To: Chair, Health Select Committee  
Date: 16 April 2019  

Food Standards Agency (FSA)  

Main Estimate  

2019/20  

An overview and analysis of the Food Standards Agency's 2019-20 Main Estimate.

1. Overview  

1.1 Objectives  

The Food Standards Agency (FSA) is a non-ministerial government department, set up by an Act of Parliament in 2000 to protect the public’s health and consumer interests in relation to food. We are concerned with the safety of food right along the food supply chain, from when it is produced, to when it is served on the plate. As the national authority responsible for food safety, we set the regulations that food businesses are obliged to follow, and work with local authorities across England, Wales and Northern Ireland to make sure those regulations are enforced. We want the public to have trust in the food they eat, and that is why we work in an open and transparent way, making sure that consumer health and interests are at the heart of everything we do.

The FSA strives to be an excellent, accountable, and modern regulator, making sure that the food we eat is not only safe to eat, but that it is also what it says it is. To achieve this, we are committed to:

- developing scientific capability to ensure that our work is based upon rigorous and up-to-date scientific advice;
- redesigning the delivery landscape through our “Regulating Our Future” programme, to ensure that food safety regulation in the UK is modernised so that it is risk-based, data-driven, and fit-for-purpose;
- ensuring that we have a cost-effective national and coordinated approach to tackling food crime with the development of the National Food Crime Unit;
• becoming a global leader in food safety regulation, through collaboration and information sharing with likeminded organisations across the globe, and;

• better understanding consumer and business behaviours, so that we can empower consumers, and use a range of legislative and non-legislative tools to influence businesses to do better for consumers.

1.2 Spending Controls

The Food Standards Agency net spending is broken down into several different spending totals, for which Parliament approval is sought.

The spending totals which Parliament votes are:

• Resource Departmental Expenditure Limit (RDEL) – a net limit comprising day to day running and support costs, offset by income from meat official controls and related work. Additional income is received for milk and dairies sampling and from assessments and consultations on radioactive discharges.

• Capital Departmental Expenditure Limit (CDEL) – investment in information technology hardware, software and office-related assets.

• Resource Annually Managed Expenditure (RAME) – non-cash provision for early retirements, pensions, building dilapidation and legal liabilities / obligations.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require The Food Standards Agency to pay out cash in year.

1.3 Comparison of spending totals sought

The table below shows how the net spending totals sought for the Food Standards Agency compare with the original budget for the 18/19 (Main Estimate) and the final budget (Supplementary Estimate) for 18/19.

<table>
<thead>
<tr>
<th></th>
<th>Amounts sought this year (Main Estimate 2019-20)</th>
<th>Compared to final budget (Supplementary Estimate 2018-19)</th>
<th>Compared to original budget (Main Estimate 2018-19)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m (%)</td>
<td>£m (%)</td>
</tr>
<tr>
<td>Resource DEL</td>
<td>88.3</td>
<td>88.5 (11%)</td>
<td>88.7 (22%)</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>5.4</td>
<td>8.5 (36%)</td>
<td>3.3 (35%)</td>
</tr>
<tr>
<td>Resource AME</td>
<td>9.6</td>
<td>9.6 (0%)</td>
<td>9.6 (0%)</td>
</tr>
</tbody>
</table>

A breakdown of spending and income within the net total is shown in section 2.1.
1.4 Key drivers of spending changes

Comparisons to the 18/19 Supplementary Estimate are as follows:

RDEL (12%) increase of (£9.8m) which is mainly due to; the increase in the EU Exit reserve funding of (£3.9m) since the 18/19 allocation, this is to enable the Food Standards Agency to deliver exit from the European Union under any scenario, ensuring UK consumers can continue to access food that is as safe to eat as it is now, and that the UK can maintain, and build on, its reputation as a strong trading partner. This funding will help to deliver an effective imports and exports regime for food and will help us to strengthen the UK’s resilience to threats such as food incidents and food crime. The FSA also committed to Budget Exchange of (£1.6m) in 18/19 which accounts for (£3.2m) of the movement between financial years. The FSA requested additional depreciation in 19/20 of (£0.3m). The FSA also received additional funding in the 19/20 Main Estimate for increased CSPS employer pension contributions of (£1.3m). The FSA switched £1.6m from RDEL to CDEL in 18/19 to fund additional capital investment, currently the FSA is proposing a switch of £0.5m for 19/20, (£1.1m) less than 18/19.

Capital DEL 36% decrease of £3.1m due to the reduction in the EU Exit CDEL reserve funding of £1.9m since the 18/19 allocation. The FSA switched £1.6m from RDEL to CDEL in 18/19 to fund additional capital investment for EU Exit preparatory activities (for example the enhanced registration system for food business operators and an incident handling and response system). The FSA is switching £0.5m in 19/20, £1.1m less than 18/19, and the SR15 allocation was £0.1m less in 19/20 than 18/19.

