

Operational Transformation Programme Update

Report by Simon Tunnicliffe & Richard Wynn-Davies

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1. Summary

1.1 This paper provides an update on the progress of the Operational Transformation Programme (OTP) following the FSA Board meeting on 15 September 2021. At that meeting, and following a public consultation exercise, it was concluded that the Future Delivery Model (FDM) should act as a foundation upon which the programme would be taken forward, and the key programme deliverables for the following 12 months were presented and agreed. The Board is asked to:

- Note the progress made against the programme deliverables agreed on 15 September 2021 for the following 12 months.
- Agree to the subsequent priorities after this period, outlined in the paper and linked to the programme roadmap in Annex A.
- Note the emerging risks and challenges.
- Note the findings of the Infrastructure Projects Authority (IPA) programme Review.

2. Introduction

2.1 The Operational Transformation Programme is modernising the way the FSA delivers those regulatory activities in the meat, dairy and wine sector for which it is directly responsible, with an initial focus on meat. The programme's approach to modernisation has been described within the framework of the FDM.

2.2 The FDM aligns to the previously agreed programme principles and as it begins to deliver tangible change, the programme will continue to explore opportunities that underpin and support the FDM ambitions and its seven key elements. A reminder of the programme principles and the 7 key elements can be found in Annex B.

2.3 The overall ambition of the programme is to move towards a more proportionate and evidence-based approach to regulation, in order to optimise inspection and assurance activities to promote economic growth and support trade, provide value for money but, above all, to continue to protect consumers and support delivery of animal health and welfare outcomes, as we adapt to a changing landscape of food production.

2.4 During Summer 2021 OTP undertook a public consultation on the proposed FDM, which generated valuable feedback. A SWOT analysis of the key findings can be found at Annex D.

2.5 The FSA Board agreed with the conclusion that the proposed FDM, was a suitably flexible framework to accommodate and effectively respond to the findings of the public consultation, and the findings are all being actively considered as the finer detail of the future model starts to take shape.

3. OTP 21/22 Headline deliverables

3.1 Since the last presentation to the FSA Board in September 2021, the programme has continued to make significant progress against the agreed deliverables for the following 12 months. Outlined below are the agreed outputs, the FDM element they align to, and progress made to date alongside next steps and timescales.

Risk Segmentation

3.2 The segmentation model continues to be developed as the data “engine” behind the future of Official Controls delivery that will be used to better target our interventions and our resources, acknowledging highly compliant businesses by taking a proportionate approach. The model will be implemented in multiple stages, with initial use to determine audit and unannounced inspection frequency starting early in 2022/23. This should provide a valuable learning experience for both the FSA and industry and will help us to refine our plans and approach for stage 2; informing the wider delivery of Official Controls, including levels of presence and inspection activity, underpinned by changes to existing legislation.

3.3 The segmentation model includes multiple data indicators across several areas of compliance which are combined for every meat plant to calculate an overall score, which will then be used to schedule the frequency of audit and unannounced inspection activity. The data model follows a “glass box” approach, meaning that it is transparent and explainable, allowing a food business to see how their score has been calculated and how it can be improved.

3.4 The development of the model directly supports a number of the elements of the FDM, specifically “Tailored Presence” and “Robust Assurance” and has included working with experts across the FSA – operational, veterinary, legal and data science – to scrutinise the data, the modelling and the outputs to ensure they are as expected. Additional checks and processes have been built in to identify any unusual or unexpected results.

3.5 Engagement sessions have been carried out with industry bodies, stakeholders and other Government departments to explain how the initial model works, the data sources it draws from, how it will be applied to audit and how it will be used to support improvements in Food Business Operator (FBO) performance. Industry bodies are supportive and are keen to work with us to review and refine the approach as we progress. We will evaluate and refine the approach over the following 12 months so that we are in the best possible position to enter into subsequent stages of this work programme, supported by changes to existing legislation.

