

# Chief Executive's Report to the Business Committee

FSA BC 23-09-03 - FSA Chief Executive Emily Miles' report to the Business Committee

## Food crime

1. Since its inception in May 2023, following media coverage around publicity relating to the National Food Crime Unit (NFCU) investigation **Operation Hawk**, the working group, comprising of industry representatives, FSA and Food Standards Scotland (FSS), continues to meet monthly. Co-chaired by Director of Strategy and Regulatory Compliance, Katie Pettifer and Head of Regulatory Compliance, Rebecca Kirk, the group has made positive progress in relation to the three defined work areas:

- Reviewing the scope to provide better access for whistle-blowers to report concerns relating to food crime;
- strengthening the role that third-party audits play in passing on information to regulators to help prevent food fraud;
- reviewing the best format and mechanism for the FSA to share intelligence-based alerts to better disseminate information with businesses about potential food fraud in supply chains.

2. The NFCU has launched a new capability to identify and map organised crime groups (OCGs), with the first two groups mapped in July and August 2023. This work will contribute to the wider national law enforcement OCG data set, allowing us to ensure a comprehensive and coordinated approach to disrupting criminal activities undertaken by OCGs.

## Incidents

3. The Incidents and Resilience Unit (IRU) have been working with the UK Health Security Agency (UKHSA) and other relevant authorities to investigate a new cluster of **STEC 0183 (Shiga-toxin producing E. Coli)** reports, this was declared an outbreak in July and received attention from national news outlets. As of 31 August 2023, there have been 25 reported cases across the UK. Reported symptoms are severe, with hospitalisation rates of approximately 26%. Cases have ranged in age from 0 to 74 years with the highest number of cases being reported in the 0-9 years group (38%). An extensive food chain investigation was undertaken including contacting suppliers of strawberries and blueberries and obtaining information from retailers on their suppliers of fresh beef mince. Working with industry trade associations, we requested information on supply chains of five fruits and vegetables. No obvious vehicle of infection has yet been identified, and UKHSA have been able to deescalate the outbreak.

4. We are also investigating and responding to outbreaks of separate strains of **Salmonella Enteritidis** linked to Polish eggs and poultry products. We have been in contact with Polish authorities to request further information and testing results. One outbreak serotype is being linked to 47 confirmed cases in the UK of which 25 were linked to a single restaurant and 18 further cases had probable restaurant exposure. Polish authorities have identified *Salmonella* Enteritidis at one of their sites which has distributed eggs to the UK; eggs from this source have been linked to a second UK restaurant associated with the outbreak. We have liaised with Polish authorities and UKHSA to enable the comparison of whole genome sequencing results from

human cases in the UK with environmental sampling results from Poland. A further outbreak serotype is being linked to 87 reported cases, with 35 reported in June/July 2023. The majority of related cases reported this year have links to bakeries in Cornwall and epidemiological investigations have suggested eggs used in production of custard tarts as the most likely cause of the outbreak. Food supply chain investigations have established that these eggs are again likely to have originated from Poland. Enquiries with the manufacturer and egg supplier continue.

5. FSA teams in England, Wales and Northern Ireland worked closely with our colleagues in the Food Safety Authority of Ireland (FSAI) and FSS on identifying consignments and tracing suppliers involved in a **recall of frozen food of animal origin** imported into Ireland by Metron Stores Ltd t/a Iceland Ireland between 3 March 2023 and 15 June 2023. These consignments had been inaccurately declared as only containing non-food goods and low risk Food of Non-Animal Origin, but were later found to contain Products of Animal Origin (POAO). These POAO goods had been exported from the UK without full health and traceability information. We found no evidence of unsafe food being placed on the UK market or having been exported from the UK and there were no reports of illness in the UK. We also sought and received assurance from Iceland UK via their local authority that there was no risk to food placed on the GB and Northern Irish market.

## Field Operations

6. We have delivered official controls this quarter in accordance with our service standards with no service interruptions and successfully delivered the **Qurbani** surge in demand commencing 28 June. We continue to work closely with our Service Delivery Partner on improving resilience and quality of delivery. The resourcing is now more robust and as colleagues gain experience, quality of delivery is showing early signs of increasing with a 10% drop in contractual KPIs being scored as non-compliant from Q4 to Q1. We have planned in Regional Engagement and Development days for all of our front-line staff during the autumn after successfully delivering 16 such events in the spring.

