
FSA PRIORITIES AND BUDGET 2016/17

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1 SUMMARY

1.1 The Business Committee is asked to:

- **Agree:** the FSA's high-level priorities and budget for 2016/17.

2 BACKGROUND

2.1 2016/17 will be the second year of the FSA's five-year strategic plan.¹ The Board agreed the FSA's strategy for 2015-20² at its meeting in November 2014,³ and we are coming to the end of the first year of the strategic plan, which the Board agreed in March 2015.⁴ Many of the activities we have planned for 2016/17 therefore come from the strategic plan.

2.2 The Board discussed the FSA governance framework with the Executive in January 2015. In line with that discussion, the Board is now being asked to approve the FSA's annual high-level business plan priorities and budget at the same time.

2.3 The FSA agreed a spending review settlement with the Treasury for the four years 2016/17 to 19/20, which keeps the FSA's Westminster budget flat at its 2015/16 baseline level. In line with our spending review settlement, a final budget settlement has been agreed in relation to the transfer of Westminster funding from the FSA for the establishment of Food Standards Scotland. The FSA's Westminster resource budget for each year of the spending review period is £82m, which equates to a real-terms reduction of 7% over the period.

2.4 Subject to confirmation in March, the budget for the FSA in Wales is expected to continue to remain flat at £3.5m for 2016/17. The FSA in Northern Ireland has a confirmed budget for 2016/17 of £8.2m, which equates to a 5.7% cut from 2015/16. The budgets for the devolved offices have not been set beyond 2016/17.

2.5 Whilst the strategic plan covers a 5-year period, this paper presents a one-year budget. Now that we have a multi-year spending review settlement for our

¹ https://www.food.gov.uk/sites/default/files/FSA%20strategy%20document%202015-2020_April%202015_interactive%20%28%29.pdf

² <https://www.food.gov.uk/sites/default/files/Strategy%20FINAL.pdf>

³ <https://www.food.gov.uk/sites/default/files/board-mins-5nov14.pdf>

⁴ <https://www.food.gov.uk/sites/default/files/meeting/minutes/board-mins-mar2015.pdf>

Westminster budget, the FSA intends in its next planning round to develop the medium-term financial plan covering 3 financial years.

- 2.6 This paper sets out the FSA's high-level priority activities for the year. A lot of other work is also planned, and it is important to note that just because a piece of work is not included in this paper does not mean that it will not be done.
- 2.7 Following the Board's discussion of this paper, the Executive Management Team will finalise and cascade the corporate business plan for 2016/17 to support delivery of the strategic plan.

3 STRATEGIC AIMS

- 3.1 The FSA aims to use its limited resources to leverage better outcomes for consumers. Those outcomes, which were specified in the strategic plan, are aligned to the Board's definition of consumers' interests in relation to food as set out in the strategy:
- Food is safe
 - Food is what it says it is
 - Consumers can make informed choices about what to eat
 - Consumers have access to an affordable healthy diet, now and in the future

4 YEAR 1 OF THE STRATEGIC PLAN: FOUNDATIONS

- 4.1 2015/16 has been the first year of a five-year strategic plan for the FSA. Our focus has been on putting in place building blocks on which the rest of the strategic plan period will rest.
- 4.2 Our ambitions have become tangible – as exemplified in our work to tackle *Campylobacter*, our plan to move to a sustainable future funding model for meat official controls, and the principles we discussed with stakeholders last month that will underpin moves to different delivery models. And, crucially, we have developed our organisational capabilities, so that we can achieve the best outcomes for consumers.
- 4.3 Furthermore, during 2015/16, we put in place some of the key components necessary for delivering our long-term strategic plan, as set out in Annex A.

5 YEAR 2 OF THE STRATEGIC PLAN: MOBILISATION

- 5.1 By the end of the second year of our strategic plan, we will have made further progress towards our strategic aims, we will be clearer about our future, we will be more confident in describing the steps we will take to get there, and we will be building coalitions to get support for change. In particular:
- We will have engaged extensively on the design of our future delivery models,

- We will have begun the transition to these new models, with new contractual arrangements in place for official controls delivered by the FSA, and
- We will have a clear position about whether the National Food Crime Unit (NFCU) should have an investigative capability, as proposed in phase two of the Elliot review.

