

Chief Executive's Report to the Business Committee

FSA BC 23-03-04

1. Since the Business Committee last met, in December 2022, the FSA has worked to set a balanced budget for 2023/24, the second year of our spending review settlement. This has required a significant investment of senior effort and I wish to put on record my thanks to colleagues, and also those colleagues within our Finance and HR teams, for their efforts.

2. We have continued to implement the decisions on prioritisation that we shared with the Board in December. The pressures identified last year, particularly in relation to the Retained EU Law Bill, the Precision Breeding Bill and work on the Government's Borders Target Operating Model, continue. Those matters will be covered at the Board meeting on 22 March 2023 either in my update to the Board, or in separate papers.

Incidents

3. In December 2022, the FSA led a multi-agency response to an incident where higher than permitted levels of lead were detected in some products derived from human breast milk manufactured by NeoKare Nutrition Limited. The product was distributed to hospital settings in England and Wales, mostly as part of clinical trials as well as direct internet sales to UK and international consumers.

4. Neokare has voluntarily ceased production, undertaken a product withdrawal and recall following FSA intervention. Department of Health & Social Care assumed the lead for this incident on 13 January.

5. We continue to investigate an outbreak of Salmonella Mbandaka in chicken products, first notified to us by the UK Health Security Agency (UKHSA) in April 2022. As of 3 March 2023, there were 132 cases in the UK. Whole Genome Sequencing has confirmed a microbiological link between ready-to-cook chicken breast manufactured in Ukraine, and cases in Finland, Estonia, and the UK. The chicken was supplied to the UK from Ukraine via the Netherlands, and a food business in the Netherlands has conducted a recall of product they had sent to the UK. All the product was for food service use and has been withdrawn from the UK market. Ukrainian authorities are still investigating the outbreak.

6. The FSA has appointed Chappell Associates, specialists in strategic resilience and maturity modelling, to undertake a review and assessment of our level of maturity in crisis and strategic incident management.

Labs and Sampling

7. Since the approval of the laboratory framework by the Board in September 2022, the FSA has launched and awarded an open grant funding scheme for Public Analyst Official Laboratories (PA OLs). Approximately £500k of funding has been awarded to four PA OLs to develop the testing capability and capacity in 2023-2024 in response to areas that they identified as needing further

development. The areas where funding has been allocated are:

- (a) Metals analysis in food and feed
- (b) DNA testing, including Genetically Modified Organisms and meat specification.
- (c) Allergens
- (d) Food additives
- (e) Alcohol adulteration

8. The FSA is planning to provide a second round of grant funding to develop targeted capability gaps, identified by the FSA, and deliver training to develop new Public Analysts in 2023-2024.

9. In December 2022, Public Sector Research Establishments, which support government by providing science advice to policymakers, were given the opportunity to apply for Department for Business, Energy and Industrial Strategy funding for laboratory infrastructure. With support from the FSA, Fera Science Ltd, as the National Reference Laboratory for Chemical Contaminants in food and feed, was successful. This included receiving investment for equipment to enable the testing of Perfluorinated Alkyl Substances, Mineral Oil Saturated/Aromatic Hydrocarbons and DNA detection.

10. The FSA has continued to deliver a targeted food surveillance programme through the PA OLs, providing £650k of funding this financial year.

Field Operations

11. In February, we launched a 12-month survey in five abattoirs, looking at bacteria of public health interest, in sheep at slaughter. We are doing this jointly with the Department for Environment, Food and Rural Affairs (Defra), Welsh Government, the Animal & Plant Health Agency, the UKHSA and the Veterinary Medicines Directorate. The survey will assess the presence and prevalence of Salmonella, Campylobacter, E. coli, Enterobacteriaceae and Enterococci in caecal contents and carcass swab samples collected specifically from cull ewes and prime lamb at slaughter in England and Wales.

The last sheep abattoir survey was carried out almost 20 years ago.

12. The FSA took corrective action following a Health and Safety Executive visit to an abattoir in Wales in April 2022 which identified some areas of concern that the Food Business Operator (FBO) did not have a robust system for notifying FSA staff when they moved over to TB reactor processing. This resulted in FSA staff not wearing the correct Personal Protective Equipment to conduct their inspection on occasion. The Significant Intervention Protocol was established to address improvements required on written procedures, communication, staff training and FBO safety measures. These improvements were verified with two unannounced FSA safety tours.

A number of senior visits have been made to field operations sites in the early part of 2023.

- In January, I visited G R Evans, a small-medium multi species abattoir North Wales, followed by a visit to the Rhug Estate, an organic cutting plant selling local produce. I also joined two FSA dairy inspections on farms in North Wales.
- The Chair and Director of Operations accompanied Daniel Zeichner MP (Shadow Minister for Food, Farm & Fisheries) to Cranswick Country Foods, Norfolk, on 13 February 2023. The Director of Operations followed this up on 21 February with a visit alongside one of Lead Unannounced Inspectors to observe the process of an Unannounced Inspection.
- On 21 February, the Chair met Minister Mark Spencer at Perry's of Eccleshall; a small abattoir in Staffordshire.
- Field Operations also provided a presentation and an overview on activities at the Welsh Food Advisory Committee meeting of 8 February 2023 and arranged an abattoir visit for the committee on 9 February.

