

## FSA Priorities and Budget for 2022-23

### Report by Pam Beadman, Director of Finance & Performance

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#### 1. Summary

1.1 The Business Committee is asked to:

- **Agree:** the FSA's high-level activity, corporate business plan and budget for 2022/23.

#### 2. Executive Summary

2.1 This paper summarises the FSA's Corporate business plan and budget for the financial year 2022/23.

- a) **Focus:** remains on our mission of **'food you can trust'**, to make sure that food is safe and what it says it is. In accordance with our new strategy, in the coming year, we will also play a role in helping to ensure that food is healthier for people and more sustainable for the environment.
- b) **Priorities:** will continue to **do our day job exceptionally well** and progress our work to **evolve the food regulatory system**. We will also keep building and **evolving our own capacity and capability** to deliver our strategy and protect consumers now and in the future from short and longer-term risks.
- c) **Delivery:** must continue to fulfil our regulatory duty and the majority of available funding is allocated to ensuring ongoing delivery of operating the FSA's core regulatory functions.

2.2 The Board reviewed a first draft of the priorities and budget at their Retreat in January 2022. Building on those discussions, this paper provides a revised final summary of the key priorities for 2022/23 together with the ongoing activity the FSA needs to carry out to fulfil its statutory functions and the budget required to deliver those activities.

### 3. Strategic Focus and Corporate Priorities

- 3.1 The FSA is an independent government department working to protect public health and consumers' wider interests in relation to food in England, Wales and Northern Ireland.
- 3.2 Our new strategy ([FSA 22/03/05](#)) proposes that our overarching mission should continue to be food you can trust, and our vision comprises three goals:



- 3.3 The majority of our effort will continue to be focused on making sure that food is safe and what it says it is. However, in the coming years we will also play a role in helping to ensure that food is healthier for people and more sustainable for the environment.
- 3.4 The strategy will recognise that there are different roles that the FSA can play, in different areas of our work, to help deliver our vision:



- 3.5 We have also developed some guiding principles on how the FSA should go about its work. These principles reflect some of the strengths of our organisation that we need to draw on, and some ways in which we need to evolve so that we are well equipped to deliver our strategy in the light of a rapidly changing food system.
- 3.6 Our Corporate Business Plan for 2022/23 has been written with the new strategy, including these guiding principles, in mind. It sets out the priorities for the FSA to deliver this year and includes work which will help us develop and embed the newer elements of the strategy.

- 3.7 During 2022/23 we need to continue to do our day job exceptionally well, and our first four corporate priorities reflect this. We will also progress our work to evolve the food regulatory system through our two regulatory reform programmes and the new roles we are now carrying out on risk analysis and regulated products. We will also keep building and evolving our own capacity and capability so to deliver our strategy and protect consumers now and in the future.

## Priorities

Doing our day job exceptionally well

Evolving the food regulatory system

Evolving our own capability & capacity

- 3.8 Therefore, our Corporate Business Plan for 2022/23 will include:

### Doing our day job exceptionally well

- 1 – Delivering **our regulatory responsibilities** to a high standard within meat, dairy and wine and other operational functions to protect consumers from food / feed incidents and criminality
- 2 – Setting the standards for a modern, efficient and effective regulatory delivery regime and **supporting local authorities**, including port health authorities, to ensure delivery against them.
- 3 – Building and enhancing our **science, evidence and surveillance** capability to address the current risks and challenges facing the consumer and identify those emerging in the medium-long term.
- 4 – Working with the UK, Wales and Northern Ireland governments, FSS and Scottish Government, regulatory partners and international partners to ensure that the **UK regulatory regime** continues to provide strong protection for consumers, as it evolves after EU exit

### Evolving the food regulatory system

- 5 – Deliver an efficient, effective and forward-looking **risk analysis process**, learning lessons from the first year of operation, delivering short-term improvements, and putting in place a programme of work to develop future proposals for regulatory reform.
- 6 – **Achieving Business Compliance – Change Programme**  
Our aim is to make sure consumers continue to have food they can trust in the future. So, in a rapidly evolving food sector, we need to regulate in a smarter way to make sure that food is safe and is what it says it is.