7. We are working with DEFRA's Veterinary Medicines Directorate and a project team at Scotland's Rural College (SRUC) in launching a survey of **antimicrobial resistance** in prime cattle across the UK. Three large beef processing groups have agreed to participate with national coverage from across all three regions of Field Operations. The sampling process is working well with initial results expected later in the year.

8. To achieve compliance with the Official Controls Regulations and to ensure that enforcement decision making was carried out by an FSA employee, we launched an enforcement delivery team in May 2022. 16 May 2023 saw the first anniversary of the new **Enforcement Delivery Model** in approved slaughterhouses in England and Wales. The new approach allows a better understanding of the data, with removal of duplications and consistent information logging, and ensures more consistency of approach. A recent FSA regulatory audit looked at the way we carry out enforcement and the opinion of the audit was moderate. Consistency and communication of delivery were seen as a success. Further work is needed on tools and instructions for service delivery partner Official Veterinarians (OVs) when an FSA decision maker is not immediately available.

9. The FSA conditionally approved a mobile abattoir in February 2022. Initial plans were to work at two 'base' sites. The abattoir gained full approval at the Devon-based MC Kelly site in July 2022 with Fir Farm, Cheltenham achieving approval in the August. Following a sustained period of inactivity, the **Mobile Slaughter Unit** is back at MC Kelly and operated on 6 June with the Food Business Operator (FBO) hoping to process more regularly. The FSA will continue to support the operation by being as flexible as possible when providing resources.

10. Although the number of **avian influenza** (AI) cases in poultry farms during the summer has decreased considerably, there are concerns about what next season will bring in due to the number of isolations in wild birds (which can act as reservoir of the disease).

The notifiable disease portfolio is reviewing at present the FSA contingency plan, the operational instructions, the designation of poultry abattoirs and newly granted enforcement powers in liaison with DEFRA and the Animal and Plant Health Agency, in preparation for next AI season.

11. The Operational Modernisation Team is progressing two priority projects by undertaking initial engagement to seek industry views on:

- provision of FBO access to Chronos enforcement information;
- establishing an electronic link to FBO data systems for CCIR information.

12. After attaining both Cabinet Office and HM Treasury (HMT) approval, the FSA has agreed to invoke the contracted **optional extension** for the Delivery of Official Controls contracts, for a fifth and final year, with the incumbent supplier, Eville & Jones. This extension secures service delivery until March 2025, providing a level of certainty during a period where Temporary Registration is due to end, and represents strong value for money with an annual increase which is lower than the current levels of inflation. Our focus now shifts to managing the open re-tender process for the replacement contracts. The first stage of re-tender activity will be pre-market engagement with both potential delivery partners and key industry stakeholders. This will begin in November 2023. We expect to issue the formal tender in April 2024, with new contracts awarded in late autumn 2024, to enable their commencement from April 2025.

## Finance

13. As at 31 July 2023, the FSA was forecasting to spend £147.1m against a budget of £145.1m, representing a forecast overspend of £2m. £2.4m of the overspend related to Westminster, offset by a £0.4m underspend against Northern Ireland budgets. However, when factoring in HMT cost classification, and separating out the devolved nations, we had an overall Westminster overspend of £5m against our resource budgets (**RDEL**), and underspend of £2.6m against our capital budgets (**CDEL**).

14. The £5m RDEL overspend includes £1m **Windsor Framework** activity for which, as reported in June, DEFRA have committed to provide budget. The budget will be passed to FSA as part of the HMT Supplementary Estimates exercise in the autumn. The remaining £4m is largely driven by the unfunded cost of living allowance announced by Cabinet Office in June (c.£2.4m), and the decision to over-programme budgets at the start of the year. The £2.6m CDEL underspend relates largely to ringfenced R&D and IFRS 16 budgets (set to allow for the budgetary implications of implementing this new accounting standard).

15. We will carefully monitor the Westminster forecast over the coming months, and consider taking steps in the autumn if there is any danger of breaching our HMT control total. The forecast usually reduces in the second half of the year, but there is some uncertainty whether the scale of underspends required to offset the overspend will materialise.