6 PRIORITIES FOR 2016/17

6.1 The FSA is planning four over-arching priorities for 2016/17:

Reducing human illness from Campylobacter

6.2 Continuing our Campylobacter campaign,⁵ we have proposed a corporate objective that by the end of March 2017 there should be 100,000 fewer cases of human campylobacteriosis, measured against a counterfactual of how many cases there would have been without the industry action that has resulted from the campaign. We will also be taking steps to ensure that improvement on the part of industry is sustainable and sustained, and that industry is effectively held accountable on an ongoing basis.

Implementing our regulatory strategy

6.3 At the start of our strategic plan, the Board agreed a new regulatory strategy. Implementing that strategy requires a comprehensive redesign of our regulatory role and the way in which the regulation of food businesses operates.⁶ We plan a number of significant steps in 2016/17 towards implementation of the regulatory strategy.

6.4 Our regulatory strategy can be summarised as “we’re here to make sure businesses do the right things for consumers and encourage them to change their behaviour if they’re not”. In 2016/17, we plan to define the “right things for consumers” by working collaboratively to develop **a clear set of measurable standards** that we expect all food business operators to work to.

6.5 For many food businesses, the most effective time for regulatory engagement will be at the point of their **registration** when they can take account of advice to ensure that they are well-placed to deliver on their legal obligations and meet consumers’ legitimate expectations. Our objective is that businesses can submit data through a simple, streamlined means to demonstrate from the outset that they will be able to meet their obligations and are fit to be registered as food businesses. Following our successful “Regulating the Future” event in Cardiff in February,⁷ in 2016/17 we will work with consumers, across central and local government and with industry to explore how we can best meet this objective, which is a central part of the design of our future delivery model.

⁵ See separate paper on our Campylobacter campaign for the FSA Board meeting on 16 March 2016: <https://www.food.gov.uk/about-us/our-board/meetings>

⁶ <https://www.food.gov.uk/sites/default/files/fsa-160106.pdf>

⁷ <https://registration.livegroup.co.uk/regulating-the-future/>

- 6.6 We will exploit smarter ways of working and use of technology, ensuring that, within the constraints of European law, our official controls for meat are risk-based, targeted and cost no more than they should. This will increase our effectiveness and the value for money provided through our official controls, as well as contributing to the development of a more sustainable funding model.
- 6.7 We will put in place **new contractual arrangements for veterinary and meat inspection in England & Wales**. The improved inspection model, which will operate from April 2017, will allow the delivery landscape to adapt to emerging global and scientific trends with flexible, upskilled resource which can also provide support in other sectors. New contracts are to be awarded by the end of December 2016.
- 6.8 Subject to the necessary Cabinet Office approvals, the **discount reform changes** from phase 1 of the work on charging for meat official controls, which move the charging system closer to a sustainable model, will become fully operational in 2016/17. We will launch the new scheme, which aligns incentives and drives efficiencies for taxpayers and industry alike, with new IT support, delivering a timely, accurate and transparent charging system. We will also support phase 2 of the charging programme, working in a collaborative way with industry to establish a sustainable model.

Becoming a data-driven organisation

- 6.9 As the Board discussed in January, our objective is to become a data-driven organisation, systematically making best use of data to achieve our outcomes for consumers.⁸ In 2016/17, we will begin to **build the infrastructure** to enable the Agency to use data to maximum effect.
- 6.10 In 2016/17, we plan to run a set of **pilots** to explore the feasibility and value of data sharing. We plan that these will include combinations of the FSA, others in government, FBOs, organisations to process/analyse data sets. The pilots will produce lessons learned to cover amongst other things: data quality, anonymization/security, ethics, governance, on-going service delivery, technology, and cost/benefit.

Our ways of working

- 6.11 In order to ensure that we deliver our outcomes for consumers, we will continue to strive to improve our collective capabilities. Our aim is to be a vibrant learning organisation that attracts and retains the best staff, each of whom is engaged, highly motivated to deliver, innovative, collaborative, well led, and supported with the right tools.
- 6.12 Our objective for 2016/17 is to be in the top-performing civil service departments as measured in the civil service people survey. To support this objective, we will promote a culture of flexible and collaborative working to help

⁸ <https://www.food.gov.uk/sites/default/files/fsa160104.pdf>

ensure successful and effective business delivery. We will also test and agree a number of contract offers for staff to introduce and support better ways of working and achieve better outcomes. As a consequence, by the end of the year, we will have agreed our future estates requirements. We will also redesign our workforce planning so that it takes place at a corporate level so that we are planning and investing our people resources correctly and dynamically to maximise our ability to deliver against the strategy.