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## 7 – Operations Transformation – Change Programme

To modernise delivery of Official Controls for meat, dairy and wine in order to increase efficiency and effectiveness, whilst maintaining levels of food safety, animal health and welfare and consumer confidence. This will be achieved by moving to a more risk-based, evidence-led regulatory regime, making it easier for businesses to improve overall levels of compliance.

## Evolving our own capability & capacity

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8 – Evolving the **FSA's capability**, systems and processes to deliver our new Strategy and Our People Plan.

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3.9 The key deliverables we aim to achieve within 2022/23 for each of these corporate objectives are detailed in **Annex A**. These objectives are also cross referenced to the roles we undertake, as laid out in the FSA Strategy and listed in **Para 3.4** above.

## 4. Delivery

- 4.1 The FSA undertakes a wide range of work to fulfil its duties and protect consumers' interests. The 2022/23 corporate business plan identifies areas we intend to further develop so we can continually do our day job exceptionally well but not everything we will do is in the corporate plan.
- 4.2 Our other core work will continue, such as, further work to reduce the risk of foodborne disease, regulatory policy for food safety labelling, primary production controls, implementing the food hypersensitivity strategy, and other aspects of food production standards like environmental concerns and animal welfare. Plus, our nutrition standards and nutrition food labelling policy responsibilities in Northern Ireland. This work will be included in directorate-level business plans.
- 4.3 Progress in delivering our corporate business plan will be reported to the Business Committee in the quarterly Performance & Resources report alongside reporting on core business delivery performance measures.
- 4.4 The Executive will also continue to periodically review how changes in the external environment are impacting our priority activity and may reassess allocation of resources. To aid prioritisation a 'medium term' forward look of the main activities we want to see happen over the next few years will be developed, alongside the annual business planning, for 2023/24.

## 5. FSA Budget 2022/23

- 5.1 The FSA produced a **strong SR21 submission** for Westminster funding, which was praised by Her Majesty's Treasury for its quality. The three-year settlement has resulted in:
- a) a 7% increase to our RDEL funding (£112.7m - see **Annex D** for more details). This included spend on EU-Exit activities and support for Local Authorities relating to PPDS 'Natasha's Law' legislation as well as funding to progress our work to evolve the food regulatory system through our two regulatory reform programmes and the new role we are now carrying out on risk analysis and regulated products.
  - b) CDEL funding for R&D; IT equipment replacement; Estates and the replacement of Finance, Commercial, HR and Payroll
- 5.2 The FSA in Wales retains the same level of funding (£5.11m) in 2022/23 as it had in place for 2021/22. Welsh Government increased the FSA in Wales funding by £1.5m for 2021/22 to accommodate an increase in workload previously undertaken by the Commission and the European Food Safety Authority. The majority of this additional £1.5m funding was used to increase the level of staffing in Wales to support these new EU related functions and a full staff compliment is forecast from April 2022. We will keep the resource requirements for the new EU related functions in Wales under review.
- 5.3 The FSA in NI has been allocated by the Department of Finance NI a draft baseline of £11.8m to carry out our statutory functions in 2022/23. In addition, the FSA have also bid for £4.14m for implementing the NI Protocol in 2022/23 of which £3.74m is for district councils. A significant programme of work will be undertaken in 2022/2023 covering business as usual (BAU) activities / nutrition and other key priorities including the smooth operation of the NI Protocol at points of entry, representing NI needs across the three UK common frameworks, and ensuring legislation is made and comes into force in NI. There will be some delay in having the draft budget approved given the local political situation as approval is required by the Northern Ireland Executive.
- 5.4 The FSA is delivering a balanced budget. At the same time, it is following the Board's more open appetite for risk by initially over allocating spend by £6.7m. This relatively high value recognises that in our past experience, sizable underspends have stemmed from unavoidable delays primarily in travel and recruitment and that we are still in an unusually volatile period. We have therefore initially over-programmed, recognising our likely underspend on staff costs to balance the budget.
- 5.5 The FSA will continually reassess its planning assumptions and monitor its forecast position. As necessary, FSA will manage any emerging underspends or continued overspends through an in year prioritisation exercise and will fund new projects requests depending on affordability. This will also help FSA to meet HMT's requirements for a contingency to cover unexpected additional demands.

