern Ireland and the Consumer Councils of Scotland and Wales. We invite consumer representatives to join our specialist committees and the expert groups that advise us.

We carry out public consultations, such as the annual Consumers' Attitudes Survey, to identify the public's concerns and so that we can take account of these in our strategies. We carry out surveys on nutrition and diet so that we know how eating habits are changing. Last but not least, the Board decides on policy issues in public, following full and open debate. We routinely consult on a wide variety of issues. Major consultation exercises during 2000 – 2001 included:

- strategy for improving food labelling;
- improving communication with low-income groups;
- Framework Agreement with local authorities on food law enforcement;
- review of BSE controls;
- our Statement of General Objectives and Practices;
- policy on handling risk;
- our code of practice on openness; and
- MHS Performance Targets.

During 2000 – 2001, the Board agreed a work programme on consumer issues that covered new working practices, ways of reaching out to individual consumers and supporting effective representation of consumer interests.



## Involving consumers around the UK

The Scotland, Wales and Northern Ireland offices of the FSA each have their own programmes of initiatives that take into account local concerns, encourage consumer involvement and disseminate information about nutritional and food safety issues.

FSA Scotland's Feed Us Your Views initiative targets the general public, while a varied programme of consumer-focused activities promotes food safety and healthy eating messages at exhibitions, at agricultural and food shows, and on visits to schools and other organisations.

The Scottish Food Advisory Committee (SFAC) decided to hold its meetings in public, to make sure that the public and interested stakeholders see business being conducted with complete transparency. Seven meetings were held during the year. Open sessions for questions and discussion, which enable the public to raise issues of concern with the committee, have been an important aspect of the meetings.

The Advisory Committee for Wales has established four sub-groups on enforcement, education, nutrition and foodborne illness, to consider issues in these areas in greater detail. Priorities for the committee in the past year have been nutrition, implementation of our foodborne illness strategy, and the risks posed by drinking raw (unpasteurised) milk.

The committee has considered, and supports in principle, the fortification of flour with folic acid to prevent neural tube defects occurring in unborn children. It has contributed to the National Assembly's sustainable development strategy and has advised the banning of raw milk sales in Wales. The committee's advice will be taken into account in putting advice to the Minister for Health and Social Services.

FSA Wales has made a good start on getting messages across to young people through education. It has helped the Curriculum and Assessment Authority for Wales to produce food safety guidance for the Welsh curriculum, advising on how food-related aspects should be best taught.

FSA Wales also produced food hygiene resource packs in English and Welsh for primary and secondary schools and conducted a number of school-based activities. These included a Wacky Kitchen pantomime and quiz, which toured Wales during the winter months, and a food hygiene poster competition for primary schools, which proved very popular.

Other FSA initiatives in Wales during the year included the promotion of food safety and nutrition messages at a number of public events, including the Royal Welsh Show.

A draft Welsh Language Scheme for the FSA was considered and approved in principle by the Board at its meeting in October 2000.

### Consumers' Attitudes Survey 2000 – 10 key facts

- 94% of shoppers buy mostly from supermarkets, with less than 1% shopping for food on the Internet. 79% of those responsible for food shopping are women;
- Despite concerns about hygiene standards in takeaways and fast-food outlets (expressed by nearly half of respondents), two-thirds of people visit them on an occasional or regular basis;
- Although people know they should eat more healthily, many don't understand healthy eating messages. Only 36% know to eat five portions of fruit and vegetables a day for a healthy diet, and most respondents couldn't explain how to measure a portion;
- Respondents in England, Scotland, Wales and Northern Ireland believed food safety had improved substantially over the past year;
- 14% of respondents have claimed to have had at least one episode of food poisoning over the last year but only 20% of sufferers reported it;
- 90% of respondents eat fresh meat on a regular basis and only 5% of UK households have a vegetarian member;
- 69% of people see raw meat as a health risk, with food poisoning being the most feared consequence;
- Although most people think food safety has improved over the last year, 78% worry about food hygiene at market meat stalls (56%), butchers (25%), supermarkets (21%) and in the home (21%);
- Although 59% of respondents claim they always or usually refer to food labels, understanding of the information on labels is minimal. Two-thirds of consumers who check labels said they were most likely to look at the 'best before/use by' date, but only a third correctly identified what should be done with food one day past each of these dates;
- Nearly 48% felt confident about current food safety measures and 5% said they were very confident.

The Northern Ireland Advisory Committee (NIAC) came into being later than the Advisory Committees for Scotland and Wales, due to delays in appointing the Committee members. Its first meeting took place in August 2000 and the Committee has met regularly since then. The Committee is keen to have more of its meetings in public, following the success of its first open meeting in January 2001.

The NIAC has worked closely with the Food Safety Promotion Board (FSPB) to develop a strong co-operative relationship. This link is further cemented through the NIAC Chairman, who is also a member of the FSPB. In addition, two members of the NIAC sit as members of one of the FSPB's committees.

Topics discussed by the NIAC have included the LA Enforcement Framework, food labelling, GM foods, organic foods, promotion of foods to children, the FSA's nutrition strategy and folic acid fortification of flour.

## Surveying consumers' attitudes to food standards

Our first annual Consumers' Attitudes to Food Standards survey, published in February 2001, was carried out between October and December 2000. The survey assessed the views of a representative cross section of the UK population, including people from different age ranges, ethnic backgrounds and socio-economic groups. The 3,100 participants were interviewed about their food shopping and eating habits, healthy eating and nutrition, food safety and hygiene, foodborne disease, labelling, sources of information on food, and awareness of the FSA (see left for key findings).

Principal areas of concern proved to be food safety and hygiene, and the inadequacy of food labelling. Although nearly half the respondents thought that food safety had improved over the last year, the vast majority continue to be concerned about food safety issues, particularly food poisoning (63%), BSE (61%) and the use of growth hormones in livestock (47%). Just over half had safety worries about raw chicken and beef. 80% of people who suffered what they considered to be food poisoning did not report it to anyone. People said they did not feel properly informed by food labelling. While 59% said they always or usually referred to food labels, 25% have difficulty understanding labels. Only 38% of consumers feel that food labels contain the right amount of information. Most consumers look for 'practical' food label features, such as cooking instructions and 'best before' dates, although only a third correctly understand their meaning.

## Food safety: a new approach in our first year

We aim to set new standards for protecting public health and consumer interests, and to ensure that they are rigorously maintained. Food safety is our top priority, and in our first year we have moved quickly on new measures to minimise foodborne health risks and to ensure that local authorities are enforcing food safety law. This chapter highlights some examples of actions in our first 12 months.

### What we want to achieve

In our first Consumers' Attitudes Survey, 14% of adults claimed they had suffered from food poisoning at least once in the previous year. Cases reported by doctors to local authorities more than doubled between 1988 and 1999. Yet, because food poisoning often goes unreported, the true level of food poisoning in the population could be considerably higher – possibly up to 4.5 million cases a year.

We have set ourselves the target of reducing the incidence of foodborne illness by 20% by 2006.

We aim to ensure that all parts of the food chain control their procedures properly to minimise food contamination by harmful organisms. We are working with industry to promote good practice and to implement modern techniques for identifying and controlling food safety risks.



## The review of BSE controls

BSE, more than any other area of food safety, remains subject to scientific uncertainty. Controls brought in to protect the public are necessarily precautionary, designed to reduce risk in the light of current knowledge rather than eliminate it altogether.

In March 2000 the Prime Minister asked the Food Standards Agency to conduct an extensive review of measures in place to protect the public against BSE/vCJD in relation to the food chain. The review team was advised by the Spongiform Encephalopathy Advisory Committee (SEAC) and other external experts. It also consulted the four Chief Medical Officers, the Chief Veterinary Officer and the Chief Scientific Adviser.

Aware of public concern and the need to build trust in the way that consumers are being protected from BSE, we conducted the review in as public a manner as possible. A stakeholder group comprising representatives of consumer, industry and professional organisations, and the UK's health and agriculture departments, was consulted throughout. All the meetings with the group were held in public. Hundreds of people sent in their observations and hundreds more attended consultation meetings. The resulting 60-page review went through three drafts and four months of public consultation, with the drafts posted for comment on a dedicated website.

The report of the review was published and submitted to Ministers in December 2000. Ministers accepted the report's recommendations. We are now implementing the recommendations for which we are responsible, including taking forward the recommended research, and continuing to monitor follow-up action on those recommendations which fall outside our competence. The proposed review of the Over Thirty Months rule has been delayed due to the outbreak of foot and mouth disease, but will start as soon as the results of testing cattle born in 1996 – 97 are available.

## Detecting breaches in BSE controls in beef imports

As BSE has also been found in herds elsewhere in Europe, the UK's own strict controls on home-grown beef have to be matched by an equal vigilance in detecting breaches in BSE controls in beef imports. Recently, spinal cord (categorised as Specified Risk Material or SRM) has been detected by MHS staff in imports from Germany, the Netherlands, the Republic of Ireland, Spain, Italy, and Belgium. EU-wide SRM controls came into force on 1 October 2000. Under EU law, spinal cord must be removed from cattle over 12 months old immediately after slaughter. It must be stained immediately, and disposed of in a controlled way.

We anticipated that the outbreak in the UK in 2001 of foot and mouth disease would lead to an increase in imported meat. We therefore instructed the MHS to step up checks on imported beef arriving at licensed plants in Great Britain. We also instructed local authorities to step up checks on imported meat arriving at places other than licensed premises, for example, cold stores and warehouses.

Through strict enforcement of BSE controls in the UK, we are ensuring that any breaches of the BSE controls are detected quickly and that suspect meat is destroyed before it enters the human food chain.

## Licensing of butchers' shops

In 1996 a devastating outbreak of *E.coli* O157 food poisoning in Lanarkshire killed 17 people and led to 500 others becoming seriously ill. The source of the outbreak was traced to a butcher's shop. An inquiry by the Pennington Group found the cause was cross-contamination between raw meat and ready-to-eat food, resulting from poor hygiene and food handling practices.

A key recommendation of the Pennington Group's official report into the outbreak was the establishment of a statutory butchers' licensing scheme. The intention was to improve consumer protection by imposing strict controls on hygiene standards in butchers' shops, grocers, supermarkets and similar food outlets selling both unwrapped raw meat and ready-to-eat food.

Regulation requiring butchers' shops to obtain an annual licence came fully into effect in Scotland on 2 October 2000 and in England on 1 November 2000. Similar schemes were subsequently introduced in Wales and Northern Ireland.

Local authorities are responsible for administering the licences, subject to compliance with existing food hygiene legislation, improved staff training and fully documented HACCP (Hazard Analysis and Critical Control Point) food safety management controls. If there is a breach in any of these conditions a local authority has the power to suspend or revoke the licence.

## The *E.coli* Task Force

Following evidence that infection from *E.coli* O157 can occur as often through human contact with livestock and their faeces as through contaminated food, FSA Scotland and the Scottish Executive Health Department set up a joint Task Force to come up with measures to protect the public from this potentially dangerous organism.

Scotland has a particularly high prevalence of *E.coli* O157 infection in people. Research published in June 2000 found that almost a quarter of cattle herds in Scotland, and many sheep and goats, carry and excrete the organism. Recreational activities on fields used for grazing animals, such as camping, picnicking or sports, were found to present risks from infection.

Led by Professor Bill Reilly of the Scottish Centre for Infection and Environmental Health, the Task Force brought together experts in health, rural affairs and the environment to spend 10 months studying *E.coli* O157. Their report revealed that human contact with the droppings of ruminant animals such as cows and sheep is as important a source of *E.coli* O157 infection as contaminated food. The Task Force's report was published in July 2001 and is available on our website – [www.food.gov.uk](http://www.food.gov.uk).

## The chemical safety of food

We aim to ensure that consumers are protected from potentially harmful exposure to chemical contaminants in food. Some toxic chemicals originate from the environment and some occur naturally in food (for example, natural toxicants such as solanine in green potatoes). Others may be produced by fungal contaminants (such as aflatoxins), or introduced during farming, manufacturing and other processes. In all cases we aim to obtain the best possible scientific advice on safety, seeking the views of independent experts and funding research where appropriate.

Effective controls and constant vigilance are essential to protect consumers. Because food production is an international business, we negotiate in Europe and other international fora to secure standards and controls that will protect the public. We aim to ensure that legislation is properly enforced, that appropriate methods of analysis and sampling are an integral part of legislative standards, and that these methods are made available to enforcement authorities.

### Monitoring dioxins from FMD pyres

The outbreak of foot and mouth disease (FMD), which began in February 2001, was first detected by staff of the MHS. Although the responsibility for tackling the spread of the virus rests with DEFRA, the FSA issued advice on possible food safety risks, such as the potential risk from dioxins associated with funeral pyres.

The Government report of possible risks to public health from FMD disposal options concluded that based on Environment Agency dispersion models, the exposure via the diet to dioxins from FMD pyres was likely to be minor. The FSA was keen to investigate further the degree of uncertainty in this assessment, and so convened a meeting of external

experts from government agencies and academia. It was apparent that, although the models on which the assessment was based represented the best available science, there were large uncertainties inherent in them.

The FSA therefore decided to commission a programme of monitoring dioxins in food produced in the vicinity of FMD pyres to validate the risk assessment. It was, however, going to be a period of weeks before the first results from the programme were available and the FSA therefore issued precautionary advice on 25 May 2001 to farmers with animals on land within 2 km of a pyre. This explained the basis of the risk assessment and the proposed monitoring programme, and suggested that people who consumed whole milk and whole milk products only from animals within 2 km of pyres may wish to decrease their potential exposure to dioxins from this source by varying their diet to include milk and milk products from other sources. Reaction to this advice was generally very positive. Notable quotes were:

“We warmly welcome the FSA’s warning. There’s a very sensible application of the precautionary principle... we think they’ve done exactly the right thing in emphasising that there is a very small risk and then telling the people who are most likely to be exposed to that small risk what the situation is, so that they can make up their own minds.”

Charles Secrett, Director,  
Friends of the Earth, 25 May 2001

“The risks are so incalculably small that the FSA could easily have sat on the information and said nothing... Instead, it has played the whole thing beautifully... In short, it has treated British adults as adults. It has also behaved with utmost responsibility on its own account and remit... Would that there were more public bodies like that.”

The Press and Journal (Aberdeen),  
26 May 2001

Results from the monitoring programme, which found no cause for concern arising from the use of pyres, were published in reports issued later in 2001. Up to date advice, based on these results, can be found on our website – [www.food.gov.uk](http://www.food.gov.uk).

### Radiological safety

We are responsible for checking that radioactivity levels in food are kept to safe levels, and undertake monitoring of the environment and foodstuffs to fulfil this responsibility. In September 2000, we published the results of our monitoring programme of radioactivity in food and the environment for 1999. This showed that consumer exposure was well within the accepted limits.

We are a statutory consultee of the Environment Agency and Scottish Environmental Protection Agency in respect of applications for authorisations for discharges under the Radiological Substances Act 1993. We advise Health Ministers, who have powers of direction under this Act. In 2000 – 01, we were involved with assessing and advising on authorisations at the following sites:

- Berkeley Centre;
- power stations at Bradwell, Berkeley, Dungeness, Hinkley Point, Oldbury, Sizewell, Trawsfynydd, and Wylfa;
- defence establishments at Aldermaston, Burghfield, and Devonport;
- the Amersham Laboratories;
- the Sellafield technetium-99 fast track review.

In addition, we looked at the effects of minor discharges at 292 sites. A number of these sites had high public profile.

As part of our role as a statutory consultee to the Environment Agencies, we carry out dose assessments of the impact on the public of proposed radioactivity discharges from nuclear sites. There has been a longstanding debate over the procedures for undertaking dose assessments. We therefore held a seminar, chaired by Professor Bridges, at Sussex University in October 2000. Its purpose was to inform interested parties, including environmental groups, of our procedures and to encourage a wide-ranging debate on these and alternative approaches. Full details of the seminar were published in May 2001, and are available on our website – [www.food.gov.uk](http://www.food.gov.uk).

## Licensing or approval of new food products and processes

Under EU legislation, we act as the 'Competent Authority' for carrying out pre-market safety assessments, and for ensuring the adequate labelling of new foods and processes. We sit on all the relevant international bodies, participating in discussions on procedures for assessing the safety of new products and processes.

In particular we:

- review the regulatory processes for pesticides and veterinary medicines, with the aim of minimising their residues in food;
- work towards greater consistency in the assessment procedures and values of international bodies;
- ensure that procedures for assessing the safety of existing and new products and processes are based on the best-available science.

We have also asked the COT to review the safety of mixtures of pesticides. This work is ongoing and the results will be published in 2002.

In November 2000 we investigated allegations that low levels of non-approved GM ingredients were present in some foods sold in the UK. We concluded that no unauthorised ingredients were present in the products concerned. We also held an open meeting in March 2001 to consider issues that might arise in future from the presence of low levels of genetically modified material in foods on sale in the UK. The views expressed were taken into account in deciding the Agency's response to the European Commission's proposal on GM food and feed.

## Animal feed

One of the major achievements was the making of the Feeding Stuffs Regulations 2000, which came into force on 29 October 2000. These were based on several EC Directives negotiated in Brussels which cover aspects of the marketing, labelling and composition of animal feedingstuffs, including provisions relating to permitted additives, colourants and vitamins, maximum levels of certain contaminants and the dietetic claims which may be made for certain products. This consolidation makes it easier for everyone involved – from industry to enforcement bodies – to understand what the law requires to protect animal and human health.

Food Standards Agency officials played a key role in the Standing Committee for Animal Nutrition in Brussels and provided expert advice on over fifty new feed additives and bioprotein products. This is a key part of the Agency's role in ensuring the safety of new products destined for use in the food chain.

The Codex Task Force on Animal Feeding was established in June 2000 to draft a Code of Practice on Good Animal Feeding. The Food Standards Agency is leading the drafting of this Code, which will help to ensure consistent high standards in animal feed. This work is continuing.

## Research and survey work

- The FSA committed some £23m to research and £4m to surveys in 2000/01.
- Together these constitute 23% (£27m) of the Agency's gross operating budget (£114m).
- The Agency had more than 600 separate research or survey projects running during the period. We placed this work at 133 different research establishments.
- The major sectors that were used by the Agency (in terms of the proportion of our science expenditure) are universities (one third), and other government department or agencies (one third each).
- Most of our work is commissioned by open competition: on average we received more than 4 proposals to every request for new work.

## Our research portfolio – leading the way to safer food

We fund research into food safety, food quality and nutrition. Most of our research programmes are commissioned through open competition.

The Agency's high level of in-house scientific expertise enables policy divisions to manage effectively the research programmes they commission. Upon completion, final reports for each project are evaluated against strict criteria and the resulting conclusions are used to underpin future policy decisions.

In our first year we embarked on a major review of our research strategy. The Review Group, chaired by Sir John Arbuthnott (FSA Board member), included experts from consumer organisations, academia, the food industry and other funders of food research, together with senior FSA officials. Their remit was to:

- consider how to keep our research strategy consistent with overall FSA strategy;
- review the current arrangements for openness and consultation on research issues;
- review our overall research programme.

The results of the Review Group's findings were published in its report, A Review of the Food Standards Agency's Research Portfolio and Research Management Systems. Copies may be obtained from Food Standards Agency publications on 0845 606 0667 or e-mail [foodstandards@eclogistics.co.uk](mailto:foodstandards@eclogistics.co.uk)

## Safety assessment of genetically modified food

In November 2000 we convened an international meeting of research organisations to discuss the objectives of a major new research programme exploring the potential application of new and emerging techniques for the safety assessment of genetically modified foods. The programme was launched in December 2000, when proposals for research projects were invited. Projects were commissioned from European and UK universities and research institutes. The work started in September 2001.

## Greater consumer choice through better labelling

Consumers need much clearer and more meaningful information than is currently carried on food labels, if they are to make informed choices about their diet and the foods they buy.

The first of our surveys into consumers' attitudes, published in February 2001, confirmed consumers want this information. We have drawn up an action plan to promote consumer choice by working with international organisations, UK manufacturers, retailers and consumer groups to make labels more informative and easier to understand.

We lead the field in pressing for improvements in food labelling. We negotiate on the UK's behalf in the fora which take key decisions affecting food labelling and advertising. We work with food manufacturers and retailers, as well as consumers and enforcers, to define and promote good labelling practice.

In September 2000 we published an 18-point action plan to tackle consumer priorities for change. We set up a Food Labelling Forum, open to everyone, to discuss progress in implementing the plan.





## Main points of our action plan for better food labelling

### Preventing allergic reactions

We are calling for new EU rules on the compulsory listing of all ingredients in food that could cause allergic reactions. We want to introduce ingredient lists on alcoholic drinks.

### Code on promotion to children

There is concern that the promotion to children of foods that are high in fat, sugar or salt is contributing to childhood obesity and long-term health problems. We are working with consumers and industry to develop advice as appropriate to protect young consumers' interests.

### Confusing health claims

We want to help end consumer confusion caused by misleading health claims such as '80% fat-free', and lack of trust in claims like 'good for the heart'. We are pressing for legally binding EU standards on nutrition and health claims, and clear user-friendly nutrition labelling on all products.

### Labelling GM food

Our recent surveys have found that genetic modification is still an important issue for consumers. We want to extend EU rules to require labelling of GM animal feed and clearer regulations on GM-free labelling.

### Country of origin

This is important information for many consumers, particularly when they are choosing meat or dairy products. We are pressing for clear EU rules on the use of terms such as 'produce of' and for an extension of the rules to a wider range of foods.

### Misleading marketing terms

We are developing clear and transparent criteria for the use of potentially misleading terms such as 'fresh', 'pure', 'traditional' and 'country style'.

### Abolition of exemptions

We are proposing the abolition of a rule that exempts ingredients from being listed if they are part of a compound ingredient that makes up less than 25% of the food.

