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Cost Data Slides for 2025/26

February 2025 / Augmented for Judicial Review Proceedings December 2025

England & Wales - Cost data presentation 2025/26

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PURPOSE AND ANNUAL PROCESS

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The purpose of the slides

- The presentation of the cost data for meat industry hourly charge rates for 2025/26.
- The presentation covers England & Wales.
- To clarify and provide transparency on:
 - direct, and indirect essential support, costs of meat controls,
 - process to calculate hourly rates,
 - FSA application of current GB charging (including assimilated EU law).
- To confirm the hourly rates have been validated by independent external audit.
- All figures displayed in these slides are budgeted costs and hours.

The annual process

- November 2024: The FSA budget for direct and indirect costs and hours for the following financial year are calculated.
- December 2024: Meat related costs are identified and, based on the budget, the hourly rates are calculated.
- February 2025: FSA Legal confirm the costs included in the hourly meat rates are consistent with assimilated Regulation 2017/625.
- February 2025: The calculations for hourly rates are externally audited.
- 12 February 2025: Meeting with industry to share cost data and discount.
- 28 February 2025: 2025/26 Charges Guide, Cost Data Slides and Charges Calculator published on [FSA website](#).
- 31 March 2025: New charge rates and discount bands implemented for FSA customers.

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MEAT CONTROLS HOURLY MAIN RATE CALCULATION

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Process for calculating the meat controls Industry Main Rate hourly rates for Official Veterinarians (OVs) and Meat Hygiene Inspectors (MHIs)

- The **direct cost** per chargeable hour is calculated.
- The **indirect cost** is calculated based on data from all relevant FSA business areas and approved by senior management.
- Only indirect costs relating to work supporting meat controls are included in the hourly rate calculation (See Slides 40 and 41).
- The items included in the rates are reviewed by the Head of Legal Services.
- The calculations are audited by external auditors.

Meat controls Industry Main Rate - hourly rates 2025/26 with breakdown and comparisons to 2024/25

Grade	2024/25 rate	2025/26 rate	Change	% difference
OV Normal	£56.00	£65.90	+£9.90	+17.7%
Direct costs increase	-	-	+£8.77	+15.7%
Reduction in chargeable hours	-	-	+£1.00	+1.8%
Indirect costs increase	-	-	+£0.13	+0.2%
MHI Normal	£38.80	£43.20	+£4.40	+11.3%
Direct costs increase	-	-	+£3.38	+8.7%
Reduction in chargeable hours	-	-	+£0.89	+2.3%
Indirect costs increase	-	-	+£0.13	+0.3%

- The increased rates break down as due to:
 - Direct costs - Increased FSA employed and contractor costs – see Slides 14 and 15.
 - Reductions in chargeable OV and MHI hours (see Slide 11) – this leads to an increase because where the total chargeable cost is divided by a lower number of overall hours when industry hours decrease, the charge rates increase as hours decrease.
 - Indirect costs – overall small increase due to balance of inflation and efficiencies

Meat controls Industry Main Rate - budgeted hours 2025/26

**Total Budgeted OV and MHI chargeable hours for 2025/26 including overtime
(with comparison to 2024/25)**

	Budgeted OV hours	Budgeted MHI hours	Total hours
2025/26 Industry chargeable hours (plussed up)*	335,949	806,252	1,142,201
2024/25 Industry chargeable hours (plussed up)*	338,585	830,413	1,168,998
Change in hours (reduced hours in 2025/26)	2,636	24,161	26,797
Change in hours %	0.8%	2.9%	2.3%

*Plussed up hours take account of overtime so that e.g., one hour of overtime at time and a half rate equates to 1.5 hours in the above hours figures.

- For 2025/26 there have been two main drivers for the movements in the hours:
 - Plant closures
 - Operating hours changes
- These hours include all industry chargeable time in relation to meat controls, **excluding time spent on enforcement and export activity**.

Meat controls Industry Main Rate - Hourly rates 2025/26 with comparison between 2025/26 and 2024/25 Budgeted Costs

	Budgeted OV costs	Budgeted MHI costs	2025/26 Total budgeted costs	2024/25 Total budgeted costs	Variance on 2024/25
Direct Costs	£20.82m	£31.65m	£52.47m	£46.73m	+12.3%
Indirect Costs	£1.32m	£3.16m	£4.48m	£4.42m	+1.4%
Total Costs	£22.14m	£34.81m	£56.95m	£51.15m	+11.3%
Industry chargeable hours (plussed up)*	335,949	806,252	1,142,202	1,168,998	-2.3%
Charge rate before discount	£65.90	£43.20	-	-	-

*Plussed up hours take account of overtime so that e.g., one hour of overtime at time and a half rate equates to 1.5 hours in the above hours figures.

