

MINUTES OF THE BOARD MEETING, 21 APRIL 2009, AVIATION HOUSE, LONDON

OPEN SESSION, 13:15 – 16:55

Present:

Dame Deirdre Hutton, Chair
Dr Ian Reynolds, Deputy Chair and Chair of the MHS Board
Professor Sue Atkinson
Tim Bennett
Dr David Cameron, Deputy Chair of Scottish Food Advisory Committee
Professor Maureen Edmondson, Chair of the Northern Ireland Food Advisory Committee
Margaret Gilmore
Clive Grundy
Professor Graeme Millar, Chair of the FSA Audit Committee & Chair of the Scottish Food Advisory Committee
Michael Parker
Chris Pomfret, Chair of the FSA Risk Committee
Nancy Robson, Chair of the Board Succession and Development Committee
John Spence, Chair of the Welsh Food Advisory Committee

Officials attending:

Tim Smith, Chief Executive
Andrew Wadge, Chief Scientist and Director of Food Safety
Steve McGrath, Chief Executive of Meat Hygiene Service
Richard Calvert, Director of Strategy and Resources Group
David Hart, Deputy Head of Meat Hygiene Division
Sarah Appleby, Head of Food Safety: Implementation and Delivery Division
Liz Redmond, Head of Hygiene and Microbiology Division, and Veterinary Director
Joanna Fullick, Hygiene and Microbiology Division
Alastair Cannon, Board Secretary
Debbie Coles, Board Secretariat
Chrissie Tsampazi, Board Secretariat Minutes

Chair's Introduction

1. The Chair welcomed the Board members and the audience to the meeting, and reminded Board members of their obligation to declare interests before discussion of relevant items.
2. No apologies for absence had been received.

Item 1 - Minutes and Actions Arising

1.1 - Minutes of Meeting on 21 March 2009, Radisson SAS, Edinburgh (FSA 09/04/01)

3. The Board agreed revised wording for paras 9 and 30:

- *para 9: "Hugh Pennington's well written report placed the responsibility primarily on the butcher, Mr. W. J. Tudor, who as a result of his actions received a 12 months custodial sentence and has been prohibited from conducting any further food business."*
- *para 30: "...and thus the costs of the Committee will be likely to be less than those that appear in annex B of the paper."*

4. With these amendments, the minutes of the meeting held on 25 March, 2009 were accepted as an accurate record.

1.2 - Actions Arising (FSA 09/04/02)

5. In considering the table of actions arising the following was noted:

Index 7May08/O/373 Tim Smith (b) Review in 3 years time of progress on transforming the MHS and changes to official controls. The table of actions should be revised to reflect that reporting on the changes to official controls will be separate from and sooner than the 3 year review of the MHS transformation.

Action: Board Secretariat

Item 2 - Oral Reports

2.1 - Chair's Report

6. The Chair reported speaking at the International Life Sciences Symposium held in Brussels in April. She spoke about how the Agency blends natural science, social science, and consumer views to establish an evidence base for risk assessment and to underpin risk management.

7. The Chair drew attention to the independent review published by the Government Office of Science which was complimentary about the Agency's use of science. She congratulated the Board on its role in identifying the importance of the governance of science and their efforts in improving this governance over the years. The Board congratulated the Chief Scientist, his team, and Agency staff

for their good work in the use of science in risk assessment and in the development of policy.

8. The Chair reported giving evidence at the Department for Innovation, Universities, Science and Skills Select Committee. The Select Committee was also highly positive about the Agency's use of science.
9. The Chair, Deputy Chair and Chief Executive met Prof. Hugh Pennington in Aberdeen, following the publication of his Inquiry Report on the *E.coli* outbreak in South Wales in 2005. It was a useful meeting. The Chair, on behalf of the Board, invited Prof. Pennington to talk to the Board at an appropriate time. Prof. Pennington welcomed the invitation, and expressed an interest in continuing to help the Agency and the Board in ensuring public safety.

2.2 - Chief Executive's Report

(FSA 09/04/03)

Early Adoption of Calorie Labelling by Catering Sector

10. The Chief Executive noted the extent and quality of the media coverage of the Agency's announcement about the number and variety of catering providers that have agreed to adopt calorie labelling. A meeting will be held by the end of the month with these early adopters and stakeholder groups to discuss the evidence base and an evaluation process for the effectiveness of the scheme.
11. Names of establishments and specific site details of early adopters will be published on the Agency's website by the end of June. The list will be circulated to Board members. The Chief Executive encouraged Board members to visit some of the participating outlets to give them support and encouragement.

