

Chief Executive's Report to the Business Committee

1. **Covid-19.** I and Colin Sullivan will provide an oral update to the Business Committee about the business continuity plans the FSA has prepared to respond to a possible widespread outbreak of Covid-19, and other aspects of our preparation.
2. The FSA's **prosecution and litigation** caseload remains heavy, with our Legal Team currently engaged in over thirty active cases, including fourteen live prosecutions being taken by the FSA or the Crown Prosecution Service for breaches of food hygiene or animal welfare legislation.
3. In terms of prosecutions, there has been one completed case since the January 2020 Board meeting. At Hereford Magistrates' Court on 27 January 2020, Country Tastes Limited, the food business operator (FBO) of an approved cutting plant trading as Neil Powell Catering in Hereford, pleaded guilty to one substantive offence under the Food Safety and Hygiene (England) Regulations 2013. Upon conviction, Country Tastes Limited was fined £3,000 and ordered to pay prosecution costs of £6,501.20.
4. The past month has also seen the FSA secure a positive result in a Judicial Review claim brought against us in the High Court by the operators of two approved slaughterhouses, Stillmans (Somerset) Limited and John Penny & Sons. The claim was against FSA withdrawal of service from the slaughterhouses following bullying and harassment of FSA and contracted staff. Judgment was given on 7 February 2020 by Her Honour Justice Foster, who, in dismissing the claim, set out clearly why she disagreed with each of the grounds. The claimants were ordered to pay the FSA costs of the proceedings.
5. **Official controls for meat.** We are continuing to work hard to maintain a high-quality veterinary workforce that effectively delivers official controls to protect public health and animal welfare. A new FSA Official Controls contract is to be delivered by Eville And Jones Ltd from 30 March 2020 for a three-year period. The project team, who have been responsible for the full retender programme, are currently working with internal FSA teams and Eville and Jones representatives, to ensure smooth transition and readiness for the new contractual arrangements. This includes improved IT links, new contractual performance management framework, delivery of dairy hygiene inspections, FBO audits, and unannounced inspections of cutting plants in some parts of the country.
6. **Charging to meat industry.** The Food Standards Agency will be applying new hourly charge rates to the official controls it delivers to the meat industry for the 2020/21 year.

7. The controls are provided by Official Veterinarians (OVs) and Meat Hygiene Inspectors (MHIs) at slaughterhouses, game handling establishments and cutting premises. The new full cost charge rates will be £41.20 per hour for an OV and £32.40 for an MHI. These rates are a 7.3% increase for an OV and 2.9% for an MHI compared with the 2019/20 rates.
8. The main driver for the increase in the rates is the retendering of the contract the FSA has for the provision of nearly all of its OVs and approximately 50% of its MHIs with a commercial provider. The increase follows a period when for a number of years these contractor's costs remained broadly the same.
9. As the Board knows, the meat industry does not pay the full cost of the FSA controls because it benefits from a discount funded by the taxpayer through the FSA budget. For 2019/20 the discount is forecast to be £19.3m.
10. The FSA met with industry trade bodies last week to discuss the new hourly charge rates and have agreed that industry will fund £1.8m of the £2.3m increased cost in 2020/21, leaving the FSA meeting £0.5m of the additional costs. There was also a joint commitment to work collaboratively to improve the effectiveness and efficiency of meat official controls
11. In mid-February FSA commenced work on the '**Savings and Prioritisation**' exercise for all government departments launched jointly by the Prime Minister and Chancellor ahead of the wider Comprehensive Spending Review (SR20) settlement later this year.
12. The approach mandated by HM Treasury is to analyse the FSA's business-as-usual budget for 2020-21 and identify 5% savings for the 2021-24 period. Half of this will then be returned to FSA's budget to use on the most important corporate priorities. In line with the National Audit Office (NAO) report, FSA recognises that the food regulatory system is under significant pressure and will be making a robust case for funding to support our strategic priorities in the SR20 submission.
13. The **Civil Service People Survey** results were published last month on gov.uk and the FSA scored 67% for engagement, bringing the organisation into the top 25% of all participating departments. We are now classed as a high performing department as we are in the top quartile. The scores for the nine main survey themes were the highest, or equal to the highest, scores we have ever achieved in the survey's history.
14. Some of the largest increases were seen in the leadership and managing change theme, including an 11% point increase for the question 'The FSA keeps me informed about matters that affect me' and a 9% point increase for 'I feel change is managed well in the FSA'. These outstanding results reflect the efforts made by managers and staff to embed our Fit for Change approach during 2019.