Technology

- 3.6 One of the key principles of OTP is to exploit advances in technology to support the more effective delivery of Official Controls, ensuring we use robust methods to inspect, verify, assure and gather the data we need accurately, consistently and digitally. Work has progressed in this field as we begin to identify opportunities to achieve this.
- 3.7 In the area of remote technology, a trial of new software to test video streaming capability in FBO premises has recently completed. FSA auditors have undertaken a small number of remote audits using this functionality, with evaluation almost complete. A likely recommendation is the adoption of this technology for use within relevant areas of audit and approval activity, whilst at the same time recognising that physical presence is still essential in some circumstances, for example for certain elements of any full audit, to identify specific areas of risk and support FBO improvements. The technology has also been in use outside the pilot to enable continuation of audit activity as the “Omicron” Covid-19 variant led to some restrictions at the end of 2021 and early in 2022. The full pilot outcomes report and proposed implementation plan will be provided to the Board early in the new financial year.
- 3.8 Early discovery work has begun on an Artificial Intelligence (AI) camera project in conjunction with external consultants and industry. Whilst still in its initial stages, the project aims to improve the effectiveness and efficiency of monitoring animal welfare standards in high volume pig plants (initially), through the innovative use of AI programmes to monitor existing CCTV systems. The programme is due to run an initial pilot utilising this technology early in the new financial year.
- 3.9 The programme is also making progress in the area of digital services. Work is underway to deliver a digital solution for the Meat Plant (FSA) Approvals process. This will introduce an online, account-based portal with case management automated workflow as the first of a set of digital processes and services using the new Case Management platform. This work is ongoing with testing and onboarding activities expected in March and ready for use from the start of April 2022. This will be followed by further operational process automation and digital services throughout the next financial year.
- 3.10 The introduction of a solution to automate the allocation of front-line resources in abattoirs has been delayed due to several pilots of “off the shelf” software packages being unsuccessful. The programme continues to test solutions and work with service design experts to better understand and define our requirements in a complex operational environment. The output of this phase of service design work is expected by the end of March.

Resource Capacity & Capability

- 3.11 There are ongoing challenges in resourcing the Official Veterinarian (OV) role due to critical shortages of vets in the UK across all veterinary professions, which is aggravated by the perceived attractiveness of other aspects of veterinary work in comparison.

3.12 FSA will continue to work with other areas of government and veterinary bodies (notably the Royal College of Veterinary Surgeons (RCVS) and the British Veterinary Association (BVA)) to look at recruitment, training, education and career paths for OVs. OTP will look at the long-term strategic workforce requirements under the FDM and will aim to make both the OV and Meat Hygiene Inspector (MHI) roles more attractive, with greater variety, wider development opportunities and more attractive career pathways.

Official Controls Regulations (OCR) Opportunities

3.13 The programme has continued to investigate potential opportunities to take more risk-based approach within existing regulations, including:

- Low-capacity establishment thresholds: extending the number of slaughterhouses that could potentially benefit from reduced levels of FSA attendance.
- Representative Post Mortem Inspection (PMI) sampling in Poultry: moving away from 100% PMI inspection when certain additional controls are in place.

3.14 Although strategically aligned to the FDM, these opportunities would be small in scale and provide only limited benefit to FSA and industry within the wider confines of broader retained legislative requirements around OV on-site presence. In addition to potential international trade implications, consumer protection and trust are an equally strong driver and so consequently, in the face of limited appetite and benefit, the decision has been made not to further pursue tactical work in this area and to focus our efforts and resources on longer-term strategic solutions that would be underpinned by changes to existing legislation under a dual regime.

Dual Regime Discovery

3.15 At present, under retained EU legislation, all FBOs, whether serving the domestic or export markets (or both) are required to adhere to the same regulations. Following EU exit, the UK has the opportunity to explore alternative models which would need to be underpinned by changes to existing legislation. We recognise that any changes to our domestic regime have the potential to impact on international trade and so as part of work to progress OTP, we will consider the opportunities and risks of changing domestic controls in relation to export requirements. This work is important to support the ambitions of the FDM and needs to be fully explored, understood and consulted on with all stakeholders.

3.16 Early discovery activity is now underway which will explore in more detail the potential impacts on consumers, the UK industry and our trading relationships of changing domestic controls where these facilitate exports.

3.17 This is a complex issue that will feature heavily in discussions over the coming months and will require further input and oversight from the Board. Initial discovery is expected to complete in early 22/23 which will inform next steps and further work required in this area.

4. Upcoming projects

4.1 In addition to the deliverables outlined above, there are several other planned areas of work that the programme will be instigating during the second half of 2022/23.

4.2 Within the “Robust Assurance” workstream we plan to develop a food safety culture assessment. This process will be for FBOs to complete collaboratively with the FSA. This is likely to be voluntary in the early stages and will assess an FBO’s cultural maturity in terms of robust food safety and animal health and welfare practices. Once developed, this could be used as a further data source for the segmentation risk assessment process.