## Checking out 'watery' chickens

As part of our food surveillance programme, we regularly carry out surveys on foods in shops, to check the accuracy of labelling and analyse food composition. We carried out a survey into the levels of added water in chicken (published in October 2000), in response to consumer concerns raised with our Working Party on Food Authenticity.

EU legislation permits 2% to 7% of added water because it is an unavoidable consequence of the chilling process. The survey showed that 30% of frozen whole chickens analysed had more than the EU limit for added water, but none had been labelled as such. It also found that 17% of chicken parts analysed had water levels ranging from 2% to 37%.

All the suppliers involved in the survey whose products were found to contain added water have been informed of the results. Some have already taken action to investigate the situation further. The Agency now intends to look further at the methods of water-level measurement and push for more accurate labelling.

## Improving the population's diet and long-term health

We are working with stakeholders to encourage people to adopt a healthy, balanced diet. These objectives are underpinned by our Nutrition Strategic Framework. We also monitor and evaluate the effectiveness of action taken by us and other organisations to promote and achieve uptake of a healthy diet.

A balanced diet can help to improve the health of the population and reduce the incidence of the major causes of premature death and disability, such as heart disease and cancer. Research has shown that people who are economically and socially disadvantaged often have poor diets, which may contribute to other health inequalities.

Incidence of obesity is a particular cause for concern. A study by the National Audit Office, published in February 2001 (HC 220), found that nearly two-thirds of all adults in England are now either obese or overweight, and this increasing trend is continuing. The cost of diet-related illness in the UK is considerable – health problems arising from obesity in 1998 are estimated to have cost £2.6 billion, and the annual cost is forecast to rise to £3.6 billion by 2010.



## The Scientific Advisory Committee on Nutrition

In February 2001 we announced jointly with Department of Health the formation of the Scientific Advisory Committee on Nutrition (SACN), a UK-wide, independent advisory committee set up to replace the Committee on Medical Aspects of Food and Nutrition Policy (COMA). The 16-strong committee covers a wide range of nutritional expertise and includes an interested lay member and a consumer representative. SACN will advise on scientific aspects of nutrition and health, including:

- nutrient content of individual foods and dietary advice, including the definition of a balanced diet;
- medical conditions where nutritional status is one of a number of risk factors, for example cardiovascular disease, cancer, osteoporosis and obesity;
- nutrition of vulnerable populations, including infants and older people, and health inequality issues;
- monitoring, surveillance, and research.

## Monitoring the diet

Our nutrition division and the Department of Health were jointly responsible for publishing the National Diet and Nutrition Survey of young people aged 4 to 18. The survey suggests that while the majority of children are adequately nourished, they are eating fewer portions of fruit and vegetables than is recommended for a healthy, balanced diet. We have funded a number of research projects in primary schools to test initiatives designed to encourage healthier eating in children.

Other projects have included research into the effects of 'food deserts' and of improved cooking skills on people's diets. With Department of Health we also jointly funded the British Nutrition Foundation to write practical nutritional guidance for NVQ catering trainers. The "Catering for Health" guidelines were launched in March 2001.

## Nutrition Strategic Framework

Proposals for the FSA's new UK-wide Nutrition Strategic Framework were agreed at the open meeting of the Board in March 2001. The objective for the Framework is to improve the health of the UK's population by encouraging and facilitating the adoption of a healthy diet.

The broad elements of the Framework represent our commitment to:

- secure a sound evidence base for action to promote a healthy diet;
- develop appropriate means of enabling, motivating, and informing the population on nutrition issues;
- identify and address the barriers to changing dietary behaviour;
- evaluate and monitor Agency activity to ensure objectives are achieved.

We share responsibility for nutrition with the English, Scottish, Welsh, and Northern Ireland health departments. We work closely with these departments to develop action plans based on the Strategic Framework. There will be regular reports to the Board as this work proceeds. Relevant Board papers can be found on our website – [www.food.gov.uk](http://www.food.gov.uk).

## The Nutrition Forum

We are setting up a Nutrition Forum, in partnership with Government Health Departments, to bring together stakeholders in nutrition. The aim will be to help us develop policies, determine necessary action, and ensure that stakeholder efforts are properly co-ordinated.

We are also working closely with the administrations in Wales and Scotland through initiatives such as the Scottish Diet and Nutrition Forum.

## Enforcing food law to protect the public

We are responsible for ensuring that UK food laws are fully and effectively enforced to protect public health and consumer interests.

A new national Framework Agreement on Local Authority Food Law Enforcement was launched in September 2000. It provides us with the mechanisms to set standards for and to monitor and audit how local authorities carry out their enforcement work.

Enforcement has a crucial role to play in reducing food poisoning, protecting the public from the effects of BSE and from chemicals in foods, ensuring that food imports meet the required standards for quality and safety, and guaranteeing that the food consumers buy is what it claims to be.

Other activities associated with food law enforcement performed by us include:

- publishing audit reports on local authority and MHS enforcement services;
- publishing data on local authority enforcement activity for the UK as a whole, and for individual local authorities. Information covering 1999 and 2000 has been placed on our website;
- negotiating and implementing a new risk-based EU meat inspection regime to protect public health, reflecting HACCP principles;
- developing and implementing a strategy to ensure the application of HACCP-based procedures in the food industry, in particular the catering sector.



## Setting a new Standard for local enforcement

UK food safety legislation is largely enforced by local authorities, usually through environmental health or trading standards officers. We provide guidance and support for local enforcement officers, and monitor local authority enforcement arrangements. As part of a drive to raise national food safety standards, we developed a programme to audit the UK's 499 local authorities. The programme forms part of the Framework Agreement on Local Authority Food Law Enforcement which became fully operational from 1 April 2001.

The Agreement requires the UK's 499 local authorities, which are responsible for ensuring the safety of more than 600,000 food establishments, to work to a common standard. The aim of the Standard is to improve the effectiveness and consistency of enforcement by local authorities of legislation covering food hygiene, food standards and feedingstuffs.

The Agreement also brings increased local accountability, with local authorities required to publish service plans setting out their food enforcement priorities. They must also provide quarterly reports to us on their enforcement activities, which we publish annually. We will publish a report drawing together and analysing the information collected on local authority enforcement activity, providing benchmarking data so that local authorities can compare their activity against similar authorities.

## Auditing local authorities to raise standards still further

When it comes to food safety, consumers deserve the best protection possible. As part of the Framework Agreement, we have implemented from April 2001 a programme to audit local authorities in the UK. We launched the audit programme following 21 pilot audits. The audits will ensure that all local authorities have the necessary staffing and equipment resources and systems in place to enforce food law effectively and protect public health. They will also check that authorities are working to the new UK-wide enforcement standard. We currently aim to carry out some 70 audits each year across the UK.

## Low cost training for local authority food enforcement officers

We have established a Steering Group on the Provision of Low Cost Training for Local Authority Enforcement Officers. The following courses are now available and further courses are being developed through the Steering Group:

- 3-day HACCP Assessment for Enforcement Officers course;
- 1-day On-Farm Pasteurisation Workshop;
- 4-day Application of Good Hygiene Practice and HACCP Principles in the Making of Speciality Cheeses course;
- 3-day Canning course;
- 2-day Inspection of Meat Products Establishments course;
- 5-day Lead Auditor course;
- 4-day Food Standards Update course; and
- 4-day Food Microbiology Update course

## Enforcement bodies working together to keep unfit meat out of the human food chain

On 22 March 2001 we took part in a co-ordinated operation, led by the Derbyshire Constabulary and Amber Valley District Council, as part of an investigation into allegations that chicken destined for pet food was entering the human food chain.

The raids on premises across England were the culmination of four months of investigation, surveillance and intelligence gathering by a multi-agency team. The team comprised the police, local authority food safety enforcement, environmental health officers, and trading standards officers, MAFF, the FSA and the Meat Hygiene Service.

## Enforcement of food hygiene requirements in slaughterhouses, cutting premises and cold stores

The Agency is itself the enforcement authority in relation to hygiene at licensed slaughterhouses, cutting premises and cold stores. Requirements are laid down in various Statutory Instruments and breaches can result in the issue of notices requiring compliance, suspension and revocation of licences and, ultimately, prosecution. In the year to 31 March 2001 the Agency obtained convictions in six cases. Five of these involved offences under the Fresh Meat (Hygiene and Inspection) Regulations. The other case was brought under the Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations. At the end of the year a further 10 prosecutions were ongoing and another 27 cases were under investigation. The Agency seeks to use its enforcement powers proportionately and consistently.

## Setting new performance targets for the Meat Hygiene Service

The FSA is responsible for the MHS as an Executive Agency and provides funding with DEFRA for the functions undertaken by the MHS. The FSA formulates the policy on meat safety, which the MHS enforces in licensed premises. The operation of enforcement policy by the MHS is audited by veterinarians employed by the FSA. The results of these audits are published and made available on our website. We also take on board the recommendations of the MHS where enforcement action has failed to improve standards in individual meat plants. We will revoke or suspend operating licences where this is warranted as well as prosecuting offenders where appropriate. In Northern Ireland we monitor and audit the meat hygiene enforcement activities of the Department of Agriculture and Rural Development (DARD), which acts on our behalf.

Every year, 800 million chickens, 15 million pigs, 19 million sheep, and 2.2 million cattle are slaughtered in Britain. The MHS operates around the clock on every day of the year, including Christmas Day, and covers some 1,400 licensed plants throughout Great Britain.

The MHS is responsible for enforcing hygiene, inspection and welfare at slaughter regulations at licensed abattoirs, cutting plants and cold stores in GB, and for keeping unfit meat from entering the food chain. Every licensed abattoir in GB operates under the supervision of MHS veterinary surgeons and meat inspectors based in each plant.

Performance targets set for the MHS for 2000-2001 include the strict enforcement of the BSE controls in licensed plants and the reduction of microbiological hazards in meat. The majority of the targets were a continuation of those set in the previous year to allow a year-on-year comparison of performance on key aims, such as strictly enforcing the controls on specified risk material (SRM). Another key aim was to make sure that staff received adequate training to ensure effective enforcement of meat hygiene and animal welfare legislation.

### Food incidents and hazards

- 679 incidents with the potential to affect food safety were investigated
- 31 Food Hazard Warnings (FHW) were issued
- 815 Rapid Alert System for Foodstuffs (RASFF) received
- 20 Rapid Alert System for Foodstuffs (RASFF) were issued
- 51 voluntary restrictions were agreed on on-farm incidents
- 9 letters were issued to Environmental Health Departments

New performance targets require the MHS to:

- take effective action in slaughterhouses with low Hygiene Assessment System (HAS) scores to improve hygiene standards;
- strictly enforce the Over Thirty Month rule in licensed plants to complement the SRM target (this rule prohibits cattle over that age from entering the human food chain, unless they have been reared under the Beef Assurance Scheme).

For those targets relating to public health protection, the Board introduced a policy of zero tolerance of any incidence of the MHS failing to do its job and where such a failure led to an immediate serious public health risk requiring immediate corrective action. No such failures were recorded in the year in question.

## MHS Inspection Charges

Although the Agency has no role in sponsorship of the meat industry, we do nevertheless recognise the importance of that industry to the rural and local economy. That is why we set up the Meat Inspection Charges Task Force, chaired by Colin Maclean, to look at the impact of MHS inspection charges on industry and on small and medium sized plants in particular. The Task Force recommended that the charging system be changed to one based on a plant's throughput rather than solely on its inspection costs. The Government accepted this recommendation, the cost of which (some £20 million per year) would be provided jointly by FSA and by the Agriculture Departments in Great Britain. We consulted stakeholders on the basis of this recommendation, and introduced an independent appeals mechanism on charging decisions at the stakeholders' request. The legislation giving effect to these changes was laid before Parliament on 9 March 2001, with the new charges to take effect from 2 April 2001. Parallel regulations came into force in Wales on the same date.

## Developing our staff and the way we work

In our first year we concentrated on establishing ourselves as an independent organisation, with a Board, our own supporting infrastructure, and our own accommodation.

Our Board developed, and consulted the FSA's staff on, new core values:

- To put the consumer first
- To be open and accessible
- To be an independent voice

At the end of our first year, external stakeholders told us, at a specially convened meeting, that we had made a good start in our first year in putting these into practice.

We set up new offices in Cardiff, Belfast and Aberdeen, a new location for food safety work in Scotland. For much of our first year our London staff were housed in temporary accommodation in several different buildings, but by the end of the our first year we had begun the move to our new headquarters building.

We set targets for developing the skills of our staff and improving the way we work, taking account of the challenges set by the Government's modernisation programme. We report on the progress we have made so far.

### Ensuring effective policy making

In all our work we are committed to making decisions on the basis of the best scientific evidence available. We gather this evidence from a wide range of sources, seeking advice from experts within the Agency and outside, and through a network of scientific advisory committees. Our decisions are informed by specially commissioned independent research and information-gathering surveys (see chapter 3).



Chapter 2 describes how we are putting our commitment to openness into practice. A consultative approach, involving our stakeholders before decisions are made, is recognised as a key element of better policy making. Some examples of the benefits of this approach can be seen in our review of BSE controls, work on the long-term safety of radioactivity discharges (see Chapter 3), our action plan for labelling strategy (see Chapter 4), and our work with local authorities to improve enforcement (see Chapter 6).

### Collaborating across government

The need for government departments to co-operate more effectively and exchange information underpins the concept of 'joined up' government. We established effective working relationships with a wide range of government departments and public bodies which recognised our independent status and our statutory right to publish advice to the public and to government. To underpin these working arrangements we made a start on formalising our relationships with the government departments and other public bodies with whom we have most dealings through a series of 'concordats', details of which are being published on our website.

### Assessing regulatory impact on industry

We have made clear our commitment to the principles of better regulation. We do not wish to put unnecessary burdens on industry but public health always comes first and we will never put it at risk by removing, relaxing or simplifying existing controls.

In our first year, a total of 19 Statutory Instruments relating to food safety, and 15 supporting regulatory impact assessments, have been laid before the Westminster Parliament. We actively promote central guidance on better regulation and regulatory impact assessment. In June 2000, we launched a review of the impact of food regulations on small businesses. The Meat Inspection Charges Task Force (see Chapter 6) looked particularly at the impact of MHS inspection charges on small and medium sized meat plants.

### Dealing with enquiries from the public

Consumers will continue to look to local authority enforcement staff on local food safety concerns such as a local food poisoning outbreak, questions about hygiene in a particular shop or restaurant, or food standards issues such as misleading labels. We recognise that the FSA has a particular responsibility to provide sound advice when an outbreak or other food safety issue causes wider or even national concern. In an emergency the fastest way of reaching consumers across

the country is often through the media or through working with major food retailers. But we have also set up special helpline arrangements to deal with major issues, for example when there were particular concerns about the possible effect of the potential risk from dioxins associated with funeral pyres used in the FMD outbreak.

During our first year we answered over 14,000 letters from the public, either directly or via their MP. For 92% of these we met our target of answering letters within 20 working days of receiving them. (517 of these letters were sent to office in Scotland, 505 to Wales, and 297 to Northern Ireland.) We also dealt with 358 Parliamentary Questions to the Westminster Parliament, 102 to the Scottish Parliament, and 12 Assembly Questions in Wales.

We adopted the "modernising government" target of answering telephone calls within 30 seconds. Feedback from callers to the Aberdeen, Cardiff, and Belfast Offices of the FSA suggests that these meet the standard. While our London HQ was spread among several different buildings we set up a central telephone enquiry point as a temporary arrangement and staffed this so as to be able to meet the service standard for calls within working hours. From March 2001 our London HQ has had its own switchboard number, and we make periodic random checks to ensure that this meets the service standard for answering calls. Initial results indicated that the standard was being met. However we recognised that we needed to improve our arrangements for handling general telephone enquiries and make it easier for the switchboard to direct callers to the right part of the organisation. The new system, set up in January 2002, is supported by tailored training for the staff involved.

We also aim to follow the modernising government standards for seeing visitors. These are: if someone has made an appointment with a named person, they should be seen within 10 minutes of the appointment; if they have not made an appointment, someone should see them within 30 minutes of their arrival. Until April 2001, our London HQ was subject to the security/reception arrangements in each building where we had temporary accommodation. In our new HQ we have our own dedicated, trained reception staff who have ensured that the service target is met fully. No complaints have been logged since the move; indeed many visitors have commended the friendly welcome they receive from our receptionists. Practice within the rest of the FSA suggests there is full compliance with the service targets in our other buildings.

Our first FSA website was operational on our first day to provide an information service for members of the public as well as for the FSA's stakeholder organisations (see Chapter 1). We met our commitment to publish contact points by placing an A-Z of Food Standards Agency work areas, with contact details for Agency staff working in that area, onto our website. We also set up a special BSE website for our review



of BSE controls (see Chapter 3). But we recognised that our main website was not very “user-friendly” and commissioned the development of a much improved site, now launched as [www.food.gov.uk](http://www.food.gov.uk).

We have published our complaints procedure on our website, as part of our service standards, and hard copies are available on request. If we do get things wrong we aim to try to resolve any problem quickly and explain what we have done and why.

### Developing an e-strategy for better service

In keeping with the Government’s target of delivering 100% of services online by 2005, we began development of our own e-strategy. First steps in implementing it included: redesigning of our website to make it more user-friendly (see above) and publishing our full range of publications online. Next steps will include a two-way online communication system between ourselves and local authorities, and playing an effective part in the development of the Government’s Knowledge Network.

### Developing and supporting our staff

Our ability to function effectively as a new organisation and to live up to our core values depends on the skills and experience of the people we employ. We aim to make staff development a high priority to ensure they have the expertise, knowledge and skills to do their jobs as well as possible.

On 1 April 2000 some 405 staff transferred to the FSA, mainly from MAFF and the Department of Health. Staff in our offices in Scotland, Wales, and Northern Ireland came to us on loan from the relevant devolved administrations. Some of these staff had been specially recruited to carry out the FSA’s new functions; others had developed expertise in the food safety and standards responsibilities we were taking on. The staff transfers were achieved with few problems. From the outset we have held regular meetings with our staff’s 3 trade unions (PCS, IPMS and FDA).

In our first year we recruited 91 staff through “open” (external) competition and 93 other staff from other Government Departments excluding staff recruited by the devolved administrations on secondment to the FSA. Our recruitment policy follows the principles of fair and open competition as set out in the Civil Service Commissioners’ Recruitment Code. External recruitment exercises are advertised widely as well as appearing on our website. We use the permitted exceptions to fill only positions on a casual basis for less than 51 weeks and for some of the secondments arranged with outside organisations.

The number of successful candidates in external competitions is shown in the table, which, as required by the Code, gives the number of women, ethnic minorities and disabled people successful at each level.

Recruitment into the Food Standards Agency through open competition  
1 April 2000-31 March 2001

	Total	Male	Female	Ethnic minorities	Disabled
Senior Civil Service	4	3	1	0	0
Posts at former UG6 and below	87	50	37	16	3
<b>Total</b>	<b>91</b>	<b>53</b>	<b>38</b>	<b>16</b>	<b>3</b>

We participated in a careers fair which enabled us to raise our profile with science graduates. This was a successful first step which we will repeat and do more of.

We have embarked on a major programme of staff training and organisational development. Following a competitive tender we appointed expert consultants to work in partnership with us to help us understand our strengths and to identify how we needed to develop to face the challenges of our new organisation and our core values. By the end of our first year we had developed, with them, a strategy for training and developing all our staff; implementation began in 2001.

We set up a comprehensive induction programme for staff new to the FSA. 83 people attended and feedback was almost universally positive. We also developed our internal communications so that our staff have a better understanding of work and progress across the organisation. This has included running a programme of seminars for all staff, introducing a staff newsletter, a bulletin board, and intranet site, and holding regular open meetings for all staff to discuss issues with the Chief Executive.

We have also begun work to acquire Investors in People accreditation. As part of this we carried out our first staff survey at the end of 2000.

### Diversity

We conducted a survey of staff to find out their ethnic background and whether they regarded themselves as being disabled. In the light of this we have set targets for under represented groups and are taking action to nurture the talent within the FSA and to develop a diversity plan which will include diversity training.

## Annex 1: Glossary of terms

ACAF	Advisory Committee on Animal Feedingstuffs	MAFF	Ministry of Agriculture, Fisheries and Food (now DEFRA)
AFRC	Agriculture and Food Research Council	MHAC	Meat Hygiene Advisory Committee
CODEX	CODEX Alimentarius Commission	MHS	Meat Hygiene Service
BSE	Bovine Spongiform Encephalopathy	MRLs	Maximum residue levels are numerical values which show what the maximum crop or food residue should be if the pesticide is used according to the statutory conditions of use
COMA	Committee on Medical Aspects of Food Nutrition Policy	NDNS	National Dietary and Nutrition Surveys
COT	Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment	NI	Northern Ireland
DEFRA	Department for the Environment, Food and Rural Affairs	NIAC	Northern Ireland Advisory Committee
DEL	Departmental Expenditure Limit	NPRC	Non Pay Running Costs
DfEE	Department for Employment and Education	NVQ	National Vocational Qualification
DfES	Department for Education and Science	PCS	Public and Commercial Services Union
DH	Department of Health	SACN	Scientific Advisory Committee on Nutrition
EU	European Union	SCF	EU Scientific Committee for Food
FDA	First Division Association	SEAC	Spongiform Encephalopathy Advisory Committee
FSA	Food Standards Agency	SRM	Specified Risk Material: tissue from cattle, sheep, and goats which is most likely to contain BSE infectivity (e.g., brain, spinal cord). Banned from the food chain.
FSA(NI)	Food Standards Agency (Northern Ireland)	UK	United Kingdom
FSPB	Food Safety Promotion Board	vCJD	Variant Creutzfeldt Jakob's Disease
GB	Great Britain	WHO	World Health Organization of the United Nations
GM	Genetically Modified		
HACCP	Hazard Analysis and Critical Control Point: a documented food safety management system widely regarded as the most effective way of managing and controlling hazards inherent in the food handling and production process. It is a structured approach based on seven principles which may be applied flexibly in food businesses of all sizes to ensure that proportionate risk-based controls are in place and safe food is produced.		
HAS	Hygiene Assessment System		
IPMS	Institute of Professional Managers and Specialists		
IT	Information Technology		
LA	Local Authority		
LACOTS	Local Authorities Co-ordinating Body for Food and Trading Standards		

## Food Standards Agency Accounts 2000-01



## Food Standards Agency Consolidated Resource Accounts

### Contents

#### Annual accounts

Foreword to the accounts	53
Statement of Accounting Officer's responsibilities	60
Statement on the system of internal financial control	61
Audit certificate – FSA	64
Summary of resource outturn – FSA	66
Operating cost statement	67
Statement of recognised gains and losses	67
Balance sheet	68
Cash flow statement	69
Resources by departmental aims and objectives	70
Notes to the accounts	71
Accounts direction given by the Treasury for core FSA	89
Accounts direction given by the Scottish Ministers	90
Accounts direction given by the Department of Health Social Services and Public Safety (Northern Ireland)	91
Accounts direction given by the Authority of the National Assembly for Wales	92

## Foreword to the Accounts

### Preparation of Accounts

The Food Standards Agency (FSA) consolidated resource accounts have been prepared in accordance with a direction given by the Treasury in pursuance of Section 5 (1) of the Exchequer and Audit Departments Act 1921. The FSA is part funded by the devolved authorities in Scotland, Northern Ireland and Wales. The relevant accounts directions from these authorities are attached, and separate statements have been prepared for the FSA Scotland, Wales and Northern Ireland.