Resource AME is in line with the 18/19 Supplementary Estimate allocation.

1.5 New policies and programmes; ambit changes

In 2019/20, the FSA’s priorities are to ensure that food safety and authenticity are not compromised as a result of exiting the EU and delivering a food regulation reform programme ‘Regulating our Future’ (ROF) see para 3.4 for further details.

There are no changes required to the FSA ambit.
1.6 Spending and income trends

The charts below show Gross Resource DEL spending and income, Capital DEL and Resource AME for the 15/16 – 17/18 outturn, 18/19 Supplementary Estimate and 19/20 plans.

Business as usual Resource DEL remains constant with an uplift in 18/19 and 19/20 for the additional EU Exit funding of £11m and £14.9m retrospectively. 19/20 Plans also increase in relation to 18/19 by (£3.2m) Budget Exchange of £1.6m from 18/19 to 19/20, additional CSPS employer pension contribution funding of (£1.3m) and a reduced switch from RDEL to CDEL in 1920 of (£1.1m).
Capital DEL remained fairly constant in 15/16 and 16/17, with an increase in investment in 17/18 of (£1.8m) due to the renewal of obsolete IT hardware and the associated costs of the relocation of the London Office with the introduction of flexible working across the FSA. In 18/19 this increases further by (£2.1m) mainly due to additional EU Exit funding of (£3.0m). In 19/20 CDEL funding falls by £3.1m due to the reduction in the EU Exit CDEL reserve funding of £1.9m since the 18/19 allocation. Reduced planned switch from RDEL to CDEL of £1.1m and reduced allocation at SR15 of £0.1m.
Resource AME plans figures are non-cash and remain constant at £9.6m, outturn was significantly less in 15/16 – 17/18. The plans limit of £9.6m allows for uncertainty surrounding FSA pension provisions and the volatile nature of FSA’s AME related expenditure. This volatility is mainly due to FSA’s significant pension fund deficit liability which fluctuates from year to year based on actuarial assumptions and investment returns.

1.7 Administration costs and efficiency plans

<table>
<thead>
<tr>
<th>Amounts sought this year (Main Estimate 2019-20)</th>
<th>Compared to final budget (Supplementary Estimate 2018-19)</th>
<th>Compared to original budget (Main Estimate 2018-19)</th>
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</thead>
<tbody>
<tr>
<td>Em</td>
<td>Em (8%)</td>
<td>Em (%25)</td>
</tr>
<tr>
<td>Admin DEL</td>
<td>45.3</td>
<td>45.7</td>
</tr>
</tbody>
</table>

Administration costs are set to increase by (8%) (£3.6m) compared to the 18/19 Supplementary Estimate allocation, this is mainly due to an increased reserve claim for EU Exit funding of (£0.3m) since 18/19 funding, additional funding for increased CSPS employer pension contributions (£0.9m), increased depreciation of (£0.3m) plus a switch from RDEL programme to Admin of (£2.1m). The switch is planned to improve efficiency and service delivery for consumers, and will enable FSA to enhance EU Exit preparations, accelerate regulatory policy work, and ensure that the FSA complies with government controls and security requirements.

1.8 Funding: Spending Review and Budgets

The FSA has been allocated a reserve claim in this Main Estimate round for £16m EU Exit funding. Split across the following classifications; Admin DEL £9.6m, Programme DEL £5.3m and Capital DEL £1.1m. This funding was previously anticipated and bid for following HMT guidelines and process. Also in addition the FSA has been allocated £1.3m for additional employer pension contributions split £0.9 Admin and £0.4m programme. On-going expenditure relating to EU Exit will be requested as an addition to FSA’s baseline in the next Spending Review.

1.9 Other funding announcements

No further announcements.

2. Spending detail

2.1 Explanations of changes in spending

Resource DEL

The table below shows how spending plans for Resource DEL compare with the previous current year budget.
Note 1 - The overall (10%) increase in RDEL of (£11.0m) since the 18/19 Supplementary Estimate is due to the increased reserve claim for EU Exit funding in 1920 of (£3.9m) to enable the Food Standards Agency to deliver exit from the European Union under any scenario. The FSA also committed to Budget Exchange of (£1.6m) in 18/19 which accounts for (£3.2m) of the movement between financial years. The FSA requested additional depreciation in 19/20 of (£0.3m). The FSA also received additional funding in the 19/20 Main Estimate for increased CSPS employer pension contributions of (£1.3m). The FSA switched £1.6m from RDEL to CDEL in 18/19 to fund additional capital investment currently the FSA is proposing a switch of £0.5m, (£1.1m) less than 18/19. In addition, the FSA has also increased its Income limit by (£1.8m) in the 19/20 Main Estimate with a corresponding increase to Gross expenditure. FSA income SR15 allocation decreased by £0.6m impacting gross expenditure.