Other key activities planned for 2016/17

- 6.13 As mentioned above, whilst these four areas represent our headline activities for the year, work is planned in a lot of other areas. Board Members might be particularly interested in two of these: fighting food crime, and surveillance.
- 6.14 The 2014 Elliot Review recommended that the National Food Crime Unit's progress is reviewed, "after two years to determine the need for expansion". The Government committed to a review of progress and likely future need after two years. Before the end of December 2016, we will prepare a comprehensive report on the progress of the NFCU, identifying any gaps that may exist between threat and response and options based on these gaps and anticipated future needs, allowing the Government to take a view on next steps for the NFCU.
- 6.15 We will review our approach to surveillance and sampling in the light of identified risks and incidents and will implement a new surveillance strategy.

7 FSA BUDGET 2016/17

- 7.1 The gross expenditure forecast (excluding Annually Managed Expenditure) for FSA England, Wales & Northern Ireland is £127.2m in 2015/16. The equivalent budget for 2016/17 is £129.3m.

Area of Investment: £m	Forecast 2015/16	Budget 2016/17	£change	% Change
Official controls	£67.6m	£64.4m	(£3.2m)	(5%)
Science and Evidence	£13.9m	£16.8m	£2.9m	21%
Local Authority Support	£5.0m	£4.9m	(£0.1m)	(2%)
Openness, Data & Digital	£10.7m	£11.4m	£0.7m	7%
Other Corporate Services	£13.9m	£14.2m	£0.3m	2%
Nutrition, Policy, Devolved and Other	£16.1m	£17.6m	£1.5m	9%
Gross FSA expenditure inc Capital exc AME	£127.2m	£129.3m	£2.1m	2%
Income from Official controls	(£32.3m)	(£32.1m)	£0.2m	(1%)
Total net expenditure exc AME	£94.9m	£97.2m	£2.3m	2%

- 7.2 Science and evidence remain at the heart of the FSA's new strategy, and expenditure levels in this area will increase significantly in 16/17 (increasing by

21% from £13.9m in 15/16 to £16.8m 16/17, representing 13% of our planned net expenditure next year). This increase will ensure delivery of the plan to implement the FSA's Science, Evidence and Information strategy, which the Board discussed in November 2015. A breakdown of science expenditure in 2016/17 is shown in Annexes C and D.

- 7.3 In line with our objective to become a data-driven organisation, we are increasing our investment in this area and the supporting IT by 7%. This investment explains the increase in corporate services expenditure in Annex B, together with £0.9m contingency to give us some in-year flexibility.
- 7.4 We are able to fund these increases in investment because of a £3m gross (before income) reduction in the cost of official controls from 2015/16. This reduction is mainly for official controls for which the FSA does not charge (e.g. £0.3m reduction in the cost of shellfish official controls; the cost of official controls in 2015/16 included £0.9m for a review of delivery of feed official controls). Beyond those reductions – and in line with our regulatory strategy objective above – we are taking steps towards a sustainable funding model for official controls whilst maintaining consumer protection.⁹
- 7.5 Annually managed expenditure (AME) is non-controllable expenditure largely relating to pensions and cannot be switched into other budget categories. There is a large increase (£7.5m) in AME provisions for costs beyond FSA's control (Annex E). It is set as a high limit for 2016/17 by HM Treasury to allow for expected volatility, particularly pensions costs.

8 IMPACT

- 8.1 The impact of the continuing real-terms reduction in our budget is that the FSA has had to make further efficiencies and prioritise more than ever before.
- 8.2 We have recently introduced two new means of prioritising in order to ensure that our activities are aligned to the strategic plan and offer maximum value for money. First, EMT is initiating a more corporate approach to prioritising what our people do (i.e. the activities in which they invest their time, expertise, etc.), because our people are our most constrained and critical resource in terms of achieving our strategic objectives. We are rigorously prioritising the elements of our activity that are key to delivering the strategy and reducing people resources in other areas, so that they can be redeployed to where they will make a bigger difference to us achieving outcomes for consumers.
- 8.3 Alongside this, EMT has established an investment sub-group to prioritise work across the organisation and focus our funding on the projects that make the greatest contribution to the achievement of our strategic goals. Steve Wearne will chair the sub-group, with Julie Pierce and Chris Hitchen as its other

⁹ The savings in this area come from a combination of fewer contract MHI hours and reducing spend on contract OVs, FSA managers, and T&S.

members. The new sub-group will improve our ability to join up work across directorates and ensure we maximise our impact for consumers.