### Statutory Background

The FSA is a new organisation that was established on 1 April 2000 by Act of Parliament (Food Standards Act 1999). The main purpose of the agency is:

*'To protect public health from risks which may arise in connection with the consumption of food, and otherwise to protect the interests of consumers in relation to food.'*

On 1 April 2000, the Meat Hygiene Service (MHS) became an executive agency of the FSA. The MHS was originally established on 1 April 1995 as an executive agency of the Ministry of Agriculture, Fisheries and Food.

### Aims of the FSA

The aims of the FSA are to:

- 1) Measurably improve public confidence in the national food safety and standards arrangements.
- 2) Reduce foodborne illness by 20% over the next 5 years, including reducing levels of Salmonella in UK produced chickens on retail sale by at least 50% by the end of 2004/05.
- 3) Protect consumers through improved food safety and standards by:
  - a) improving local authority enforcement;
  - b) promoting the use of Hazard Analysis and Critical Control Points in food businesses; and
  - c) improving the safety of fresh meat through MHS action to ensure the effective enforcement of hygiene controls.

Schedule 5 of the accounts shows a breakdown of the FSA's costs into these three aims.

## Structure and Organisation

The FSA is a non-Ministerial Government Department. Staff are accountable through a Chief Executive to the Board, rather than directly to Ministers. The Chief Executive was appointed by the Civil Service First Commissioner under Civil Service Commission rules, with the agreement of the Prime Minister. The Board consists of a Chairman, Deputy Chair and 12 members. The Chairman and Deputy Chair were appointed by the Secretary of State for Health, Scottish Ministers, the National Assembly for Wales and Northern Ireland Ministers. Two Board members were appointed by Scottish Ministers, one by the National Assembly for Wales, and one by Northern Ireland Office Ministers. These members have special responsibility for Scottish, Welsh and Northern Irish issues. The other eight members were appointed by the Secretary of State for Health.

The Board is responsible for the FSA's overall strategic direction, for ensuring that legal obligations are fulfilled, and for ensuring that decisions and actions take proper account of scientific advice as well as the interests of consumers and other stakeholders. The annual increase in Board Members' and the Senior Management's remuneration is based on that recommended by the Senior Salaries Review Body.

The Board is accountable to Parliament through the Secretary of State for Health, to Health Ministers in Scotland and Wales, and to the Minister of Health, Social Services and Public Safety in Northern Ireland.

## Creation of the Food Standards Agency

As background to the creation of the FSA, in September 1997 those engaged on food safety and food standards work within the Ministry of Agriculture, Fisheries and Food (MAFF) and the Department of Health (DH) were drawn together to form the Joint Food Safety and Standards Group (JFSSG). This was a single management structure reporting to Ministers in both Departments. The JFSSG was subsumed by the FSA, when it was established on 1 April 2000.

In accordance with the Food Standards Act the following transfers to the FSA took place from 1 April 2000:

- MHS was transferred from MAFF; and
- responsibility for food safety from Health and Agriculture Departments.

The devolved authorities incurred costs prior to 1 April 2000 for the set up of the devolved offices for the Food Standards Agency. These costs were transferred to the Food Standards Agency from 1 April 2000.

These transfers were accounted for by merger accounting whereby the carrying values of the net assets in the transferors' accounts were transferred, with the net effect of any adjustments shown as a movement on reserves.

The following table summarises the carrying values of assets and liabilities transferred from MAFF, DH and the devolved authorities and the adjustments to achieve uniformity of accounting policies:

	Book Amount £000s	Alignment of accounting policies £000s	Carrying Value £000s
Fixed assets	2,601	(911)	1,690
Current assets	23,403	(112)	23,291
Creditors and provisions	(15,776)	–	(15,776)
Reserves	(10,228)	1,023	(9,205)

## The main adjustments were:

- tangible fixed assets were adjusted by £0.9m in line with FSA fixed asset policies. £0.3m of this sum has been charged to depreciation in 2000/2001; and
- specific provisions for debtors of £0.1m have been made for doubtful debts at the date of acquisition.

## The FSA Board

During the year, the following were members of the external FSA Board:

Sir John Krebs FRS – FSA Chair  
Suzi Leather – FSA Deputy Chair

## Other Board members:

Sir John Arbuthnott – Chair of the Scottish Advisory Committee  
Michael Gibson  
Ann Hemingway – Chair of the Advisory Committee for Wales  
Michael Walker – Chair of the Advisory Committee for Northern Ireland  
Richard Ayre  
Karol Bailey  
Baroness Valerie Howarth of Breckland, OBE  
Professor Jeya Henry  
Robert Rees  
Professor Bhupinder Sandhu  
Vernon Sankey  
Gurbux Singh

## FSA Management Team

Day to day management of the FSA is exercised through a team of senior officials. The full management team as at 31 March 2001 was as follows:

Geoffrey Podger – Chief Executive  
Jon Bell – Deputy Chief Executive and Director of Food Safety Policy  
Pat Stewart – Director of Corporate Resources and Strategy Group and Principal Establishment and Finance Officer  
David Statham – Director of Enforcement and Food Standards Group  
Neil Martinson – Director of Communications  
David Dunleavy – Director of Legal Services  
George Paterson – Director of FSA Scotland  
Joy Whinney – Director of FSA Wales  
Morris McAllister – Director of FSA Northern Ireland

The acting Chief Executive of the Meat Hygiene Service as at 31 March 2001 was Chris Lawson who replaced Johnston McNeill on 2 January 2001. The MHS Chief Executive is also a member of the FSA management team. In addition, David Dunleavy was appointed on 29 January 2001 as a replacement for David Noble as Director of Legal Services.

All senior officials have been appointed under the rules laid down by the Civil Service Commissioners. Salary and pension details of the Board and Management Team are disclosed in Note 3.

### Funding of the FSA

The FSA is a non-Ministerial Government Department. The work of the FSA Headquarters and the MHS throughout Great Britain is funded through Class II, Vote 4. The costs of the FSA in Scotland, Wales and Northern Ireland are funded through the relevant devolved authority.

### Specific Areas of Responsibility

The FSA has a wide remit that includes protecting public health, providing information and advice, ensuring food law is effective and enforced, co-ordinating research and development and surveillance, developing policy and representing the UK on food matters in Europe.

In undertaking these duties, the FSA seeks to operate under three guiding principles:

- putting the customer first;
- being open and accessible; and
- being an independent voice.

The work of the FSA involves food safety across the whole of the food chain, including:

- food contaminants – defining tolerable levels, risk management and policy;
- food additives, contact materials, and novel foods – including safety assessment and surveillance;
- microbiological safety and food hygiene including providing advice on the management of foodborne outbreaks and prevention of foodborne illness;
- inspection and enforcement action to protect consumers;
- local authority enforcement – developing policy, and auditing and improving enforcement;
- pesticides, veterinary medicines and animal feed – assessing food safety implications;
- food labelling and standards – developing policy, improving consumer choice and representing the UK in the European Union; and
- nutrition – providing advice and guidance on the nutritional composition of food, and providing information on a healthy, balanced diet, so as to promote and protect public health.

### The Meat Hygiene Service

The Meat Hygiene Service (MHS) is an executive agency of the FSA. The aim of the MHS is to safeguard public health and animal welfare at slaughter through the effective enforcement of legislation. Its main functions are to provide a meat inspection service to all licensed meat plants, and to ensure that the highest standards required by the law for the hygienic production of meat and for the welfare of animals at slaughter are maintained. The principal activities of the MHS are:

- the enforcement of hygiene rules in licensed fresh meat premises;
- the provision of meat inspection and controls on health marking in licensed red meat and poultry meat and wild game meat premises;
- the enforcement of hygiene controls in meat products, minced meat and meat preparation plants, that are co-located with licensed slaughterhouses; and
- the enforcement, in licensed fresh meat premises, of controls over Specified Risk Material (SRM) and other animal by-products, and controls prohibiting the sale of meat from cattle over 30 months of age.

The consolidated resource accounts for the FSA include the results for the MHS. The MHS has prepared its own annual report and accounts which provide additional detail.

### Financial Results

The breakdown of resource expenditure by funding body was:

	Budget £'000	Expenditure £'000
Westminster Funded FSA (incorporating the MHS)	92,822	78,409
FSA Scotland	5,207	2,978
FSA Wales	1,457	1,454
FSA Northern Ireland	1,111	902
Total FSA	100,597	83,743

The net cost of the Westminster funded FSA was £78.4m against a request for resources budget of £92.8m to 31/03/01. The Treasury has agreed to the Westminster funded FSA carrying forward an underspend of nearly £10m from 2000/01 into 2001/02 through the end year flexibility mechanism. The FSA underspent in its first year of operations, predominantly as a result of the delay in moving to the new central London office.

The FSA also spent £6.44m on acquiring fixed assets. Most of this spend related to equipping its new London headquarters building. The fixed assets purchased for use in FSA Scotland, Wales and Northern Ireland are accounted for as part of the Westminster funded statements.

The net cost of the MHS, incorporated in the Westminster figures was £3.7m. Although there was a fall off in industry income towards the end of the year as a result of the Foot and Mouth disease outbreak, additional income was received from the Ministry of Agriculture, Fisheries and Food for work undertaken to combat the disease.

A full explanation, detailing the spend against budget can be found in Schedule 1 of these accounts. Schedules 2 to 5 give the operating cost statement, balance sheet, cash flow statement and resource by departmental aim respectively with additional detail being provided in the notes to the accounts that follow the schedules. Schedule 1 also gives an individual summary of resource outturn, an operating cost statement and a reconciliation of the net resource for each devolved administration in accordance with the accounts directions at pages 89 to 92.

### Staff Relations

The FSA attaches considerable importance to securing the full involvement of all staff in its work. During the year, we started the move into our new central London headquarters, having previously occupied three separate offices. Senior management meet formally at regular intervals with trade union representatives. The Chief Executive holds regular open meetings to which all staff are invited and encouraged to attend. "FSA Matters", an in-house newsletter, is circulated weekly to all staff, as well as "FSA News" every two months which informs staff in more detail of FSA activities. MHS staff have their own quarterly newsletter "MHS Update".

### Pensions

Employees of the FSA are civil servants and are members of the Principal Civil Service Pension Scheme (PCSPS). This is a Central Government unfunded pension scheme. The cost of pension liabilities is met from the Superannuation Vote.

The FSA Board are not civil servants and are therefore not members of the PCSPS. However, arrangements are currently being made to provide a similar scheme for certain Board Members.

The MHS has two separate pension schemes. The majority of staff are members of the Local Government Pension Scheme (LGPS), a defined benefit scheme which is governed by the Local Government Pension Scheme Regulations 1995, and administered by the London Pension Fund Authority (LPFA). Other MHS employees are members of the PCSPS.

### Equal Opportunities

The FSA aims to be a modern and equitable employer, and recognises and encourages the potential of a diverse workforce. The FSA is committed to equal opportunities and aims to ensure that everyone who works for or with the FSA should be treated fairly and with respect. Consequently, no employee or job applicant will be discriminated against either directly or indirectly on such grounds as race, gender, marital status, nationality, ethnicity, colour, religion, political beliefs, disability, age, sexual orientation, responsibility for dependants, working pattern or position in the organisation. The FSA operates a guaranteed interview scheme for people with disabilities (as defined by the Disability Discrimination Act 1995) who meet the minimum essential criteria for the appointment.

### Supplier Payment Policy

It is Government policy that all departments and agencies should pay all invoices not in dispute within 30 days of receipt, or the agreed contractual terms if otherwise specified. During the first year of operations, with a new finance system, new procedures and new staff, around 86% of invoices were paid on time. In line with other Government departments, our target for 2001/02 is 95%.

### Departmental Report

The FSA Departmental Report Spring 2001 contained the FSA's resource estimate for 2001/02 plus core tables as specified by Treasury. The text of the Report covered the Agency's structure, organisation, purpose, and specific areas of responsibility. It also gave details of how the FSA was making progress towards meeting its Service Delivery Agreement targets, and meeting Modernising Government requirements.

In 2002, subject to direction from the Treasury, the Spring Departmental Report will be replaced by a forward looking Departmental Plan, supplemented by the publication of a retrospective Annual Report in the Autumn.

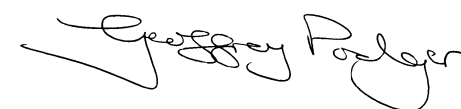
### Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with section 5 of the Exchequer and Audit Departments Act 1921. The audit certificate can be found on pages 64 and 65.

### Important events which have occurred since the end of the financial year

MHS operations have been adapted to meet responsibilities under Foot and Mouth Disease restrictions, which have continued through the spring and summer into autumn. As a result of lower throughput of meat for human consumption, inspection income has reduced although in large parts this has been offset by additional work for the Department for Environment, Food and Rural Affairs (DEFRA).

New charging arrangements, based upon the Maclean Task Force recommendations, were introduced in April 2001. New invoices were issued from May 2001 showing significantly lower charges to small plant operators.



Geoffrey Podger  
Accounting Officer  
30 November 2001

## Statement of Accounting Officer's Responsibilities

1. Under section 5 of the Exchequer and Audit Departments Act 1921, the Food Standards Agency is required to prepare resource accounts for each financial year. This is to conform with a Treasury direction detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.
3. HM Treasury has appointed the Chief Executive as Principal Accounting Officer of the Department with overall responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Principal Accounting Officer is required to comply with the Resource Accounting Manual prepared by HM Treasury, and in particular to;
  - a. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - b. make judgements and estimates on a reasonable basis;
  - c. state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
  - d. prepare the accounts on a going-concern basis.
5. In addition, HM Treasury has appointed an Agency Accounting Officer (Chris Lawson) to be accountable for those parts of the Department's accounts that relate to the Meat Hygiene Service resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Chief Executive's overall responsibility as Accounting Officer for the Department's accounts.
6. The responsibilities of an Accounting Officer (including responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the Department's assets) are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Government Accounting. Under the terms of the Accounting Officer's Memorandum, the relationship between the Department's Principal Accounting Officer and the MHS Agency Accounting Officer, together with their respective responsibilities, is set out in writing.



Geoffrey Podger  
Accounting Officer  
30 November 2001

## Statement on the System of Internal Financial Control

1. This statement is given in respect of the resource accounts for the Food Standards Agency (referred to as the Department for the purposes of this statement). The statement incorporates the transactions and net assets of the core Department and its executive agency the Meat Hygiene Service (MHS), which falls within the departmental boundary for resource accounting purposes. As Accounting Officer for the Department, I acknowledge my overall responsibility for ensuring that the Department and Agency maintain and operate an effective system of internal financial control in connection with the resources concerned. The Chief Executive of the MHS is responsible for the maintenance and operation of the system of internal financial control in that Agency and has signed a statement relating to that system which is reproduced in their accounts.
2. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of the internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Department and the MHS. In particular, the system includes;
  - comprehensive budgeting systems with an annual budget which is reviewed and agreed with the FSA Management Team;
  - targets to measure financial and other performance;
  - the preparation of regular financial reports which indicate actual expenditure against budget; and forecasts all of which are regularly reviewed with the Management Team; and
  - clearly defined capital expenditure control guidelines.
4. The FSA has an independent Audit Committee set up in line with Treasury Guidance. The purpose of the Committee is to advise the Chief Executive as Accounting Officer on internal control and assurance matters. The Meat Hygiene Service (MHS) has a similar, separate, MHS Audit Committee established for the same purpose in respect of that Agency.

5. The financial year 2000/01 was the Department's first year of operation and during this period it has been engaged in establishing its systems of internal financial control. As a result some systems of internal control were developed over the course of the year and were therefore not in place for the whole period whilst others, in the light of our experience of our first year end, will need to be introduced during 2001/02. The key priorities for improved control in 2001/02 will be:

- Agency specific controls over major transaction processing systems such as payroll, debtors and cash balances to ensure that the General Ledger is maintained accurately throughout the year;
- More robust control procedures over expenditure incurred in respect of activities funded by the devolved authorities together with more formalised corporate governance arrangements; and
- Improved procedures for handling accounting period ends including the year end process. This will include written cut-off procedures circulated to all relevant staff and the provision of appropriate training to support the process. This will also involve improvements in planning for the financial year end and in the presentation of material for external audit.

Our systems of control including those changes described above will be kept under continuous review in order that they are robust and are relevant in supporting the Department's needs.

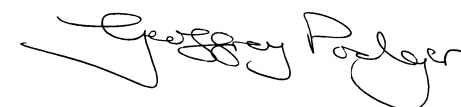
6. The FSA has an internal audit service provided by the Department of Health Internal Audit Branch, which complies with standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of risk and is endorsed by the Audit Committee and me.
7. Each year the Department of Health's Head of Internal Audit (HIA) provides me with a report on Internal Audit activity in the FSA. The report provides the HIA's independent opinion on the systems of internal financial control. For the 2000/01 financial year the HIA's report gave limited assurance on the adequacy and the effectiveness of the FSA's systems noting that control systems are developing with the creation of the new organisation. The work carried out by internal audit included a review of business and financial planning and reporting, and a review of financial transaction processing. Recommendations for strengthening controls were made as a result of Internal Audit's reviews. All recommendations raised as a result of the Internal Audit's work have been or are in the process of being implemented.
8. The internal audit function for the MHS is provided on a similar basis by internal auditors employed by the Department for Environment, Food and Rural Affairs. This internal audit service also complies with the standards defined in the Government Internal Audit Manual. The MHS Audit Committee recommended that the Accounting Officer include an unqualified opinion on his Statement on the System of Internal Financial Control for the 2000/01 financial year.

9. My review of the effectiveness of the system of internal financial control is informed by:

- executive managers within the FSA and MHS who have responsibility for the development and maintenance of the financial control framework;
- the work of the internal auditors and the Audit Committee; and
- the external auditors in their management letter and other reports.

#### Implementation of Turnbull Report

10. As Principal Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to ensure that the Department will have a sound system of internal control in place, in accordance with the Treasury's requirements, throughout the year 2003/04 at the latest. I intend to prepare a statement of internal control for the year ended 31 March 2002 which will report substantive progress in developing the Department's internal control processes during that year in accordance with the guidance issued by the Treasury.



Geoffrey Podger  
Accounting Officer  
30 November 2001



## Audit Certificate

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS – FSA CONSOLIDATED ACCOUNT

I certify that I have audited the financial statements on pages 66 to 70 under Schedule 4(4) of the Food Standards Act 1999. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 71 to 74.

#### Respective responsibilities of the Accounting Officer and Auditor

As described on page 60 the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Food Standards Act 1999 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the accounts. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Food Standards Act 1999 and Treasury directions made thereunder and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament, the National Assembly for Wales, the Scottish Parliament, and the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the foreword is not consistent with the financial statements, if the Food Standards Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the accounts and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 61 reflects the Food Standards Agency's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

#### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the

financial statements. It also includes an assessment of the significant estimates and judgements made by the Food Standards Agency in the preparation of the financial statements and of whether the accounting policies are appropriate to the Food Standards Agency's circumstances consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error or by fraud or other irregularity, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament, the National Assembly for Wales, the Scottish Parliament and the Northern Ireland Assembly, and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Food Standards Agency as at 31 March 2001 and of the net resource outturn resources applied to objectives recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Food Standards Act 1999 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament, the National Assembly for Wales, the Scottish Parliament and the Northern Ireland Assembly, and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

XX January 2002

# Food Standards Agency Consolidated Accounts 2000/01

## Schedule 1

Summary of Resource Outturn for the year ended 31 March 2001

	Estimate Gross Expenditure 1	A-in-A 2	Net Total 3	Outturn Gross Expenditure 4	A-in-A 5	Net Total 6	Net Total Outturn compared with Estimated Saving/ (Excess) 7
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Request for Resources</b>							
Consolidated Fund	159,756	(66,934)	92,822	126,457	(48,048)	78,409	14,413
Scottish Consolidated Fund	5,207	–	5,207	2,978	–	2,978	2,229
National Assembly for Wales	1,457	–	1,457	1,454	–	1,454	3
Northern Ireland Assembly	1,111	–	1,111	902	–	902	209
<b>Total resources</b>	<b>167,531</b>	<b>(66,934)</b>	<b>100,597</b>	<b>131,791</b>	<b>(48,048)</b>	<b>83,743</b>	<b>16,854</b>
<b>Net Cash Requirement</b>						<b>83,836</b>	
<b>Reconciliation of Resources to Cash Requirement</b>					<b>Note</b>	<b>£000s</b>	
<b>Net Total Resources</b>						<b>83,743</b>	
<b>Accruals adjustments:</b>							
Non-cash items					13	(2,569)	
Changes in working capital other than cash					12	(3,809)	
Use of provision						28	
<b>Capital:</b>							
Purchase of fixed assets					11	6,443	
New loans						–	
<b>Net Cash requirement (Schedule 4)</b>						<b>83,836</b>	

### Analysis of income payable to the Consolidated Fund

There was no surrender of excess appropriations-in-aid or Consolidated Fund extra receipts payable to the Consolidated Fund.