Action: Board Secretariat

12. The Chief Executive informed the Board that a 12 month update on workplace catering will be published on the Agency's website this week, and will be circulated to the Board.

Action: Board Secretariat

Dioxins in Irish Pork and Beef

13. The Chief Executive expanded upon his written report on this issue – the independent Steelhenge report, commissioned by the Agency into its handling of the incident will now include three additional pieces of work:

- a. interaction of Agency staff with European colleagues;
- b. the machinery of government in the UK, specifically the interaction between government departments in the first 72 hours of the incident; and
- c. communication between the Agency and Northern Irish Ministers and officials.

14. The full report will be published by the Agency in 4-6 weeks. It will be circulated to the Board in time for discussion at the July Open Board meeting.

Action: Board Secretariat

15. The Chief Executive also updated the Board on the outcome of the FSA Emergency Committee meeting at which the handling of the dioxins incident by the Agency was discussed. The Committee's recommendations, for learning and improving from this incident, have been classified in 4 broad areas:

- a. purpose and timing of the incident scoping meeting;
- b. training of staff at all levels, including the Chief Executive and Directors, to ensure clarity of roles;
- c. reviewing the Agency's ability to respond out-of-hours, especially on weekends; and
- d. strengthening the Agency's engagement with other Member States.

'Safer Food, Better Business' Special Grant Scheme

16. In a response to a question, the Chief Executive assured the Board that there is a technical assessment appraisal panel that will evaluate grant applications from local authorities and ensure that funds are appropriately allocated.

17. In answer to a question from the SFAC Chair, the Chief Executive undertook to inform the Board, in due course, about how the Grant Scheme will support Scores on the Doors work in Scotland.

Action: Chief Executive

Creation of Food Fraud Advisory Unit (FFAU)

18. In a response to a question from the Chair of WFAC about 'smokies'¹, the Chief Executive confirmed that the new Unit will have a wider and more diverse remit on food fraud, which will include the illegal meats issues responsibility of the disbanded Illegal Meats Task Force.

19. The Board suggested a look at the range of investigative skills available to the FFAU, specifically whether creative 'outside-the-box' thinking and forensic

¹ Illegally slaughtered, singed carcasses of sheep and goats with the skin attached

accounting skills, required to effectively tackle food fraud, are available to the Unit.

Item 3 - Discussion Items

3.1 – INITIAL RESPONSE TO THE *E.COLI* PUBLIC INQUIRY REPORT AND RECOMMENDATIONS

(FSA 09/04/04)

Tim Bennett declared the ownership of his cattle farm. He was not a Board member at the time of the South Wales incident, but was operating commercially that time. He had no known trading links with Mr. J. W. Tudor or any of the people involved in the inquiry.

The Chair thanked Tim for the prior notice, but did not consider this would improperly influence his contribution on this paper, and thus he was allowed to take part in the discussions.

20. In introducing the paper Liz Redmond made the following points:

- she reminded the Board that the Agency's response will be UK wide, not confined to Wales;
- the Agency's response will be delivered through a managed programme of work that will be driven by a Programme Management Board;
- this Board will be chaired by Dr. Andrew Wadge, Chief Scientist and Head of the Food Safety Group;
- the first meeting of the Programme Board will be held next month, where an action plan and timetable will be discussed. These will be presented to the FSA Board for discussion and approval at the July Open Board meeting;

Action: Andrew Wadge

- the Board will be kept informed on the progress of the programme of work through regular updates in the Chief Executive's report;
- the Agency will use the Programme Management Board as a vehicle to take a wide and holistic review of food safety in the food chain and the effectiveness of the enforcement regime.

21. The Chief Executive commented that during the meeting with Hugh Pennington, it emerged that Prof. Pennington's primary concerns in relation to the Agency, were intelligent application of HACCP and ensuring appropriate auditing procedures.

22. The Chair invited the Board to comment and to structure their comments around the suggested themes for the work of the Programme Board.

23. The Board made a number of points:

- whilst there was further work to do, many changes in enforcement and food safety have taken place since the outbreak in 2005;
- the Agency did not endorse a “light touch” approach to regulation and the Board welcomed the implementation of additional measures, such as unannounced visits to abattoirs, to ensure effective regulation;
- provision of safe food is legally the responsibility of food business operators (FBOs), and therefore FBOs should have a sound understanding of Hazard Analysis Critical Control Point (HACCP) principles and good management systems in place to ensure the provision of safe food to their customers;
- local authorities (LAs) also need to have a good understanding of HACCP and confidence in ensuring that FBOs are correctly applying HACCP;
- consideration should be given to the possibility of working in partnership with professional organisations to provide HACCP training for Environmental Health Officers (EHOs);
- the importance of clear and consistent Agency guidance for EHOs and FBOs;
- the Agency will need to ensure that its audits of LAs are properly investigative, that they add value, and are not simply ‘tick box’.

