



To: Chair, Health Select Committee

Date: 3 April 2018

ESTIMATES MEMORANDUM

Main Estimate 2018-19 for the Food Standards Agency (FSA)

An overview and analysis of the Food Standards Agency 2018-19 Main Estimate.

Introduction

The Food Standards Agency is an independent Government department set up by an Act of Parliament in 2000 to protect the public's health and consumer interests in relation to food.

The strategic outcomes the FSA aims to deliver are:

- Food is safe.
- Food is what it says it is.
- Consumers can make informed choices about what to eat.
- Consumers have access to an affordable healthy diet, now and in the future.

The Main Estimate for the Food Standards Agency for 2018-19 seeks the necessary resources and cash to support the functions of the Food Standards Agency. These are continuing functions from previous years and no new functions have been added.

The purpose of this memorandum is to provide the Select Committee with details of the resources and cash sought in the Main Estimate including information on comparisons with the resources provided in earlier years in Estimates and departmental budgets. Details of changes in resources relative to original plans set out in the last (Comprehensive) Spending Review are also provided.

An explanation of key terms and abbreviations used in the memorandum is provided in Annex 1.

The Main Estimate provides for a voted provision:

Net Resources of **£94.2m**

Of which £1.7m relates to Depreciation which is a ring fenced provision.

Net Cash Requirement (NCR) of **£82.8m**

Budgetary data

Key budgetary figures of which all are voted:

Resource Departmental Expenditure Limit	£80.7m
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Of which:

Administration budget	£36.5m
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Capital Departmental Expenditure Limit (including £3.3m R&D)	£3.9m
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Annually Managed Expenditure (Resource)	£9.6m
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Explanation of significant changes in provision compared with:

(i) the Previous Year's Estimates; and (ii) Spending Review allocations.

Net Resources:

Main Estimate	2018-19	£94.2m
Previous Year	2017-18	£97.1m

The 2018-19 net resource is 2% lower than last year due to exceptional expenditure being required in 2017-18 regarding the exit from the commercial lease on FSA's London office in line with Government Property Unit strategy.

Net Cash Requirement:

Main Estimate	2018-19	£82.8m
Previous Year	2017-18	£87.8m

The lower cash requirement of £5.0m reflects the Supplementary Estimate increase to 2017-18 by £3m for movement in debtors / creditors, reduction in Capital requirements in 18/19 of £3.8m partially offset by increased in Net Resource Requirement of (£0.9m) and reduction to

depreciation of (£0.9m).

Resource Departmental Expenditure Limit (DEL):

Main Estimate	2018-19	£ 80.7m
Spending Review Allocation	2018-19	£ 86.8m
Previous year (adjusted for R&D reclassification)	2017-18	£ 79.8m

The decrease from the Spending Review allocation of (£6.1m) is due to the MOG transfer to Food Standards Scotland (£3.2m) and reclassification of Research and Development costs as CDEL of (£3.3m) and additional depreciation of £0.4m allocated in the 2018-19 Main Estimate.

Admin DEL:

Main Estimate	2018-19	£36.5m
Spending Review Allocation	2018-19	£36.8m
Previous Year (adjusted for R&D reclassification)	2017-18	£44.6m

The decrease from the 2015 Spending Review of (£0.3m) is due to additional depreciation of £0.4m allocated in the 2018-19 Main Estimate, offset by the MOG transfer to Food Standards Scotland (£0.2m) and reclassification of Research and Development costs as CDEL of (£0.5m)

Capital DEL:

Main Estimate	2018-19	£3.9m
Spending Review Allocation	2018-19	£0.6m
Previous Year (adjusted for R&D reclassification)	2017-18	£7.7m

The increase from the 2015 Spending Review of (£3.3m) is due to the reclassification of Research and Development costs as CDEL in Budgets and Estimates.