- These hours include all industry chargeable time in relation to meat controls, **excluding time spent on enforcement and export activity.**

Hours summary for rate calculations – All activities

	2024/25 Budgeted Hours	2025/26 Budgeted Hours
Industry Main Rate	1,168,998	1,142,202
Enforcement	5,892	6,012
Export work on HLVI	25,427	25,230
Export audit work on HTCA	744	745
Industry total	1,201,060	1,174,189
Government	121,330	117,921
Grand total	1,322,390	1,292,110

Notes:

- HLVI: Assurance for exports including export checks, Support Health Attestations (SHAs), Internal Movement Certificates (IMCs), Veterinary Declarations.
- HTCA: Third country export approval and audit work.
- Enforcement budgeted hours for 2025/26 broken down as: 5885 OV hours and 127 MHI hours (6,012 hours total)
- Government includes hours funded directly by FSA, as well as those charged to other government departments
- The table above contains minor rounding

Industry meat costs – Industry Main Rate

Breakdown of direct and indirect costs

Budget in £m	2016/17 budget restated to align with 2017/18 structure	2017/18 Budget	2018/19 budget	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget
Direct Costs										
Employed staff costs	£19.60	£17.85	£16.32	£16.83	£16.96	£17.62	£17.40	£18.04	£15.58	£16.10
Contractor costs	£18.24	£18.95	£19.22	£21.66	£24.14	£24.74	£26.75	£28.42	£29.98	£35.25
Laundry/equipment costs	£0.61	£0.42	£0.62	£0.73	£0.62	£0.69	£0.63	£0.63	£0.62	£0.59
Frontline travel costs	£0.79	£0.85	£0.83	£0.97	£0.86	£0.83	£0.76	£0.55	£0.55	£0.55
<i>Total direct costs</i>	£39.23	£38.08	£36.99	£40.19	£42.58	£43.88	£45.54	£47.64	£46.73	£52.47
Indirect Costs										
Operations Support	£3.07	£2.89	£2.73	£2.69	£2.90	£2.18	£2.40	£2.71	£2.94	£2.95
Finance & Performance	£1.43	£0.97	£0.69	£0.49	£0.35	£0.30	£0.38	£0.25	£0.25	£0.33
Human Resources	£0.46	£0.36	£0.21	£0.10	£0.10	£0.08	£0.07	£0.07	£0.07	£0.07
Depreciation / Amortisation	£0.25	£0.21	£0.23	£0.28	£0.16	£0.18	£0.10	£0.10	£0.17	£0.08
Regulatory and Legal Strategy	£0.28	£0.24	£0.24	£0.22	£0.25	£0.16	£0.17	£0.06	£0.05	£0.05
Operations IT	£1.98	£1.49	£1.27	£1.01	£0.92	£0.93	£0.72	£0.71	£0.72	£0.78
Private Office & Secretariats	£0.09	£0.08	£0.08	£0.08	£0.08	£0.08	£0.09	£0.06	£0.05	£0.04
Corporate Support Unit	£0.21	£0.21	£0.21	£0.30	£0.29	£0.22	£0.23	£0.23	£0.17	£0.18
<i>Total indirect costs</i>	£7.77	£6.45	£5.66	£5.16	£5.05	£4.13	£4.16	£4.19	£4.42	£4.48
<i>Grand total meat costs</i>	£47.00	£44.53	£42.65	£45.35	£47.63	£48.01	£49.70	£51.83	£51.15	£56.95

Direct Costs: Breakdown of FSA Employed Staff Costs and Contractor Costs by Grade

EMPLOYED STAFF COSTS	£m
Meat Hygiene Inspectors (including Overtime)	12.14
Inspection Team Leaders / Area Managers	2.07
Field Veterinarians	1.89
TOTAL (Salaries including NI and Pension - not including Apprenticeship Levy)	16.10
CONTRACTOR COSTS	£m
Meat Hygiene Inspectors (CMHIs) - inc. Management	17.15
Official Veterinarians (COVs) - inc. Management	18.10
TOTAL Contractor Costs	35.25

Note: Employed Staff Costs – ‘Meat Hygiene Inspectors’ refers only to qualified Meat Hygiene Inspectors delivering Official Controls. Trainee Meat Hygiene Inspectors are not included in Employed Meat Hygiene Inspector Staff Costs.

Direct Costs: Comparison between 2025/26 and 2024/25 - Overview

- Direct costs have increased by £5.7m (12.3%), whilst hours have reduced by 2.2%.
- Contractor costs included in the charge rates have increased by £5.2m, owing to increases to:
 - Skilled Worker Visa minimum salary requirements (primarily impacting Contractor OV costs), and
 - the retendered [FSA Delivery of Official Controls contract \(FSADOC\)](#).
- Cost increases here have been mitigated to some degree by the reduction in hours as FSA is paying for a reduced number of contractor hours.
- FSA employed staff costs have increased by £0.5m due to pay inflation.
- As the total chargeable cost is divided by a lower number of overall hours when industry hours decrease, the charge rates increase as hours decrease.
 - To note for completeness: Other costs (including chargeable service delivery partner indirect costs and FSA's own direct and indirect costs) do not fluctuate with changes in hours on this scale.

Direct Costs: Comparison of 2024/25 and 2025/26 OV and MHI costs

OV

- Direct OV costs have increased by £3.1m due to:
 - Increased contractor costs of £2.9m (Skilled Worker Visa and retendered FSADOC contract, partially offset by 3% reduction to Contract OV hours) and
 - Employed staff costs increase of £0.2m due to pay inflation and increased employers NI contributions*.

MHI

- Direct MHI costs have increased by £2.6m due to:
 - Additional contract MHI costs of £2.3m (Skilled Worker Visa and retendered FSADOC contract, partially offset by 4% reduction to CMHI hours) and
 - Employed staff costs increase of £0.3m due to pay inflation and increased employers NI contributions*, partially offset by a reduction of 10 FTE.

*Increased employer NI only applies to FSA employed staff as the FSA successfully negotiated not paying our Service Delivery Partners for the increase to employer NI contributions coming in April 2025, saving industry an estimated £0.8m.