24. The Board acknowledged the Inquiry Report’s view that a change of culture is required by FBOs, LAs and the Agency to ensure that the problems identified were properly escalated and dealt with along the enforcement hierarchy. This cultural change coupled with economic challenges ahead, placed a premium on partnership working with LAs and others.

25. The Board agreed the Executive’s programme of work, set out in para 13 of the paper, with the addition of two themes:

- the adequacy of legal powers to ensure food safety and effective penalties for non-compliance; and
- joined-up working, between organisations in the food safety system, not only at working officials level, but also at the higher echelons of organisations.

26. An early statement to reassure consumers was required setting out the changes and improvements that have already taken place since the outbreak.

Action: Terrence Collis

27. The Chief Executive encouraged those Board members that had not already submitted comments on the recommendations, narrative and observations from the Public Inquiry, to do so, in order for them to be taken into consideration by the Programme Management Board.

Action: Board members

28. In response to Prof. Pennington's recommendation that there should be a review of food safety in relation to *E.coli* in five year's time, the Board agreed that the review should cover the whole of the UK and consider food safety in general. This five year review would coincide with the end of the FSA Strategic Plan 2010-15 that is currently subject to public consultation.

Action: Andrew Wadge

MEAT CHARGING BOARD PAPERS

29. For the three meat charging items the following interests had been declared:

Ian Reynolds had declared his brother-in-law's ownership of a sheep farm.

Tim Bennett had declared the ownership of a farm, including a small number of animals. The large part of the land had been contracted out.

The Chair thanked Ian and Tim for the prior notice but did not consider these would improperly influence Ian and Tim's contribution on these papers, and thus they were allowed to take part in the discussions.

30. The Chief Executive introduced the three papers and provided the Board with a contextual review of the previous 12 months.

31. The concept of a 'control body' to replace the MHS had been set aside recognising that necessary improvements in efficiencies including cost savings were essentially a challenge for management which had itself been substantially strengthened under the leadership of Steve McGrath. The profound and sustained progress in operational efficiency made by the York based MHS team had vindicated the Board's decision to take this route.

32. Progress had also been made on bringing the MHS and FSA together. The MHS forms a very large operational component of the FSA's overall regulatory and

enforcement work. As management, administrative and support functions of the two previously separate entities merge fresh efficiency opportunities are being identified and delivered.

33. He stated that the biggest single weakness of the plans for changing the charging regime was the inherent uncertainty caused by the lack of a clear financial vision to provide those regulated by the FSA/MHS of good information concerning future years and hence the opportunity to plan financially and operationally. This was to be remedied by today's papers. In addition by taking initiatives including site based Business Agreements, the plan to minimise uncertainty and provide industry with the opportunity to plan financially and operationally to a higher degree of certainty. He added that all of today's papers relate to our intentions across the UK.
34. Finally he added that all the proposals and financial plans presented had been drawn using the assumption that there would be no significant change to the EU regulatory framework in the immediate future.

3.2 – MEAT HYGIENE SERVICE MODERNISATION

(FSA 09/04/05)

35. Steve McGrath introduced the paper. He emphasised that the MHS is primarily and entirely committed to protecting public health, and animal health and welfare. Although this paper is an update on the work to reduce MHS operational costs, there will be no hesitation by the MHS to take action and incur costs if there is any indication that non-compliance by FBOs is putting consumers at risk.
36. Steve highlighted some of the achievements of the MHS to modernise, including the reduction of operational costs by 19% and the reduction of the headcount by 410 staff in the last 2 years.
37. The Board welcomed the paper and congratulated Steve and his team on the good progress to modernise the MHS. Board members agreed that this was an excellent example of public sector management and modernisation matching that seen in the private sector.
38. The Board emphasised the need for on-going transformation, to ensure that the MHS responds to industry and market changes to gain and maintain trust and support from its partners and industry.
39. The Chair suggested, and it was agreed, that the Board receive an assurance that the MHS modernisation to date has not prejudiced public safety and animal

health and welfare. It was agreed that a further paper to the Board would be prepared, reporting the findings of such an audit, which will also look to see if modernisation has improved control and compliance.

Action: Andrew Wadge

40. The Board asked whether the improvements made in the efficiency of the MHS in delivering official controls were also being seen in Northern Ireland in the interests of ensuring equity across the UK. The Executive agreed to explore how this might be achieved.

