

**FSA SIMPLIFICATION REPORT AND PLAN 2008/09**

**Executive Summary**

1. This paper seeks the Board's agreement to publish the FSA's Simplification Report and Plan for 2008/09. This is the FSA's third report on its rolling simplification programme and includes progress on delivering simplification initiatives from previous reports and highlights new initiatives. It also includes progress on the reduction of administrative burdens. As of October 2008 the FSA has delivered estimated simplification savings of over £300 million, including £44 million in administrative burden reduction.
  
2. All the simplification measures in this report (as in our previous reports) are designed to ensure that the FSA continues to deliver its objective to protect public health and consumers' other interests. Consumer protection is provided through regulations and guidance, and by using alternative approaches (such as our salt and nutritional labelling campaigns), and how these are enforced and championed. However, we are aware of the burdens that regulation and enforcement can place on business, the public and third sectors. Our experience is that by making regulations easier to understand and apply will help to secure commitment to comply and so improve consumer protection.
  
3. Comments on this Report have been invited from Government stakeholders and incorporates comments from the Better Regulation Executive. When received comments from the Panel for Regulatory Accountability will be taken into account when preparing the final draft. External stakeholder scrutiny has been provided through the Better Regulation Advisory Group. If the Board agrees, the current intention is to publish the report, alongside other Government Departments, during the week beginning 8 December 2008.

4. The Board is asked to:

- **agree** this draft of the FSA Simplification Report and Plan;
- **agree** to delegate to the Chair and Chief Executive the responsibility for agreeing any subsequent changes needed to the Plan before publication; and
- **agree** that the finalised plan should be published during the week beginning 8 December 2008.

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## **FSA SIMPLIFICATION REPORT AND PLAN 2008/09**

### **Issue**

1. The agreement for publication of the FSA Simplification Report and Plan 2008/09 (Annex A).

### **Strategic Aims**

2. The objective of the FSA is to maintain and improve consumer protection and other interests in relation to food and drink. All simplification measures in this report underpin this objective but in ways which avoid unnecessary burdens on the private sector, public sector and third sector. As our experience with Safe Food Better Business shows it is possible to secure reduction in burdens without compromising public health.

### **Background**

3. The FSA, along with other Government Departments, has developed a rolling programme of regulatory simplification. Each department reports on progress in their annual Simplification Plans. This Report also provides the FSA with an opportunity to highlight its wider work on the better regulation agenda, within the context of the FSA's regulatory framework.
4. This year's Report demonstrates how FSA's initiatives are impacting on the ground, with a number of case studies and supportive quotes from business and public sector stakeholders. It shows how we have delivered estimated annual simplification savings of £340 million between May 2005 and October 2008. The Plan also reports on further planned simplification measures which will deliver estimated savings in future years of around £120 million.
5. The Report includes progress on administrative burden reduction and highlights other better regulation initiatives which benefit business, particularly small businesses. Over 90 per cent of food law comes from Europe and this Report

highlights the work we are doing with the European Commission and other Member States to minimise the burden of new proposals. The Report also describes progress on the Agency's World-Class Regulator initiative and provides updates on delivering the outcomes of the three FSA simplification initiatives reported in our 2007 Simplification Report: the Sector-Specific Review on the impact of regulation on craft bakers and butchers, the Review of FSA Guidance and the Review of FSA forms.

6. Our previous reports promised to generate annual savings of over £400 million in policy and administrative burden savings. We have reassessed the estimated savings in previous reports and have corrected an error, due to double counting, in the savings for Over Thirty Month (OTM) rule from the £291 million reported to £148 million. We have also adjusted the estimated savings of £5 million across the UK for the changes to specified risk material (SRM). We now have an estimated saving for England of £3.4 million, and given the English focus of this report, we are using this new figure. With these adjustments we now estimate our savings from our first two reports to be around £300 million. This is still a significant achievement.

## **Impact**

### Highlights of the FSA Simplification Report and Plan 2008/09

7. As reported to the Board in June the FSA has an extremely challenging target to reduce administrative burdens by £136 million by May 2010. Our original baseline was set in May 2005 at £91 million. The FSA Board agreed to reduce this by 25 per cent to £68 million, delivering savings of £23 million. In 2006 new European Regulations added a new net burden of £113 million. In order to reduce our burden back to £68 million we therefore now need to achieve savings of £136 million. We have made good progress in reducing burdens so far by £44 million, from more proportionate traceability guidance and the Safer Food Better Business initiative, and have identified a further £81 million in potential savings – a total of £125 million of savings. However, as the trajectory in the Report shows, this would leave us short by £11 million by 2010. This is summarised in the table below:

<b>Description</b>	<b>Administrative Burden*</b>
Total Administrative Burden in May 2005	£91 million
<b>FSA's administrative burdens target for a net 25% reduction (£23m) on 2005 Figures</b>	<b>£68 million</b>
Net increase of regulations introduced between May 2005 and May 2007	£113 million
Total administrative burden in May 2007	£204 million
<b>Total administrative burdens savings required to meet 25% net target (£68m)</b>	<b>£136 million</b>
Administrative burden savings made to May 2008	£ 44 million
Estimated further administrative burden savings to be delivered by 2010	£ 81 million
Total estimated administrative burden savings by 2010	£125 million
<b>Estimated shortfall</b>	<b>£ 11 million</b>

\* Figures are rounded

8. Whilst we hope post-2010 to secure further administrative burden reduction through successful negotiation in Europe, we consider savings in the region of £120 million to be a significant achievement against the £23 million we originally envisaged we would have to deliver.
  