5.6 The Board is asked to take note of emerging pressures that are not reflected in our budget and if they crystallise, will be in addition to the overprogramming figure noted in the previous paragraph:

- a) The scope of Regulated Products has expanded as we adapt our processes following EU Exit and remains a key priority for 2022-23
- b) The market changes relating to contracted resource to deliver Official Controls is likely to add pressure beyond those assumed within the budget.
- c) The risk that Covid-19 will continue to drive up costs into 2022-23, beyond our budget assumptions.

<b>2022/23 Budget limits</b>	<b>2021/22 Full Year Forecast Q3</b>	<b>2021/22 Limits</b>	<b>2022/23 Limits</b>
	£m	£m	£m
<b>FSA Total (RDEL &amp; CDEL exc. AME)*:</b>	<b>130.4</b>	<b>134.3</b>	<b>143.0</b>
<b>Westminster</b>			
RDEL & CDEL Baseline exc. AME	108.6	113.4	112.4
Additional work including ringfenced amounts	4.4	3.1	13.5
<b>Wales</b>			
RDEL & CDEL	4.4	4.6	5.1
<b>Northern Ireland</b>			
RDEL & CDEL	13.0	13.4	11.9

\*The FSA total and Westminster figures now include the Shared Outcomes Fund.

Other notes:

- The 2022/23 forecast includes £6.7m overprogramming
- The 2021/22 Limits include an additional £2m in the Westminster baseline brought forward from 2020/21 via a 'budget exchange' agreed with HMT
- The Northern Ireland budget is still provisional. The final version is expected to include funding re the Operationalisation of the NI Protocol
- DEL = Departmental Expenditure Limits; R = Resources; C = Capital; AME = Annually Manged Expenditure

## **Annexes**

**Annex A – Corporate Priorities for 2022/23**

**Annex B – Budget 2022/23**

Corporate Priorities

Doing our day job exceptionally well

1 - Delivering **our regulatory responsibilities** to a high standard within meat, dairy and wine and other operational functions to protect consumers from food / feed incidents and criminality.

**Objectives for 2022/23** (key deliverables we must achieve by the end of the year are):

- a) Effective deployment of our Operational staff to do our job well, through effective workforce planning and recruitment.
- b) Ensuring we have sufficient delivery resources to meet increased and changing industry demand to fulfil our regulatory responsibilities within meat, dairy and wine.
- c) Committing to employing up to 25% of Official Veterinarians (OVs) by the end of the current service delivery partner contract
- d) supporting the resilience and morale of all operations staff and developing a culture of Learning & Development to support, develop and provide strategic resilience.
- e) Ensuring we have the capacity and capability to detect, respond to and prevent food and feed safety incidents.
- f) Develop enhanced data and performance reporting underpinning our management information to better enable delivery / deployment / resourcing.

**Lead Directorate:** Operations

2 - Setting the standards for a modern, efficient and effective regulatory delivery regime and **supporting local authorities** (LA), including port health authorities, to ensure delivery against them.