9 CONSULTATION

9.1 The FSA carried out consultation on its strategy and strategic plan. No separate consultation was done on the 2016/17 priorities or budget.

10 DEVOLUTION IMPLICATIONS

10.1 The budgetary settlement relating to Food Standards Scotland and the budgetary position for Wales and Northern Ireland is set out above (paragraphs 2.3 and 2.4).

11 CONSUMER ENGAGEMENT

11.1 Given our pledge to put consumers first in everything we do, we seek to ensure that consumers' interests in relation to food are reflected in what we do and in how we allocate resources. We have prioritised the activities that we consider will make the biggest contribution to our strategic outcomes for consumers.

11.2 The FSA conducts a biannual tracking survey with consumers, in order to monitor changes in consumer attitudes towards food-related issues. As we continue to develop our understanding of consumer interests in relation to food, we will continue to review how we allocate resources (e.g. in the light of the outcome of the Our Food Future conference in February 2016).

12 CONCLUSION AND RECOMMENDATIONS

12.1 The Board is asked to:

- **Agree:** the FSA's high-level priorities and budget for 2016/17.

ANNEX A: FOUNDATIONS

In 2015/16, the FSA put in place some of the key building blocks on which the rest of the strategic plan will rest:

- We developed our approach to **campaigning**, as exemplified through our work on **Campylobacter**.¹⁰
- We developed a **new framework for ‘risky foods’**.¹¹
- We implemented **new audit arrangements** for FSA-approved meat establishments, which incentivise FBOs to drive up standards, and help the FSA to take action against those businesses that are not meeting requirements,¹²
- We put in place a high-level delivery plan for the FSA’s **Science, Evidence and Information** Strategy for 2015-20,¹³
- We consulted on and further developed proposals for a **reformed system of discounts on meat official control charges** to align incentives and drive efficiencies for taxpayers and industry alike (‘Stow 1’),¹⁴
- We consolidated the newly-established **National Food Crime Unit**, establishing effective measures for intelligence gathering, management and analysis, and case building, so that we can protect consumers from the detriment caused by food fraud,¹⁵
- We improved our capability to respond to a **major incident**, including leading a major cross-government incident management exercise,¹⁶
- We increased **staff engagement** by 7% in the Civil Service People Survey to 60%, 2% above the Civil Service average and only 3% off the Civil Service high performers,
- We put in place a new programme of **learning and development (L&D)**, resulting in an 8% increase in the Civil Service People Survey for L&D, putting the FSA in the high performers for this category,
- We put in place a **new organisational structure**, aligned to the strategic plan, restructuring the Executive Management Team and the directorates, and we developed the capability of our management community, and set new objectives for our senior leadership team,
- We increased our use of **social media**, demonstrating our commitment to openness,
- We changed the structure of our **portfolio** of major change programmes, so that we are better set to deliver our projects,
- We researched **consumers’ wider interests in relation to food** and convened a major conference on **Our Food Future**.