9. The reduction of administrative burdens has been a major focus of the Government's better regulation programme. This has not addressed the policy costs of regulation. The Government's proposal to introduce regulatory budgets, which the Board are discussing at this meeting (see paper FSA 08/10/05), would cover the total cost of all new regulation with an impact on business including both policy and administrative costs.
  
10. Reducing the administrative burden of regulations on business is only one part of our simplification programme. The Report includes other' initiatives to help business, for example:

- based on scientific evidence to assess the risk, from April the age at which some specified risk material (SRM) needs to be removed from cattle was increased to over 30 months saving cutting plants and butchers an estimated £1.8 million each year ; and
- introducing a Food Safety Management Diary for Meat Producers (similar to the Safer Food Better Business diary), which received positive feedback from the industry.

11. We are also doing much to help small businesses. Aside from Safer Food Better Business other initiatives include:

- a communication campaign, launched in March this year, providing help with setting up a small food businesses and obtaining information and guidance on food safety; and
- taking advantage of the flexibilities we negotiated in the EU food hygiene legislation by introducing exemptions for small slaughterhouses, which will come into force in early 2009, with estimated annual savings of up to £180,000.

12. We continue to embed the recommendations from the Hampton report into FSA's activities. For example the new Food Law Code of Practice<sup>1</sup>, published in June this year, gives Local Authorities a wider range of interventions enabling them to focus resources on high risk establishments and we are actively supporting the Retail Enforcement Pilot.

#### Better regulation in other parts of the UK

13. The primary focus of the FSA simplification programme is England. However, as a UK-wide non-ministerial Government Department, the FSA pursues better regulation initiatives UK-wide. The Report highlights two initiatives from Northern Ireland – the piloting of the Farmers notebook and their Training Manual on Food

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<sup>1</sup> <http://www.food.gov.uk/multimedia/pdfs/codeofpracticeeng.pdf>

composition and Labelling Legislation; the introduction of Farm Notes in Wales and a contribution on official controls of shellfish in Scotland.

### Sustainability

14. Reducing burdens on business, the public sector and the third sector fits well with the economic pillar of sustainability. The Agency's approach is to seek these economic benefits whilst maintaining consumer protection. In addition these economic and social benefits often go hand in hand with environmental benefits in terms of reduced use of resources and waste. For example, in this Report initiatives to minimise record keeping for traceability purposes will reduce the amount of paper used and storage space required. Increasing the age at which specified risk material (SRM) needs to be removed to over-30 months will result in less SRM material having to be incinerated.

### Resource implications

15. The Better Regulation Team is responsible for delivering the Government's Better Regulation agenda across the whole Agency and the rolling simplification programme is part of this work. The Team has an annual budget of £342,000, the majority of which is staff costs. This cost does not include the time spent on the Better Regulation agenda by policy officials across the Agency.

### Risks

16. There is a risk that some stakeholders might perceive that FSA activities on simplification indicate a reduced commitment to consumer protection. The Chief Executive's reassurances at previous Board meetings address this concern.

### Conclusion

17. The Simplification Plan and Report highlights the significant simplification savings the FSA has made and the positive effect this is having on business and the public sector. Making it easier for business, the public sector and the third sector to understand and comply with regulations, should improve compliance and enhance consumer protection.

### **Board Action Required**

18. The Board is asked to:

- **agree** this draft of the FSA Simplification Report and Plan;
- **agree** to delegate to the Chair and Chief Executive the responsibility for agreeing any subsequent changes needed to the Plan before publication; and
- **agree** that the finalised plan should be published during the week beginning 8 December 2008.

## **PREVIOUS BOARD CONSIDERATIONS**

### June 2008

Better Regulation Update: Administrative Burden Reduction; Hampton; and World Class Regulator. FSA 08/06/05

### October 2007

FSA Simplification Plan 2007. Paper FSA 07/10/06.

### June 2007

Administrative Burdens Reduction: Update. Paper FSA 07/06/06

### February 2007

FSA and Better Regulation: Progress in 2006. Paper FSA 07/02/08

### September 2006

FSA's Simplification Plan: Approval for Publication. FSA 06/09/06.

Administrative Burden reduction project: agreement of target. FSA 06/09/07