16. At the same time, we forecasted a small underspend against **Northern Ireland budgets** (£15.3m vs £15.7m), and for **Wales** spend to land in line with budget (£5m). We are currently confident we will live within the devolved administration's 2023/24 budgets.

17. We will continue to review these forecasts, in light of increasing inflation, Windsor Framework activity, and pressure on overall devolved nations' budgets.

18. In June, we introduced the first of our new quarterly reviews, during which, I met each Director to review and understand their progress on delivery, the impact on financial forecasts, and the risks being managed in their portfolios. The Executive Management Team (EMT) subsequently received a paper outlining the main findings, which allowed us to review the financial position as a whole and approve a small number of budget movements to fund emerging pressures. The next round of quarterly reviews will be held in October, enabling us to carefully manage the overall financial position as we approach year end.

19. The **National Audit Office** have commenced their initial testing and audit of the 2022/23 Annual Report and Accounts. After the external valuation of FSA's assets and liabilities in the Local Government Pension Scheme is finalised, they expect to conclude their work in October, with the FSA planning to publish our report in November.

20. Following the introduction of the new executive performance report in April, the second iteration was presented and discussed at EMT in July. This, in addition to the enhanced portfolio reporting of our change programmes, have provided EMT with more detailed insight in the performance of the organisation, ensuring we focus our efforts where it will most valuable.

21. In July, HMT commissioned all government departments to outline areas to drive productivity across our portfolio by 2028/29. Our return focused on the FSA's central role in regulating the food system, ensuring resources are targeted in the right place at the right time, that regulation is proportionate and fit for purpose and by utilising data to focus interventions on areas of greatest risk or need, including with the use of artificial intelligence. Through this, we enable industry and other public sector organisations to use their resources as effectively as possible. We responded within the agreed deadlines, and are currently having follow up discussions with HMT to discuss our proposals in preparation for the next Spending Review.

## Litigation and prosecution

22. The Crown Prosecution Service has secured a further **conviction** in a case the FSA referred to them following an investigation into alleged offences under the Welfare of Animals at the Time of Killing (England) Regulations 2015 (WATOK).

Leansale Limited, who operate a red meat slaughterhouse in Birmingham trading as Roopyal Laham Halaal Butchers, were prosecuted after the OV reviewed CCTV footage from the plant identifying an incident where three bovine animals were held in a lairage pen at the plant for over 46 hours without any food or clean bedding. Legislation requires that animals held in the lairage for more than 12 hours should be provided with food and clean bedding at regular intervals. The company pleaded guilty to four offences under WATOK at Birmingham Magistrates' Court on 14 July 2023 and were fined £7,000 and ordered to pay a victim surcharge of £2,000 and prosecution costs of £500. A plant employee also pleaded guilty to one offence in relation to the incident and was fined £250 and ordered to pay a victim surcharge of £100 and prosecution costs of £200.

23. Our legal team have also overseen the following successful outcomes:

- The ending of the AH Griffiths Judicial Review (co-defended by DEFRA). Permission for the challenge to proceed was refused on the basis of it being out of time and pursuing grounds that were not reasonably arguable.
- The ending of the trademark infringement case brought by the FSA against TDL in respect of our Food Hygiene Ratings Scheme. A confidential settlement agreement was concluded.

## People and Organisational Change

24. The 2023-24 delegated **pay** award, paid in August, made use of the full amount of the money available through the civil service pay remit guidance. This year, departments were able to make average pay awards up to 4.5% with flexibility to make awards up to an additional 0.5%, to be targeted at lower pay bands.

All eligible staff received a payment equivalent to at least 5% for our two lower pay bands, Administrative Officer (AO) and Executive Officer (EO), and 4.5% for Higher Executive Officer (HEO) to Grade 6. To address potential capacity and capability shortages in priority areas, toxicology and some veterinarian roles moved to our market-facing/niche pay band which resulted in pay increases of between 8 and 12% for some. All of the trade unions have acknowledged that payment would be made in August and to date, Prospect and UNISON members have voted to accept the FSA's pay offer.

25. An addendum to this year's civil service pay guidance was published in June. This gave departments an additional flexibility to pay a one-off fixed non-consolidated payment of £1,500 to civil servants in recognition of their public service and the challenges of the cost of living. This payment was made to eligible staff in August with part-time staff receiving the full amount rather than be paid on a pro-rata basis.