The estimates disclosed in the above table are for illustrative purposes only. Departments were not required to produce formal resource based estimates for 2000/01.

# Food Standards Agency Consolidated Operating Cost Statement 2000/01

## Schedule 2

for the year ended 31 March 2001

	Note	£000s	£000s
<b>Administration Costs</b>			
Staff costs	2	17,921	
Other administration costs	4	13,663	
<b>Gross Administration Costs</b>			<b>31,584</b>
Operating Income	6		(277)
<b>Net administration Costs</b>			<b>31,307</b>
<b>Programme Costs</b>			
Expenditure	5	100,207	
less: income	6	(47,771)	
<b>Net Programme Costs</b>	5		<b>52,436</b>
<b>Net Operating Cost</b>			<b>83,743</b>
<b>Net Resource Outturn</b>			<b>83,743</b>
All activities are continuing activities.			
<b>Statement of Recognised Gains and Losses</b>			
<b>For the year ended 31 March 2001</b>	<b>Note</b>		<b>£000s</b>
Net gain (loss) on revaluation of fixed assets	18		5
<b>Total recognised gains (losses) for the year</b>			<b>5</b>

## Food Standards Agency Balance Sheet

as at the year ended 31 March 2001

## Schedule 3

	Note	£000s	£000s
<b>Fixed Assets</b>			
Intangible assets	10	229	
Tangible assets	11	7,222	
			<b>7,451</b>
<b>Current Assets:</b>			
Debtors	14	14,695	
Cash at bank and in hand	15	7,066	
Total current assets		21,761	
<b>Creditors (amounts falling due within one year)</b>	16	<b>(13,159)</b>	
<b>Net Current Assets</b>			<b>8,602</b>
			<b>16,053</b>
<b>Provision for liabilities and charges</b>	17		<b>(943)</b>
			<b>15,110</b>
<b>Taxpayer's Equity</b>			
General Fund	18		15,089
Revaluation Reserve	18		21
			<b>15,110</b>



Geoffrey Podger  
Accounting Officer  
30 November 2001

## Food Standards Agency Consolidated Cash Flow Statement

for the year ended 31 March 2001

## Schedule 4

	Note	2000-01 £000s
<b>Net cash outflow from operating activities</b>		<b>(77,393)</b>
Capital expenditure and financial investment	11	(6,443)
Financing from Consolidated Fund		83,303
Financing from the Devolved Authorities		4,435
<b>(Decrease)/Increase in cash in the period</b>	15	<b>3,902</b>
<b>Reconciliation of operating cost to operating cash flows</b>		
Net Operating Cost		83,743
Adjustments for non-cash transactions	13	(2,569)
Adjustments for movements in working capital other than cash	12	(3,809)
Use of provisions		28
<b>Net cash outflow (inflow) from operating activities</b>		<b>77,393</b>
<b>Analysis of capital expenditure and financial investment</b>		
Fixed asset additions	11	6,525
Proceeds from disposal of fixed assets		(82)
<b>Net Cash outflow/(inflow) from investing activities</b>		<b>6,443</b>
<b>Analysis of financing</b>		
From the Consolidated Fund (Supply)		83,303
From the Devolved Authorities		4,435
Decrease/(increase) in cash		(3,902)
<b>Net cash requirement (Schedule 1)</b>		<b>83,836</b>

## Food Standards Agency Resources by Departmental Aim and Objectives

for the year ended 31 March 2001

### Schedule 5

	£000s Gross	£000s Income	£000s Net
<b>AIM 1</b>			
Measurably improve public confidence in the national food safety and standards arrangements	23,434	(397)	23,037
<b>AIM 2</b>			
Reduce foodborne illness by 20% over the next 5 years including reducing Salmonella in UK produced chickens on retail sale by at least 50% by the end of 2004/2005	38,910	(2,305)	36,605
<b>AIM 3</b>			
To protect consumers through improved food safety and standards	69,447	(45,346)	24,101
	<b>131,791</b>	<b>(48,048)</b>	<b>83,743</b>

## Notes to the Accounts 1 Accounting Policies

### 1.1 Basis of Preparation

The financial statements have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury. The particular policies adopted by the Food Standards Agency (FSA) are described below. They have been applied consistently in dealing with items which are considered material to the accounts.

### 1.2 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets and stocks, where material, at their value to the business by reference to their current costs.

### 1.3 Basis of Consolidation

These accounts comprise the consolidation of the core FSA and its executive agency, the Meat Hygiene Service (MHS). Additionally, the FSA consolidated accounts incorporate results from the FSA devolved offices in Scotland, Wales and Northern Ireland. These are funded directly by the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly respectively. All fixed assets, regardless of initial funding, are deemed to be assets of the FSA as a whole. The core FSA and the MHS each produce and publish their own annual report and accounts.

### 1.4 Intangible Fixed Assets

Internally developed fixed assets or intangibles purchased separately from the business are capitalised. Assets acquired for use by the devolved authorities are deemed to be owned and as such capitalised, by the core department. These currently include software licences.

### 1.5 Tangible Fixed Assets

Individual or grouped tangible fixed assets with a purchase cost in excess of £2,000 (including irrecoverable VAT and delivery) are capitalised and revalued each 1 April using appropriate indices. Assets acquired for use by the devolved authorities are deemed to be owned and as such, capitalised by the core FSA.

## 1.6 Depreciation

Freehold land and assets in the course of construction are not depreciated. Depreciation and amortisation is provided at rates calculated to write-off the valuation of tangible and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives:

Tangible assets	
Computer equipment	4-6 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Vehicles	4 years
Intangible assets:	
Computer software	6-7 years
Software licences	5 years

Revaluation surpluses and deficits arising from temporary changes in value are credited or charged to the revaluation reserve. Permanent diminutions in value are charged to the operating cost statement except to the extent that a revaluation surplus exists in respect of the same asset.

Realised revaluation surpluses are retained within the revaluation reserve.

Profits or losses arising on the disposal of tangible fixed assets are calculated by reference to the carrying value of the asset.

## 1.7 Stocks and Work in Progress

Consumables are valued at cost, if held for existing use, otherwise net realisable value. Long-term contracts are valued on a contract by contract basis.

## 1.8 Research & Development

Expenditure on research and development has been treated as an operating cost in the year in which it is incurred.

## 1.9 Operating Income

Operating income is income which relates directly to the operating activities of the FSA. Income represents total accrued income for the year, and is shown net of Value Added Tax. The FSA has income from milk and dairies inspections and sampling and from radiological inspections. It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund, which HM Treasury has agreed should be treated as operating income. Additionally, the MHS has income from meat hygiene inspections and from government organisations (predominantly from Specified Risk Material controls).

## 1.10 Administration and Programme Expenditure

The operating cost statement is analysed between operating and programme costs. Administration costs reflect the cost of running the Department as identified under the administration cost-control regime, together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs including other disbursements by the FSA.

It should be noted that all expenditure by the Meat Hygiene Service, including staffing and administrative costs, is regarded as programme costs for the purposes of resource accounting.

## 1.11 Cost of Capital

A charge reflecting the cost of capital used by FSA is included in operating costs. The charge is calculated at the Government's standard 6% rate on all assets less liabilities except cash balances with the Office of the Paymaster General (PMG) and liabilities surrendered to the consolidated fund. The charge is calculated on an annual basis.

## 1.12 Foreign Exchange

Income and expenditure items are translated into £ Sterling at the rate of exchange at the date of the transaction. Balance sheet items are translated at the balance sheet date rate of exchange or at a contracted rate if applicable. Any exchange gains or losses are reported in the operating cost statement.

## 1.13 Pensions

FSA present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Departments, Agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of a charge on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The FSA Board are not civil servants and are therefore not members of the PCSPS. However, arrangements are currently being made to provide a similar scheme for some Board Members.

The majority of employees of the MHS are members of the Local Government Pension Scheme, a defined benefit scheme which is governed by the Local Government Pension Scheme Regulations 1995, and administered by the London Pensions Fund Authority. Other MHS employees are members of the PCSPS.

### 1.14 Early Departure Costs

The FSA is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme and similar schemes have been announced and are binding on the FSA.

### 1.15 Operating Leases

Operating leases are charged to the operating cost statement on a straight-line basis over the term of the lease.

### 1.16 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSA is audited by the Comptroller and the Auditor General, no charge is made for this service but a notional charge representing the cost of the audit is included in the accounts.

### 1.17 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Customs and Excise is shown as a debtor or creditor on the balance sheet. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of a fixed asset it is capitalised in the cost of the asset.

### 1.18 Supply Funding

The FSA operates under Government Accounting on a Gross Vote, Class II, Vote 4. In addition, the FSA is part funded by contributions from the devolved authorities, to recover their net resource cost and capital expenditure incurred in the year.

### 1.19 Provisions and Contingent Liabilities

Provisions are recognised in the accounts where;

- there is a present obligation as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount.

Contingencies are disclosed in the notes to the accounts unless the possibility of transfer in settlement is remote.

## 2 Staff Costs

a) Staff Costs for the first Year 2000/01 consist of: FSA(HQ) and Devolved Offices (DOs):

	FSA(HQ) Westminster			Devolved Offices	TOTAL
	STAFF	BOARD	SUB-TOTAL	£	£
	£	£	£		
Wages and Salaries	12,901,565	262,531	13,164,096	1,545,928	14,710,024
Social Security Cost	1,003,981	26,210	1,030,191	116,540	1,146,731
Other Pension Costs	1,810,069	30,377	1,840,446	223,655	2,064,101
	<b>15,715,615</b>	<b>319,118</b>	<b>16,034,733</b>	<b>1,886,123</b>	<b>17,920,856</b>

For 2000/2001, contributions of £1.81 million were paid to the Principal Civil Service Pension Scheme (PCSPS) at rates determined by the Government Actuary and advised by the Treasury.

The FSA's contribution to pensions are:	Salary Band	£	and under		%
	Salary Band 1	£14,500	and under		12%
	Salary Band 2	£14,501	to	£30,000	13.5%
	Salary Band 3	£30,001	to	£52,000	16.5%
	Salary Band 4	£52,000	and over		18.5%

The Staff in the Devolved Offices are on secondment from and funded by their respective Devolved Authority.

Provisions for early departure costs are in Note 17.

b) The average number of people (excluding casual and contractors) employed by MHS and FSA during the year 2000/01 by function, were as follows:	FSA(HQ) Westminster			Devolved Offices	TOTAL
	STAFF	BOARD	SUB-TOTAL		
Chief Executive/Board	2	14	16	–	16
Food Safety Policy Group	282	–	282	35	317
Corporate Resources & Strategy Group (incl. Legal & Communications)	156	–	156	28	184
Enforcement & Food Standards Group	154	–	154	21	175
	<b>594</b>	<b>14</b>	<b>608</b>	<b>84</b>	<b>692</b>

c) Staff Costs by function comprise:	£	£	£	£	£
Chief Executive/Board	162,611	319,118	481,729	–	481,729
Food Safety Policy Group	6,467,644	–	6,467,644	706,410	7,174,054
Corporate Resources & Strategy Group (incl. Legal & Communications)	4,471,434	–	4,471,434	704,117	5,175,551
Enforcement & Food Standards Group	4,613,926	–	4,613,926	475,596	5,089,522
	<b>15,715,615</b>	<b>319,118</b>	<b>16,034,733</b>	<b>1,886,123</b>	<b>17,920,856</b>

### 3 Management Remuneration

		Salaries & Other Allowances	Increase in Pension Earned	Value of Accrued Personal Pension	
<b>a) FSA</b>		Bands	£5,000 (£'000)	£2,500 (£'000)	£5,000 (£'000)
Geoffrey Podger	Chief Executive	100 – 105	5 – 7.5	30 – 35	
Pat Stewart (Ms)	Director, CR&S Group (appointed on 5/5/00)	65 – 70	2.5 – 5	25 – 30	
Dr Jon Bell	Director, FSP Group (appointed on 5/6/00)	60 – 65	2.5 – 5	20 – 25	
David Noble	Director, Legal Services (Part year)	60 – 65	0 – 2.5	0 – 5	
David Statham	Director, E&FS Group (appointed on 4/9/00)	40-45	0 – 2.5	0 – 5	
David Dunleavy	Director, Legal Services (Part year)	10-15	0 – 2.5	15 – 20	
<i>(David Noble and David Dunleavy's periods of employment were from 17/4/00 to 29/1/01 and 29/1/01 to date respectively).</i>					
<b>Devolved Offices:</b>					
George Patterson	Director, FSA Scotland	60-65	0 – 2.5	0 – 5	
Joy Whinney	Director, FSA Wales (appointed on 6/5/00)	40-45	0 – 2.5	5 – 10	
Gerry McCurdy	Acting Director – FSA Northern Ireland (1/4/00 – 31/8/00)	15-20	0 – 2.5	10 – 15	
<b>b) MHS</b>		Bands	(£'000)	(£'000)	(£'000)
Johnston McNeill	Chief Executive (1/4/00 – 31/12/00)	70-75	0-2.5	10-15	
Chris Lawson	Acting Chief Executive (2/1/00 – 31/3/01)	15-20	0-2.5	25-30	

Information relating to the salary and pension details of the other senior managers within the MHS are disclosed within its Annual Accounts for the financial year 2000/01.

#### c) NOTES:

The salary of the Chief Executive of the MHS includes gross salary, bonus and benefits in kind.  
The salary of the Chief Executive of the FSA includes gross salary only.  
All members of FSA Management Group have declined to give consent to publication of their ages.

Neil Martinson (Director, Communications) and Morris McAllister (Director, N Ireland) from the FSA Management Group have declined to give their consent to the publication of their personal details and such information is not therefore included in these notes.

#### d) FOOD STANDARDS AGENCY BOARD

	Salaries & Other Allowances	Increase in Pension Earned	Value of Accrued Personal Pension
	£5,000 (£'000)	£2,500 (£'000)	£5,000 (£'000)
Bands			
Prof. Sir John Krebs – Chair	95-100	0 – 2.5	0 – 5
Suzi Leather	30-35	0 – 2.5	0 – 5
Ann Hemingway	20-25	0 – 2.5	0 – 5
Michael Gibson	20-25	0 – 2.5	0 – 5
Michael Walker	20-25	0 – 2.5	0 – 5
Prof. Sir John Arbuthnott	20-25	0 – 2.5	0 – 5
Bhupinder Sandhu	5-10	–	–
Jeya Henry	5-10	–	–
Karol Bailey	5-10	–	–
Richard Ayre	5-10	–	–
Robert Rees	5-10	–	–
Dame Valerie Howarth of Breckland, OBE	5-10	–	–
Vernon Sankey	5-10	–	–
Gurbux Singh	0-5	–	–

Members of the FSA Board were not in the pension scheme (PCSPS) at the close of the Financial Year ended 31 March 2001. However, some of the FSA Board members will benefit from pension arrangements that are broadly analogous with the Staff Scheme. A provision for this scheme is provided for in Note 17.

Arrears of pay for all of the Board Members apart from the Chair and Deputy Chair for the period from their appointment to the 31 March 2000, has been included in administration costs under Other Administration Costs in Note 4 to the Accounts.

After obtaining a second public appointment (and in line with Cabinet Office requirements), Gurbux Singh ceased to receive any remuneration from 1 June 2000 onwards from the FSA although he continued to be an active member of the Board until he resigned on 8 May 2001.

The ages of Board Members have not been disclosed.

## 4 Other Administration Costs

	Group	Devolved Authorities		
		Scotland	Wales	N.Ireland
	2000-01 £000s	2000-01 £000s	2000-01 £000s	2000-01 £000s
Rentals under operating leases:				
Hire of plant and machinery	115	2	7	2
Other operating leases	2,149	69	49	73
Non-cash items :				
Depreciation	378	–	–	–
Cost of capital	44	–	–	–
Audit fees	170	20	20	20
Rent and management services	107	107	–	–
	699			
Operational costs	33	–	4	5
Accommodation costs	2,882	247	26	46
Board and staff overheads	2,405	350	41	33
Administration costs	3,447	109	142	19
IT costs	1,629	70	37	23
Committee costs	131	63	35	33
Early departure costs	125	–	–	–
Provision for bad debts	47	–	–	–
Miscellaneous	1	–	1	–
	<b>13,663</b>	<b>1,037</b>	<b>362</b>	<b>254</b>

## 5 Net Programme Costs

	Group	Devolved Authorities		
		Scotland	Wales	N.Ireland
	2000-01 £000s	2000-01 £000s	2000-01 £000s	2000-01 £000s
<b>Research and Development</b>				
Nutrition	6,342	–	–	–
Microbiological Food Safety	4,370	36	–	–
Meat Hygiene	3,243	–	–	–
Chemical Safety	2,838	–	–	–
Novel Food & Chemical Safety Toxicology	2,133	–	–	–
Chemical Contaminants	1,535	20	–	–
Food Labelling & Standards	1,367	–	–	–
Radiological Safety	1,192	31	–	–
Miscellaneous	503	58	–	–
	23,523	145	–	–
<b>Monitoring and Surveillance</b>				
Meat Hygiene Service	64,329			
Radiological Safety	2,993	51	5	–
Microbiological Food Safety	2,487	–	365	–
Committees, Press & Publicity	1,787	210	–	–
Nutrition	1,462	–	21	–
Chemical Contaminants	1,282	–	–	–
Miscellaneous	2,344	361	344	196
	76,684	622	735	196
	100,207	767	735	196
Less: Programme income				
Meat Hygiene Service	(45,099)			
FSA(HQ)	(2,672)	(47,771)		
	<b>52,436</b>	<b>767</b>	<b>735</b>	<b>196</b>



## 6 Analysis of Income

2000-01  
£000s

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

Administration income:

Fees and charges from Government Departments and others	277
---	-----

Programme income:

Meat Hygiene Service activity	45,099
Milk and Dairy Hygiene – sampling and inspections	134
Radioactive Substances Act 1993	2,538
	47,771
	<b>48,048</b>

## 7 Analysis of Net Operating Cost

This note analyses funding by the Department to the relevant spending authority.

	2001 Budget £000s	2001 Actual £000s
Spending Body:		
Core Department	81,844	74,660
MHS	10,978	3,749
Scottish Parliament	5,154	2,997
Northern Ireland Assembly	1,111	902
National Assembly for Wales	1,457	1,454
<b>Total</b>	<b>100,544</b>	<b>83,762</b>

## 8 Analysis of Net Resource Outturn and Net Operating Cost by Function

	Admin £000s	Other Current £000s	Current Costs £000s	A-in-A £000s	Net Total £000s	Estimate £000s	Net Total Outturn Compared with Estimate £000s
Request for Resources 1							
Function 1 FSA HQ	27,487	49,845		2,672	74,660	81,844	7,184
Function 2 MHS		64,634		60,885	3,749	10,978	7,229
<b>Total</b>	<b>27,487</b>	<b>114,479</b>	–	<b>63,557</b>	<b>78,409</b>	<b>92,822</b>	<b>14,413</b>

## 9 Analysis of Capital Expenditure, Financial Investment and Associated A-in-A

	Capital Expenditure £000s	Loans etc. £000s	A-in-A £000s	Net Total £000s
Request for Resources 1	6,537	–	–	6,537
<b>Total</b>	<b>6,537</b>	<b>–</b>	<b>–</b>	<b>6,537</b>

## 10 Intangible Fixed Assets

	Software Licences £000s
<b>Cost or valuation</b>	
At 1 April 2000	302
Additions	124
Revaluation and indexation	(77)
<b>At 31 March 2001</b>	<b>349</b>
<b>Depreciation</b>	
At 1 April 2000	86
Charged in year	58
Revaluation and indexation	(24)
<b>At 31 March 2001</b>	<b>120</b>
<b>Net Book Value</b>	
<b>At 31 March 2001</b>	<b>229</b>

## 11 Tangible Fixed Assets

	Fixtures and Fittings £000s	Office Equipment £000s	Computer Equipment & Software £000s	Motor Vehicles £000s	Total £000s
<b>Cost or valuation</b>					
At 1 April 2000	488	188	1,271	740	2,687
Additions	5,310	93	978	156	6,537
Revaluation and indexation	6	(3)	(326)	(29)	(352)
Disposals	–	(1)	(83)	(210)	(294)
<b>At 31 March 2001</b>	<b>5,804</b>	<b>277</b>	<b>1,840</b>	<b>657</b>	<b>8,578</b>
<b>Depreciation</b>					
At 1 April 2000	94	46	822	249	1,211
Charged in year	57	26	282	169	534
Revaluation and indexation	3	(2)	(165)	(13)	(178)
Disposals	–	(1)	(83)	(128)	(212)
<b>At 31 March 2001</b>	<b>154</b>	<b>69</b>	<b>856</b>	<b>277</b>	<b>1,356</b>
<b>Net Book Value</b>					
<b>At 31 March 2001</b>	<b>5,650</b>	<b>208</b>	<b>984</b>	<b>380</b>	<b>7,222</b>

The difference arising between the purchase of fixed assets and additions are capital creditors and accruals.