Capital DEL

The table below shows how spending plans for Capital DEL compare with the previous current year budget.

<table>
<thead>
<tr>
<th>Subhead</th>
<th>Amounts sought this year (Main Estimate 2019-20)</th>
<th>Compared to last year final budget (Supplementary Estimate 2018-19)</th>
<th>Change to last years final budget</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Capital</td>
<td>£5.4</td>
<td>£6.5</td>
<td>£1.1 (36%)</td>
<td>1</td>
</tr>
</tbody>
</table>

Note 1 - The 36% Capital DEL decrease of £3.1m is due to the reduction in the EU Exit CDEL reserve funding of £1.9m since the 18/19 allocation, which was greater to fund preparatory activities. Reduced planned switch from RDEL to CDEL of £1.1m and reduced allocation at SR15 was £0.1m.

Resource AME

The table below shows how spending plans for Resource AME compare with the previous current year budget. There is no change.

<table>
<thead>
<tr>
<th>Subhead</th>
<th>Amounts sought this year (Main Estimate 2019-20)</th>
<th>Compared to last year final budget (Supplementary Estimate 2018-19)</th>
<th>Change to last years final budget</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>AME</td>
<td>£5.6</td>
<td>£9.6</td>
<td>£0.0 (0%)</td>
<td></td>
</tr>
</tbody>
</table>
2.2 Restructuring

No machinery of government changes have taken place, there have also been no changes to the Estimate subheads or how expenditure is recorded between the years.

2.3 Ring Fenced Budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets

Resource DEL – Depreciation

<table>
<thead>
<tr>
<th></th>
<th>Amounts sought this year (Main Estimate 2019-20)</th>
<th>Compared to final budget (Supplementary Estimate 2018-19)</th>
<th>Compared to original budget (Main Estimate 2018-19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>£2.5</td>
<td>(0.5) (42%)</td>
<td>(0.9) (50%)</td>
</tr>
</tbody>
</table>

EU Exit

<table>
<thead>
<tr>
<th></th>
<th>Amounts sought this year (Main Estimate 2019-20)</th>
<th>Compared to final budget (Supplementary Estimate 2018-19)</th>
<th>Compared to original budget (Main Estimate 2018-19)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
</tr>
<tr>
<td>EU Exit Admin</td>
<td>5.0</td>
<td>(0.1) (1%)</td>
<td>(5.1) (100%)</td>
</tr>
<tr>
<td>EU Exit Programme</td>
<td>4.9</td>
<td>(3.5) (67%)</td>
<td>(4.9) (100%)</td>
</tr>
<tr>
<td>EU Exit Depreciation</td>
<td>0.5</td>
<td>(0.5) (83%)</td>
<td>(0.5) (100%)</td>
</tr>
<tr>
<td>EU Exit Capital</td>
<td>1.1</td>
<td>1.0 (169%)</td>
<td>(1.1) (100%)</td>
</tr>
<tr>
<td>EU Exit total</td>
<td>16.5</td>
<td>(2.0) (12%)</td>
<td>(16.5) (100%)</td>
</tr>
</tbody>
</table>

2.4 Changes to contingent liabilities

The following contingent liability declaration has been added to the Estimate in line with previous years.

FSA Legal claims: The FSA is subject to various claims and legal actions in the ordinary course of its activities the outcome of which is uncertain. The value is unquantifiable, for example for personal injury cases.

3. Priorities and Performance

3.1 How spending relates to objectives

Expenditure under subheads A and B supports all the objectives set out in section 1.1 above.

3.2 Measures of performance against each priority
In order to deliver our statutory purpose of protecting public health and the consumers’ wider interests in relation to food, we defined and focus on the essential priorities for food safety. In 2019/20, they are to ensure that food safety and authenticity are not compromised as a result of exiting the EU, delivering a food regulation reform programme (ROF) and doing the day job exceptionally well (see para 1.1)

To measure our performance the FSA uses the following indicators and reports quarterly at Open Board in the Resource and Performance report (link below):

1. Laboratory confirmed human cases in the UK of the four major Food Borne Disease bacterial pathogens (Campylobacter, Salmonella, E. coli O157, Listeria)

2. The % of Food Business Operators (FBO) achieving Food Hygiene Rating Scheme (FHRS) ratings of Very Good and those receiving a rating below Satisfactory together with the public awareness of the FHRS Scheme.

3. The % of meat FBOs who are rated as satisfactory or above for compliance.

4. The number of enforcement actions undertaken, the number of referrals and outcomes of referral for prosecutions within the Financial Year.

5. The number of incidents received by the FSA and the number of notifications received and alerts raised within the financial year.


7. The % of people who are confident that the food they buy or eat is what it says it is and accurately labelled. The number of people who report following recommended food safety practices in their home.