¹⁰ <https://www.food.gov.uk/sites/default/files/fsa150705.pdf>

¹¹ <http://www.food.gov.uk/sites/default/files/fsa150904.pdf>

¹² <http://www.food.gov.uk/sites/default/files/fsa150604.pdf>

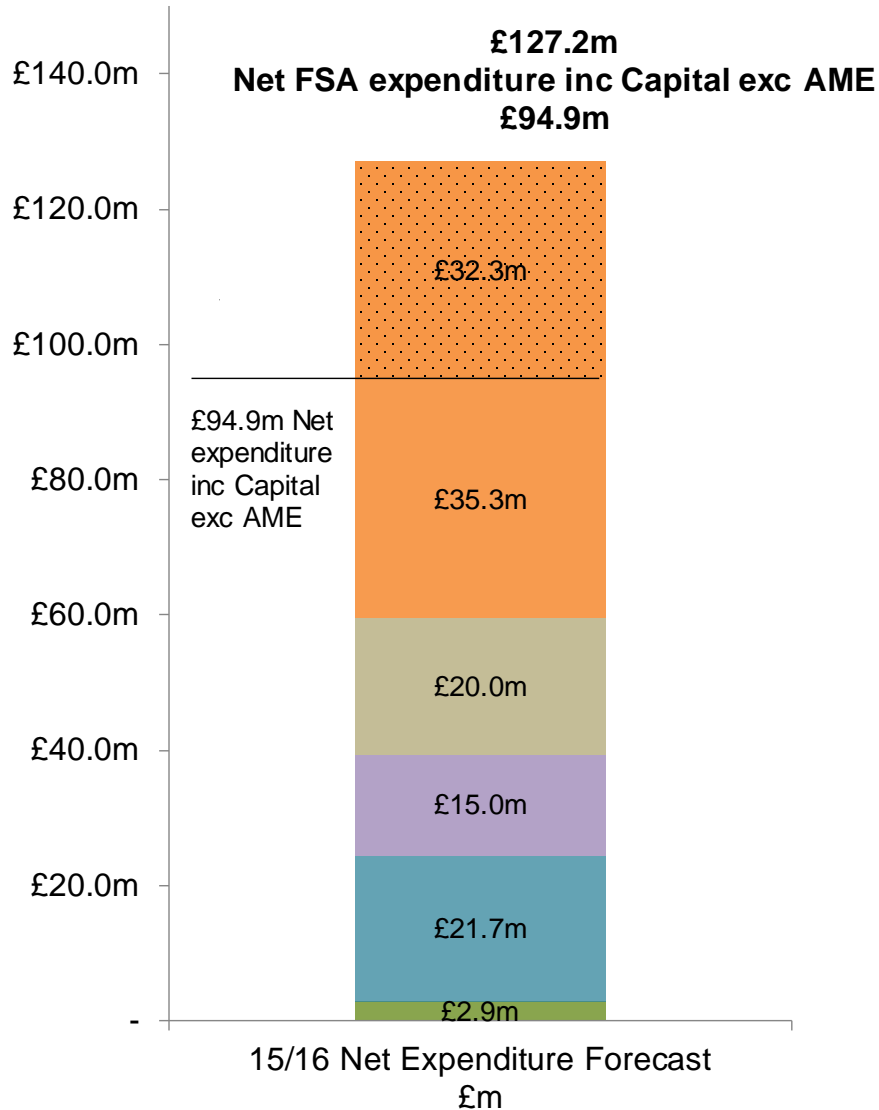
¹³ <https://www.food.gov.uk/sites/default/files/fsa151104.pdf>

¹⁴ <http://www.food.gov.uk/sites/default/files/fsa150905.pdf>

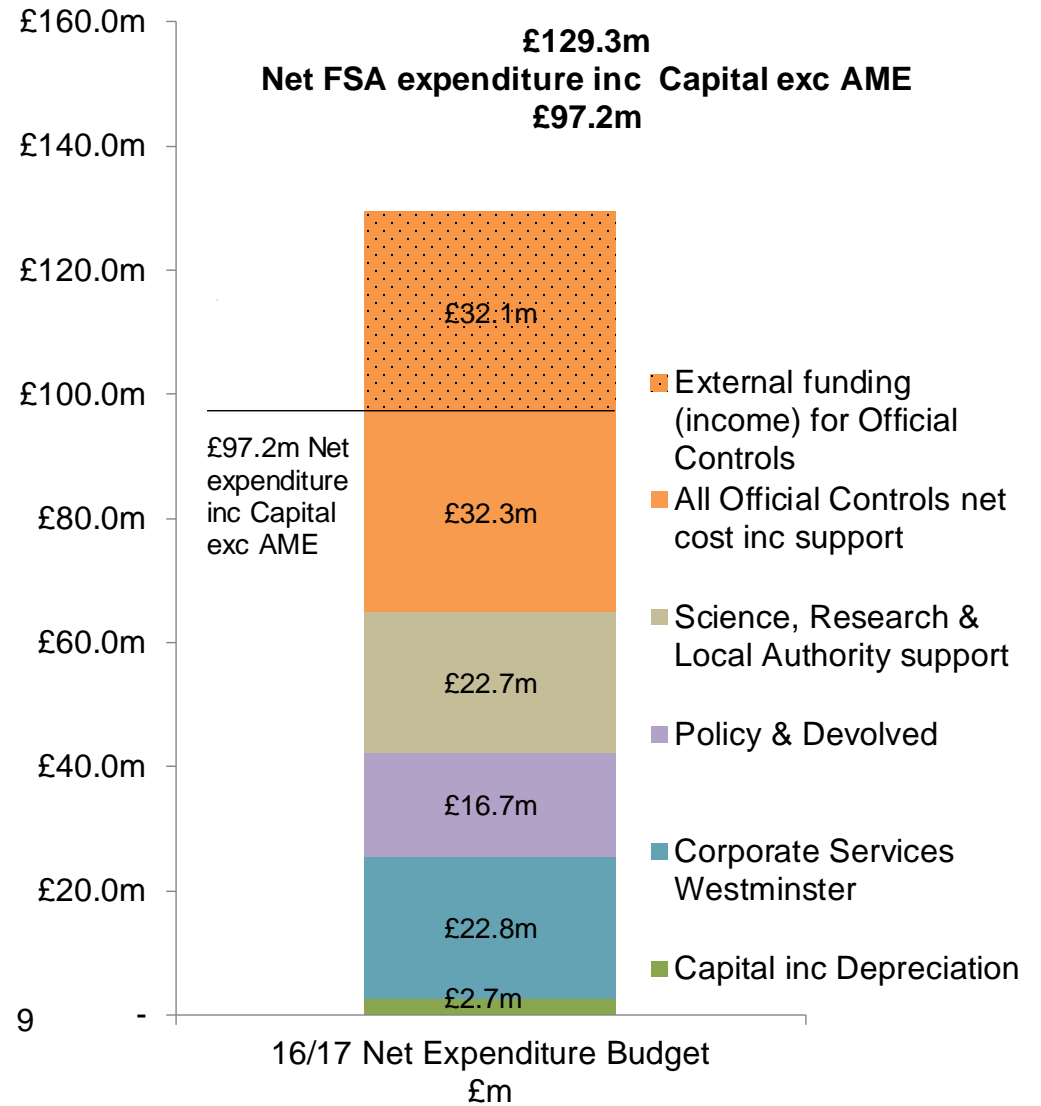
¹⁵ <http://www.food.gov.uk/sites/default/files/fsa150906.pdf>