## 12 Movements in Working Capital other than Cash

	Group 2000-01 £000s	Scotland 2000-01 £000s	Devolved Authorities Wales 2000-01 £000s	N.Ireland 2000-01 £000s
(Decrease)/Increase in debtors	2,474	332	0	33
Decrease/(Increase) in creditors	(6,283)	(151)	69	(21)
	<b>(3,809)</b>	<b>181</b>	<b>69</b>	<b>12</b>

## 13 Notional Administration Costs

	Group 2000-01 £000s	Devolved Authorities		
		Scotland 2000-01 £000s	Wales 2000-01 £000s	N.Ireland 2000-01 £000s
Administration costs: FSA(HQ) (see Note 4)	699	127	20	20
Meat Hygiene Service	1,025			
Payments made by the Devolved Authorities:				
Staff costs	759		327	432
Purchase of fixed assets	41			41
Administration costs	45			45
	<b>2,569</b>	<b>127</b>	<b>347</b>	<b>538</b>

## 14 Debtors

	Group 2000-01 £000s	Devolved Authorities		
		Scotland 2000-01 £000s	Wales 2000-01 £000s	N.Ireland 2000-01 £000s
<b>Amounts falling due within one year:</b>				
Trade debtors	10,380	0	0	0
Owed by government	1,314	0	0	0
VAT recoverable	2,027	0	0	0
Other debtors	496	17	0	33
Prepayments and accrued income	411	268	0	0
	<b>14,628</b>	<b>285</b>	<b>–</b>	<b>33</b>
<b>Amounts falling due after more than one year:</b>				
Other debtors	67	47	–	–
<b>Total Debtors</b>	<b>14,695</b>	<b>332</b>	<b>–</b>	<b>33</b>

The opening balance for debtors relating to the FSA Consolidated Account was £12,222,000, so the movement in-year is £2,474,000.

## 15 Cash at Bank and in Hand

	2000-01 £000s
Balance at 1 April	3,164
Net cash inflow/(outflow):	3,902
<b>Balance as at 31 March 2001</b>	<b>7,066</b>

At 31 March, £6,507,000 was held in accounts at the Office of the Paymaster General. The remainder, £559,000 was held in commercial bank accounts.

## 16 Creditors

	Group 2000-01 £000s	Devolved Authorities		
		Scotland 2000-01 £000s	Wales 2000-01 £000s	N.Ireland 2000-01 £000s
<b>Amounts falling due within one year</b>				
Trade creditors	5,464	47	21	42
Other creditors	717	–	–	–
Accruals and deferred income	6,978	124	51	4
	<b>13,159</b>	<b>171</b>	<b>72</b>	<b>46</b>

The opening balance for creditors relating to the FSA Consolidated Accounts was £6,876,000, so the movement in-year is £6,283,000.

## 17 Provisions for Liabilities and Charges

	Early Departure Provision £000s	Pension Provision £000s	Foot and Mouth Provision £000s	Total £000s
As at 1 April 2000	526	573	–	1,099
Arising during the year	76	36	178	290
Utilised during the year	(85)	–	–	(85)
Reversed unused during the year	–	(361)	–	(361)
<b>As at 31 March 2001</b>	<b>517</b>	<b>248</b>	<b>178</b>	<b>943</b>

Early departure provision and pension provisions refer to liabilities to staff for early retirement. The Foot and Mouth Provision refers to potential claims from contract official veterinary surgeons for standby availability during February/March 2001.

## 18 Reserves

	General Fund Reserve		Revaluation Reserve £000s
	£000s	£000s	
Balance at 1 April 2000		9,189	16
Net operating cost		(83,762)	–
Funding movement in the year		83,354	–
Devolved Authority funding		4,524	–
Non cash charges:			
Cost of capital	557		–
Auditor's fees	210		–
Other non cash	1,017		–
		1,784	–
Arising on revaluation during the year (net)		–	5
<b>Balance at 31 March 2001</b>		<b>15,089</b>	<b>21</b>

The General Fund represents the net assets vested in the FSA at 1 April 2000 (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities, and the Vote funding arising since that date.

The other non-cash includes expenditure of £845,000 which has been funded directly from the devolved authorities whose cash transactions were involved, although not from the FSA's standpoint.

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

## 19 Capital Commitments

	2000-01 £000s
Contracted	1,076

This commitment related primarily to the set up costs for the FSA headquarters at Aviation House, London.

## 20 Annual Commitments under Operating Leases

	Land & Buildings £000s	2000-01 Other £000s
Operating leases which expire:		
Within one year	53	–
Between one and five years	–	126
After five years	4,322	84
	<b>4,375</b>	<b>210</b>

## 21 Other Commitments

FSA has entered into non cancellable contracts (which are not operating leases ) for various research and development projects totalling £35,447,000 as at 31 March 2001.

This includes commitments up to year 2006.

## 22 Contingent Liabilities

The FSA inherited a claim from MAFF that resulted in the Parliamentary Commissioner for Administration concluding that compensation was due and £14,500 has subsequently been paid to date. There may be other similar cases emerging during 2001/02.

There are a small number of claims being made by plant operators and employees against the MHS for injuries sustained in the workplace or for unfair dismissal. These cases will be defended and as yet the outcome is not known but could cost approximately £80,000. No provision has been made in the accounts this year.

FSA Scotland is currently in dispute with its landlord over repairs to the building it occupies. FSA Scotland may be liable to pay approximately £400,000. However, it is the view of FSA Scotland that it is not liable for the full amount of the repair and has sought legal advice.

## 23 Related-Party Transactions

The following Board Members advised of related party transactions:

Karol Bailey has disclosed that members of her family run a poultry slaughterhouse business, which receives services from the MHS.

Michael Walker has disclosed that a practice, in which he is a partner, has received fees for around £13,000 from the FSA for analytical research.

The FSA has, in addition, had a number of transactions with other government departments and other central government bodies.

The FSA's devolved offices in Scotland, Wales and Northern Ireland are staffed by officers on secondment from their respective devolved authority.

## 24 Analysis of Losses

During the year the MHS wrote off the following debts over £100,000:	£000s
Cruisedeal Ltd	243
North West (2000) Ltd	158
North West (2000) Ltd	107

Sixty six cases totalling £813,000 were written off during 2000/01. The vast majority of these cases are bad debts written off by the MHS for inspection fees that will not be recoverable from slaughterhouses and meat plants.

## Food Standards Agency (Core Department)

### ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 5 OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

The Food Standards Agency shall prepare resource accounts for the year ended 31 March 2001 in compliance with the accounting principles and disclosure requirements of the Treasury's Resource Accounting Manual ('the Resource Accounting Manual') which is in force for that financial year.

The accounts shall be prepared so as to give a true and fair view of the state of affairs of the Department at 31 March 2001 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended.

Compliance with the requirements of the Resource Accounting Manual will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the Resource Accounting Manual is inconsistent with the requirement to give a true and fair view, the requirements of the Resource Accounting Manual should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the Resource Accounting Manual. Any material departure from the Resource Accounting Manual should be discussed in the first instance with the Treasury.

Brian Glicksman  
Treasury Officer of Accounts  
30 March 2001

## Food Standards Agency (Scotland)

### ACCOUNTS DIRECTION BY THE SCOTTISH MINISTERS IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999.

The Food Standards Agency shall report its funding and expenditure in relation to sums paid out of the Scottish Consolidated Fund in a Statement of Accounts for the year ended 31 March 2001 and subsequent financial years comprising:

- A summary of resource outturn
- An operating cost statement; and
- A schedule reconciling the net resource outturn to the sums provided out of the Scottish Consolidated Fund

The statement of accounts shall present fairly the summary of resource outturn, the net resource cost for the financial year, the capital expenditure of the year and reconcile the net resource outturn to the sums paid out of the Scottish Consolidated Fund for the financial year. Subject to this requirement the statement of account shall also be prepared in accordance with the requirements of HM Treasury's Resource Accounting Manual which is in force for that financial year insofar as it is appropriate to the Agency. A separate Foreword, statement of the state of affairs at 31 March of the financial year, and a statement of resources applied to objectives, recognised gains and losses and cashflows for the year then ended will not be required.

This direction shall be reproduced as an appendix to the statement of accounts.

Signed by Authority of the Scottish Ministers:

1 October 2001

## Food Standards Agency (Northern Ireland)

### ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF HEALTH SOCIAL SERVICES AND PUBLIC SAFETY WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL FOR NORTHERN IRELAND IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999.

The Food Standards Agency (NI) shall report its funding and expenditure in relation to sums paid by the Department of Health Social Services and Public Safety in a Statement of Accounts for the year ended 31 March 2001 and subsequent financial years comprising:

- A summary of resource outturn
- An operating cost statement; and
- A schedule reconciling the net resource outturn to the sums paid out of Department of Health Social Services and Public Safety Request for Resource B

The statement of accounts shall present fairly the summary of resource outturn, the net resource cost for the financial year, the capital expenditure of the year and reconcile the net resource outturn to the sums paid out of the Consolidated Fund of Northern Ireland for the financial year. Subject to this requirement the statement of account shall also be prepared in accordance with the requirements of HM Treasury's Resource Accounting Manual which is in force for that financial year insofar as it is appropriate to the Agency. A separate Foreword, statement of the state of affairs at 31 March of the financial year, and a statement of resources applied to objectives, recognised gains and losses and cashflows for the year then ended will not be required.

This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the Authority of the Department of Health Social Services and Public Safety.

September 2001

## Food Standards Agency (Wales)

ACCOUNTS DIRECTION GIVEN BY THE NATIONAL ASSEMBLY FOR WALES IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999.

The Food Standards Agency shall report its funding and expenditure in relation to sums paid by the National Assembly for Wales in a Statement of Accounts for the year ended 31 March 2001 and subsequent financial years comprising:

- A summary of resource outturn
- An operating cost statement; and
- A schedule reconciling the net resource outturn to the sums provided by the National Assembly for Wales

The statement of accounts shall present fairly the summary of resource outturn, the net resource cost for the financial year, the capital expenditure of the year and reconcile the net resource outturn to the sums provided by the National Assembly for Wales for the financial year. Subject to this requirement the statement of account shall also be prepared in accordance with the requirements of HM Treasury's Resource Accounting Manual which is in force for that financial year insofar as it is appropriate to the Agency. A separate Foreword, statement of the state of affairs at 31 March of the financial year, and a statement of resources applied to objectives, recognised gains and losses and cashflows for the year then ended will not be required.

This direction shall be reproduced as an appendix to the statement of accounts.

Signed by Authority of the National Assembly for Wales

5 September 2001

## Food Standards Agency – Scotland Statement of Accounts

### Contents

#### Annual accounts

Audit certificate – Scotland	94
Summary of resource outturn – Scotland	96
Notes to the accounts	97
Accounts direction given by the Scottish Ministers	103

## Audit Certificate

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE SCOTTISH PARLIAMENT

I certify that I have audited the financial statements on page 96 under Schedule 4(3) of the Food Standards Act 1999. These statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies as set out on pages 97 to 98.

### Respective responsibilities of the Food Standards Agency, the Accounting Officer and Auditor

As described on page 60 the Food Standards Agency (FSA) and the Accounting Officer are responsible for the preparation of financial statements in accordance with the Food Standards Act 1999 and directions made thereunder by the Scottish Ministers and for ensuring the regularity of financial transactions. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the statement of accounts presents fairly those activities of the FSA funded by the Scottish Consolidated Fund, and is properly prepared in accordance with the Food Standards Act and directions made thereunder by the Scottish Ministers and whether in all material respects the expenditure has been applied to the purposes intended by Parliament and the Scottish Parliament and the financial transactions conform to the authorities which govern them. I also report if in my opinion the FSA has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts disclosures and regularity of financial transactions included in the statement of accounts. It also includes an assessment of the significant estimates and judgements made by the Food Standards Agency and Accounting Officer in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the FSA's circumstances, and are consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement whether caused by error or by fraud or other irregularity and that in all material respects the expenditure has been applied to the purposes intended by Parliament and the Scottish Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the statement of accounts.

## Audit Certificate

### Opinion

In my opinion:

- the statement of accounts presents fairly the summary of resource outturn, the net resource cost for the financial year, and the cash funding requirements of the Food Standards Agency's activities funded by the Scottish Parliament for the year ended 31 March 2001 and have been properly prepared in accordance with the Food Standards Act 1999 and directions made thereunder by the Scottish Ministers; and
- in all material respects the expenditure has been applied to the purposes intended by Parliament and the Scottish Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

XX January 2002



## Food Standards Agency – Scotland Operating Cost Statement 2000/01

## Schedule 1

Summary of Resource Outturn for the year ended 31 March 2001

	Estimate Gross Expenditure 1	A-in-A 2	Net Total 3	Outturn Gross Expenditure 4	A-in-A 5	Net Total 6	Net Total Outturn compared with Estimated Saving/ (Excess) 7
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Request for Resources</b>							
Protecting and promoting public health in relation to food	5,207	–	5,207	2,978	–	2,978	2,229
<b>Total Resources</b>	<b>5,207</b>	<b>–</b>	<b>5,207</b>	<b>2,978</b>	<b>–</b>	<b>2,978</b>	<b>2,229</b>
<b>Operating Cost Statement for the year ended 31 March 2001</b>		<b>Note</b>					
<b>Administration costs</b>							
Staff costs		2	1,121				
Other administration costs		3	1,090				
Gross Administration Costs				2,211			
Operating Income				–			
<b>Net Administration Costs</b>				<b>2,211</b>			
<b>Programme Costs</b>							
Protecting and promoting public health in relation to food							
Expenditure			767				
Less income			–				
<b>Total</b>		<b>4</b>		<b>767</b>			
<b>Net Resource Cost</b>				<b>2,978</b>			
<b>Reconciliation of Resources to Cash Requirement</b>							
<b>Net Total Resources</b>				<b>2,978</b>			
<b>Accruals adjustments:</b>							
Recharge for fixed asset usage		3		(53)			
Other non-cash items		3		(127)			
Increase (+) / Decrease (-) in debtors and prepayments		6		332			
Increase (-) / Decrease (+) in creditors		6		(151)			
<b>Capital:</b>							
Capital expenditure				69			
<b>Net cash requirement</b>				<b>3,048</b>			
<b>Cash funding provided by the Scottish Parliament</b>				<b>2,997</b>			
<b>Under/(Over) funding carried forward</b>				<b>51</b>			

## Notes to the Accounts 1 Accounting Policies

### 1.1 Scope of Accounts

The Food Standards Agency (FSA) is a non-ministerial government department established by the Food Standards Act 1999. The FSA has responsibility to protect public health from risks which arise in the consumption of food, and otherwise to protect the interests of consumers in relation to food throughout the UK. Its headquarters are in London and the FSA also operates in Northern Ireland, Wales and Scotland through its three Devolved Authorities.

These financial statements report the net resource outturn and cash costs of the FSA's operations. The financial statements account for the FSA's activities in Scotland, which are funded separately by sums voted by the Scottish Parliament.

The statements do not include central overheads of the FSA, which are funded by monies voted by the Westminster Parliament and which are accounted for separately in the Appropriation Accounts and the Resource Accounts of the FSA.

Separate accounts are also produced for the activities of the FSA in Wales and Northern Ireland, the activities of the Meat Hygiene Service, which is an executive agency of the FSA, and a consolidated account is also produced reporting on the activities of the FSA as a whole.

### 1.2 Basis of Preparation

These financial statements have been prepared in accordance with the Accounts Direction issued by the Scottish Ministers. This Direction is reproduced as an annex to the accounts. In accordance with the provisions of the Exchequer and Audit Departments Act 1921 and the Food Standards Act 1999, all of the accounts of the FSA are audited by the Comptroller and Auditor General.

### 1.3 Accounting Convention

The accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets to current costs.

Accounting policies have been adopted which are consistent with the requirements of the Resource Accounting Manual, issued by HM Treasury, insofar as they are deemed to be appropriate.

### 1.4 Basis of Funding

Funding from the Scottish Parliament is provided on a basis which is intended to meet the net cash costs for the period. The Operating Cost Statement at Schedule 1 therefore shows the adjustments necessary to the accruals based resource outturn to arrive at the cash amount which is to be funded by the Scottish Parliament.

Schedule 1 therefore reflects adjustments to account for:

- a) movements on debtors and creditors which remain unpaid as at the 31st March 2001;
- b) the cash costs of the purchase of fixed assets, rather than the charge for depreciation which is reflected in the resource outturn; and
- c) removal of non cash costs such as the audit, which although accounted for in the resource outturn does not require a cash payment. Further details are provided at Note 3 to these accounts.

### 1.5 Administration and Programme Expenditure

The operating cost statement is analysed between administration and programme costs. Administration costs reflect the cost of running the FSA as identified under the administration cost-control regime.

Programme costs reflect non-administration costs including other disbursements by the FSA.

### 1.6 Pensions

The majority of staff seconded to the FSA were on loan from the Scottish Executive. As such, they are civil servants and are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS.) This is a non-contributory scheme and is unfunded. The scheme is a defined benefit scheme and liability for the payments of future benefits is a charge to the PCSPS, for which separate accounts are published. The FSA meets the cost of pension cover for their staff by payment of a charge on an accruing basis to the PCSPS. Where staff have been seconded from other organisations (for example local authorities), a charge has been included that reflects the cost of the contribution to their pension scheme.

### 1.7 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Customs and Excise is shown as a debtor or creditor on the balance sheet for the core department. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of an asset it is capitalised in the value of the asset.

### 1.8 Cash at Bank

The FSA operates one bank account, with the Paymaster General, and this is accounted for in the Resource Accounts prepared in relation to the funding by the Westminster Parliament.

## 2 Staff Numbers and Costs

a) Staff Costs consist of:

	2000-01 £000s
Wages and Salaries	921
Social Security Costs	67
Other Pension Costs	133
	1,121

b) The average number of people (excluding casual and contractors) employed by FSA Scotland during the year 2000-01 by function, were as follows:

	2000-01
Food Safety Policy	29
Corporate Resources & Strategy	13
Enforcement & Food Standards	8
	50

All staff working in FSA Scotland are secondees from the Scottish Executive. The salary costs are paid by the Scottish Executive who recover the cost from the FSA.

c) Staff Costs by function comprise:

	2000-01 £000s
Food Safety Policy	593
Corporate Resources & Strategy	305
Enforcement & Food Standards	223
	1,121

d) Management Remuneration

	Salaries & Other Allowances	Increase in Pension Earned	Value of Accrued Personal Pension
Bands	£5,000 (£'000)	£2,500 (£'000)	£5,000 (£'000)
George Patterson Director, FSA Scotland	60-65	0 – 2.5	0 – 5

All members of FSA Management Group have declined to give consent to publication of their ages.

### 3 Other Administration Costs

	£000s	2000-01 £000s
Rentals under operating leases:		
Hire of plant and machinery		2
Other operating leases		69
Non-cash items:		
Recharge for fixed asset usage	53	
Audit fees	20	
Rent and Management Services	107	
		180
Accommodation costs		247
Staff overheads		350
Administration costs		109
IT costs		70
Committee costs		63
		<b>1,090</b>

### 4 Net Programme Costs

	£000s	2000-01 £000s
<b>Research &amp; Development:</b>		
Microbiological Food Safety	36	
Chemical Contaminants	20	
Radiological Safety	31	
Miscellaneous	58	
		145
<b>Monitoring and Surveillance:</b>		
Radiological Safety		51
Committees, Press & Publicity		210
Food Chain Safety		361
		<b>767</b>

### 5 Related-Party Transactions

None of the Board Members, key managerial staff or related parties have undertaken any material transactions with the FSA during the year.

The FSA has had a number of transactions with other government departments and other central government bodies.

The FSA's devolved office in Scotland is staffed by officers on loan from the Scottish Executive.

### 6 Movements in Working Capital other than Cash

	2000-01 £000s
(Decrease)/Increase in debtors and prepayments	332
Decrease/(Increase) in creditors	(151)
	<b>181</b>

### 7 Debtors

	2000-01 £000s
<b>Amounts falling due within one year:</b>	
Other debtors	17
Prepayments and accrued income	268
<b>Amounts falling due after more than one year:</b>	
Other debtors	47
<b>Total Debtors</b>	<b>332</b>

## 8 Creditors

	2000-01 £000s
Amounts falling due within one year:	
Trade creditors	47
Accruals and deferred income	124
	171

The opening balance for creditors relating to FSA Scotland was £20,000, so the movement in-year is £151,000.

## Food Standards Agency (Scotland)

### ACCOUNTS DIRECTION BY THE SCOTTISH MINISTERS IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999.

The Food Standards Agency shall report its funding and expenditure in relation to sums paid out of the Scottish Consolidated Fund in a Statement of Accounts for the year ended 31 March 2001 and subsequent financial years comprising:

- A summary of resource outturn
- An operating cost statement; and
- A schedule reconciling the net resource outturn to the sums provided out of the Scottish Consolidated Fund

The statement of accounts shall present fairly the summary of resource outturn, the net resource cost for the financial year, the capital expenditure of the year and reconcile the net resource outturn to the sums paid out of the Scottish Consolidated Fund for the financial year. Subject to this requirement the statement of account shall also be prepared in accordance with the requirements of HM Treasury's Resource Accounting Manual which is in force for that financial year insofar as it is appropriate to the Agency. A separate Foreword, statement of the state of affairs at 31 March of the financial year, and a statement of resources applied to objectives, recognised gains and losses and cashflows for the year then ended will not be required.

This direction shall be reproduced as an appendix to the statement of accounts.

Signed by Authority of the Scottish Ministers:

1 October 2001

## Food Standards Agency – Northern Ireland Statement of Accounts

### Contents

#### Annual accounts

Audit certificate – Northern Ireland	105
Summary of resource outturn – Northern Ireland	107
Notes to the accounts	108
Accounts direction given by the Department of Health Social Services and Public Safety for Northern Ireland	114

## Audit Certificate

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements on page 107 under Schedule 4(3) of the Food Standards Act 1999. These statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies as set out on pages 108 to 109.