4.3 The programme will be looking at roles and responsibilities for Official Veterinarian / Auxiliary & Meat Hygiene Inspector colleagues under the “Tailored Presence” and “Resource Capability and Capacity” workstreams. Work to explore, review and define potential “new world” roles and responsibilities will commence during 2022/23. This discovery work will likely have a two-phase approach, looking at opportunities for how roles could evolve both under existing legislation, but also following potential legislative change.

4.4 Under the “Digital Data by Default” workstream, our ambition is to further the development of innovative digital capability across a range of FSA operational processes. Over the coming 12 months the programme will be further exploring digital opportunities which will improve the efficiency and effectiveness of process and data collection in areas such as audit and inspection and import/export assurance processes.

4.5 Also under this workstream, the programme is looking to carry out a discovery into the Food Chain Information and the Collection and Communication of Inspection Results, particularly around the methods of capturing data accurately and consistently. This work will explore opportunities/benefits and recommend immediate priorities with the aim of rolling out initial solutions by the end of 2022/23.

4.6 The first phase of the Resource Allocation System is planned to be implemented in the first half of 2022/23.

5. Findings of IPA Programme Review

5.1 In November 2021 we asked the Infrastructure and Projects Authority to undertake an informal, independent programme review, to help assure the FSA that the programme has been set up to succeed. The review team spent three days reviewing all the programme documentation and interviewing stakeholders and programme team members. They concluded that there is strong

confidence and trust in the leadership and ambition of the programme, with some good foundations in place on which to build. The programme was given an overall amber rating with the review team keen to stress that at this stage in the lifecycle of a programme of this size, that is an expected outcome.

5.2 The review team made a number of recommendations (outlined to Annex C), focusing on building capacity and skills within the programme team, ensuring ongoing clarity of programme scope and specific project deliverables, and carrying out updates to key programme documentation such as the overall business case and risk register.

5.3 The programme is now planning activity to address these. Recruitment is underway to support both capacity and skills gaps, and a review of the Programme Business Case has been started. The revised programme roadmap has been included at Annex A.

6. Emerging Risks and Challenges

6.1 Managing divergence with the EU and doing so within the four-country framework will require careful handling. Evidence based divergence from retained EU legislation which maintains or improves consumer protection lies at the heart of the FDM if we are to better target resources and interventions in areas of highest risk. The potential introduction of a different system of controls for the domestic and EU export markets presents various opportunities and threats with careful consideration required on the impact to trade and financial implications for the meat sector. Careful exploration and understanding of all the potential benefits and risks are required, including the implications for intra UK trade, particularly Northern Ireland in light of the Protocol, and this work is being led under the current Discovery project. The project will also carefully consider consumer views expressed as part of the public consultation in 2021 and will seek to undertake further consumer research in this area specifically. Further consideration from the Board will be required later in the year as this work develops.

6.2 OTP has now secured specialist resource to support the development of policy instructions for future legislative change, alongside our Policy, Legal and Strategy teams. Our ability to be able to identify a suitable vehicle for changes to existing legislation, and for that legislation to be successfully implemented, remains one of the programme's headline risks.

6.3 The risks raised by the IPA programme review are being investigated and addressed by the programme team, in accordance with the review recommendations.