FSA Costs not included in industry charges

- FSA does **not** include the below costs associated with meat safety and standards in meat industry charges:
 - Food/Meat Policy and Science costs;
 - FSA costs when supporting Local Authorities;
 - IT costs not associated with the support of meat-related work;
 - Devolved office running costs;
 - Pension deficit costs;
 - Assimilated EU Law changes;
 - Borders Target Operating Model;
 - Projects to modernise delivery e.g. Operational Modernisation Programme;
 - Some Service Delivery Partner costs (**see Slide 17 for details**);
 - Sampling and testing costs;
 - Legal costs;
 - National Food Crime Unit;
 - Welfare Assurance Team (WAT) costs.
- This is not intended as an exhaustive list but captures the most significant elements

Service Delivery Partner costs not included in industry charges

- FSA does **not** include the costs below associated with its Service Delivery Partners in meat industry charges:
 - Profit
 - Legal and professional costs
 - Advertising and recruitment
 - Bank and interest charges
 - Home Office Skilled Worker Visa applications
 - Royal College of Veterinary Surgeons (RCVS) membership
 - Pre-Deployment Pay
 - Pre-Service training (including English Tuition)
- This is not intended as an exhaustive list but captures the most significant elements

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HOURLY ENFORCEMENT RATE CALCULATION

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Industry enforcement rates 2025/26

Grade	2024/25 Enforcement rate	2025/26 Enforcement rate	Change	% difference
OV Normal	£61.70	£66.30	+£4.60	+7.5%
MHI Normal	£39.00	£40.30	+£1.30	+3.3%

Note: 2025/26 direct costs broken down as: OV £367k and MHI £5k (£372k total). Enforcement budgeted hours for 2025/26 broken down as: 5885 OV hours and 127 MHI hours (6,012 hours total).

- The 2025/26 OV costs of £367k divided by 5,885 hours results in an enforcement rate of £66.30 per chargeable hour, an increase of £4.60 on 2024/25.
 - This includes an increase on prior years costs of £38k and an increase in hours of 184.
 - This increased cost is due to an increase in staff costs of £6k and contractor costs of £31k.
- The 2025/26 MHI costs of £5k divided by 127 hours results in an enforcement rate of £40.30 per chargeable hour, an increase of £1.30 on 2024/25.
 - This includes a reduction on prior years costs of £1k and a reduction in hours of 64.
 - The rate has increased due to the reduction in hours of 34% being greater than the 20% reduction in cost.

Enforcement costs and hours

Total costs comparison	2024/25 Enforcement £k	2025/26 Enforcement £k
Direct costs	337	372
Of Which: Employed Staff Costs	293	297
Contractor Costs	38	69
Laundry / Equipment	3	3
Front line Travel	3	3
Indirect costs	22	24
Total costs	359	396
Total hours	5,892	6,012

- Enforcement activity for regulatory non-compliance represents only 0.5% of the volume of total chargeable activity (6k hours out of 1.2m).
 - The enforcement charge rates include the direct costs of the staff carrying out enforcement activity, e.g. Veterinary Enforcement Delivery Managers.
 - 2025/26 direct costs broken down as: OV £367k and MHI £5k (£372k total)
 - Enforcement budgeted hours for 2025/26 broken down as: 5885 OV hours and 127 MHI hours (6,012 hours total)
 - A proportionate amount of overall chargeable meat related indirect costs are included in the enforcement charge rates.
 - See **Annex 4** (Slides 54 – 63) for further breakdown of the above costs.



EXPORT ACTIVITY CHARGES

Export activity charges

- During the 2022 judicial review of transparency in FSA charges calculations the inclusion of the hours and costs of export activity in the main charge rate was challenged by Counsel acting for six FBOs. FSA acknowledged the charges should be separated in future.
- Industry has gained for many years from a rate for export activity which includes less cost than it should under HM Treasury (HMT) guidance. Examples of cost that can be included in the calculation of this rate, but not in the main rate, include pre-deployment training and professional subscriptions for Official Veterinarians and certain indirect costs linked to OVs.
- For information at this stage the FSA has calculated a separate **notional** export charge rate for 2025/26 (to separate the costs and hours) for export-related assurance work (HLVI-coded time) including export checks, Support Health Attestations (SHAs), Internal Movement Certificates (IMCs) and Veterinary Declarations for 2025/26. However, **the Main Industry Rate will be charged until further notice**.
- The FSA also intends to set a separate rate for third country export approval and audit work (HTCA-coded time) but has not calculated a separate notional charge rate. **The Main Industry Rate will be charged until further notice**.

Industry Export related rates calculation 2025/26

(For information purposes only)

Total costs comparison	2025/26 Export HLVI	2025/26 Export HTCA	2025/26 Total
Hourly rate	£84.30	£65.90	
Direct costs	£1,402k	£46k	£1,447k
Of which: Employed staff costs	£0k	£45k	£45k
Contractor costs	£1,379k	£0k	£1,378k
Laundry / equipment	£13k	£0k	£13k
Front line travel	£10k	£0k	£11k
Indirect costs	£725k	£3k	£728k
Total costs	£2,127k	£49k	£2,175k
Total hours	25,230	745	25,975

Note: the table above contains minor rounding

- For 2025/26 the FSA has identified the hours and costs associated with export activity (HLVI and HTCA coded time) and stripped these out of the main charge rate calculation.
- Until further notice the Main Industry Charge Rate will continue to be charged for export activity. (HLVI and HTCA coded time).