#### Respective responsibilities of the Food Standards Agency, the Accounting Officer and Auditor

As described on page 60 the Food Standards Agency (FSA) and the Accounting Officer are responsible for the preparation of financial statements in accordance with the Food Standards Act 1999 and the Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the statement of accounts presents fairly those activities of the FSA funded by the Northern Ireland Assembly, and is properly prepared in accordance with the Food Standards Act and Department of Finance and Personnel directions made thereunder and whether in all material respects the expenditure has been applied to the purposes intended by Parliament and the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. I also report if in my opinion the FSA has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

#### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts disclosures and regularity of financial transactions included in the statement of accounts. It also includes an assessment of the significant estimates and judgements made by the Food Standards Agency and Accounting Officer in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the FSA's circumstances, and are consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement whether caused by error or by fraud or other irregularity and that in all material respects the expenditure has been applied to the purposes intended by Parliament and the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the statement of accounts.

## Audit Certificate

### Opinion

In my opinion:

- the statement of accounts presents fairly the summary of resource outturn, the net resource cost for the financial year, and the cash funding requirements of the Food Standards Agency's activities funded by the Northern Ireland Assembly for the year ended 31 March 2001 and have been properly prepared in accordance with the Food Standards Act 1999 and directions made thereunder by the Department of Finance and Personnel for Northern Ireland; and
- in all material respects the expenditure has been applied to the purposes intended by Parliament and the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General

XX January 2002

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Food Standards Agency – Northern Ireland Operating Cost Statement 2000/01

## Schedule 1

### Summary of Resource Outturn for the year ended 31 March 2001

	Estimate Gross Expenditure 1	A-in-A 2	Net Total 3	Outturn Gross Expenditure 4	A-in-A 5	Net Total 6	Net Total Outturn compared with Estimated Saving/ (Excess) 7
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Request for Resources</b>							
Protecting and promoting public health in relation to food	1,111	–	1,111	902	–	902	209
<b>Total Resources</b>	<b>1,111</b>	<b>–</b>	<b>1,111</b>	<b>902</b>	<b>–</b>	<b>902</b>	<b>209</b>

### Operating Cost Statement for the year ended 31 March 2001

	Note
<b>Administration costs</b>	
Staff costs	2 433
Other administration costs	3 273
Gross Administration Costs	706
Operating Income	0
<b>Net Administration Costs</b>	<b>706</b>

### Programme Costs

Protecting and promoting public health in relation to food	
Expenditure	196
Less income	0
<b>Total</b>	<b>4</b>
<b>Net Resource Cost</b>	<b>902</b>

### Reconciliation of Resources to Cash Requirement

<b>Net Total Resources</b>	<b>902</b>
<b>Accruals adjustments:</b>	
Recharge for fixed asset usage	3 (24)
Other non-cash items	3 (20)
Increase (+) / Decrease (-) in debtors and prepayments	6 32
Increase (-) / Decrease (+) in creditors	6 (21)
<b>Capital:</b>	
Capital expenditure	89
<b>Net cash requirement</b>	<b>958</b>
Cash funding provided directly by the National Assembly of Northern Ireland	518
Cash funding provided indirectly through the National Assembly of Northern Ireland	430
<b>Under/(Over) funding carried forward</b>	<b>10</b>

# 1 Accounting Policies

## 1.1 Scope of Accounts

The Food Standards Agency (FSA) is a non-ministerial government department established by the Food Standards Act 1999. The FSA has responsibility to protect public health from risks which arise in the consumption of food, and otherwise to protect the interests of consumers in relation to food throughout the UK. Its headquarters are in London and the FSA also operates in Northern Ireland, Wales and Scotland through its three Devolved Authorities.

These financial statements report the net resource outturn and cash costs of the FSA's operations. The financial statements account for the FSA's activities in Northern Ireland, which are funded separately by sums voted by the Northern Ireland Assembly.

The statements do not include central overheads of the FSA, which are funded by monies voted by the Westminster Parliament and which are accounted for separately in the Appropriation Accounts and the Resource Accounts of the FSA.

Separate accounts are also produced for the activities of the FSA in Scotland and Wales, the activities of the Meat Hygiene Service, which is an executive agency of the FSA, and a consolidated account is also produced reporting on the activities of the FSA as a whole.

## 1.2 Basis of Preparation

These financial statements have been prepared in accordance with the Accounts Direction issued by the Department of Health, Social Services and Public Safety with the approval of the Department of Finance and Personnel for Northern Ireland.

This Direction is reproduced as an annex to the accounts. In accordance with the provisions of the Exchequer and Audit Departments Act 1921 and the Food Standards Act 1999, all of the accounts of the FSA are audited by the Comptroller and Auditor General.

## 1.3 Accounting Convention

The accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets to current costs. Accounting policies have been adopted which are consistent with the requirements of the Resource Accounting Manual, issued by HM Treasury, insofar as they are deemed to be appropriate.

## 1.4 Basis of Funding

Funding from the Northern Ireland Assembly is provided on a basis which is intended to meet the net cash costs for the period. The Operating Cost Statement at Schedule 1 therefore shows the adjustments necessary to the accruals based resource outturn to arrive at the cash amount which is to be funded by the Northern Ireland Assembly.

Schedule 1 therefore reflects adjustments to account for:

- a) movements on debtors and creditors which remain unpaid as at the 31st March 2001;
- b) the cash costs of the purchase of fixed assets, rather than the charge for depreciation which is reflected in the resource outturn; and
- c) removal of non cash costs such as the audit, which although accounted for in the resource outturn does not require a cash payment. Further details are provided at Note 3 to these accounts.

## 1.5 Administration and Programme Expenditure

The operating cost statement is analysed between administration and programme costs. Administration costs reflect the cost of running the FSA as identified under the administration cost-control regime.

Programme costs reflect non-administration costs including other disbursements by the FSA.

## 1.6 Pensions

The majority of staff seconded to the FSA were on loan from Northern Ireland Department of Health, Social Security and Public Safety. As such, they are civil servants and are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS.) This is a non-contributory scheme and is unfunded. The scheme is a defined benefit scheme and liability for the payments of future benefits is a charge to the PCSPS, for which separate accounts are published. The FSA meets the cost of pension cover for their staff by payment of a charge on an accruing basis to the PCSPS. Where staff have been seconded from other organisations (for example local authorities), a charge has been included that reflects the cost of the contribution to their pension scheme.

## 1.7 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Customs and Excise is shown as a debtor or creditor on the balance sheet for the core department. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of an asset it is capitalised in the value of the asset.

## 1.8 Cash at Bank

The FSA operates one bank account, with the Paymaster General, and this is accounted for in the Resource Accounts prepared in relation to the funding by the Westminster Parliament.

## 2 Staff Numbers and Costs

a) Staff Costs consist of:

	2000-01 £000s
Wages and Salaries	349
Social Security Costs	29
Other Pension Costs	55
	433

b) The average number of people (excluding casual and contractors) employed by FSA Northern Ireland during the year 2000-01 by function, were as follows:

	2000-01
Corporate Resources & Strategy	12
Enforcement & Food Standards	5
	17

All staff working in FSA Northern Ireland are secondees from the Northern Ireland Department of Health, the Northern Ireland Department of Agriculture or various local councils in Northern Ireland.

The salary costs for secondees from the Northern Ireland Department of Health are paid directly by that Department out of the direct funding requirement. The salary costs for other secondees are paid directly by that secondee's original employer and recovered from the FSA by invoice.

c) Staff Costs by function comprise:

	2000-01 £000s
Corporate Resources & Strategy	321
Enforcement & Food Standards	112
	433

d) Management Remuneration

	Salaries & Other Allowances	Increase in Pension Earned	Value of Accrued Personal Pension
Bands	£5,000 (£'000)	£2,500 (£'000)	£5,000 (£'000)
Gerry McCurdy Acting Director – NI (1 April-31 August 2000)	15-20	0 – 2.5	10 – 15

All members of FSA Management Group have declined to give consent to publication of their ages.

Morris McAllister (Director, N Ireland) from the FSA Management Group has declined to give his consent to the publication of his personal details and such information is not therefore included in these notes.

## 3 Other Administration Costs

	2000-01 £000s
Rentals under operating leases:	
Hire of plant and machinery	2
Other operating leases	73
Non-cash items:	
Recharge for fixed asset usage	24
Audit fees	20
Accommodation costs	46
Staff overheads	33
Administration costs	19
IT costs	23
Committee costs	33
	273

## 4 Net Programme Costs

	2000-01 £000s
<b>Monitoring and Surveillance:</b>	
Local Authority	180
Food chain safety	16
	196



## 5 Related-Party Transactions

None of the Board Members, key managerial staff or related parties have undertaken any material transactions with the FSA during the year.

The FSA has had a number of transactions with other government departments and other central government bodies.

The FSA's devolved office in Northern Ireland is staffed by officers on loan from the Northern Ireland Department of Health, the Northern Ireland Department of Agriculture and various local councils in Northern Ireland.

## 6 Movements in Working Capital other than Cash

	2000-01 £000s
(Decrease)/Increase in debtors and prepayments	32
Decrease/(Increase) in creditors	(21)
	11

## 7 Debtors

	2000-01 £000s
Amounts falling due within one year:	
Other debtors and prepayments	33
<b>Total Debtors</b>	<b>33</b>

## 8 Creditors

	2000-01 £000s
Amounts falling due within one year:	
Trade creditors	42
Accruals and deferred income	4
	<b>46</b>

The opening balance for creditors relating to FSA Northern Ireland was £25,000, so the movement in-year is £21,000.

## Food Standards Agency (Northern Ireland)

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF HEALTH SOCIAL SERVICES AND PUBLIC SAFETY WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL FOR NORTHERN IRELAND IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999.

The Food Standards Agency (NI) shall report its funding and expenditure in relation to sums paid by the Department of Health Social Services and Public Safety in a Statement of Accounts for the year ended 31 March 2001 and subsequent financial years comprising:

- A summary of resource outturn
- An operating cost statement; and
- A schedule reconciling the net resource outturn to the sums paid out of Department of Health Social Services and Public Safety Request for Resource B

The statement of accounts shall present fairly the summary of resource outturn, the net resource cost for the financial year, the capital expenditure of the year and reconcile the net resource outturn to the sums paid out of the Consolidated Fund of Northern Ireland for the financial year. Subject to this requirement the statement of account shall also be prepared in accordance with the requirements of HM Treasury's Resource Accounting Manual which is in force for that financial year insofar as it is appropriate to the Agency. A separate Foreword, statement of the state of affairs at 31 March of the financial year, and a statement of resources applied to objectives, recognised gains and losses and cashflows for the year then ended will not be required.

This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the Authority of the Department of Health Social Services and Public Safety.

September 2001

## Food Standards Agency – Wales Statement of Accounts

### Contents

#### Annual accounts

Audit certificate – Wales	116
Summary of resource outturn – Wales	118
Notes to the accounts	119
Accounts direction given by the National Assembly for Wales	124

## Audit Certificate

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES

I certify that I have audited the financial statements on page 118 under Schedule 4(3) of the Food Standards Act 1999. These statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies as set out on pages 119 to 120.

#### Respective responsibilities of the Food Standards Agency, the Accounting Officer and Auditor

As described on page 60 the Food Standards Agency (FSA) and the Accounting Officer are responsible for the preparation of financial statements in accordance with the Food Standards Act 1999 and directions made thereunder by the National Assembly for Wales and for ensuring the regularity of financial transactions. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the statement of accounts presents fairly those activities of the FSA funded by the National Assembly for Wales, and is properly prepared in accordance with the Food Standards Act and National Assembly for Wales directions made thereunder and whether in all material respects the expenditure has been applied to the purposes intended by Parliament and the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if in my opinion the FSA has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

#### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts disclosures and regularity of financial transactions included in the statement of accounts. It also includes an assessment of the significant estimates and judgements made by the Food Standards Agency and Accounting Officer in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the FSA's circumstances, and are consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement whether caused by error or by fraud or other irregularity and that in all material respects the expenditure has been applied to the purposes intended by Parliament and the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the statement of accounts.

## Audit Certificate

### Opinion

In my opinion:

- the statement of accounts presents fairly the summary of resource outturn, the net resource cost for the financial year, and the cash funding requirements of the Food Standards Agency's activities funded by the National Assembly for Wales for the year ended 31 March 2001 and have been properly prepared in accordance with the Food Standards Act 1999 and directions made thereunder by the National Assembly for Wales; and
- in all material respects the expenditure has been applied to the purposes intended by Parliament and the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

XX January 2002

## Food Standards Agency – Wales Operating Cost Statement 2000/01

## Schedule 1

Summary of Resource Outturn for the year ended 31 March 2001

	Estimate Gross Expenditure 1	A-in-A 2	Net Total 3	Outturn Gross Expenditure 4	A-in-A 5	Net Total 6	Net Total Outturn compared with Estimated Saving/ (Excess) 7
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Request for Resources</b>							
Protecting and promoting public health in relation to food	1,457	–	1,457	1,454	–	1,454	3
<b>Total Resources</b>	<b>1,457</b>	<b>–</b>	<b>1,457</b>	<b>1,454</b>	<b>–</b>	<b>1,454</b>	<b>3</b>

Operating Cost Statement for the year ended 31 March 2001

Note

<b>Administration Costs</b>							
Staff costs			2		332		
Other administration costs			3		386		
Gross Administration Costs						718	
Operating Income							–
<b>Net Administration Costs</b>							<b>718</b>
<b>Programme Costs</b>							
Protecting and promoting public health in relation to food							
Expenditure					736		
Less income							–
<b>Total</b>			4			736	
<b>Net Resource Cost</b>							<b>1,454</b>
<b>Reconciliation of Resources to Cash Requirement</b>							
<b>Net Total Resources</b>							<b>1,454</b>
<b>Accruals adjustments:</b>							
Recharge for fixed asset usage			3				(24)
Audit fee			3				(20)
Increase (+) / Decrease (-) in debtors			6				0
Increase (-) / Decrease (+) in creditors			6				(69)
<b>Capital:</b>							
Purchase of fixed assets						21	
<b>Net cash requirement</b>							<b>1,362</b>
<b>Cash funding provided directly by the National Assembly of Wales</b>							<b>1,007</b>
<b>Cash funding provided indirectly through the National Assembly of Wales</b>							<b>327</b>
<b>Under/(Over) funding carried forward</b>							<b>28</b>

## Notes to the Accounts 1 Accounting Policies

### 1.1 Scope of Accounts

The Food Standards Agency (FSA) is a non-ministerial government department established by the Food Standards Act 1999. The FSA has responsibility to protect public health from risks which arise in the consumption of food, and otherwise to protect the interests of consumers in relation to food throughout the UK. Its headquarters are in London and the FSA also operates in Northern Ireland, Wales and Scotland through its three Devolved Authorities.

These financial statements report the net resource outturn and cash costs of the FSA's operations. The financial statements account for the FSA's activities in Wales, which are funded separately by sums voted by the National Assembly for Wales.

The statements do not include central overheads of the FSA, which are funded by monies voted by the Westminster Parliament and which are accounted for separately in the Appropriation Accounts and the Resource Accounts of the FSA.

Separate accounts are also produced for the activities of the FSA in Scotland and Northern Ireland, the activities of the Meat Hygiene Service, which is an executive agency of the FSA, and a consolidated account is also produced reporting on the activities of the FSA as a whole.

### 1.2 Basis of Preparation

These financial statements have been prepared in accordance with the Accounts Direction issued by the National Assembly for Wales. This Direction is reproduced as an annex to the accounts. In accordance with the provisions of the Exchequer and Audit Departments Act 1921 and the Food Standards Act 1999, all of the accounts of the FSA are audited by the Comptroller and Auditor General.

### 1.3 Accounting Convention

The accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets to current costs. Accounting policies have been adopted which are consistent with the requirements of the Resource Accounting Manual, issued by HM Treasury, insofar as they are deemed to be appropriate.

### 1.4 Basis of Funding

Funding from the National Assembly for Wales is provided on a basis which is intended to meet the net cash costs for the period. The Operating Cost Statement at Schedule 1, therefore, shows the adjustments necessary to the accruals based resource outturn to arrive at the cash amount which is to be funded by the National Assembly for Wales.

Schedule 1 therefore reflects adjustments to account for:

- a) movements on debtors and creditors which remain unpaid as at the 31st March 2001;
- b) the cash costs of the purchase of fixed assets, rather than the charge for depreciation which is reflected in the resource outturn; and
- c) removal of non cash costs such as the audit, which although accounted for in the resource outturn does not require a cash payment. Further details are provided at Note 3 to these accounts.

### 1.5 Administration and Programme Expenditure

The operating cost statement is analysed between operating and programme costs. Administration costs reflect the cost of running the FSA as identified under the administration cost-control regime.

Programme costs reflect non-administration costs including other disbursements by the FSA.

### 1.6 Pensions

The staff seconded to the FSA were on loan from National Assembly for Wales. As such, they are civil servants and are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS.) This is a non-contributory scheme and is unfunded. The scheme is a defined benefit scheme and liability for the payments of future benefits is a charge to the PCSPS, for which separate accounts are published. The FSA meets the cost of pension cover for their staff by payment of a charge on an accruing basis to the PCSPS. Where staff have been seconded from other organisations (for example local authorities), a charge has been included that reflects the cost of the contribution to their pension scheme.

### 1.7 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Customs and Excise is shown as a debtor or creditor on the balance sheet for the core department. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of an asset, it is capitalised in the value of the asset.

### 1.8 Cash at Bank

The FSA operates one bank account, with the Paymaster General, and this is accounted for in the Resource Accounts prepared in relation to the funding by the Westminster Parliament.

## 2 Staff Numbers and Costs

a) Staff Costs consist of:

	2000-01 £000s
<b>Wages and Salaries</b>	276
<b>Social Security Costs</b>	20
<b>Other Pension Costs</b>	36
	<b>332</b>

b) The average number of people (*excluding casual and contractors*) employed by FSA Wales during the year 2000/01 by function, were as follows:

	2001-01
<b>Food Safety Policy</b>	6
<b>Corporate Resources &amp; Strategy</b>	3
<b>Enforcement &amp; Food Standards</b>	8
	<b>17</b>

c) Staff Costs by function comprise:

	2001-01
<b>Food Safety Policy</b>	113
<b>Corporate Resources &amp; Strategy</b>	79
<b>Enforcement &amp; Food Standards</b>	140
	<b>332</b>

d) Management Remuneration:

	Salaries & Other Allowances	Increase in Pension Earned	Value of Accrued Personal Pension
	£5,000 (£'000)	£2,500 (£'000)	£5,000 (£'000)
Bands			
Joy Whinney Director, FSA Wales ( <i>appointed on 6/5/00</i> )	40-45	0-2.5	5-10

All members of FSA Management Group have declined to give consent to publication of their ages.

### 3 Other Administration Costs

	2000-01 £000s
Rentals under operating leases:	
Hire of plant and machinery	7
Other operating leases	49
Non-cash items:	
Recharge for fixed asset usage	24
Audit fees	20
Operational costs	4
Accommodation costs	26
Staff overheads	41
Administration costs	142
IT costs	37
Committee costs	35
Other	1
	<b>386</b>

### 4 Net Programme Costs

	2000-01 £000s
<b>Monitoring and Surveillance</b>	
Radiological Safety	4
Microbiological Food Safety	366
Nutrition	21
Programme Review	345
	<b>736</b>

### 5 Related-Party Transactions

None of the Board Members, key managerial staff or related parties have undertaken any material transactions with the FSA during the year.

The FSA has had a number of transactions with other government departments and other central government bodies.

The FSA's devolved office in Wales is staffed by officers on loan from the National Assembly for Wales.

### 6 Movements in Working Capital other than Cash

	2000-01 £000s
(Decrease)/Increase in debtors and prepayments	0
Decrease/(Increase) in creditors	(69)
	<b>(69)</b>

### 7 Creditors

	2000-01 £000s
<b>Amounts falling due within one year</b>	
Trade creditors	21
Accruals and deferred income	51
	<b>72</b>

The opening balance for creditors relating to FSA Wales was £3,000, so the movement in-year is £69,000.

## Food Standards Agency (Wales)

### ACCOUNTS DIRECTION GIVEN BY THE NATIONAL ASSEMBLY FOR WALES IN ACCORDANCE WITH SECTION 39(7) AND SCHEDULE 4 OF THE FOOD STANDARDS ACT 1999.

The Food Standards Agency shall report its funding and expenditure in relation to sums paid by the National Assembly for Wales in a Statement of Accounts for the year ended 31 March 2001 and subsequent financial years comprising:

- A summary of resource outturn
- An operating cost statement; and
- A schedule reconciling the net resource outturn to the sums provided by the National Assembly for Wales

The statement of accounts shall present fairly the summary of resource outturn, the net resource cost for the financial year, the capital expenditure of the year and reconcile the net resource outturn to the sums provided by the National Assembly for Wales for the financial year. Subject to this requirement the statement of account shall also be prepared in accordance with the requirements of HM Treasury's Resource Accounting Manual which is in force for that financial year insofar as it is appropriate to the Agency. A separate Foreword, statement of the state of affairs at 31 March of the financial year, and a statement of resources applied to objectives, recognised gains and losses and cashflows for the year then ended will not be required.

This direction shall be reproduced as an appendix to the statement of accounts.

Signed by Authority of the National Assembly for Wales

5 September 2001

## Food Standards Agency Westminster Funded Resource Accounts

### Contents

#### Annual accounts

Foreword to the accounts	126
Statement of Accounting Officer's responsibilities	133
Statement on the system of internal financial control	134
Audit certificate	137
Summary of resource outturn	139
Operating cost statement	140
Statement of recognised gains and losses	140
Balance sheet	141
Cash flow statement	142
Resources by departmental aims and objectives	143
Notes to the accounts	144
Accounts direction given by the Treasury	162

## Foreword to the Accounts

### Preparation of Accounts

The Food Standards Agency (FSA) Westminster funded resource accounts have been prepared in accordance with a direction given by the Treasury in pursuance of Section 5 (1) of the Exchequer and Audit Departments Act 1921. The costs of the FSA offices in Scotland, Wales and Northern Ireland are funded through the relevant devolved authority. This funding is excluded from both the Westminster funded resource accounts and appropriation accounts, but included in the FSA's annual report and consolidated resource accounts.