7. Conclusions & Next Steps

7.1 The Board is asked to:

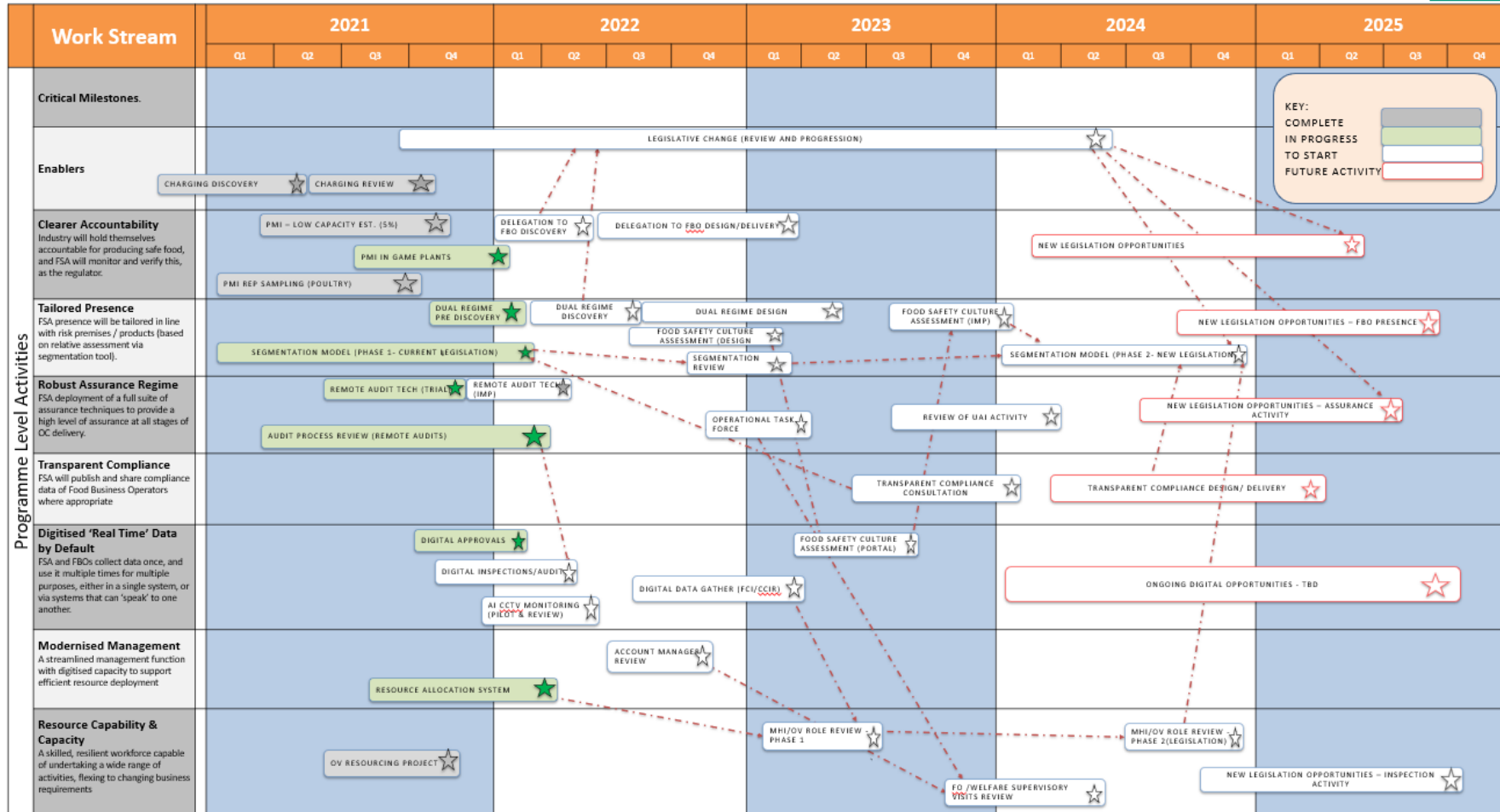
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- Agree to the subsequent priorities after this period, outlined in the paper and linked to the programme roadmap in Annex A
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ANNEXES