REVIEW AND CONCLUSION

Review of calculation: Article 81 of Assimilated Regulation 2017/625 (Official Controls Regulation)

- Mandatory fees and charges collected under Article 79(1)(a) of assimilated Regulation 2017/625 must be calculated according to Article 82 and determined according to Article 81, which is as follows:

“The fees or charges to be collected in accordance with point (a) of Article 79(1) and with Article 79(2) shall be determined on the basis of the costs of official controls and costs connected with official controls, including but not limited to:

- (a) the salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs;
- (b) the cost of facilities and equipment, including maintenance and insurance costs and other associated costs;
- (c) the cost of consumables and tools;
- (d) costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of—
 - (i) the delegation of official controls;
 - (ii) the collection and recovery of debts, including for unpaid fees;
- (e) the cost of training of the staff referred to in point (a), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities;
- (f) the cost of travel of the staff referred to in point (a), and associated subsistence costs;
- (g) The cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks.”

Review of calculation: Independent Audit

“On the basis of our review of the 2025/26 ABC, HCR, GR, ER and Export Rates models, we are satisfied that the charge rates for OVs and MHIs have been calculated correctly in each model, based on our assessment of the mechanics and validation of the source data to the reports provided.”

Mazars (Audit Report – February 2025)

ABC – Activity Based Costing

HCR – Hourly Charge Rates

GR – Government Rates

ER – Enforcement Rates

Conclusion

- The FSA has faced significant cost pressures in a challenging labour market and delayed passing on some of these costs within the full cost rates.
 - From April 2024 minimum salary requirements for Skilled Worker Visas were increased, primarily impacting the Contract OV going rate.
 - The FSA did not re-open meat charging for 2024/25, instead bearing the in-year £1.9m cost increase in full.
- The retendered FSADOC contract has further increased contractor costs, but our Service Delivery Partners are absorbing the increase to their employer National Insurance contributions in 2025/26, saving industry an estimated £0.8m.

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DISCOUNT AND ANNUAL HOURS BANDS FOR MEAT CONTROLS

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Budgeted industry income 2025/26

- The total discount pot (£14.9m) is unchanged in cash terms from 2024/25, but this represents a proportional decrease to the average discount (29.2% in 2024/25) given the increase to full cost of delivering official controls.
- The FSA is taking this approach to the discount pot for 2025/26 and will be reviewing discount reform over the coming year.
- Given prior industry stakeholder preference for maintaining discount bands 1 and 2 at 90% and 75% respectively, the size of each band (in terms of number of hours available in each band) was adjusted and the percentage discount available in bands 3-6 were revised to maintain the percentage discount available in bands 1 and 2.

Meat controls annual hours bands and discounts for slaughterhouses and game handling establishments from 31 March 2025

Red meat slaughterhouses and game handling establishments annual hours bands	Poultry slaughterhouses annual hours bands	Discount
Band 1 Up to 279	Up to 711	90%
Band 2 279 – 966	711 – 2,325	75%
Band 3 966 - 3,060	2,325 - 3,837	17%
Band 4 3,060 - 7,566	3,837 – 7,236	6%
Band 5 7,566 - 15,651	7,236 – 18,678	4%
Band 6 More than 15,651	More than 18,678	2%

- One twelfth of each hourly band is available each charging period, unused band hours are carried forward until used or end of year.

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Meat controls discount bands for slaughterhouses and game handling establishments from 31 March 2025: Annual / monthly hours breakdown

Band	Red meat slaughterhouses and game handling establishments annual hours bands	Hours in each band available annually	Hours in each band available monthly	Poultry slaughterhouses annual hours bands	Hours in each band available annually	Hours in each band available monthly	Discount
Band 1	Up to 279	279	23.25	Up to 711	711	59.25	90%
Band 2	279 – 966	687	57.25	711 – 2,325	1614	134.5	75%
Band 3	966 - 3,060	2094	174.5	2,325 - 3,837	1512	126	17%
Band 4	3,060 - 7,566	4506	375.5	3,837 – 7,236	3399	283.25	6%
Band 5	7,566 - 15,651	8085	673.75	7,236 – 18,678	11442	953.5	4%
Band 6	More than 15,651	>15651+	>673.75	More than 18,678	>18678	>953.5	2%

Budgeted industry income 2025/26

Discounted charges					Undiscounted charges			Totals for meat Industry				
Income (£m)	Discount (£m)	Full Cost (£m)	Average % charge	Average % discount	Enforcement income (£m)	Cutting plant income (£m)	H code income (£m)	Meat industry chargeable hours (m)	Total meat industry income (£m)	Total meat industry discount (£m)	Total meat industry full cost (£m)	Average income p/h
£42.1	£14.9	£57.0	73.9%	26.1%	£0.1	£0.3	£1.5	1.2	£44.0	£14.9	£58.9	£37.43

Illustrative Discount impact on different sized FBOs 2025/26

	2025/26 Full Cost	Discount	Charge	Total Discount % 25/26	Total Discount % 2024/25 (for comparison)
Small RSL	£3,717.13	£3,345.51	£371.71	90%	90%
Medium RSL	£164,036.58	£67,607.54	£96,429.04	41%	53%
Large RSL	£1,252,528.98	£111,571.62	£1,140,957.35	9%	11%
Small PSL	£31,170.70	£28,053.63	£3,117.07	90%	90%
Medium PSL	£130,185.45	£104,667.32	£25,518.13	80%	81%
Large PSL	£608,375.80	£161,500.30	£446,875.50	27%	27%
Small GHE	£1,004.98	£904.48	£100.50	90%	90%
Medium GHE	£3,146.73	£2,832.05	£314.67	90%	90%
Large GHE	£15,881.90	£14,293.71	£1,588.19	90%	90%