### Statutory Background

The FSA is a new organisation that was established on 1 April 2000 by Act of Parliament (Food Standards Act 1999). The main purpose of the agency is:

*'To protect public health from risks which may arise in connection with the consumption of food, and otherwise to protect the interests of consumers in relation to food.'*

On 1 April 2000, the Meat Hygiene Service (MHS) became an executive agency of the FSA. The MHS was originally established on 1 April 1995 as an executive agency of the Ministry of Agriculture, Fisheries and Food.

### Aims of the FSA

The aims of the FSA are to:

- 1) Measurably improve public confidence in the national food safety and standards arrangements.
- 2) Reduce foodborne illness by 20% over the next 5 years, including reducing levels of Salmonella in UK produced chickens on retail sale by at least 50% by the end of 2004/05.
- 3) Protect consumers through improved food safety and standards by:
  - a) improving local authority enforcement;
  - b) promoting the use of Hazard Analysis and Critical Control Points in food businesses; and
  - c) improving the safety of fresh meat through MHS action to ensure the effective enforcement of hygiene controls.

Schedule 5 of the accounts shows a breakdown of the FSA's costs into these three aims.

### Structure and Organisation

The FSA is a non-Ministerial Government Department. Staff are accountable through a Chief Executive to the Board, rather than directly to Ministers. The Chief Executive was appointed by the Civil Service First Commissioner under Civil Service Commission rules, with the agreement of the Prime Minister. The Board consists of a Chairman, Deputy Chair and 12 members. The Chairman and Deputy Chair were appointed by the Secretary of State for Health, Scottish Ministers, the National Assembly for Wales and Northern Ireland Ministers. Two Board members were appointed by Scottish Ministers, one by the National Assembly for Wales, and one by Northern Ireland Office Ministers. These members have special responsibility for Scottish, Welsh and Northern Irish issues. The other eight members were appointed by the Secretary of State for Health.

The Board is responsible for the FSA's overall strategic direction, for ensuring that legal obligations are fulfilled, and for ensuring that decisions and actions take proper account of scientific advice as well as the interests of consumers and other stakeholders. The annual increase in Board Members' and the Senior Management's remuneration is based on that recommended by the Senior Salaries Review Body.

The Board is accountable to Parliament through the Secretary of State for Health, to Health Ministers in Scotland and Wales, and to the Minister of Health, Social Services and Public Safety in Northern Ireland.

### Creation of the Food Standards Agency

As background to the creation of the FSA, in September 1997 those engaged on food safety and food standards work within the Ministry of Agriculture, Fisheries and Food (MAFF) and the Department of Health (DH) were drawn together to form the Joint Food Safety and Standards Group (JFSSG). This was a single management structure reporting to Ministers in both Departments. The JFSSG was subsumed by the FSA, when it was established on 1 April 2000.

In accordance with the Food Standards Act the following transfers to the FSA took place from 1 April 2000:

- MHS was transferred from MAFF; and
- responsibility for food safety from Health and Agriculture Departments.

These transfers were accounted for by merger accounting whereby the carrying values of the net assets in the transferors' accounts were transferred, with the net effect of any adjustments shown as a movement on reserves.



The following table summarises the carrying values of assets and liabilities transferred from Health and Agriculture Departments and the adjustments to achieve uniformity of accounting policies:

	Book Amount	Alignment of accounting policies	Carrying Value
	£000s	£000s	£000s
Fixed assets	1,829	(648)	1,181
Current assets	23,399	(112)	23,287
Creditors and provisions	(15,723)	–	(15,723)
Reserves	(9,505)	760	(8,745)

#### The main adjustments were:

- tangible fixed assets from former MAFF and DH departments adjusted by £(0.6)m in line with FSA fixed asset accounting policies; and
- specific provisions for £0.1m have been made for doubtful debts at the date of acquisition.

#### The FSA Board

During the year, the following were members of the external FSA Board:

Sir John Krebs FRS – FSA Chair  
Suzi Leather – FSA Deputy Chair

#### Other Board members:

Sir John Arbuthnott – Chair of the Scottish Advisory Committee  
Michael Gibson  
Ann Hemingway – Chair of the Advisory Committee for Wales  
Michael Walker – Chair of the Advisory Committee for Northern Ireland  
Richard Ayre  
Karol Bailey  
Baroness Valerie Howarth of Breckland, OBE  
Professor Jeya Henry  
Robert Rees  
Professor Bhupinder Sandhu  
Vernon Sankey  
Gurbux Singh

#### FSA Management Team

Day to day management of the FSA is exercised through a team of senior officials. The full management team as at 31 March 2001 was as follows:

Geoffrey Podger – Chief Executive  
Jon Bell – Deputy Chief Executive and Director of Food Safety Policy  
Pat Stewart – Director of Corporate Resources and Strategy Group and Principal Establishment and Finance Officer  
David Statham – Director of Enforcement and Food Standards Group  
Neil Martinson – Director of Communications  
David Dunleavy – Director of Legal Services  
George Paterson – Director of FSA Scotland  
Joy Whinney – Director of FSA Wales  
Morris McAllister – Director of FSA Northern Ireland

The acting Chief Executive of the Meat Hygiene Service as at 31 March 2001 was Chris Lawson who replaced Johnston McNeill on 2 January 2001. The MHS Chief Executive is also a member of the FSA management team. In addition, David Dunleavy was appointed on 29 January 2001 as a replacement for David Noble as Director of Legal Services.

All senior officials have been appointed under the rules laid down by the Civil Service Commissioners. Salary and pension details of the Board and Management Team are disclosed in Note 3.

#### Funding of the FSA

The FSA is a non-Ministerial Government Department. The work of the FSA Headquarters and the MHS throughout Great Britain is funded through Class II, Vote 4. The costs of the FSA in Scotland, Wales and Northern Ireland are funded through the relevant devolved authority.

#### Specific Areas of Responsibility

The FSA has a wide remit that includes protecting public health, providing information and advice, ensuring food law is effective and enforced, co-ordinating research and development and surveillance, developing policy and representing the UK on food matters in Europe.

In undertaking these duties, the FSA seeks to operate under three guiding principles:

- putting the customer first;
- being open and accessible; and
- being an independent voice.

The work of the FSA involves food safety across the whole of the food chain, including:

- food contaminants – defining tolerable levels, risk management and policy;
- food additives, contact materials, and novel foods – including safety assessment and surveillance;
- microbiological safety and food hygiene including providing advice on the management of foodborne outbreaks and prevention of foodborne illness;
- inspection and enforcement action to protect consumers;
- local authority enforcement – developing policy, and auditing and improving enforcement;
- pesticides, veterinary medicines and animal feed – assessing food safety implications;
- food labelling and standards – developing policy, improving consumer choice and representing the UK in the European Union; and
- nutrition – providing advice and guidance on the nutritional composition of food, and providing information on a healthy, balanced diet, so as to promote and protect public health.

### The Meat Hygiene Service

The Meat Hygiene Service (MHS) is an executive agency of the FSA. The aim of the MHS is to safeguard public health and animal welfare at slaughter through the effective enforcement of legislation. Its main functions are to provide a meat inspection service to all licensed meat plants, and to ensure that the highest standards required by the law for the hygienic production of meat and for the welfare of animals at slaughter are maintained. The principal activities of the MHS are:

- the enforcement of hygiene rules in licensed fresh meat premises;
- the provision of meat inspection and controls on health marking in licensed red meat and poultry meat and wild game meat premises;
- the enforcement of hygiene controls in meat products, minced meat and meat preparation plants, that are co-located with licensed slaughterhouses; and
- the enforcement, in licensed fresh meat premises, of controls over Specified Risk Material (SRM) and other animal by-products, and controls prohibiting the sale of meat from cattle over 30 months of age.

The Westminster funded resource accounts for the FSA include the results for the MHS. The MHS has prepared its own annual report and accounts which provide additional detail.

### Financial Results

The net cost of the Westminster funded FSA was £78.5m against a request for resources budget of £92.8m to 31/03/01. The Treasury has agreed to the Westminster funded FSA carrying forward an underspend of nearly £10m from 2000/01 into 2001/02 through the end year flexibility mechanism. The FSA underspent in its first year of operations, predominantly as a result of the delay in moving to the new central London office.

The FSA also spent £6.44m on acquiring new fixed assets. Most of this spend related to equipping its new London headquarters building. The fixed assets purchased for use in FSA Scotland, Wales and Northern Ireland are accounted for as part of the Westminster funded statements.

The net cost of the MHS, incorporated in the Westminster figures was £3.7m. Although there was a fall off in industry income towards the end of the year as a result of the Foot and Mouth Disease outbreak, additional income was received from the Ministry of Agriculture, Fisheries and Food for work undertaken to combat the disease.

A full explanation, detailing the spend against budget can be found in Schedule 1 of these accounts. Schedules 2 to 5 give the operating cost statement, balance sheet, cash flow statement and resource by departmental aim respectively with additional detail being provided in the notes to the accounts that follow the schedules.

### Staff Relations

The FSA attaches considerable importance to securing the full involvement of all staff in its work. During the year, we started the move into our new central London headquarters, having previously occupied three separate offices. Staff are encouraged to use their own initiative to enhance the work of the FSA. Senior management meet formally at regular intervals with trade union representatives. The Chief Executive holds regular open meetings to which all staff are invited and encouraged to attend. "FSA Matters", an in-house newsletter, is circulated weekly to all staff, as well as "FSA News" every two months which informs staff in more detail of FSA activities. MHS staff have their own quarterly newsletter "MHS Update".

### Pensions

Employees of the FSA are civil servants and are members of the Principal Civil Service Pension Scheme (PCSPS). This is a Central Government unfunded pension scheme. The cost of pension liabilities is met from the Superannuation Vote.

The FSA Board are not civil servants and are therefore not members of the PCSPS. However, arrangements are currently being made to provide a similar scheme for certain Board Members.

The MHS has two separate pension schemes. The majority of staff are members of the Local Government Pension Scheme (LGPS), a defined benefit scheme which is governed by the Local Government Pension Scheme Regulations 1995, and administered by the London Pension Fund Authority (LPFA). Other MHS employees are members of the PCSPS.

### Equal Opportunities

The FSA aims to be a modern and equitable employer, and recognises and encourages the potential of a diverse workforce. The FSA is committed to equal opportunities and aims to ensure that everyone who works for or with the FSA should be treated fairly and with respect. Consequently, no employee or job applicant will be discriminated against either directly or indirectly on such grounds as race, gender, marital status, nationality, ethnicity, colour, religion, political beliefs, disability, age, sexual orientation, responsibility for dependants, working pattern or position in the organisation. The FSA operates a guaranteed interview scheme for people with disabilities (as defined by the Disability Discrimination Act 1995) who meet the minimum essential criteria for the appointment.

### Supplier Payment Policy

It is Government policy that all departments and agencies should pay all invoices not in dispute within 30 days of receipt, or the agreed contractual terms if otherwise specified. During the first year of operations, with a new finance system, new procedures and new staff, around 86% of invoices were paid on time. In line with other Government departments, our target for 2001/02 is 95%.

### Departmental Report

The FSA Departmental Report Spring 2001 contained the FSA's resource estimate for 2001/02 plus core tables as specified by Treasury. The text of the Report covered the FSA's structure, organisation, purpose, and specific areas of responsibility. It also gave details of how the FSA was making progress towards meeting its Service Delivery Agreement targets, and meeting Modernising Government requirements. The Treasury prescribed in some detail the common format and much of the content.

In 2002, subject to direction from the Treasury, the Spring Departmental Report will be replaced by a forward looking Departmental Plan, supplemented by the publication of a retrospective Annual Report in the Autumn.

### Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with section 5 of the Exchequer and Audit Departments Act 1921. The audit certificate can be found on pages 137 and 138.

### Important events which have occurred since the end of the financial year

MHS operations have been adapted to meet responsibilities under Foot and Mouth Disease restrictions, which have continued through the spring and summer into autumn. As a result of lower throughput of meat for human consumption, inspection income has reduced although in large parts this has been offset by additional work for the Department for Environment, Food and Rural Affairs (DEFRA).

New charging arrangements, based upon the Maclean Task Force recommendations, were introduced in April 2001. New invoices were issued from May 2001 showing significantly lower charges to small plant operators.



Geoffrey Podger  
Accounting Officer  
30 November 2001

## Statement of Accounting Officer's Responsibilities

1. Under section 5 of the Exchequer and Audit Departments Act 1921, the Food Standards Agency is required to prepare resource accounts for each financial year. This is to conform with a Treasury direction detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.
3. HM Treasury has appointed the Chief Executive as Principal Accounting Officer of the Department with overall responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Principal Accounting Officer is required to comply with the Resource Accounting Manual prepared by HM Treasury, and in particular to;
  - a. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - b. make judgements and estimates on a reasonable basis;
  - c. state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
  - d. prepare the accounts on a going-concern basis.
5. In addition, HM Treasury has appointed an Agency Accounting Officer (Chris Lawson) to be accountable for those parts of the Department's accounts that relate to the Meat Hygiene Service resources and the associated assets, liabilities and cash flows. This appointment does not detract from the Chief Executive's overall responsibility as Accounting Officer for the Department's accounts.
6. The responsibilities of an Accounting Officer (including responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the Department's assets) are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Government Accounting. Under the terms of the Accounting Officer's Memorandum, the relationship between the Department's Principal Accounting Officer and the MHS Agency Accounting Officer, together with their respective responsibilities, is set out in writing.



Geoffrey Podger  
Accounting Officer  
30 November 2001

## Statement on the System of Internal Financial Control

1. This statement is given in respect of the resource accounts for the Food Standards Agency (referred to as the Department for the purposes of this statement). The statement incorporates the transactions and net assets of the core Department and its executive agency the Meat Hygiene Service (MHS), which falls within the departmental boundary for resource accounting purposes. As Accounting Officer for the Department, I acknowledge my overall responsibility for ensuring that the Department and Agency maintain and operate an effective system of internal financial control in connection with the resources concerned. The Chief Executive of the MHS is responsible for the maintenance and operation of the system of internal financial control in that Agency and has signed a statement relating to that system which is reproduced in their accounts.
2. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of the internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Department and the MHS. In particular, the system includes;
  - comprehensive budgeting systems with an annual budget which is reviewed and agreed with the FSA Management Team;
  - targets to measure financial and other performance;
  - the preparation of regular financial reports which indicate actual expenditure against budget; and forecasts all of which are regularly reviewed with the Management Team; and
  - clearly defined capital expenditure control guidelines.
4. The FSA has an independent Audit Committee set up in line with Treasury Guidance. The purpose of the Committee is to advise the Chief Executive as Accounting Officer on internal control and assurance matters. The Meat Hygiene Service (MHS) has a similar, separate, MHS Audit Committee established for the same purpose in respect of that Agency.

5. The financial year 2000/01 was the Department's first year of operation and during this period it has been engaged in establishing its systems of internal financial control. As a result some systems of internal control were developed over the course of the year and were therefore not in place for the whole period whilst others, in the light of our experience of our first year end, will need to be introduced or enhanced during 2001/02. The key priorities for improved control in 2001/02 will be:

- Agency specific controls over major transaction processing systems such as payroll, debtors and cash balances to ensure that the General Ledger is maintained accurately throughout the year;
- More robust control procedures over expenditure incurred in respect of activities funded by the devolved authorities together with more formalised corporate governance arrangements; and
- Improved procedures for handling accounting period ends including the year end process. This will include written cut-off procedures circulated to all relevant staff and the provision of appropriate training to support the process. This will also involve improvements in planning for the financial year end and in the presentation of material for external audit.

Our systems of control including those changes described above will be kept under continuous review in order that they are robust and are relevant in supporting the Department's needs.

6. The FSA has an internal audit service provided by the Department of Health Internal Audit Branch, which complies with standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of risk and is endorsed by the Audit Committee and me.
7. Each year the Department of Health's Head of Internal Audit (HIA) provides me with a report on Internal Audit activity in the FSA. The report provides the HIA's independent opinion on the systems of internal financial control. For the 2000/01 financial year the HIA's report gave limited assurance on the adequacy and the effectiveness of the FSA's systems noting that control systems are developing with the creation of the new organisation. The work carried out by internal audit included a review of business and financial planning and reporting, and a review of financial transaction processing. Recommendations for strengthening controls were made as a result of Internal Audit's reviews. All recommendations raised as a result of the Internal Audit's work have been or are in the process of being implemented.
8. The internal audit function for the MHS is provided on a similar basis by internal auditors employed by the Department for Environment, Food and Rural Affairs. This internal audit service also complies with the standards defined in the Government Internal Audit Manual. The MHS Audit Committee recommended that the Accounting Officer include an unqualified opinion on his Statement on the System of Internal Financial Control for the 2000/01 financial year.

9. My review of the effectiveness of the system of internal financial control is informed by:

- executive managers within the FSA and MHS who have responsibility for the development and maintenance of the financial control framework;
- the work of the internal auditors and the Audit Committee; and
- the external auditors in their management letter and other reports.

#### Implementation of Turnbull Report

10. As Principal Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to ensure that the Department will have a sound system of internal control in place, in accordance with the Treasury's requirements, throughout the year 2003/04 at the latest. I intend to prepare a statement of internal control for the year ended 31 March 2002 which will report substantive progress in developing the Department's internal control processes during that year in accordance with the guidance issued by the Treasury.



Geoffrey Podger  
Accounting Officer  
30 November 2001

## Audit Certificate

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS – WESTMINSTER RESOURCE ACCOUNT

I certify that I have audited the financial statements on pages 139 to 143 under the Exchequer and Audit Departments Act 1921. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 144 to 147.

#### Respective responsibilities of the Accounting Officer and Auditor

As described on page 133 the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities as independent auditor are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament, and the financial transactions conform to the authorities which govern them. I also report if in my opinion the foreword is not consistent with the financial statements, if the Food Standards Agency has not kept proper accounting records or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the accounts and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 134 reflects the Food Standards Agency's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

## Audit Certificate

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Food Standards Agency in the preparation of the financial statements and of whether the accounting policies are appropriate to the Food Standards Agency's circumstances, and are consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by error or by fraud or other irregularity and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament, and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Food Standards Agency as at 31 March 2001 and of the net resource outturn resources applied to objectives recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with Exchequer and Audit Departments Act 1921 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General

XX January 2002

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Food Standards Agency Westminster Funded Accounts 2000/01

## Schedule 1

### Summary of Resource Outturn for the year ended 31 March 2001

	Estimate Gross Expenditure 1	A-in-A 2	Net Total 3	Outturn Gross Expenditure 4	A-in-A 5	Net Total 6	Net Total Outturn compared with Estimated Saving/ (Excess) 7
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Resources</b>							
Request for Resources	159,756	(66,934)	92,822	126,558	(48,048)	78,510	14,312
<b>Total resources</b>	<b>159,756</b>	<b>(66,934)</b>	<b>92,822</b>	<b>126,558</b>	<b>(48,048)</b>	<b>78,510</b>	<b>14,312</b>
<b>Net Cash Requirement</b>						<b>79,313</b>	
<b>Reconciliation of Resources to Cash Requirement</b>				<b>Note</b>		<b>£000s</b>	
<b>Net Total Resources</b>						<b>78,510</b>	
<b>Accruals adjustments:</b>							
Non-cash items				13		(1,557)	
Changes in working capital other than cash				12		(3,933)	
Use of provision						28	
<b>Capital:</b>							
Purchase of fixed assets				11		6,265	
New loans						–	
<b>Net Cash Requirement (Schedule 4)</b>						<b>79,313</b>	

### Analysis of income payable to the Consolidated Fund

There was no surrender of excess appropriations-in-aid or Consolidated Fund extra receipts payable to the Consolidated Fund.

The estimates disclosed in the above table are illustrative only. Departments were not required to produce formal resource based estimates for 2000/01.

## Food Standards Agency Westminster Funded Operating Cost Statement 2000/01

### Schedule 2

for the year ended 31 March 2001

	Note	£000s	£000s
<b>Administration Costs</b>			
Staff costs	2	16,035	
Other administration costs	4	12,010	
<b>Gross Administration Costs</b>			<b>28,045</b>
Operating Income	6		(277)
<b>Net Administration Costs</b>			<b>27,768</b>
<b>Programme Costs</b>			
Expenditure	5	98,513	
less: income	6	(47,771)	
<b>Net Programme Costs</b>	5		<b>50,742</b>
<b>Net Operating Cost</b>			<b>78,510</b>
<b>Net Resource Out-turn</b>			<b>78,510</b>
All activities are continuing activities.			
<b>Statement of Recognised Gains and Losses</b>			
<b>For the year ended 31 March 2001</b>	<b>Note</b>		<b>£000s</b>
Net gain (loss) on revaluation of fixed assets	18		5
Total recognised gains (losses) for the year			5

## Food Standards Agency Balance Sheet

### Schedule 3

as at the year ended 31 March 2001

	Note	£000s	£000s
<b>Fixed Assets</b>			
Intangible assets	10	229	
Tangible assets	11	7,222	
			<b>7,451</b>
<b>Current Assets:</b>			
Debtors	14	14,695	
Cash at bank and in hand	15	7,066	
Total current assets		21,761	
<b>Creditors (amounts falling due within one year)</b>	16	(13,159)	
<b>Net Current Assets</b>			<b>8,602</b>
			<b>16,053</b>
<b>Provision for liabilities and charges</b>	17		<b>(943)</b>
			<b>15,110</b>
<b>Taxpayer's Equity</b>			
General Fund	18		15,089
Revaluation Reserve	18		21
			<b>15,110</b>



Geoffrey Podger  
Accounting Officer  
30 November 2001

## Food Standards Agency Westminster Funded Cash Flow Statement

for the year ended 31 March 2001

### Schedule 4

	Note	£000s
<b>Net cash outflow from operating activities</b>		<b>(73,048)</b>
Capital expenditure and financial investment	11	(6,265)
Financing from Consolidated Fund		83,303
<b>(Decrease)/Increase in cash in the period</b>	<b>15</b>	<b>3,990</b>
<b>Reconciliation of operating cost to operating cash flows</b>		
Net Operating Cost		78,510
Adjustments for non-cash transactions	13	(1,557)
Adjustments for movements in working capital other than cash	12	(3,933)
Use of provisions		28
<b>Net cash outflow (inflow) from operating activities</b>		<b>73,048</b>
<b>Analysis of capital expenditure and financial investment</b>		
Fixed asset additions	11	6,347
Proceeds from disposal of fixed assets		(82)
<b>Net Cash outflow/(inflow) from investing activities</b>		<b>6,265</b>
<b>Analysis of financing</b>		
From the Consolidated Fund (Supply)		83,303
<b>Decrease/(increase) in cash</b>		<b>(3,990)</b>
<b>Net cash requirement (Schedule 1)</b>		<b>79,313</b>

## Food Standards Agency Westminster Funded Resources by Departmental Aim and Objectives

for the year ended 31 March 2001

### Schedule 5

	£000s Gross	£000s Income	£000s Net
<b>AIM 1</b>			
Measurably improve public confidence in the national food safety and standards arrangements	22,358	(397)	21,961
<b>AIM 2</b>			
Reduce foodborne illness by 20% over the next 5 years including reducing Salmonella in UK produced chickens on retail sale by at least 50% by the end of 2004/2005	38,170	(2,305)	35,865
<b>AIM 3</b>			
To protect consumers through improved food safety and standards	66,030	(45,346)	20,684
	<b>126,558</b>	<b>(48,048)</b>	<b>78,510</b>



# Notes to the Accounts

## 1 Accounting Policies

### 1.1 Basis of Preparation

The financial statements have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury. The particular policies adopted by the Food Standards Agency (FSA) are described below. They have been applied consistently in dealing with items which are considered material to the accounts.

