

MINUTES OF THE FSA BUSINESS COMMITTEE MEETING ON 11 MARCH 2020

Clive House, 70 Petty France, Westminster, London SW1H 9EX

Present:

Heather Hancock, Chair; David Brooks; Margaret Gilmore; Ruth Hussey; Colm McKenna; Mary Quicke; Stuart Reid; Timothy Riley; Mark Rolfe.

Officials attending

Emily Miles	-	Chief Executive
Chris Hitchen	-	Director of Finance and Performance
Maria Jennings	-	Director of Regulatory Compliance, People and Northern Ireland
Paul Morrison	-	Director of Strategy, Legal & Governance
Rick Mumford	-	Deputy Director of Science
Julie Pierce	-	Director of Openness, Data & Digital and Wales
Guy Poppy	-	Chief Scientific Adviser
Rebecca Sudworth	-	Director of Policy
Colin Sullivan	-	Chief Operating Officer

1. Welcome and Introductions

1.1 The Chair welcomed everyone to the meeting.

2. Minutes of 21 January 2020 (FSA 20/03/13)

2.1 The Chair asked if the Board were content that the minutes of the Business Committee meeting of 21 January represented an accurate record. The Board indicated they were content.

3. Actions Arising (FSA 20/03/14)

3.1 The Chair noted that there were no matters arising.

4. Chief Executive's Report to the Board (FSA 20/03/15)

4.1 The Chair invited the Chief Executive (CE) to present her report. The CE said that she wanted to give her reflection on resourcing and also speak about COVID-19, adding that she would also like Colin Sullivan and Maria Jennings to contribute to those updates.

4.2 On resourcing, the CE said that a business plan had been set for next year and a way had been found to keep within budget for plans for the next year and for the period 2021-24, as covered by the report. She said this had required rigorous prioritisation and that unexpected events or changing in planning assumption, could throw the plans off course.

- 4.3 The CE said it had been confirmed that Eville & Jones would be the FSA's partner going forward and that this would have cost implications for the meat industry as the regulatory services cost would rise. She highlighted that the FSA was preparing for the Spending Review and explained that the value added to the food industry would be highlighted. She said the FSA had a small budget compared to other departments and would likely receive little attention but would make the case clearly.
- 4.4 On COVID-19 the CE explained that, in line with the Government's action plan, the FSA had been developing a coordinated response to the outbreak. She said it was being managed internally as a business continuity incident. The FSA was preparing to manage with 20% fewer staff than usual; support had been offered to Public Health England and similar offers would be made in Wales and Northern Ireland if required.
- 4.5 The CE detailed two aspects of the COVID-19 outbreak which could affect the food industry. Firstly, from having fewer staff available to provide meat official controls and secondly, should Local Authorities (LAs) find that they have 20% fewer staff. She asked Colin and Maria to say more.
- 4.6 Colin explained that the incident was being managed through tried and tested methodology and overseen by the strategic incident oversight group. He explained that there was a business continuity challenge in terms of frontline activities. There was a detailed Q&A for the staff, building on advice coming from central government adding that the outbreak management was currently within the containment phase.
- 4.7 Colin explained that the focus was on protecting staff and ensuring that the risk of any workplace transmission of COVID-19 was minimised as well as delivering on the public health responsibilities for consumers. For operational staff, Colin explained that there were a number of things that had been worked through and a task and finish group, due to report that week would be discussing proposals with industry.
- 4.8 Colin mentioned the Food Chain Emergency Liaison Group chaired by the Department for the Environment, Food and Rural Affairs (Defra) in considering options for maximising the number of Official Veterinarians (OVs) and Meat Hygiene Inspectors (MHIs) available on the line. He added that there was the possibility of redeploying a number of professional colleagues not working on frontline duties such as staff working on veterinary audits who were qualified to carry out the work as well as seeking assistance from recently retired colleagues, while conscious of the way that COVID-19 was affecting older people.
- 4.9 Where a business was unable to operate, Colin explained available staff would be redeployed. He said there was a central secretariat set up in field ops to work across the three regions to determine the effective deployment of staff. He also raised the animal welfare aspect of staff shortages, noting that issues could be caused by backlogs on farms affecting some species more than others.

