

EXTRACT OF MINUTES OF 19 JULY 2007 BOARD MEETING

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3.3 - Review of Delivery of Official Controls in Approved Meat premises: Final Report (FSA 07/07/06)

49. In summary, the Chair noted that the Board had agreed the recommendations forming decisions 1-7 (with exceptions relating to those in paragraphs 26, 27, and 35) as follows:

Decision 2: Transformed MHS (TMHS) or Delivery Partner

(c) The Board agreed that the MHS should continue to be responsible for the delivery of Official Controls in England, Scotland and Wales so long as it transforms to:

- reduce the total and net costs of its operations over the CSR period by at least the amounts set out in Annex 3;
- improve productivity, measured by the average cost per livestock unit, to achieve annual targets set by the MHS Board;
- develop and implement, in consultation with FBOs and other customers, charging systems and arrangements consistent with achieving the savings targets set out in Annex 3;
- ensure that, by July 2008, there is better integration of OVs and Meat Inspectors in plants and that the TMHS is making full and cost effective use of its independent contractors;
- take all necessary action to introduce greater contestability into the market by January 2009 (paragraph 20).

(d) The Board noted that the FSA's ability to proceed with either model depends on agreement to release resources to cover the up front investment costs required over the next two to three years. For the TMHS, these have been assessed as up to £7m in 2007/08, £8m in 2008/09, and £1m in 2010/11 (paragraph 23).

(e) The Board did not agree the recommendation to accept the TMHS offer to provide an "end to end" service and to take over responsibility from the FSA for operational policy, plant approval and enforcement decisions (paragraph 26), or the recommendation that the FSA redesign its Meat Hygiene and Veterinary Division and establish a network of regionally based Veterinary managers (paragraph 27) on the basis that both these matters were for the Executive to resolve.

(f) The Board accepted the recommendations that the FSA and TMHS should review the proposed TMHS delivery model in light of the Board decisions in July 2007 and make any necessary amendments as part of implementation planning (paragraph 28); and that the FSA should review the governance arrangements for the TMHS to ensure that they adequately reflect these new arrangements (paragraph 29).

(h) The Board agreed that there should be a 6 monthly review of TMHS progress and performance (paragraph 31) and that work should continue in parallel on the delivery partner model, including preparing a plan to pilot this approach with groups of plants (paragraph 32).

Decision 7: Involving Stakeholders

(o) The Board agreed that the FSA should set up an Advisory Body for the Delivery of Official Controls (paragraph 46).

50. The Chair noted that, in accepting these recommendations, the maintenance of public safety remained essential. The FSA Chief Executive provided assurance that he would inform the Board if at any time he felt that public health was at risk as a result of the implementation of these recommendations and stressed too that the Veterinary Director, the Chief Scientist and the MHS Chief Executive also had duties to raise any concerns, in particular in relation to professional competence.

51. The Chair noted that the Board had agreed the principle of FBO responsibility, which would be a risk based approach and provide earned autonomy.

52. In accepting the transformed MHS model, the Board had noted two issues which would need to be taken forward:

- on improving efficiency in the short and medium term, the targets provided were the minimum which the Board would accept. In order to tighten these targets, the MHS would benefit from some expert, possibly external, financial/economic analysis and support as well as extra senior management assistance. The targets should also take account of gross operating cost, net subsidy and unit cost. Contestability aspects would need to be included wherever possible and real change was expected.
- longer term, on policy, the FSA should have a coherent plan, to reform European policy to allow further efficiencies in MHS operations to be made. The FSA should take the lead in Europe, basing its case on research and evidence and working with other countries.

53. The Board had also noted that improvements were needed in the FSA/MHS interface for the MHS and FSA Meat Policy sections to work together so that the FSA took account more effectively of the operational impact of policy on the MHS. The Board also said that preparatory work by the FSA for the pilot should start straight away to allow a decision on whether to commence the pilot itself to be taken next year (probably May), once details and data were available from the preparatory work and from progress at the MHS.

54. The Board asked the Executive to report back on the co-ordination of the fora, on the general overall architecture of the governance arrangements, and to provide quarterly progress reports covering governance, monitoring of targets and timelines.