PSL – Poultry Slaughterhouse

RSL – Red Meat Slaughterhouse

GHE – Game Handling Establishment

ANNEX 1

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CHARGEABLE ALLOWANCES

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Standard allowances

Allowance code	Allowance narrative	2025/26 charge before discount	2025/26 discount	2024/25 charge before discount
CASL	Casualty slaughter call-out	£38.35	50%	£34.05
COVA	Weekend working as part of a normal week	£130.90	50%	£127.65
HTIM	Weekend working as part of a normal week	£130.90	50%	£127.65
NGHT	Night shift	£62.05	50%	£53.55
SHFT/UNSO	Shift working	£39.70	50%	£35.25
UNSH/UNSP	Unsocial hours	£21.25	50%	£18.35

Explanation of movement in allowance rates

- The allowances are calculated based on the 'MHI direct' cost per hour, and have therefore risen reflecting increased pay costs, and any change in actual occurrences.
- Allowances represent less than 1% of the cost of industry controls.
- Since the introduction of Stow charging in 2016/17 the calculation of allowance rates has been further reviewed and improved.
- From 2016/17 nationally calculated allowance rates replaced charges based on the payments to the specific individuals in particular plants to match the way the hourly rates are calculated.
- Whilst the individual rates have increased the total charge to industry is expected to remain constant (£0.4m full cost before applying the 50% discount).

Emergency call-out allowance charges

Allowance code	Allowance Narrative	2025/26 charge before discount	2025/26 discount	2024/25 charge before discount
EMGH	Emergency call-out not in SOR	£450.00	50%	£310.00
EMGL	Emergency call-out in SOR	£175.00	50%	£140.00

- The forecasted number of unplanned call outs (EMGH) for 2025/26 has increased by approximately 10% from the 2024/25 budget calculations.
- Unplanned call outs have greater associated cost.
- The charge for higher rate callouts (EMGH) has been increased for 2025/26 due to the rise in the number of unplanned instances occurring.

Emergency call out charges

- Assimilated Regulation 2017/625 requires post mortem inspection (PMI) to be carried out without delay after slaughter. In cases of emergency slaughter the maximum delay permitted for PMI is 24 hours from arrival of the carcase at the slaughterhouse.
- Making the necessary provisions results in additional costs for the FSA which the call out charges will recover from FBOs at the rate of 50% of the actual cost.
- Time charges will be invoiced in addition to the call out charges.
- FBOs wishing to ensure this call out provision must discuss it with their FSA operational management and document it in their Statement of Resources.
- In addition, all operational requirements must be in place for emergency slaughter, including the necessary standard operating procedure.

ANNEX 2

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2025/26 INDIRECT COST DETAIL

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Indirect cost outputs

- **Operations Support covers**
 - Regulatory Delivery – meat premises approvals, business and tactical support for frontline operations (instructions, guidance, reporting), SLA and contract management
 - Field Support – providing essential support to frontline meat staff.
 - Health & Safety of staff in meat establishments
- **Finance & Performance covers**
 - Finance – billing and collection for meat FBOs, payroll processing for meat staff and accounting for meat related services
 - Procurement – purchases of meat related goods and services. E.g. inspection equipment.
 - Office accommodation of all office-based meat related support staff
- **Human Resources (HR) covers**
 - HR support

Indirect cost outputs cont'd

- **Regulatory (Audit) support covers**
 - Internal Audit – audit of FSA processes and support systems, e.g. auditing effective use of timesheets by frontline delivery staff
- **Corporate Support Unit covers**
 - Ordering supplies for operational staff, e.g. Personal Protective Equipment (PPE), stationery and health mark stamps.
 - Processing Certificates of Competence for slaughtering in a meat establishment
- **Operations IT covers**
 - IT – technological support/infrastructure for field staff and meat support staff
- **Private Office & Secretariat support covers**
 - Chief Executive's Office – dealing with complaints, Parliamentary Questions and Freedom of Information requests on meat premises

Indirect costs apportionment between Industry main rate & Government Rate

<u>Budgeted indirect costs</u>	<u>Industry Charges</u>	<u>Government</u>	<u>FSA</u>	<u>Total</u>
	£m			
Operations Support	£2.95	£0.10	£0.20	£3.25
Finance & Performance	£0.38	£0.01	£0.03	£0.42
Human Resources	£0.07	£0.00	£0.00	£0.07
Depreciation / Amortisation	£0.08	£0.00	£0.01	£0.08
Regulatory (Audit)	£0.05	£0.00	£0.00	£0.05
Operations IT	£0.74	£0.03	£0.05	£0.82
Private Offices & Secretariat	£0.04	£0.00	£0.00	£0.04
Corporate Support Unit	£0.18	£0.01	£0.01	£0.02
Total indirect costs	£4.48	£0.16	£0.31	£4.94