- 4.10 Colin explained that, for this reason, poultry and pigs, would likely receive priority over sheep and cattle. He explained the next step would be to consider whether it was necessary to relax the official controls and consider the risks posed from that, taking legislation through the Civil Contingencies Act if required. He also confirmed that the FSA had been working together with Food Standards Scotland (FSS) to ensure a four-country approach, aware that it would be necessary to share resources and expertise. Colin highlighted staff were working from home where possible, noting that the FSA had that capacity for most office-based staff.
- 4.11 Maria addressed the questions relating to LAs. She said that the same planning assumptions were being applied, involving 20% of staff being absent at any one time. She said that the FSA was working closely with LAs to ensure that they made appropriate risk-based decisions in the event that their staff that were not available to carry out planned inspections. She said priority would also be given to responding to food incidents.
- 4.12 The Chair asked the Board if they had any questions on the CE's report. David Brooks commented that the impact on specific local authority services could be greater than 20% as they were already working on prioritising their services. He suggested Environmental Health services may see their available staff moved out of that activity completely.
- 4.13 The Chair asked whether any feedback had been received from the food industry about the guidance they required in relation to the measures that were being taken. Colin said that concerns had been raised and new guidance would supplement the central guidance, which was mainly around hygiene. He said the issue would be discussed with meat industry representatives through the task and finish group.
- 4.14 Colm McKenna said he it was his view that the FSA, as a regulator, should not be subsidising the red meat industry, making the distinction that this did not necessarily mean that government, should not do so. He asked a question relating to the scores on bullying and harassment raised in the report. He asked whether staff were aware of the policies of the FSA and the steps they could take.
- 4.15 The CE said there was a lot of detail from the People Survey included in the figures including those who had reported bullying or harassment and those who felt their concerns were resolved.
- 4.16 Maria Jennings added that the numbers coming through the staff survey were not picked up in routine conversations with staff but that there were appropriate mechanisms in place to encourage people to come forward. She also highlighted the FSA's Inclusion Champions group and the Lunch and Learn sessions, which were held to try to communicate to staff that support is available to them. She said the results would be looked at in detail and targeted action taken in specific incidents. She said there was no tolerance of bullying within the FSA and that would be expressed loudly and clearly.

- 4.17 The CE mentioned a case where the FSA had withdrawn service because staff had been bullied and harassed. She said that case had been won, clearly showing food businesses that the FSA was on the side of its staff. She noted that a minority of cases were external, and most were instances of staff reporting bullying and harassment from within the organisation, from their peers and their managers. She explained that the FSA was seeking to address this through various initiatives.
- 4.18 The Chief Scientific Adviser said that it would be important to talk to public health officials more widely as the current strain Covid-19 was putting on the NHS and the UK public health system meant that the impact of a food related incident could be exacerbated. The Chair agreed adding that the public health benefits in relation to foodborne disease from the current increased attention to hand hygiene were yet to be seen.
- 4.19 Ruth Hussey welcomed the organisation's approach to dealing with COVID-19 and the risks posed to the FSA from it. She raised a concern about the focus on communications, with LAs reporting repeated questions from industry, and the hospitality sector about how to deal with certain situations. She said that anything that could be done to help spread accurate information during the containment phase and making sure people know where to get reliable trusted advice would be important.

5. Performance and Resources Report (Q3 19/20) (FSA 20/03/16)

- 5.1 The Chair asked Chris Hitchen to introduce the Performance and Resources Report for 2019-20 quarter three. Chris gave an overview of the report, mentioning the reputation tracker and public attitudes, and progress with delivering the business plan within Treasury limits.
- 5.2 The Chair welcomed the 7% increase in trust in the FSA; it was interesting as trust tended to increase when there had been an incident, and no major incidents had taken place in the quarter.
- 5.3 The CE observed that on the Food Hygiene Rating Scheme rating measure, the FSA was above the target that the Board set the organisation. She asked the Board whether the ambition should be amended, adding that this did not need to be decided now.
- 5.4 On LA performance, the CE said that at the January meeting, she had named LAs at different stages of the escalation process. To continue that, she said there were two local authorities at stage three where there had been engagement at Chief Executive level. She explained that with Birmingham, there had been an update against the agreed action plan on 20 February, confirming that the LA was taking positive steps. Northamptonshire had performance issues related to standards delivery and some progress had been made in implementing the action plan. There were no LAs at stage two, but that Bristol, Camden, Croydon, Durham County Council, Herefordshire County Council, Liverpool City Council and Wiltshire were all at stage one of the

process. With all of those Las, there were agreed action plans and progress was being monitored. The Chair emphasised the importance of having this information in the public domain.