**Objectives for 2022/23** (key deliverables we must achieve by the end of the year are):

- a) Supporting local authorities deliver against the Recovery plan, including Performance management, end of year and temperature check surveys, monitoring and reporting.
- b) Modernise the use of data and intelligence in the effective delivery and monitoring of official control activity, setting new LA key performance indicators and review our performance monitoring framework.
- c) Review of import controls framework to ensure fit for purpose, including introducing a standard approach to enforcement by port health authorities.
- d) Provision of high quality resource material to facilitate consistent and effective delivery of official controls, including guidance and training, and a comprehensive programme of LA engagement.
- e) Taking key steps towards implementation of Food Hygiene Rating Scheme (FHRS) mandatory display in England and online display in Northern Ireland.
- f) Deliver our Consumer and Business engagement campaigns regarding 'Increasing use of FHRS ratings', 'FHRS online display' and Register a Food Business'.

**Lead Directorate:** Regulatory Compliance



Regulator



Convenor & collaborator



Policy maker



Regulator



Watchdog



Convenor & collaborator

**3 - Building and enhancing our science, evidence and surveillance** capability to address current risks and challenges facing the consumer and identify those emerging in the medium-long term.

**Objectives for 2022/23** (key deliverables we must achieve by the end of the year are):

- a) Risk analysis: deliver our portfolio of risk assessments and other legitimate factors (OLF) analyses, across food safety, regulated products and trade, and further develop our processes, working towards offering an enhanced service. This year we will finalise recruitment, induction and training of newly funded regulated products & trade risk analysis staff. Plus develop transformation plan for OLF analysis reflecting broader consumer interests.
- b) National laboratory capability: deliver our laboratories, sampling and method development programmes, including work to build a sustainable Official Controls laboratory system. This year the plan will be developed, approved and implementation commenced.
- c) Wider consumer interest: delivering an enhanced consumer and behavioural insight programme supporting the development of the FSA Strategy, providing evidence on the consumers' interests in the food system which over time will include evidence on e.g., social equity, on household food insecurity, on healthy/sustainable consumer choices, on food waste, on animal welfare and on trade.
- d) PATH-SAFE: working with our partners, to lead the delivery of the programme to develop better surveillance methods. This year we will design, commission and start delivering all pilots.
- e) Research & evidence programmes: manage and deliver to budget a prioritised portfolio of projects, in order to provide the science and evidence required to support risk analysis, our change programmes, horizon scanning, consumer and behavioural and insights.
- f) FSA evaluation strategy: develop, deliver and publish our evaluation strategy.

**Lead Directorate:** Science, Evidence & Research



**4 - Working with the UK, Wales and Northern Ireland governments, Food Standards Scotland and Scottish Government, regulatory partners and international partners to ensure that the UK regulatory regime continues to provide strong protection for consumers, as it evolves after EU exit**

**Objectives for 2022/23** (key deliverables we must achieve by the end of the year are):

- a) Working towards securing additional powers for the National Food Crime Unit to strengthen our leadership role with tackling food crime
- b) Managing potential divergence in accordance with agreed Board principles and UK Framework agreements, to deliver a consistent approach to assessing and managing divergence across the UK.
- c) Finalise the three UK Frameworks the FSA is part of, including managing parliamentary scrutiny of the Food Compositional Standards & Labelling Framework and implementation of Framework commitments across the FSA.
- d) Delivering on Northern Ireland Protocol commitments, supporting ongoing UK-EU negotiations and providing advice to ensure development of the NI Protocol arrangements account for food safety requirements and consumer protection.





- e) Providing input (for example technical advice of food safety) on free trade agreement negotiations in line with the principles established by the FSA Board, contributing to government's Section 42 (Trade Marks Act 1994) reports, and delivering commitments under existing trade agreements such as the UK-EU Trade & Cooperation Agreement, and multilateral organisations such as the World Trade Organization.
- f) Delivering the 2023 Annual report on food standards in line with lessons learned from 2022's report and any subsequent Government White Papers.

**Lead Directorate:** International and UK Affairs

## Evolving the food regulatory system

**5 - Deliver an efficient, effective and forward-looking risk analysis process,** learning lessons from the first year of operation, delivering short-term improvements, and putting in place a programme of work to develop future proposals for regulatory reform.