Note: the table above contains minor rounding

2025/26 Staff related indirect costs – Meat

Group	FTE	Meat %	Meat FTE	Indirect cost £m	Industry cost 2025/26 £m	Industry cost 2024/25 £m	Variance £m	Variance %
Operations Support - Regulatory Delivery	41.4	71%	29.5	£1.14	£1.03	£1.82	£0.79	43%
Operations Support - Field Delivery	43.7	45%	19.5	£1.96	£1.77	£0.96	(£0.81)	(84%)
Finance	41.6	10%	4.2	£0.18	£0.17	£0.15	(£0.02)	(13%)
Procurement	9.8	10%	1.0	£0.07	£0.06	£0.06	(£0.00)	0%
Operations IT	63.9	7%	4.3	£0.30	£0.27	£0.28	£0.01	4%
Human Resources	44.2	2%	1.0	£0.06	£0.06	£0.06	£0.00	0%
Legal	22.7	0%	0.0	£0.00	£0.00	£0.00	£0.00	0%
Regulatory (Audit)	4.5	18%	0.8	£0.06	£0.05	£0.05	(£0.00)	0%
Communications	31.7	0%	0.0	£0.00	£0.00	£0.00	£0.00	0%
CEO's Office	13.1	5%	0.7	£0.05	£0.04	£0.05	£0.01	20%
Chair & Deputy's Office	11.5	0%	0.0	£0.00	£0.00	£0.00	£0.00	0%
Corporate Support Unit	16.7	27%	4.5	£0.19	£0.17	£0.18	£0.01	6%
Subtotal	344.8		65.5	£4.00	£3.63	£3.61	(£0.02)	(1%)

Notes: Variances against Regulatory Delivery (Operations Assurance) and Field Delivery (Support) are driven by internal restructuring between the teams and net off to £0.02m (1%) increase. The table contains minor rounding.

2025/26 Other Indirect Costs over £100k – Meat

Associated Cost	Full cost £m	Meat %	Indirect cost £m	Industry cost 2025/26 £m	Industry cost 2024/25 £m	Variance £m	Variance %
Operations Support travel	£0.65	20%	£0.13	£0.12	£0.10	(£0.02)	(20%)
Sampling and testing costs	£0.84	0%	£0.00	£0.00	£0.00	£0.00	0%
IT Systems and Telephony	£5.80	11%	£0.63	£0.58	£0.47	(£0.11)	(23%)
Legal debt recovery costs	£0.13	0%	£0.00	£0.00	£0.00	£0.00	0%
Office accommodation	£1.25	4%	£0.05	£0.05	£0.03	(£0.02)	(67%)
Training	£1.00	4%	£0.04	£0.04	£0.04	£0.00	0%
IT support costs for Board meetings	£0.10	0%	£0.00	£0.00	£0.00	£0.00	0%
Depreciation/Amortisation	£2.79	3%	£0.08	£0.06	£0.18	£0.12	67%
Sub Total	£12.55	7%	£0.93	£0.85	£0.82	(£0.03)	(4%)
Grand Total				£4.48	£4.43	(£0.05)	(1%)

Note: the table above contains minor rounding.

ANNEX 3

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MAIN INDUSTRY RATE: MAPPING DIRECT AND INDIRECT COSTS TO ARTICLE 81 COST CATEGORIES

.....

Mapping to Article 81 cost categories as required under Article 85 - Main Industry Rate

Article 81 presentation of 2025/26 Main Industry Rate costs		£m
Category	Description	£m
A	The salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs.	50.96
B	The cost of facilities and equipment, including maintenance and insurance costs and other associated costs.	2.20
C	The cost of consumables and tools.	0.85
D	Costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of - (i) the delegation of official controls (ii) the collection and recovery of debts, including for unpaid fees.	0.02
E	The cost of training of the staff referred to in point (A), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities.	0.35
F	The cost of travel of the staff referred to in point (A), and associated subsistence costs.	2.57
G	The cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks.	0
TOTAL		56.95

Note: the table above contains minor rounding

Main Industry Rate: The salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs (**Article 81 (A)**)

Direct Costs Included

FSA employed staff (including on costs and Meat Hygiene Inspector (MHI) allowances):

- MHIs
- Inspection Team Leaders (ITLs) and Area Managers (AMs) (operational management)
- Field Veterinary Co-ordinators (FVCs) and Field Veterinary Leaders (FVLs) (Veterinarians)

Service Delivery Partner (SDP) frontline staff (charged to the FSA at an hourly rate):

- Contract MHIs (CMHIs)
- Contract Official Veterinarians (COVs)
- Service Delivery Partner (SDP) operational management staff
- SDP support staff
- Contract lease vehicles provided to SDP staff

Indirect Costs Included

Salaries of support and administrative staff involved in the performance of official controls (including on costs) , with staff costs allocated pro rata in proportion to the amount of time/FTE spent on official controls duties:

- **Operations Support:**
 - FBO approvals
 - Guidance and reporting for frontline operations
 - Contract management (relating to official controls linked contracts)
 - Review and continuous improvement of operational assurance
 - Essential support to frontline staff
 - Health & Safety for frontline staff
- **Finance and Performance:**
 - Payroll processing for frontline staff
 - Accounting for official controls services
 - Procurement of official controls linked goods and services (Commercial)
 - Office accommodation of official controls linked support staff
- **Human Resources**
- **Internal audit of FSA processes and support systems**
 - Evaluation and continuous improvement of control and governance processes
- **Corporate Support Unit:**
 - Ordering supplies for frontline staff
 - Processing Certificates of Competence
- **IT support for Operations frontline and support staff**
- **Chief Executive's Office:**
 - Dealing with complaints, PQs and FOI requests related to official controls

.....

Main Industry Rate: The cost of facilities and equipment, including maintenance and insurance costs and other associated costs (**Article 81 (B)**)

Direct Costs Included

- Service Delivery Partner (SDP) facilities and facility-sustaining costs (e.g. rent and rates, insurance, light and heat, IT and comms, repairs and maintenance, depreciation)

Indirect Costs Included

- FSA IT systems and telephony (including depreciation of capitalised IT assets).