6. FSA Activity, Budget and Additional Key Priorities For 2020/21 (FSA 20/03/17)

- 6.1 The Chair asked Chris Hitchen to move on to introduce the paper setting out the conclusions that the Executive team had come to on next year's budget and priorities. Chris summarised some of the key points from the paper including the ongoing focus on the EU Exit transition period, regulatory reform, and work on food hypersensitivity.
- 6.2 Chris explained that there had been no major changes in the priorities from the current year. On the budget for the next year, Chris said it was expected that the FSA's operating environment would continue to be dynamic and there would be a need to be able to respond accordingly. The FSA's budget for the three years starting 1 April 2021 would be agreed during the Spending Review (SR20) later in the year.
- 6.3 The CE said that she was conscious of Board comments on food hypersensitivity and the rate of progress with Regulating Our Future (ROF) and there had been resources added to these budget lines in particular to reflect the steers from the Board in previous meetings.
- 6.4 The Chair noted that in previous years, a greater emphasis had been placed on the resources available in LAs. She said that as understanding about the burden of foodborne illness increased, underserved areas such as food hypersensitivity, and pressures from new international trading relationships could put the FSA in an uncomfortable position. She invited the Board to comment.
- 6.5 Ruth Hussey asked a question about an issue which also related to the CE's report. She explained that the CE's report mentioned 5% savings in a prioritisation exercise. She said from that, it appeared that there should be a 2.5% cut and that, if the Spending Review did not provide the necessary funding, then the FSA would be starting in a much worse position on top of the pressures that were already there.
- 6.6 The CE explained that the prioritisation exercise was one of a number of FSA submissions which would inform conversations with Treasury that would determine the final SR20 settlement. Chris clarified the 5% submission related to the 3 years from 21/22 onwards, which was the Spending Review period. The CE confirmed in the 5% submission the FSA had made clear to HMT that delivering the savings would be difficult.
- 6.7 David Brooks said it was disappointing to have to slow down the pace of progression on any activity. He noted there would be resource going into sustainable funding but not additional resource. He asked whether this was the right thing to do as the sustainable funding model would become increasingly

important. Conversely, he noted that little traction had been gained with the National Inspection Strategy (NIS) and he was surprised to see it as a key deliverable for this year. He said it would be useful to ensure resources were being put behind activity that FSA were confident was deliverable. This could release a small amount of money for other activities.

- 6.8 Maria Jennings explained that the work that was making little progress had been deprioritised. She said that, on NIS, a pilot was being run in partnership with a primary authority to which the FSA had committed and would see through. This could contribute to the shape of the new system which was the subject of the next paper on the agenda.
- 6.9 On the sustainable funding model, Chris explained that the FSA would need Ministerial support to make a significant change to the regime and would also need the legislative capacity. He said the FSA would be attending a meeting to explore the options and the appetite of other departments to explore changing the regime and funding model. The outcomes from this discussion would need to inform SR20 discussions with Treasury about the resources needed to start work to deliver a very significant change.
- 6.10 The CE added that, on NIS, she was persuaded that there was a benefit to pursuing the pilot, which could feed into the work on surveillance. She acknowledged the approach may not be implemented more broadly but could give information on the overall regulatory model. On the sustainable funding point, she explained that windows for making policy only opened briefly and it needed to be developed at the right time. She suggested there was a window coming up and so Ministers could be interested in it. She said she did not want the organisation to be doing a lot of work on something that would not have the audience to progress. She added that if there were think-tanks who were thinking about funding models and what government should do, advice on that would be very welcome.
- 6.11 The Chair said that the FSA would be working with other parts of government on the recommendation on LA funding in the National Audit Office (NAO) report, but that finding solutions to this depended on the FSA itself having the funds to develop smarter solutions for LAs. We needed to be clear to the NAO and other departments that the FSA as well as LAs needed funding properly, to provide the systems, thinking and innovation required to improve the regime at LA level.
- 6.12 Colm McKenna asked about the table at Paragraph 4 of the paper. He said it appeared that there would be an underspend for the current year. He asked whether the £120 million for 20/21 had been secured.
- 6.13 Colm also asked how it would be possible to get back money for the delivery of controls. He acknowledged the CE's point about innovative thinking, emphasising the need to consider the funding model going forward. He noted the £200 billion value of the food industry and asked whether taxpayers should be funding a significant part of it, adding that there was no question the regulator should not be doing it.