Action: Chief Executive

3.3 – MHS – LONG TERM PLANNING

(FSA 09/04/06)

41. Richard Calvert introduced the paper which recommends a revised trajectory for charging, as a consequence of which the Agency would delay to 2014/15 the date by which the MHS subsidy to industry would reduce to £10m. Due to various factors, including the current economic climate, the paper recommended keeping charges pegged to inflation for the next two years and increasing them thereafter above inflation to reach the agreed target by 2014/15.

42. The Board requested further information on the income derived from government customers, and the impact that reduction of government income will have on MHS operational costs, specifically whether such costs are perfectly variable to income from providing government services.

Action: Chief Executive

43. The Board expressed frustration at the lack of information available from industry regarding margins to determine whether, despite the general economic climate, this may be an appropriate time to increase charges above inflation.

44. The Board agreed the Executive's recommendation to change the timescale for reducing to £10m the subsidy to industry by 2014/15. The Executive will come back with detailed financial plans by September.

Action: Richard Calvert, Rob Macintosh

3.4 – PROPOSED CHANGES TO CHARGING ARRANGEMENTS AND CHARGING RATES FOR OFFICIAL CONTROLS

(09/04/07)

45. David Hart introduced the paper, and addressed each of the proposals individually. He clarified that there will be a review of the impact of these proposals in the second half of the first year of operation. The review will include an assessment of the distribution of discounts of full cost charging, between meat industry sectors, within sectors and geographically. The review will also consider input from industry and stakeholders on whether there are any anomalies with the operation of the charging system and how any anomalies can be rectified.

46. The Board's decisions on each of the proposals were:

Proposal 1: Introduction of time-costs charging

47. The Board accepted this proposal with an understanding that impact on small and isolated businesses will be taken into account.

Proposal 1B(i): Flexibility on chargeable hours

48. The Board agreed the Executive's recommendation.

Proposal 1B(ii): Requirement on businesses to declare working hours

49. The Board agreed the Executive's recommendation.

Proposal 1B(iii): Fee for semi-independent review of MHS/DARD staff allocation

50. The Board agreed the Executive's recommendation of a £250 charge for a semi-independent review but discussed whether £250 was sufficiently significant amount to deter frivolous and vexatious actions.

51. The Board suggested that the review of the charging system, six months from its adoption, should include a review of this particular charge.

Proposal 1B(iv): Independent review of MHS/DARD staff allocation

52. The Board agreed the Executive's recommendation.

Proposal 1C: Poultry Inspection Assistants (PIA) at poultry slaughterhouses

53. The Board agreed the Executive's recommendation, and requested further information, in due course, on work by the Executive to create effective incentives to increasing PIA usage at poultry slaughterhouses.

Action: David Hart

Proposal 2: Increase charges for official controls by 4%

54. In making a recommendation to the Board of 4% the Executive had taken a balanced view by considering affordability issues, comments from industry, the general economic climate, wider government policy to limit burdens to businesses, overall government policy to pursue full cost recovery, and pressures on the Agency's finances.

55. The Board agreed to recommend to Ministers a 4% increase to official control charges.

56. Given this decision, and provided the 4% charge increase is agreed by Ministers, the Board requested a detailed five year financial delivery plan which would demonstrate how the target of reducing the subsidy to industry to £10m by 2014/15 would be met.

Action: Richard Calvert

Proposal 1B(ii): Requirement on businesses to declare working hours

57. The Board agreed the Executive's recommendation.

Proposal 3: Specified Risk Material (SRM) charge

58. The Board agreed the Executive's recommendation, and acknowledged that the Executive had taken into account affordability concerns raised in consultation responses. The Board noted that responsibility for the provision of safe food lies with food business operators.

Proposal 4: Charges for official controls carried out on-farm

60. The Board agreed the Executive's recommendation, and suggested that the level of discount offered to farms be included in the proposed review to ensure proportionate funding.

Proposal 5: Calculation of £/Euro exchange rate for UK minimum charge and change of start date

61. The Board agreed the Executive's recommendation.

62. The Board was pleased with the work of the MHS and Agency in producing quality papers with a wealth of data. The Board acknowledged the value of stakeholder contributions to the consultation which were valuable in assisting the

Agency to make decisions, and commended the efforts of the Executive to obtain them.

Item 4 - Information Items and Any Other Business

63. There were no comments on the information papers.

Date of next meeting

64. The next Open meeting will be on 12 May, 2009 in Aviation House, London.