### 1.2 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets and stocks, where material, at their value to the business by reference to their current costs.

### 1.3 Basis of Consolidation

These accounts comprise the consolidation of the core FSA and its executive agency, the Meat Hygiene Service (MHS). The MHS produces and publishes its own annual report and accounts.

### 1.4 Intangible Fixed Assets

Internally developed fixed assets or intangibles purchased separately from the business are capitalised. These currently include software licences.

### 1.5 Tangible Fixed Assets

Individual or grouped tangible fixed assets with a purchase cost in excess of £2,000 (including irrecoverable VAT and delivery) are capitalised and revalued each 1 April using appropriate indices.

### 1.6 Depreciation

Freehold land and assets in the course of construction are not depreciated. Depreciation and amortisation is provided at rates calculated to write-off the valuation of tangible and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives:

Tangible assets	
Computer equipment	4-6 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Vehicles	4 years

Intangible assets:	
Computer software	6-7 years
Software licences	5 years

Revaluation surpluses and deficits arising from temporary changes in value are credited or charged to the revaluation reserve. Permanent diminutions in value are charged to the operating cost statement except to the extent that a revaluation surplus exists in respect of the same asset.

Realised revaluation surpluses are retained within the revaluation reserve.

Profits or losses arising on the disposal of tangible fixed assets are calculated by reference to the carrying value of the asset.

### 1.7 Stocks and Work in Progress

Consumables are valued at cost, if held for existing use, otherwise net realisable value. Long-term contracts are valued on a contract by contract basis.

### 1.8 Research & Development

Expenditure on research and development has been treated as an operating cost in the year in which it is incurred.

### 1.9 Operating Income

Operating income is income which relates directly to the operating activities of the FSA. Income represents total accrued income for the year, and is shown net of Value Added Tax. The FSA has income from milk and dairies inspections and sampling and from radiological inspections. It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund, which HM Treasury has agreed should be treated as operating income.

Additionally, the MHS has income from meat hygiene inspections and from government organisations (predominantly from Specified Risk Material controls).

### 1.10 Administration and Programme Expenditure

The operating cost statement is analysed between operating and programme costs. Administration costs reflect the cost of running the Department as identified under the administration cost-control regime, together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administration costs including other disbursements by the FSA.

It should be noted that all expenditure by the Meat Hygiene Service, including staffing and administrative costs are regarded as programme costs for the purposes of resource accounting.

### 1.11 Cost of Capital

A charge reflecting the cost of capital used by FSA is included in operating costs. The charge is calculated at the Government's standard 6% rate on all assets less liabilities except cash balances with the Office of the Paymaster General (PMG) and liabilities surrendered to the consolidated fund. The charge is calculated on an annual basis.

### 1.12 Foreign Exchange

Income and expenditure items are translated into £ Sterling at the rate of exchange at the date of the transaction. Balance sheet items are translated at the balance sheet date rate of exchange or at a contracted rate if applicable.

Any exchange gains or losses are reported in the operating cost statement.

### 1.13 Pensions

FSA present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Departments, Agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of a charge on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

The FSA Board are not civil servants and are therefore not members of the PCSPS. However, arrangements are currently being made to provide a similar scheme for some Board Members.

The majority of employees of the MHS are members of the Local Government Pension Scheme, a defined benefit scheme which is governed by the Local Government Pension Scheme Regulations 1995, and administered by the London Pensions Fund Authority. Other MHS employees are members of the PCSPS.

### 1.14 Early Departure Costs

The FSA is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme and similar schemes have been announced and are binding on the Department.

### 1.15 Operating Leases

Operating leases are charged to the operating cost statement on a straight-line basis over the term of the lease.

### 1.16 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSA is audited by the Comptroller and the Auditor General, no charge is made for this service but a notional charge representing the cost of the audit is included in the accounts.

### 1.17 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from Customs and Excise is shown as a debtor or creditor on the balance sheet. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of a fixed asset it is capitalised in the cost of the asset.

### 1.18 Supply Funding

The FSA operates under Government Accounting on a Gross Vote, Class II, Vote 4.

### 1.19 Provisions and Contingent Liabilities

Provisions are recognised in the accounts where;

- a) there is a present obligation as a result of a past event;
- b) it is probable that a transfer of economic benefits will be required to settle the obligation;
- c) a reliable estimate can be made of the amount.

Contingencies are disclosed in the notes to the accounts unless the possibility of transfer in settlement is remote.

## 2 Staff Costs

a) Staff Costs for the first Year 2000/01 consist of:

	FSA(HQ) Westminster		
	STAFF £	BOARD £	TOTAL £
Wages and Salaries	12,901,565	262,531	13,164,096
Social Security Cost	1,003,981	26,210	1,030,191
Other Pension Costs	1,810,069	30,377	1,840,446
	15,715,615	319,118	16,034,733

For 2000/2001, contributions of £1.81 million were paid to the Principal Civil Service Pension Scheme (PCSPS) at rates determined by the Government Actuary and advised by the Treasury.

The FSA's contribution to pensions are:	Salary Band	£	and under		%
	Salary Band 1	£14,500			12%
	Salary Band 2	£14,501	to	£30,000	13.5%
	Salary Band 3	£30,001	to	£52,000	16.5%
	Salary Band 4	£52,000	and over		18.5%

Provisions for early departure costs are in Note 17.

b) The average number of people (*excluding casual and contractors*) employed by the FSA during the year 2000/01 by function, were as follows:

	FSA(HQ) Westminster		
	STAFF	BOARD	TOTAL
Chief Executive/Board	2	14	16
Food Safety Policy Group	282	–	282
Corporate Resources & Strategy Group (incl. Legal & Communications)	156	–	156
Enforcement & Food Standards Group	154	–	154
	594	14	608

c) Staff Costs by function comprise:

	£	£	£
Chief Executive/Board	162,611	319,118	481,729
Food Safety Policy Group	6,467,644	–	6,467,644
Corporate Resources & Strategy Group (incl. Legal & Communications)	4,471,434	–	4,471,434
Enforcement & Food Standards Group	4,613,926	–	4,613,926
	15,715,615	319,118	16,034,733

## 3 Management Remuneration

		Salaries & Other Allowances	Increase in Pension Earned	Value of Accrued Personal Pension
a) FSA	Bands	£5,000 (£'000)	£2,500 (£'000)	£5,000 (£'000)
Geoffrey Podger	Chief Executive	100 – 105	5 – 7.5	30 – 35
Pat Stewart (Ms)	Director, CR&S Group (appointed on 5/5/00)	65 – 70	2.5 – 5	25 – 30
Dr Jon Bell	Director, FSP Group (appointed on 5/6/00)	60 – 65	2.5 – 5	20 – 25
David Noble	Director, Legal Services ( <i>Part year</i> )	60 – 65	0 – 2.5	0 – 5
David Statham	Director, E&FS Group (appointed on 4/9/00)	40-45	0 – 2.5	0 – 5
David Dunleavy	Director, Legal Services ( <i>Part year</i> )	10-15	0 – 2.5	15 – 20
<i>(David Noble and David Dunleavy's periods of employment were from 17/4/00 to 29/1/01 and 29/1/01 to date respectively).</i>				
b) MHS	Bands	(£'000)	(£'000)	(£'000)
Johnston McNeill	Chief Executive (1/4/00 – 31/12/00)	70-75	0-2.5	10-15
Chris Lawson	Acting Chief Executive (2/1/00 – 31/3/01)	15-20	0-2.5	25-30

Information relating to the salary and pension details of the other senior managers within the MHS are disclosed within its Annual Accounts for the financial year 2000/01.

c) NOTES:

The salary of the Chief Executive of the MHS includes gross salary, bonus and benefits in kind.

The salary of the Chief Executive of the FSA includes gross salary only.

All members of FSA Management Group have declined to give consent to publication of their ages.

Neil Martinson (Director, Communications) has declined to give his consent to the publication of his personal details and such information is not therefore included in these notes.

d) FOOD STANDARDS AGENCY BOARD

	Salaries & Other Allowances	Increase in Pension Earned	Value of Accrued Personal Pension
Bands	£5,000 (£'000)	£2,500 (£'000)	£5,000 (£'000)
Prof. Sir John Krebs – Chair	95-100	0-2.5	0-5
Suzi Leather	30-35	0-2.5	0-5
Ann Hemingway	20-25	0-2.5	0-5
Michael Gibson	20-25	0-2.5	0-5
Michael Walker	20-25	0-2.5	0-5
Prof. Sir John Arbuthnott	20-25	0-2.5	0-5
Bhupinder Sandhu	5-10	–	–
Jeya Henry	5-10	–	–
Karol Bailey	5-10	–	–
Richard Ayre	5-10	–	–
Robert Rees	5-10	–	–
Dame Valerie Howarth of Breckland, OBE	5-10	–	–
Vernon Sankey	5-10	–	–
Gurbux Singh	0-5	–	–

Members of the FSA Board were not in the pension scheme (PCSPS) at the close of the Financial Year ended 31st March 2001. However, some of the FSA Board members will benefit from pension arrangements that are broadly analogous with the Staff Scheme. A provision for this scheme is provided for in Note 17.

Arrears of pay for all of the Board members apart from the Chair and Deputy Chair for the period from their appointment to the 31 March 2000, has been included in administration costs under Other Administration Costs in Note 4 to the Accounts.

After obtaining a second public appointment (and in line with Cabinet Office requirements), Gurbux Singh ceased to receive any remuneration from 1 June 2000 onwards from the FSA although he continued to be an active member of the Board until he resigned on 8 May 2001.

The ages of Board members have not been disclosed.

## 4 Other Administration Costs

	£000s	2000-01 £000s
Rentals under operating leases:		
Hire of plant and machinery		103
Other operating leases		1,958
Non-cash items:		
Depreciation	378	
Cost of capital	44	
Audit fees	110	
		532
Operational costs		24
Accommodation costs		2,564
Board and staff overheads		1,983
Administration costs		3,176
IT costs		1,498
Early Departure Costs		125
Provision for bad debts		47
Miscellaneous		0
		<b>12,010</b>

## 5 Net Programme Costs

	£000s	2000-01 £000s
<b>Research &amp; Development</b>		
Nutrition	6,342	
Microbiological Food Safety	4,340	
Meat Hygiene	3,243	
Chemical Safety	2,838	
Novel Food & Chemical Safety Toxicology	2,133	
Chemical Contaminants	1,515	
Food Labelling & Standards	1,367	
Radiological Safety	1,161	
Miscellaneous	446	
		23,385
<b>Monitoring and Surveillance</b>		
Meat Hygiene Service	64,329	
Radiological Safety	2,937	
Microbiological Food Safety	2,121	
Committees, Press & Publicity	1,577	
Nutrition	1,441	
Chemical Contaminants	1,282	
Miscellaneous	1,441	
		75,128
		98,513
Less: programme income		
Meat Hygiene Service (Note 6)	(45,099)	
FSA(HQ)	(2,672)	(47,771)
		50,742

## 6 Analysis of Income

	£000s	2000-01 £000s
Operating income analysed by classification and activity, is as follows:		
<b>Administration income:</b>		
Fees and charges from Government Departments and others		277
<b>Programme income:</b>		
Meat Hygiene Service activity	45,099	
Milk and Dairy Hygiene – sampling and inspections	134	
Radioactive Substances Act 1993	2,538	
		47,771
		48,048

## 7 Analysis of Net Operating Cost

This note analyses funding by the Department to the relevant spending authority.

	2001 Budget £000s	2001 Actual £000s
Spending Body:		
Core Department	81,844	74,761
MHS	10,978	3,749
<b>Total</b>	<b>92,822</b>	<b>78,510</b>

## 8 Analysis of Net Resource Outturn and Net Operating Cost by Function

	Admin £000s	Other Current £000s	Current Costs £000s	A-in-A £000s	Net Total £000s	Estimate £000s	Net Total Outturn Compared with Estimate £000s
Request for Resources 1							
Function 1 FSA HQ	27,588	49,845	–	2,672	74,761	81,844	7,083
Function 2 MHS	–	64,634	–	60,885	3,749	10,978	7,229
<b>Total</b>	<b>27,588</b>	<b>114,479</b>	<b>–</b>	<b>63,557</b>	<b>78,510</b>	<b>92,822</b>	<b>14,312</b>

## 9 Analysis of Capital Expenditure, Financial Investment and Associated A-in-A

	Capital Expenditure £000s	Loans etc. £000s	A-in-A £000s	Net Total £000s
Request for Resources 1	6,537	–	–	6,537
<b>Total</b>	<b>6,537</b>	<b>–</b>	<b>–</b>	<b>6,537</b>

## 10 Intangible Fixed Assets

	Software Licences £000s
<b>Cost or valuation</b>	
At 1 April 2000	302
Additions	124
Revaluation and indexation	(77)
<b>At 31 March 2001</b>	<b>349</b>
<b>Depreciation</b>	
At 1 April 2000	86
Charged in year	58
Revaluation and indexation	(24)
<b>At 31 March 2001</b>	<b>120</b>
<b>Net Book Value</b>	
At 31 March 2001	229

## 11 Tangible Fixed Assets

	Fixtures and Fittings	Office Equipment	Computer Equipment & Software	Motor Vehicles	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost or valuation</b>					
At 1 April 2000	488	188	1,271	740	2,687
Additions	5,310	93	978	156	6,537
Revaluation and indexation	6	(3)	(326)	(29)	(352)
Disposals	–	(1)	(83)	(210)	(294)
<b>At 31 March 2001</b>	<b>5,804</b>	<b>277</b>	<b>1,840</b>	<b>657</b>	<b>8,578</b>
<b>Depreciation</b>					
At 1 April 2000	94	46	822	249	1,211
Charged in year	57	26	282	169	534
Revaluation and indexation	3	(2)	(165)	(13)	(178)
Disposals	–	(1)	(83)	(128)	(212)
<b>At 31 March 2001</b>	<b>154</b>	<b>69</b>	<b>856</b>	<b>277</b>	<b>1,356</b>
<b>Net Book Value</b>					
<b>At 31 March 2001</b>	<b>5,650</b>	<b>208</b>	<b>984</b>	<b>380</b>	<b>7,222</b>

The difference arising between the purchase of fixed assets and additions are capital creditors and accruals. Assets purchased for the Devolved Authorities are included in the figures since they are owned by the core department but the assets are funded by the Devolved Authorities.

## 12 Movements in Working Capital other than Cash

	2000-01 £000s
(Decrease)/Increase in debtors	2,109
Decrease/(Increase) in creditors	(6,042)
	<b>(3,933)</b>
Devolved Authorities working capital movement	124
	<b>(3,809)</b>

## 13 Notional Administration Costs

	2000-01 £000s
Administration costs	
FSA (HQ) (see Note 4)	532
Meat Hygiene Service	1,025
	<b>1,557</b>

## 14 Debtors

	31 March 2001 £000s
<b>Amounts falling due within one year:</b>	
Trade debtors	10,380
Owed by government	1,314
VAT recoverable	2,027
Other debtors	496
Prepayments and accrued income	411
	<b>14,628</b>
<b>Amounts falling due after more than one year:</b>	
Other debtors	67
<b>Total Debtors</b>	<b>14,695</b>

Within prepayments and other debtors the devolved authorities accounted for amounts £332,000 and £32,300 respectively.

The opening balance for debtors relating to the FSA Westminster Account was £12,586,000, so the movement in-year is £2,109,000.

## 15 Cash at Bank and in Hand

	2000-01 £000s
Balance at 1 April	3,165
Net cash inflow/(outflow):	
Core department	3,990
Devolved Authorities	(89)
<b>Balance as at 31 March 2001</b>	<b>7,066</b>

At 31 March, £6,507,000 was held in accounts at the Office of the Paymaster General. The remainder, £559,000 was held in commercial bank accounts.

## 16 Creditors

	2000-01 £000s
<b>Amounts falling due within one year</b>	
Trade creditors	5,464
Other creditors	717
Accruals and deferred income	6,978
	<b>13,159</b>

Within trade creditors and accruals the Devolved Authorities accounted for amounts £109,400 and £179,500 respectively.

The opening balance for creditors relating to the FSA Westminster Account was £7,117,000, so the movement in-year is £6,042,000.

## 17 Provisions for Liabilities and Charges

	Early Departure Provision £000s	Pension Provision £000s	Foot and Mouth Provision £000s	Total £000s
As at 1 April 2000	526	573	–	1,099
Arising during the year	76	36	178	290
Utilised during the year	(85)	–	–	(85)
Reversed unused during the year	–	(361)	–	(361)
<b>As at 31 March 2001</b>	<b>517</b>	<b>248</b>	<b>178</b>	<b>943</b>

Early departure provision and pension provisions refer to liabilities to staff for early retirement. The Foot and Mouth Provision refers to potential claims from contract official veterinary surgeons for standby availability during February/March 2001.

## 18 Reserves

	General Fund Reserve		Revaluation Reserve £000s
	£000s	£000s	
Balance at 1 April 2000		8,729	16
Net operating cost		(78,510)	–
Funding movement in the year		83,354	–
Devolved Authority funding		763	–
Non cash charges:			
Cost of capital	557		–
Early Departure	7		–
Auditor's fees	150		–
Other non cash	39		–
		753	–
Arising on revaluation during the year (net)		–	5
<b>Balance at 31 March 2001</b>		<b>15,089</b>	<b>21</b>

The General Fund represents the net assets vested in the FSA at 1 April 2000 (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities, and the Vote funding arising since that date.

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.



## 19 Capital Commitments

	2000-01 £000s
Contracted	1,076

This commitment related primarily to the set up costs for the FSA headquarters at Aviation House, London.

## 20 Annual Commitments under Operating Leases

	Land & Buildings £000s	2000-01 Other £000s
Operating leases which expire:		
Within one year	–	–
Between one and five years	–	120
After five years	4,089	82
	<b>4,089</b>	<b>202</b>

## 21 Other Commitments

The FSA has entered into non cancellable contracts (which are not operating leases) for various research and development projects totalling £35,447,000 as at 31 March 2001.

This includes commitments up to year 2006.

## 22 Contingent Liabilities

The FSA inherited a claim from MAFF that resulted in the Parliamentary Commissioner for Administration concluding that compensation was due and £14,000 has subsequently been paid to date. There may be other similar cases emerging during 2001/02.

There are a small number of claims being made by plant operators and employees against the MHS for injuries sustained in the workplace or for unfair dismissal. These cases will be defended and as yet the outcome is not known but could cost approximately £80,000. No provision has been made in the accounts this year.

## 23 Related-Party Transactions

The following Board members advised of related party transactions:

Karol Bailey has disclosed that members of her family run a poultry slaughterhouse business, which receives services from the MHS.

Michael Walker has disclosed that a practice, in which he is a partner, has received fees for around £13,000 from the FSA for analytical research.

The FSA has had a number of transactions with other government departments and other central government bodies.

## 24 Analysis of Losses

	2000-01 £000s
During the year the MHS wrote off the following debts over £100,000:	
Cruisedeal Ltd	243
North West (2000) Ltd	158
North West (2000) Ltd	107

Sixty six cases totalling £813,000 were written off during 2000/01. The vast majority of these cases are bad debts written off by the MHS for inspection fees that will not be recoverable from slaughterhouses and meat plants.

## Food Standards Agency (Core Department)

### ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 5 OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

The Food Standards Agency shall prepare resource accounts for the year ended 31 March 2001 in compliance with the accounting principles and disclosure requirements of the Treasury's Resource Accounting Manual ('the Resource Accounting Manual') which is in force for that financial year.

The accounts shall be prepared so as to give a true and fair view of the state of affairs of the Department at 31 March 2001 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended.

Compliance with the requirements of the Resource Accounting Manual will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the Resource Accounting Manual is inconsistent with the requirement to give a true and fair view, the requirements of the Resource Accounting Manual should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the Resource Accounting Manual. Any material departure from the Resource Accounting Manual should be discussed in the first instance with the Treasury.

Brian Glicksman  
Treasury Officer of Accounts  
30 March 2001

Printed in the UK for The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office.  
ID 82572 1/02. , , Ord