Annually Managed Expenditure:

Main Estimate	2018-19	£9.6m
Previous Year	2017-18	£9.6m

The 2018-19 requirement is in line with last year and is required to fund potential volatility in pension provisions. Both years are net of £0.4m which was transferred to Food Standards Scotland.

Machinery of Government changes

On 1 April 2015 Scottish Government took over responsibility for food safety operations in Scotland through the establishment of Food Standards Scotland. A transfer of Budget detailed below was actioned in the 2015-16 Supplementary Estimate:

Transfer to Food Standards Scotland £m	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Administration Expenditure	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Programme Expenditure	3.2	3.3	3.2	3.1	3.1	3.0	2.9
Total RDEL	3.4	3.5	3.4	3.3	3.3	3.2	3.1
Annually Managed Expenditure (AME)	0.1	0.1	0.4	0.4	0.4	0.4	0.4
Total	3.5	3.6	3.8	3.7	3.6	3.5	3.5

Spending Review (SR15) and previous 3 years Outturn

Spending Review Settlement period and previous 3 years post Machinery of Government change.

FSA Westminster	£m	2014-15	2015-16	2016-17	2017-18	2017-18	2018-19	2019-20
		Outturn	Outturn	Outturn	Forecast Outturn	Plans	Plans	Plans
Administration Expenditure		33.6	32.5	33.4	41.9	42.4	35.2	35.2
Depreciation (ring-fenced)		1.3	1.8	2.1	2.2	2.2	1.3	1.3
Total Admin		34.8	34.2	35.5	44.1	44.7	36.5	36.5
Programme Expenditure		39.3	41.0	42.4	34.3	34.8	43.8	43.9
Depreciation (ring-fenced)		0.1	0.2	0.2	0.3	0.3	0.4	0.4
Total Programme Expenditure		39.4	41.2	42.6	34.6	35.1	44.2	44.3
Total RDEL		74.2	75.4	78.1	78.7	79.8	80.7	80.7
Capital (CDEL)		2.6	0.9	1.2	4.0	4.2	0.6	0.5
Capital (R&D)		10.9	7.2	3.6	3.0	3.5	3.3	3.3
Total Capital		13.5	8.1	4.8	7.0	7.7	3.9	3.8
Total RDEL and CDEL		87.7	83.5	82.9	85.8	87.5	84.6	84.5
Annually Managed Expenditure (AME)		2.9	0.5	2.2	0.9	9.6	9.6	9.6
Total Delegation From Treasury (RDEL+CDEL+RAME)		90.6	84.0	85.0	86.7	97.1	94.2	94.1
Total Resource Budget (RDEL + RAME)		77.1	75.9	80.2	79.7	89.4	90.3	90.3
Capital (CDEL)		13.5	8.1	4.8	7.0	7.7	3.9	3.8
Total Departmental Spending (exc dep'n)		89.2	82.0	82.7	84.2	94.5	92.5	92.4

Note - all figures are adjusted for the R&D Capital reclassification effective 1 April 2016, and the MOG transfer to Food Standards Scotland.

Approval of Memorandum

This memorandum has been prepared with reference to guidance in the Estimates Manual provided by HM Treasury and that found on the House of Commons Scrutiny Unit website. The information in this memorandum has been approved by Jason Feeney – Accounting Officer.

Chris Hitchen

Director of Finance and Performance

Annex 1

Glossary of Key Terms

Main Estimate – The means through which departments seek parliamentary approval for their spending plans for the year ahead.

Departmental Expenditure Limit – a Treasury budgetary control for spending that is within the department's direct control and which can therefore be planned over an extended (Spending Review) period (such as the costs of its own administration, payments to third parties, etc).

Annually Managed Expenditure – a Treasury budgetary control for spending that is generally difficult to control, large as a proportion of the department's budget, and volatile by nature.

Net Cash Requirement (NCR) – The limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate. In the case of a negative net cash requirement, the department must generate a surplus of at least that amount.

Voted –The process by which Parliament approves funds in response to Supply Estimates.