Main Industry Rate: The cost of consumables and tools (Article 81(C))

Direct Costs Included

- Laundry and equipment costs for FSA frontline staff
- Laundry and equipment costs for Service Delivery Partner frontline staff

Indirect Costs Included

None

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Main Industry Rate: Costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of - (i) the delegation of official controls (ii) the collection and recovery of debts, including for unpaid fees (**Article 81(D)**)

Direct Costs Included

- Article 81(D)(i):

None

- Article 81(D)(ii)):

None

Indirect Costs Included

- Article 81(D)(i):

None

- Article 81(D)(ii):

- Salaries of FSA Finance (Revenue Accounting) staff working on billing and collections linked to charges for official controls in meat premises

.....

Main Industry Rate: The cost of training of the staff referred to in point (A), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities. **(Article 81(E))**

Direct Costs Included

- Continuing Professional Development (CPD) training for frontline Service Delivery Partner staff

Indirect Costs Included

- Continuing Professional Development (CPD) training for FSA Operations Support staff

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Main Industry Rate: The cost of travel of the staff referred to in point (A), and associated subsistence costs (Article 81 (F))

Direct Costs Included

- Travel and subsistence for FSA Meat Hygiene Inspectors (MHIs), Inspection Team Leaders (ITLs), Area Managers (AMs) and Official Veterinarians (OVs)
- Travel and subsistence for Service Delivery Partner staff (including frontline and support staff)

Indirect Costs Included

- Travel and subsistence for FSA Operations Support staff

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Main Industry Rate: The cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks (Article 81 (G))

Direct Costs Included

None

Indirect Costs Included

None

ANNEX 4

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ENFORCEMENT RATE: MAPPING DIRECT AND INDIRECT COSTS TO ARTICLE 81 COST CATEGORIES

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Charging for enforcement

- Separating charging for enforcement from other controls
 - Industry representatives asked the FSA to review its handling of charging for enforcement activity – “Why do charges to the compliant include the costs of dealing with the non-compliant?”
 - From 2021/22 separate activity codes were introduced for chargeable (IENF) and non-chargeable enforcement (NENF) with chargeable enforcement time identified on invoice backing schedules. The hourly rates charged were the same as those for other meat controls and discounts continued to be applied.
 - From 2022/23 separate enforcement charge rates were introduced with continued discounts at eligible premises.
 - The conclusion of a [full public consultation](#) during 2022/23 was that the discounts on charges for enforcement would cease and this was implemented from the start of 2023/24.

Mapping to Article 81 cost categories - Enforcement Rate

Article 81 presentation of 2025/26 Enforcement Rate costs		£k
Category	Description	
A	The salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs.	366
B	The cost of facilities and equipment, including maintenance and insurance costs and other associated costs.	12
C	The cost of consumables and tools.	6
D	Costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of - (i) the delegation of official controls (ii) the collection and recovery of debts, including for unpaid fees.	0
E	The cost of training of the staff referred to in point (A), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities.	3
F	The cost of travel of the staff referred to in point (A), and associated subsistence costs.	9
G	The cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks.	0
TOTAL		396

Note: The table above contains minor rounding.

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Enforcement Rate: The salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs (Article 81 (A))

Direct Costs Included

FSA employed staff (including on-costs and Meat Hygiene Inspector (MHI) allowances):

- Meat Hygiene Inspectors (MHIs)
- Field Veterinary Co-Ordinators (VCs) and Field Veterinary Leaders (FVLs) (Veterinarians)

Service delivery partner (SDP) frontline staff (charged to the FSA at an hourly rate):

- Contract Meat Hygiene Inspectors (CMHIs)
- Contractor Official Veterinarians (COVs)

Indirect Costs Included

Salaries of support and administrative staff involved in the performance of official controls (including on costs), with staff costs allocated pro rata in proportion to the amount of time/full time equivalent (FTE) spent on official controls duties:

- **Operations Support:**
 - FBO approvals
 - Guidance and reporting for frontline operations
 - Contract management (relating to official controls linked contracts)
 - Review and continuous improvement of operational assurance
 - Essential support to frontline staff
 - Health & Safety for frontline staff
- **Finance and Performance:**
 - Payroll processing for frontline staff
 - Accounting for official controls services
 - Procurement of official controls linked goods and services (Commercial)
 - Office accommodation of official controls linked support staff
- **Human Resources**
- **Internal audit of FSA processes and support systems:**
 - Evaluation and continuous improvement of control and governance processes
- **Corporate Support Unit:**
 - Ordering supplies for frontline staff
 - Processing Certificates of Competence
- **IT support for Operations frontline and support staff**
- **Chief Executive's Office:**
 - Dealing with complaints, PQs and FOI requests related to official controls

.....

Enforcement Rate: The cost of facilities and equipment, including maintenance and insurance costs and other associated costs (Article 81 (B))

Direct Costs Included

- Service Delivery Partner (SDP) facilities and facility-sustaining costs (e.g. rent and rates, insurance, light and heat, IT and comms, repairs and maintenance, depreciation).

Indirect Costs Included

- FSA IT systems and telephony (including depreciation of capitalised IT assets).

Enforcement Rate: The cost of consumables and tools (Article 81(C))

Direct Costs Included

- Laundry and equipment costs for FSA frontline staff
- Laundry and equipment costs for Service Delivery Partner frontline staff

Indirect Costs Included

None

.....

Enforcement Rate: Costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of - (i) the delegation of official controls (ii) the collection and recovery of debts, including for unpaid fees (**Article 81(D)**)

Direct Costs Included

- Article 81(D)(i):

None

- Article 81(D)(ii):

None

Indirect Costs Included

- Article 81(D)(i):

None

- Article 81(D)(ii):

- Salaries of FSA Finance (Revenue Accounting) staff working on billing and collections linked to charges for official controls in meat premises **[1]**

Notes:

[1] Lost in rounding so shows as £0 on summary slide.