Annex A - High Level Programme Roadmap to 2025

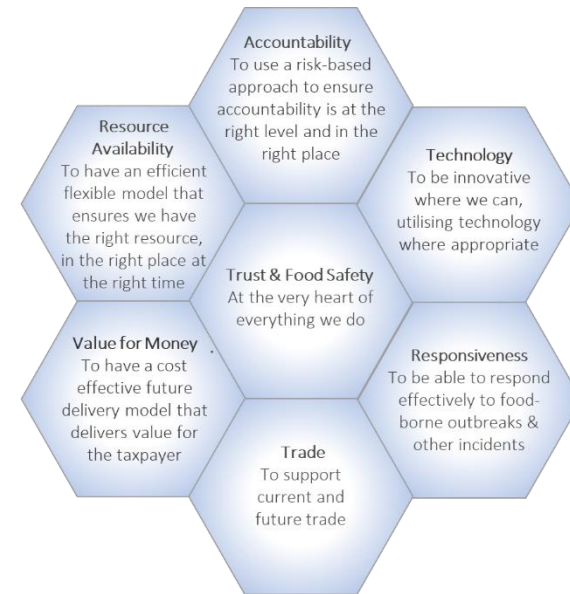
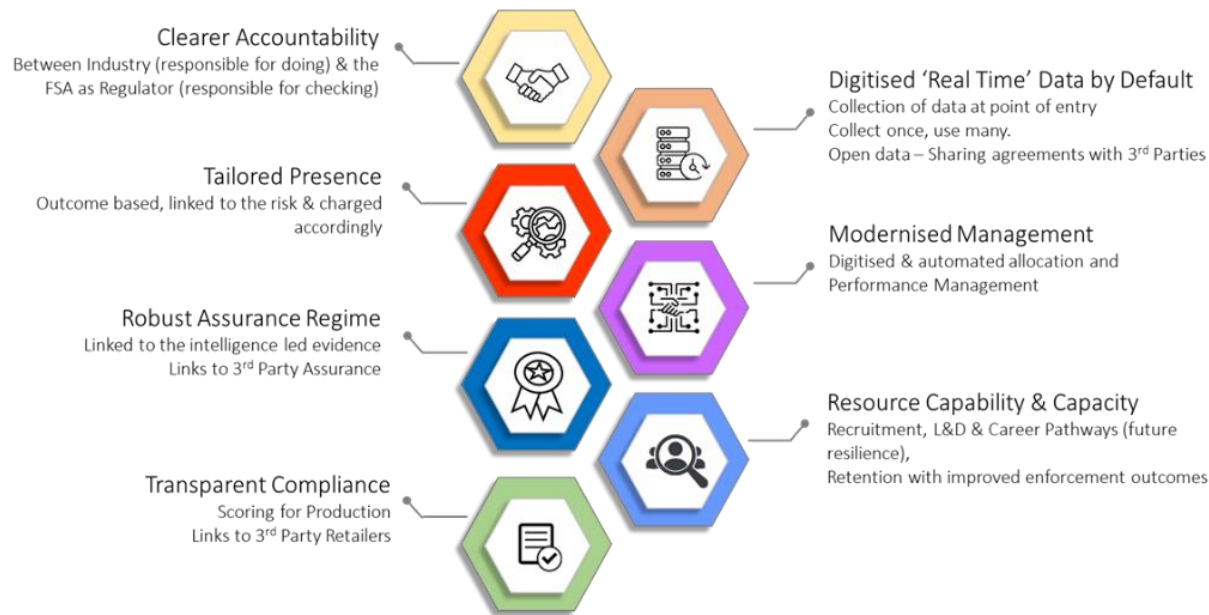
Operational Transformation Programme - Integrated High Level Roadmap



*Risk denotes risks, issues, concerns and key dependencies

8. Annex B – Programme Principles and the 7 Key Elements

The FSA Board agreed the following principles in January 2020, which have been used to shape the design of the Future Delivery Model



The FDM has been categorised into **seven key elements**, to facilitate transformation and aid planning, delivery, and monitoring.

Annex C – IPA Programme Review Report – Summary of recommendations and OTP action to address

Priority	Recommendation	Risk* and Issue Identified with Evidence
1	Ensure recruitment activity is prioritised to fill the both the current and upcoming vacancies	Prompt recruitment is critical to maintain the current pace of delivery without adversely affecting the remaining staff or schedule
2	A detailed plan is agreed with the Board prior to the next delivery phase	Clarity of the programme and delivery schedule will increase engagement and understanding of the critical points of the programme, and align delivery expectations and ambitions
3	Recruit additional PPM capability prior to the next/delivery phase of the programme.	Without additional skilled and appropriate PPM professionals who can define the outputs and interdependencies of the next phase, the critical path cannot be calculated/articulated, and resources cannot be planned effectively which may challenge the viability of both the programme definition and delivery, and negatively impact stakeholder trust and engagement
4	Fully define the outputs and deliverables, with a critical path identified and highlighting interdependencies between the workstreams, prior to the next delivery phase	The RT heard both internal and external stakeholders support the vision of the programme but lack understanding on the detail of outputs that will be delivered as part of the OTP.

5	Fully engage with stakeholders on tangible outputs prior to the next delivery phase	The RT heard both internal and external stakeholders support the vision of the programme but lack understanding on the detail of outputs that will be delivered as part of the OTP.
6	Update the business case and risk register to reflect the latest position prior to the next delivery phase	Key governance is essential to ensure the programme scope aligns to investments, expectations and supports the decision making that reflects the risks this programme faces.
7	The benefits are reassessed once the business case is updated to reflect the latest position.	Failure to reassess the benefits reflecting the latest position and deliverables may result in benefits not being delivered and impact stakeholder trust

Annex D – SWOT Analysis - detailing feedback from consultation exercise