**Objectives for 2022/23** (key deliverables we must achieve by the end of the year are):

- a) Deliver the Regulated Products Service, continuing to meet statutory deadlines, putting in place a better front-end customer experience and reducing unnecessary delays.
- b) Undertake an external review of the Regulated Products Service, including the Novel Foods regulations, benchmarking against best practice nationally and internationally and making recommendations for reform.
- c) Put in place a new, structured stakeholder engagement and communication approach to help applicants navigate the Regulated Products Process and to ensure that consumers and FBOs are well-informed about regulatory change.
- d) Make recommendations to Ministers about changes in legislation to remove difficulties arising from retained EU law and speed up the process.
- e) Develop proposals for future food and feed safety regulation of Genome Edited Organisms.
- f) Continue to improve the Risk Analysis Process, focusing on prioritisation, workflow management and problem formulation to reduce delay and strengthen partnership working in a three- and four-country context.

**Lead Directorate:** Policy



## 6 – Achieving Business Compliance

Our aim is to make sure consumers continue to have food they can trust in the future. So, in a rapidly evolving food sector, we need to regulate in a smarter way to make sure that food is safe and is what it says it is.

**During 22/23,** the Achieving Business Compliance – Programme will:

- a) Deliver an updated Business Case for the refreshed programme.
- b) Implement a Communication and Engagement Strategy that actively engages local authorities, businesses, and other key stakeholders.
- c) Develop pilot model(s) with the Large Retailers.
- d) Initiate and deliver projects for online food sales based on priority risk areas identified through initial discovery work.
- e) Continue review of the current Food Hygiene Delivery Model.
- f) Undertake post-pilot evaluation and scalability test for England & Northern Ireland New Food Standards Model.



g) Progress proposal of Food Standards Model pilot(s) in Wales.

**Lead Directorate:** Strategy, Legal, Communications & Governance

### 7 – Operations Transformation

To modernise delivery of Official Controls for meat, dairy and wine in order to increase efficiency and effectiveness, whilst maintaining levels of food safety, animal health and welfare and consumer confidence. This will be achieved by moving to a more risk-based, evidence-led regulatory regime, making it easier for businesses to improve overall levels of compliance.

**During 22/23,** Operations Transformation Programme will:

- Introduce an initial risk segmentation model that will better inform the targeting of assurance interventions.
- Implement new Digital Services to drive improvements in process efficiency and effectiveness as well as user experience.
- Introduce new remote audit technical capability and processes.
- Further explore the use of artificial intelligence to support inspection activity.
- Complete a full Discovery to better understand the risks, benefits and implications of a “dual system” of Official Controls for domestic production and export.
- Develop a food safety culture assessment proof of concept to inform future risk analysis.
- Undertake pilots to make improvements to the tools and systems used to collect inspection data and food chain information.

**Lead Directorate:** Operations



Policy maker



Regulator



Convenor & collaborator

## Evolving our own capability & capacity

**8 - Evolving the FSA's capability, systems and processes to deliver our new strategy**

**Objectives for 2022/23** (key deliverables we must achieve by the end of the year are):

- Development and delivery of 'Our People Plan 2022-25', which will support our people to deliver the FSA Strategy through the strategic people themes; building an enabling organisational culture, maximising organisational capability and delivering an excellent employee experience.
- Building our capacity and agility through our governance review and in-year prioritisation.
- Making it easier for businesses to meet their obligations and do the right thing and make it easier for consumers to make informed choices by adopting a services approach to some areas of our work.
- Embedding the guiding principles into the way we work through a programme of engagement on the strategy with teams across the FSA.
- Shaping the FSA's work to support health and sustainability in the food system, in collaboration with others, and incubating new areas of work.