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Enforcement Rate: The cost of training of the staff referred to in point (A), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities. **(Article 81(E))**

Direct Costs Included

- Continuing Professional Development (CPD) training for frontline Service Delivery Partner staff

Indirect Costs Included

None

.....

Main Industry Rate: The cost of travel of the staff referred to in point (A), and associated subsistence costs (**Article 81 (F)**)

Direct Costs Included

- Travel and subsistence for FSA Meat Hygiene Inspectors (MHIs), Inspection Team Leaders (ITLs), Area Managers (AMs) and Official Veterinarians (OVs)

Indirect Costs Included

- Travel and subsistence for FSA Operations Support staff

.....

Main Industry Rate: The cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks (**Article 81 (G)**)

Direct Costs Included

None

Indirect Costs Included

None

ANNEX 5

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JUDICIAL REVIEW INFORMATION

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FA Gill Ltd & Ors, R (On the Application Of) v Food Standards Agency [2022] EWHC 1709 (Admin) (07 July 2022) (CO/3532/2021)

The text of the following four slides has been added as required under the judgment dated 7 July 2022 in the above case to provide further explanation of the calculation of the FSA's charge rates

Note

Costs may only be charged insofar as they result from the official controls concerned. Therefore, any element of the costs resulting from other activity are stripped out.*

The FSA's meat industry functions are wider than the provision of official controls. Thus, the costs have been calculated in accordance with conventional accounting standards by attributing to each item of the FSA's overheads a reasonable proportion of the full budgeted cost that fairly reflects the provision of official controls.

This proportion, known as "the industry percentage" for direct costs is currently set at 86.7% for OVs and 92.4% for MHIs, with a weighted average of 90.6% based on the balance of hours between OVs and MHIs used for the indirect costs for the FSA's provision of official controls. For the contractor there is a different weighted average of 89.0% due to a different balance in hours between OVs and MHIs. The industry percentage is based on budgeted hours for industry controls against budgeted hours for government controls. Due to rounding issues, there can be small differences between figures used for illustrative purposes.

**Additional explanatory note to supplement the above wording under the judgment order. The process of calculating the enforcement charge rate has been through a transitional process. The charge rate for enforcement was totally separated from the one for official controls for the 2022/23 charge rates. The same has happened with an export charge rate from 2024/25, although this rate will not be charged at present and the main charge rate will be charged for this export activity until further notice.*

Main Industry Rate: Hours

- OV industry budgeted hours for 2025/26 were 335,949 out of total budgeted OV hours of 387,703 (the additional budgeted hours relating to Government*), giving an industry OV percentage of 86.7%. These are the total budgeted hours for all OVs i.e. FSA and contractor OVs.
- MHI industry budgeted hours for 2025/26 were 806,252 out of total budgeted MHI hours of 872,420 (the additional budgeted hours relating to Government), giving an industry MHI percentage of 92.4%. These are the total budgeted hours for all MHIs i.e. FSA and contractor MHIs.
- The industry budgeted hours were 1,142,201 out of total budgeted hours of 1,260,123 (the additional budgeted hours being for controls provided to Government), giving a weighted industry percentage of 90.6%.

**Additional explanatory note to supplement the above wording under the judgment order to help distinguish between budgeted hours for industry and government controls. For 2025/26 the budgeted hours above and the costs on the following slide do not include those budgeted for enforcement and export activity which are stripped out of the main industry charge rate.*

Main Industry Rate: Direct Costs

- Employed staff costs of £16.1m (see Slide 12) have been calculated as representing the appropriate weighted industry percentage of the budgeted wage bill of FSA meat industry staff of £17.7m. That weighted industry percentage is achieved by applying the relevant industry OV and MHI percentages (see Slide 65) to the employed OV cost of £2.8m and employed MHI cost of £14.9m making up the £17.7m.
- Contractor costs of providing official controls have been calculated by taking the value of the contract with the contractor and then subtracting items, such as profit and non-chargeable overheads, which cannot be recovered within the cost of official controls (see Slide 17). The resulting contractor costs of £35.3m have then been calculated as representing the appropriate weighted industry percentage of the budgeted contractor costs of £39.5m. That weighted industry percentage is achieved by applying the relevant industry OV and MHI percentages (see Slide 65) to the OV contractor cost of £18.6m and MHI contractor cost of £20.9m making up the £39.5m.
- Laundry/equipment costs of £0.6m and frontline travel costs of £0.6m (see Slide 12) have been calculated as representing the appropriate weighted industry percentage of the Laundry/equipment costs and frontline travel costs of FSA meat industry staff of £0.7m and £0.6m, respectively.
- It is the sum of the industry elements of the three bullet points above (employed staff costs, contractor costs, plus laundry and equipment costs) that adds up to the total direct costs included in the industry charge rates.

Main Industry Rate: Indirect costs

- The FSA's overheads that are referable to the provision of official controls have been calculated by first apportioning a reasonable proportion of the FSA's overheads to the meat industry functions performed by the FSA and then applying the FSA industry percentage (explained in Slide 65) to give £4.48m. This is split between OV indirect costs of £1.32m and MHI indirect costs of £3.16m (see Slide 10) by reference to the proportion of industry hours budgeted for each (29.4% OV and 70.6% MHI) (see Slide 9).