15. However, whilst our scores for bullying and harassment have been reducing each year, they are still higher than we should tolerate at 13%. Targeted action is being taken to understand the underlying issues and appropriate measures will be put in place to ensure we take a zero-tolerance approach.
16. We will be working with staff to develop and deliver a corporate action plan which will aim to improve on a few areas identified within the survey, boost the successes we enjoyed in 2019 and celebrate our achievements as an organisation.
17. In January the FSA **pay business case** of 7.38% over two years was approved by Cabinet Office and HM Treasury ministers, the result of around two years of careful work. Following formal pay talks with the recognised trade unions a pay offer was made in February and trade unions are currently consulting with their members. We hope to implement a new pay structure in April 2020. The offer sees pay increases between 3.02% and over 10% across the two years with the higher increases going to our people at the lower end of their pay grade. Should the offer be accepted it will be implemented from 1 August 2019. The revised pay structure is intended to get FSA to a more competitive position, with a premia for market-facing and niche jobs. The pay increases will be funded from the FSA's existing budget.
18. **Comprehensive spending review (CSR)**. Following our discussion at the Board Retreat in January, we continue to work on our submission **for CSR20**. HM Treasury's Spending Review is expected to conclude in the second half of 2020, and to cover spending between 2021/22 and 2023/24.
19. Our CSR bid will be underpinned by a robust evidence base with clear linkages between the investment that the FSA makes and the impact that our work as a regulator has on consumer safety and the wider UK economy. This will be done in the context of the financial pressures on the food regulatory system as recognised by the NAO Report and the Public Accounts Committee in 2019.
20. Our bid will be driven by a comprehensive case for a rollover of existing funding (including the money previously allocated to EU Exit) to allow the FSA to continue to deliver our core activity. In addition, we will make a case for the additional investment that we believe is needed to deliver a change in the regulatory model, investing into additional science and evidence work (e.g. through our sampling strategy), whilst ensuring that the FSA is able to move beyond the 'no deal' 'minimum viable product' for our responsibilities outside of the EU.
21. The FSA welcomed Paul Morrison in December as **Director of Strategy, Legal and Governance**, on a short-term loan from the Home Office. Paul's priorities include refreshing the EU Exit Programme, establishing a Strategy Unit and supporting the Finance Director with the FSA's bid to the comprehensive spending review.

22. Martin Evans, **Head of Field Operations**, retires on 31 March. Interviews for his replacement took place on 14 February. An offer has been accepted by an external candidate. I would like to place on record the FSA's thanks to Martin for his service. His warmth, enthusiasm for the work, and commitment to staff and food businesses has been an inspiration to many.
23. We are working with Saxton Bampflyde Executive Search Advisors to recruit a new **Chief Scientific Adviser** to replace **Professor Guy Poppy** who steps down in the summer. The short list meeting took place on 2 March, and the final panel interviews are on 31 March. Patrick Vallance, Government Chief Scientific Adviser, is providing the technical expertise to the panel, which includes the FSA Chair, a member of the Science and Evidence team, a Civil Service Commissioner and myself.
24. We have recently launched our **FSA Foundation** which is a new way of inducting FSA new starters and providing essential support for those who are just starting their FSA career. Feedback from the pilot has been extremely positive. A **Management Fundamentals Framework** has also been launched which aims to provide essential skills to our managers. And finally, the Executive Management Team (EMT) have approved a proposal for a new **FSA Reverse Mentoring scheme** which all EMT members will participate in. HR are preparing to launch the scheme in April 2020.
25. As part of my regular engagements, I **met the trade unions** in Birmingham on 15 January.
26. I also spent a day chairing the **FSA's Diversity Council** in February, and hosted drinks for LGBT+ history month. Each staff network (e.g. LGBT+, BAME, disability) now has an EMT champion as well as a chair.