¹⁶ <http://www.food.gov.uk/sites/default/files/fsa150911.pdf>

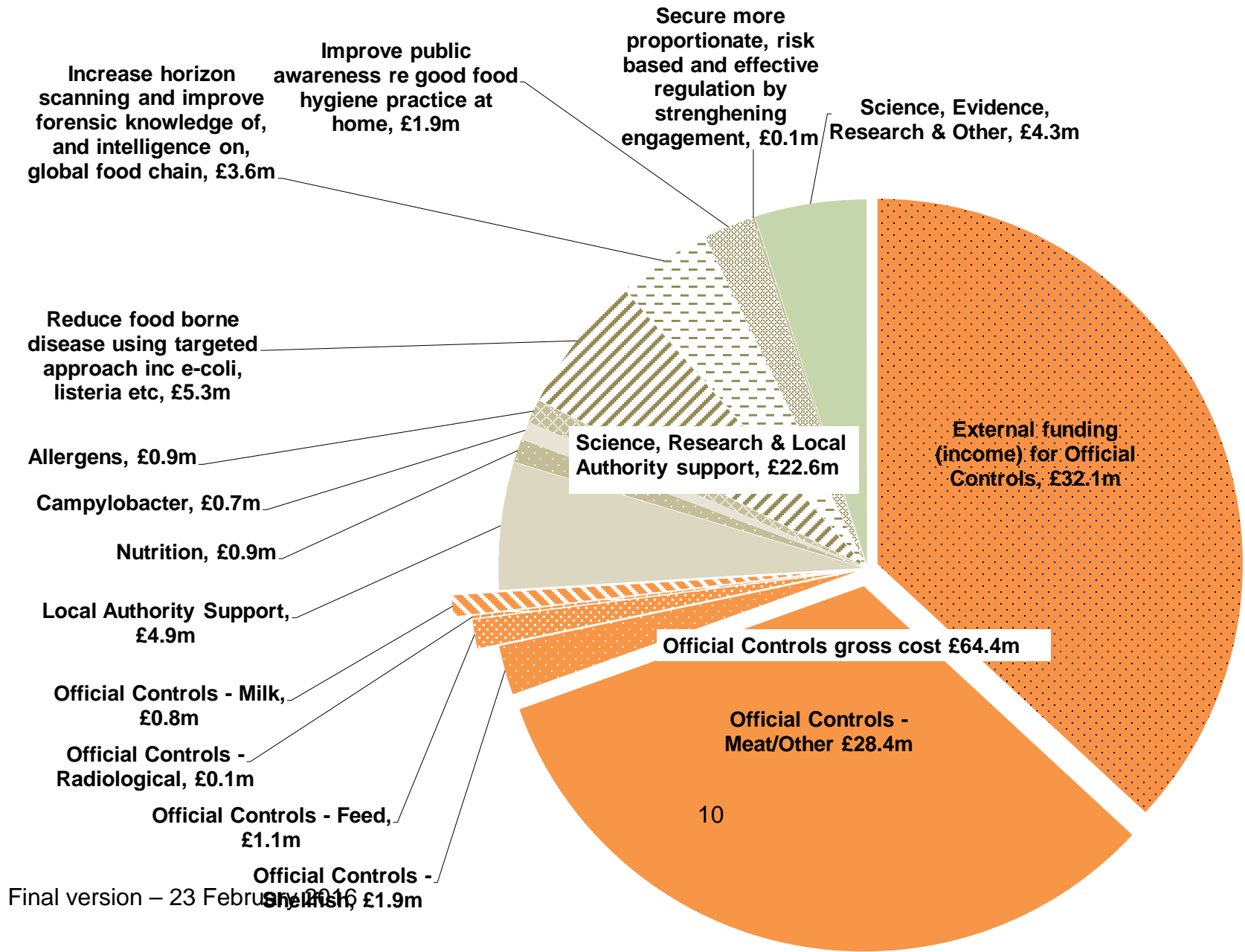
Annex B – Resources used - Gross and Net expenditure Forecasts £m:
2015/16 Forecast