This year's pay award to senior civil servants follows the Government's acceptance of the Senior Salaries Review Body's (SSRB) recommendations. This is the first time in several years that the Government has been able to fully accept the SSRB's recommendations and departments are required to implement the award exactly as set out in their pay guidance, as senior civil servant salary arrangements are not delegated. The FSA applied an across-the-board increase for all SCS of 5.5% from 1 April 2023 and a further 1% of the SCS pay bill was directed at progression increases for those lower in the pay ranges who are delivering in role and demonstrating expertise, in line with the SSRB's recommendations.

26. 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. The budget estimate for 2023/24 is £399,923 and to date, 417 awards totalling £58,650 have been made to 369 staff. Over the same period in 2022, 534 awards totalling £65,370 were made to 445 people. We are planning to run a series of communications to encourage more nominations and include the current scheme in our forthcoming review of employee benefits.

27. Work is ongoing to finalise the annual health surveillance schedule (lung function and hearing tests) for operational employees. This is on track to take place during Q2 and into early Q3. The programme of **wellbeing** events for 2023-24 continues, with our July Walking Challenge reinforcing messages communicated during May's Mental Health Awareness Week. The initiative was very well received with 40 teams signing up to log their weekly mileage with a total of 41,297 miles covered throughout the month.

28. The Complaints and Transparency Team continued to deliver local awareness sessions providing insight into our arrangements for **internal whistleblowing**. By Q3 this year, 22 sessions will have been delivered since this programme commenced in 2022. In addition, planning is well underway toward delivering the annual 'Speak Up' communication campaign in November. The Board will receive the annual report on this subject in September.

29. We have completed The Civil Service Expenditure and Impact Review looking at our progress against the Civil Service **Diversity and Inclusion** Strategy – namely Our Ways Of Working (OWOW), bullying, harassment and discrimination, flexible working, People Plan and culture. The review also required information about diversity networks, expenditure, memberships, and the impact of our inclusion work. The collated report (all departments and Arm's Length Bodies) will be sent to the Chancellor of the Exchequer in September 2023.

30. **Senior recruitment** since my last report: Dr Claire Forbes has now joined us as the Director of Communications.

Amie Adkin has been confirmed as SCS1 Deputy Director SERD – Risk Assessment, a promotion from G6 Head of Risk Assessment.

The campaign for SCS2 Director People and Resources as concluded with the successful appointment of Ruth Nolan who was previously the Deputy Director for Finance & Planning. Ruth took up post on 21 August and planning is underway to recruit her replacement.

Recruitment is also underway to appoint the SCS1 position Head of NFCU, with interviews scheduled for early September.

31. In terms of other **recruitment**; 75 campaigns have gone live since June, recruiting to 87 roles.

Higher Executive Officer (HEO) and Senior Executive Officer (SEO) Policy bulk recruitment is now completed. At HEO grade, a talent pool of 29 was created from which 21 have been appointed. At SEO grade, a talent pool of 18 was created from which 14 have been appointed. Plans are now underway to review the approach and trial a rolling campaign at HEO level to provide a pipeline of talent.

32. The **Connect Programme** is the work to replace our HR, Finance and Payroll systems with one new system (Workday). Moving to a single Finance, Payroll and HR system will align us with the Government Shared Services (GSS) strategy, as well as giving us one fully automated and joined up system for many of our key functions which are currently split across several systems. This is due to go live on 4 September. We have appointed an external provider to provide us with application management services to ensure that we have the correct level of support for Workday internally if there are any issues.

33. Work on our key year one deliverables in our **People Plan** continues, including completion of the strategic capabilities forecast and forming the foundations for the development of a corporate training plan, introduction of our new HR and Finance system, Workday, accomplishment of the Employers for Carers benchmark – Carer Confident level 2 and completion of this year's pay award for staff up to and including Grade 6.

Our communication campaign to promote and embed our ASPIRE values also continues. Led by BDG (Business Delivery Group) values champions, the engagement activities, including agenda items on all staff calls and managers' calls, intranet articles and leadership blogs. September will see the spotlight on our Supportive value.