13. The FSA has given conditional remote approval to a new Game Handling Establishment on the Isle of Wight. Although initially expected to be of a low throughput, it will strengthen the local food chain. This will be the fourth FSA approved establishment on the isle (the other three being cutting plants).

14. We continue to work closely with the Royal College of Veterinary Surgeons on Temporary Registration, most recently informing them in more detail about our arrangements with our service delivery partner and the constraints we operate within in relation to Civil Service pay.

15. The rate of confirmed Avian Influenza cases seems to be decreasing, with only 12 cases confirmed since the beginning of the year. Most of the recent cases have been in Scotland with the majority in backyard flocks. Despite this, trade and movement restrictions are still in place in several areas in England, particularly in East Anglia, which continue to impact on farms and slaughterhouses.

16. A UK Audit of African Swine Fever controls of selected European Union Member States is taking place from 20 to 31 of March 2023. The FSA is supporting the UK Office for Sanitary and Phytosanitary Trade Assurance.

17. Following the cessation of the Operational Transformation Programme in December 2022, the transformational work relating to meat, dairy and wine has moved to the Strategy & Regulatory Compliance Directorate under the Achieving Business Compliance programme. Projects being considered for the 23/24 operations modernisation work programme include the ongoing development of a compliance risk assessment tool that will assist in identifying where to focus audit, inspection and welfare activity; the introduction of digital technology to improve the accuracy of data collection in relation to in-plant inspection results; and the building of digital capability to improve the accuracy and efficiency of the work our auditors and inspectors do to gather evidence and produce reports.

18. The FSA supports Defra on small abattoirs through a working group and a task and finish group. The FSA's current priorities are: an initiative to reduce administration burdens; an initiative to improve communication with FBOs so that issues are escalated to us rapidly; and work with Defra to revisit whether the UK could take advantage of flexibilities within current legislation that mean some additional small abattoirs would not need a permanent official vet presence. We have also done a lot to help Defra and its Ministers understand the issues we see small abattoirs facing.

National Food Crime Unit (NFCU)

19. Legislation is expected to come into force on 1 October 2023 that brings 2,4-dinitrophenol (DNP) under the remit of the Poisons Act. The NFCU will remain active in tackling the sale of this chemical working closely with the Home Office until a handover of responsibility for enforcement is agreed. The NFCU is piloting automated social media scraping to identify references to sellers and has continued to take down websites that offer DNP for sale. The Unit's work on DNP featured in an episode of the BBC Defenders UK series which aired on 1 February.

20. In December, three suspects from addresses in London and Wales were arrested in connection with an intelligence-led investigation into the illegal and large-scale supply of smokies (sheep which have their fleece blowtorched off the unskinned carcass following illegal slaughter). A significant number of smokie carcasses were seized and illegal slaughter sites and a meat cutting facility were discovered. We are working with both Local Authorities and a range of law enforcement partners on this investigation.

21. Also in December, a confiscation order was made against a subject of a joint investigation between Wiltshire Council and the NFCU concerning the operation of an unapproved meat cutting

plant at two car wash locations. The court concluded that the offender had financially benefited from his food crimes to the sum of £154,342.62 and was ordered to pay £3500 within three months or face three months imprisonment.

22. The Unit has prioritised the actions it will take to respond to the recommendations from the NFCU review and be incorporating this work into business planning for the year ahead.

Prosecutions

23. David Jonathan Bennion, of Shropshire was convicted of an intentional obstruction offence at Telford Magistrates' Court on 5 December 2022. Mr Bennion used abusive language and threatened to forcibly remove an FSA Dairy Hygiene Inspector from his farm leading the inspection to be aborted. Failing to attend court on 5 December 2022, Bennion was found guilty and sentenced in his absence. He was fined £1,760 and ordered to pay prosecution costs of £8,962.50.

24. A successful prosecution of Shazan Foods Limited was completed by the Crown Prosecution Service at Chelmsford Magistrates' Court on 22 December 2022 following an FSA investigation into offences under animal welfare at slaughter regulations. The company pleaded guilty to ten offences at the first substantive hearing and was fined £16,400 and ordered to pay prosecution costs of £155.

Finance

25. 2023/24 will be the first year since 2016-17 that we have not seen growth in our budget.

Conversely, since 2016-17, our budget has grown by £40m. I thought the Business Committee might be interested in a breakdown of how that additional investment has been allocated as it demonstrates the consequences of EU exit for the FSA. We have allocated this money to:

- (a) maintain food standards and safety controls, regulation and risk assessment, and stand up our new responsibilities for risk analysis and regulated products in the post EU-Exit environment (£9m);
- (b) invest in more science evidence and research (£6.6m);
- (c) invest in official controls improvements and support inflationary pressures on Field Operations (£3.8m net);
- (d) develop our capabilities in the National Food Crime Unit in the light of potential food fraud risks (£3.8m);
- (e) invest in a cross government shared outcomes fund (£2.5m);
- (f) develop our food hypersensitivity policy (£1.7m);
- (g) increase the size of our legal team and strengthen our ability to work on cross-cutting issues like retained EU Law (£1.7m);
- (h) increase our veterinary expertise to support work on trade, market access, and borders. (£1.4m);
- (i) to support, maintain and train for this growth and to ensure the most up to date systems, we have also invested in our corporate functions such as IT (£4.1m); HR (£3.1m); and Finance functions (£2m).