**Lead Directorate/s:** People & Organisational Change /  
Strategy, Legal, Communications & Governance /  
Finance & Performance



Evidence generator



Regulator



Watchdog



Convenor & collaborator

**Budget 2022/23**

<b>Breakdown of key areas of spend</b>	<b>2021/22 Full Year Forecast</b>	<b>2022/23 Budget</b>	<b>Movement Fav / (Adv)</b>
	£m	£m	£m
<b>FSA Total (RDEL &amp; CDEL) of which:</b>	<b>130.4</b>	<b>143.0</b>	<b>12.6</b>
Science Evidence & Research:			
Risk Analysis Science	5.4	<b>8.7</b>	<b>3.3</b>
Shared Outcomes Fund	0.1	<b>1.0</b>	<b>0.9</b>
All Other Science Evidence & Research	11.1	<b>11.2</b>	<b>0.1</b>
Food Policy:			
Risk Analysis Policy	1.6	<b>2.4</b>	<b>0.8</b>
Food Hypersensitivity	2.0	<b>1.4</b>	<b>(0.6)</b>
All Other Food Policy	5.6	<b>9.8</b>	<b>4.2</b>
Surveillance (inc. Sampling)	3.4	<b>1.3</b>	<b>(2.1)</b>
LA Support & Delivery of official controls	12.6	<b>11.4</b>	<b>(1.2)</b>
National Food Crime Unit (NFCU)	4.9	<b>5.8</b>	<b>0.9</b>
Operations excl. NFCU	24.3	<b>27.2</b>	<b>2.9</b>
Achieving Business Compliance	1.1	<b>4.2</b>	<b>3.1</b>
Operational Transformation	1.7	<b>4.1</b>	<b>2.4</b>
Capital (CDEL)	2.9	<b>4.4</b>	<b>1.5</b>

Note: split almost exactly 50:50 across Science and Food Policy, Regulated Products accounts for £1.2m of their forecast combined spend on Risk Analysis in 2021/22 and for £2.7m of their combined budget spend on Risk Analysis in 2022/23.

<b>Spend by Business Areas 2022/23</b>	<b>2021/22 Full Year Forecast</b>	<b>2022/23 Budget</b>	<b>Movement Fav / (Adv)</b>	<b>Comments</b>
	£m	£m	£m	
<b>FSA Total (of which):</b>	<b>130.4</b>	<b>143.0</b>	<b>12.6</b>	
Strategy, Legal, Communications and Governance	10.1	<b>14.6</b>	<b>4.5</b> <sup>1</sup>	1. of which £2.6m is ABC
Information	15.3	<b>13.0</b>	<b>(2.3)</b> <sup>2</sup>	2. £1.8m Surveillance
Policy	10.0	<b>13.6</b>	<b>3.6</b> <sup>3</sup>	3. & 4. Additional EU Exit funding for: Regulated Products Policy & Science, Imports / Exports / Market Access / UKOSPSTA, Official controls lab framework / National Capability
Science Evidence and Research	16.6	<b>20.9</b>	<b>4.3</b> <sup>4</sup>	
Operations Group	30.9	<b>37.1</b>	<b>6.2</b> <sup>5</sup>	
Finance & Performance	9.1	<b>10.4</b>	<b>1.3</b> <sup>6</sup>	5. Frontline Delivery Model & Inflation £4m additional
Regulatory Compliance	12.6	<b>11.4</b>	<b>(1.2)</b> <sup>7</sup>	6. £0.5m Finance & HR system replacement
People & Organisational Change	3.6	<b>3.8</b>	<b>0.2</b>	7. Reduction in 22-23 due to a one-off project to support LAs in 21-22
Centrally Managed	4.6	<b>1.1</b>	<b>(3.5)</b> <sup>8</sup>	8. Overprogramming
FSA Wales	4.5	<b>5.1</b>	<b>0.6</b>	9. 21-22 includes £4.1m funding regarding the Operationalisation of the NI Protocol
FSA Northern Ireland	13.1	<b>11.9</b>	<b>(1.2)</b> <sup>9</sup>	