- 6.14 Chris said that Colm was correct in terms of the underspend. He said that the primary driver for the underspend was the in-year £3 million no-deal planning additional budget that was received but because there had not been a 'no deal' EU exit, was not spent. Chris also confirmed the 20/21 budget had been confirmed by Treasury, so the uncertainty was for the Spending Review period 21/22 onwards.
- 6.15 The Chair summed up the discussion saying that the Business Committee agreed to adopt the business plan and budget, but with concern and reservations about the consequences of both the prioritisation that had had to happen, and the likelihood of further prioritisation being required during the year. She noted the Board's anxiety about underinvestment in the work of the FSA. She noted the FSA's contribution in terms of value for money, as well as the societal and economic benefit of avoiding foodborne illness. She also highlighted the negligible costs of the FSA in comparison to its value to the food industry in generating trust and confidence for consumers and, for exports, confidence in the quality of British food and the regulatory regime it operates within. She said that the Business Committee wanted to register concern and disappointment that it was necessary to slice into really important areas of work that the Board would not be choosing to deprioritise in any other circumstances.
- 6.16 Colm reinforced the CE's earlier comments about the small size of the FSA. He said the smaller a department was, the more difficult it would be to make those cuts that all departments were required to make. He said that it appeared quite small as a percentage but cautioned that it would severely damage this department and that needed to be understood and discussed.
- 6.17 The Chair agreed saying the FSA had, in many areas, one person taking responsibility for a whole area of work - and if the resource for that person was unavailable, then that area of work would cease.
- 6.18 Mary Quicke said that If the FSA was involved in trade agreements, it was important that the department was well enough funded to be a regulator that was a trusted leader with the confidence of consumers. She stressed that nothing could damage a trade deal more than a food incident.

7. Achieving Business Compliance – Forward Plan (FSA 20/03/17)

- 7.1 The Chair said the final paper for this meeting was the update promised as a work in progress on Achieving Business Compliance. She invited the CE, to introduce the paper. The CE said that an update had been requested at the January meeting and there had only been seven to eight weeks since then hence why not a lot of progress had been made yet. She said that it would be more useful to have a deeper conversation on the deliverables in due course.
- 7.2 The CE noted the deliverables in the previous agenda item listed under Achieving Business Compliance were familiar and said she would expect those to get more granular and specific in the course of work over the next three months.

- 7.3 The Chair invited comments from Business Committee Members. She commented that the Balanced Scorecard should be kept in mind also as it was important for the visibility of holding LAs to account and having sight of the direction they were going in. Mark Rolfe commented on the deployment of skills and the question around how engaged the FSA was with the professional examination body in this area. He said that other government departments had significant influence over Government recommendations, and it was unclear why the FSA should not.
- 7.4 Mark also noted the section about acting nationally and non-geographically. He said there were models in place, which might warrant consideration, and which could be built on. He offered to assist with this if required. He said there was also a mention of resources for LAs. He explained that there were methods of helping those at the most senior level of LAs understand the need to prioritise resources when the managers of these services are not at the top table.
- 7.5 The CE welcomed these points and invited comments on professional standards. Maria Jennings said that on the Balanced Scorecard, it was part of business as usual for the regulatory compliance team and therefore not necessarily captured within the programme on professional standards. She said that had not been described properly in this paper. She said there was a wider piece of work around what the universities offered and how people qualified in the tasks we wanted them to be suitably qualified for. She said that this would be brought back to the Board in September. Mark clarified that it was not just the environmental health qualification. Maria confirmed that Mark was correct.

Action 1 - Director of Regulatory Compliance, People and Northern Ireland to include information about relevant qualifications in paper on Achieving Business Compliance for the September 2020 meeting.

8. Any Other Business

- 8.1 The Chair said that no other business had been raised for the Business Committee and closed the meeting saying the next meeting would be in June in Exeter.