26. In 2023/24, our budget will not grow, so this marks an end to six successive years of growth.

27. As at the end of the third quarter of financial year 22/23, the overall financial position for the FSA was a forecast underspend of £4.3m against the budget of £143.3m. This number is likely to change before the end of the financial year.

28. Westminster funded resource was forecasting an underspend of £1.3m in Resource funding (RDEL), mainly due to (delays and pauses in recruitment, and some delays in projects). The £2.3m underspend in Capital Funding (CDEL) of which £1.6m R&D underspend was due to delays on the 3rd Infectious Intestinal Disease Study (IID3) caused by ethical concerns raised by the UK Health Research Authority. These delays will increase our planned IID3 spend in later

years. There was a further £0.3m in the ring-fenced Shared Outcome Fund which is retained in order to fund potential price increases in 22/23 as well as any new short term work.

29. The finance business partners continue to work with the budget holders on forecasting accuracy, maximising the 22/23 funding available while living within the HMT controls.

30. Since last reported, Northern Ireland budgets were confirmed as £14.4m RDEL and £0.5m CDEL and are forecasting a small underspend of £0.3m. Wales was forecasting to come in £0.1m under its £5m budget.

31. In previous reports, I mentioned the government had launched an efficiency and savings review to secure value and maximise efficiency within departmental budgets. The formal commission was received from HM Treasury in early December. Our return provided assurance on how we were planning to live within our original SR settlements. We are doing this mainly by capping our affordable headcount, prioritisation, and delivering efficiencies via system and process improvements. We await further correspondence on next steps. In addition, work on the meat industry charge rates and discount calculations for 2023/24 charges commenced in quarter 3 and is ongoing.

32. Finally, we began our 2023/24 planning and budget setting process during the quarter, a challenging process where we have had to identify ways to offset rising costs, inflation and pay pressures. This has been achieved through carefully managing our headcount and non-staff expenditure, but we will continue to keep these budgets under review throughout the financial year.

People and Organisational Change

33. Civil Service pay guidance for 2023 is expected to be published in late March. This provides the framework within which the FSA must operate to comply with government pay policy.

34. The FSA Reward and Recognition Scheme makes use of a ring-fenced budget and enables us to reward excellent and exceptional one-off achievements to staff between AO and Grade 6. Between 1 April and 31 December 2022, 2,468 awards worth £301,420 were made to 1512 staff. This represents approximately 81% of the funds available for 2022/23. Over the same period in 2021, 1,294 awards totalling £261,450 were made (76% of funds available).

35. Industrial action across the Civil Service has not impacted the FSA. The Public and Commercial Service Union (PCS) continue to take targeted industrial action and are re-balloting departments that were close to achieving a mandate at the first ballot. Following indicative balloting of their members to measure support for industrial action, Prospect are formally balloting members across several government departments. In both cases members of PCS and Prospect in FSA are not being balloted.

36. We submitted our business case for our future London workforce/estate requirements to Places for Growth (PfG) in December 2022. We have sought to maintain a much-reduced space for approximately 40 desks and access to meeting rooms. As anticipated, PfG did not support a need to be in Whitehall, their view being that engagement with OGD, and ministers can easily be exercised from an outer London location.

37. Onto senior civil service recruitment.

- Anjali Juneja has been appointed as the permanent Director of UK & International Affairs.
- Michael Jackson, Deputy Director - Head of Regulatory Compliance is retiring at the end of March.
- Following Steven Pollock's decision to retire in June 2023, interviews for a replacement Director of Communications will take place late March.

- Most recruitment was paused during December and January whilst the executive team agreed future headcount limits and budgets for 23/24.

38. Development of our People Plan 2023-26 is nearing completion. This plan sets out how we will improve as an employer with three key themes: an excellent employee experience, optimising organisational capability and becoming an enabling organisation.

39. I just want to conclude by offering my thanks to Michael Jackson. Michael has worked for the FSA for over 20 years in various roles supporting Environmental Health Professionals to deliver food and feed safety standards across England, Wales and Northern Ireland. Michael led the work to develop, test and pilot options for the FSA's flagship Food Hygiene Ratings Scheme and he developed the Brand Standard for the final scheme implementing the roll out across England, Wales and Northern Ireland. More recently, Michael has been leading the systemic review of food standards and food hygiene delivery models used by Local Authorities to drive the programmes of inspections of food businesses. Michael has also been influential in working with partners across government to devise effective import controls post EU Exit. I would like to wish Michael all the best for a long and happy retirement.