2016/17 Budget



Annex C – Analysis of FSA gross expenditure on Official Controls and Science, Research & LA Support 2016/17



Annex D – FSA Science expenditure proportion 2014/15 to 2016/17

Science, Programme and Operations gross expenditure proportions 2014/15 - 2016/17								
Corporate Priority	2014/15 Gross Expenditure Actual		2015/16 Gross Expenditure Forecast		2016/17 Gross Expenditure Budget		Variance	
	England, Wales & Northern Ireland		England, Wales & Northern Ireland		England, Wales & Northern Ireland			
	FSA		FSA		FSA		FSA	
		%	A	%	B	%	A v B	%
Summary								
Science	£13.6m	14%	£13.9m	16%	£16.8m	19%	£2.9m	21%
Programme	£6.2m	7%	£6.1m	7%	£5.8m	7%	(£0.3m)	(5%)
Operations	£74.2m	79%	£67.6m	78%	£64.4m	74%	(£3.2m)	(5%)
Allergens	£0.9m		£0.7m		£0.9m		£0.2m	29%
Reduce food borne disease using targeted approach	£3.9m		£4.0m		£5.3m		£1.3m	33%
Campylobacter	£1.8m		£2.0m		£0.7m		(£1.3m)	(65%)
Increase horizon scanning and improve forensic knowledge of, and intelligence on, global food chain	£2.9m		£3.5m		£3.6m		£0.1m	3%
Improve public awareness re good food hygiene practice at home	£1.9m		£1.5m		£1.9m		£0.4m	27%
Secure more proportionate, risk based and effective regulation by strengthening engagement	£0.6m		£0.4m		£0.1m		(£0.3m)	(75%)
Science, Evidence, Research & Other	£1.6m		£1.8m		£4.3m		£2.5m	140%
Local Authority Support	£4.0m		£5.0m		£4.9m		(£0.1m)	(2%)
Nutrition	£2.2m		£1.1m		£0.9m		(£0.2m)	(22%)
Official controls - SRM	£3.2m		£3.0m		£3.0m		-	0%
Official Controls - Meat	£61.0m		£57.8m		£56.2m		(£1.6m)	(3%)
Official Controls - Shellfish	£3.2m		£2.2m		£1.9m		(£0.3m)	(13%)
Official Controls - Feed	£3.2m		£2.1m		£1.1m		(£0.9m)	(45%)
Official Controls - Radiological	£1.5m		£1.6m		£1.3m		(£0.3m)	(18%)
Official Controls - Milk	£0.8m		£0.7m		£0.8m		£0.0m	5%
Meat policy	£1.4m		£0.3m		£0.1m		(£0.1m)	(48%)
	£94.0m		£87.6m		£87.0m		(£3.5m)	

Note: excludes Corporate Services, Policy & Devolved staff, Non-pay costs and Income

Annex E – FSA – England, Wales & Northern Ireland 2010-2017 Net expenditure including AME and Capital £m