8. The public’s awareness and trust in the FSA including the FSA’s public reputation score. The % of people who believe/accept the FSA’s messages.

9. Northern Ireland businesses engagement with the Caloriewise scheme inclusive of the number of users on MenuCal and the number of recipes available on MenuCal.

10. FSA as a great place to work inclusive of staff attrition and sickness numbers and Civil Service People survey engagement.

The above constitutes the routine reporting for the FSA. In addition to this the FSA Board receives additional papers and slides providing updates, progress and risks for other areas of the FSA remit. The Performance and Resource Report links and
the Annual Report and Accounts for 2017/18 and 2018/19 will provide the most recent indicator data for the above areas and additional papers also outline progress in other areas as presented to the Board for discussion and decision.

3.3 Commentary on steps being taken to address performance issues

As highlighted, the FSA Board receives updates on progress for those areas relating to responsibilities and requirements of the FSA. Specific focus for 2018/19 includes:

* EU Exit – (Incident Management post EU Exit)

* EU Exit update: (Citizens view on the EU and food issues)
  https://www.food.gov.uk/sites/default/files/media/document/fsa18-06-03.pdf
  https://www.food.gov.uk/sites/default/files/media/document/fsa18-06-03.pdf

* National Food Crime Unit – December 2018 update on progress since formation in 2015
  December 2017 update on progress:
**Meat Cutting Plant and Cold Store cutting review recommendations and implementation plan:**


**Raw Drinking Milk:**


**Assessment of FSA science position and opportunities:**


and report of the FSA Science Council chair:


**Updating and improving monitoring of local authority (LA) performance:**


### 3.4 Major projects

**EU Exit**

The FSA is focused to deliver exit from the European Union under any scenario, ensuring UK consumers can continue to access food that is as safe to eat as it is now, and that the UK can maintain, and build on, its reputation as a strong trading partner. In particular, delivering an effective imports and exports regime for food, and will help us to strengthen the UK’s resilience to threats such as food incidents and food crime. The FSA received a funding allocation of £16m in 19/20.

**Regulating our Future (ROF)**

The FSA’s objective is to develop and implement a new and sustainable approach to regulation that leverages business behaviour change to deliver benefits for consumers, and to design and implement a regulatory delivery model that ensures a long term financially sustainable and effective approach to regulating food safety across the food chain, making use of all available data. The FSA is forecasting to have invested £1.8m into this project during 18/19. The programme midpoint review is at:


The ROF programme is modernising the way food businesses are regulated. FSA is creating a system that is modern, risk-based, proportionate, robust and resilient. For the UK to continue to be a strong, credible player in the global food economy, the regulatory regime needs to keep pace with rapid change. Leaving the European Union will change patterns of food production, trade and consumption. This will require a flexible and responsive regulatory system.

### 4. Other information
4.1 Additional specific information required by the select committee

Not applicable at present.

5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as Accounting Officer.

Jason Feeney
Accounting Officer
Food Standards Agency
16 Apr 2019
Annex 1: DEL / AME Funding

<table>
<thead>
<tr>
<th>Resource</th>
<th>Resource AME</th>
<th>Capital DEL</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Spending review allocation (SR15)</td>
<td>86.8</td>
<td>10.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Supplementary Estimate 15/16</td>
<td>(3.1)</td>
<td>(0.4)</td>
<td>Scotland MDG transfer</td>
</tr>
<tr>
<td>Main Estimate 16/17</td>
<td>(7.5)</td>
<td>7.5</td>
<td>Research and Development reclassification</td>
</tr>
<tr>
<td>Main Estimate 17/18</td>
<td>4.2</td>
<td>(0.2)</td>
<td>Adjustment to R&amp;D reclassification</td>
</tr>
<tr>
<td>Main Estimate 18/19</td>
<td>0.4</td>
<td></td>
<td>Increase to depreciation</td>
</tr>
<tr>
<td>Supplementary Estimate 18/19</td>
<td>1.6</td>
<td></td>
<td>Budget exchange</td>
</tr>
<tr>
<td>Main Estimate 19/20</td>
<td>0.3</td>
<td></td>
<td>Increase to depreciation</td>
</tr>
<tr>
<td>Main Estimate 19/20</td>
<td>16.0</td>
<td></td>
<td>Reserve funding EU Ext</td>
</tr>
<tr>
<td>Main Estimate 19/20</td>
<td>(0.5)</td>
<td></td>
<td>3.5 Switch from KUEL to QDEL</td>
</tr>
<tr>
<td>Main Estimate 19/20</td>
<td>1.3</td>
<td></td>
<td>Reserve funding for increased Pension costs</td>
</tr>
<tr>
<td>Total</td>
<td>99.4</td>
<td>9.6</td>
<td>4.3</td>
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</table>