

Executive Summary

1. Draft Minutes of the MHS Board Transformation Update held on Tuesday 30 October 2007 at Monks Cross, York are attached. A version of the draft of the minutes was circulated for comments on 6 November 2007. No material amendments to the minutes have been received.
2. The Board is asked to **confirm** that the Minutes are a true and accurate record of the meeting.

BOARD SECRETARIAT

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Minutes of the interim Meat Hygiene Service (MHS) Board meeting held on Tuesday 30 October by videoconference

Attendees

| | | |
|-----------------------|--|-----------|
| Chair: | Ian Reynolds | (London) |
| MHS Board: | Celia Bennett | (London) |
| | Chrissie Dunn | (York) |
| | Maureen Edmondson | (Belfast) |
| | John Harwood | (London) |
| | Deryk Mead | (Cardiff) |
| | Alick Simmons | (London) |
| | David Mouat <i>representing the Chief Veterinary Officer</i> | (London) |
| Officials | Mike Greaves, MHS | (York) |
| Participating: | Jane Downes, MHS | (London) |
| | Mike McEvoy, MHS | (York) |
| | Kevin Goddard, MHS | (York) |
| Officials | Veronica Martell, FSA | (London) |
| Attending: | | |
| Secretariat: | David Bramley, MHS | (York) |

Item 1: Introduction and Apologies

1. The Chair welcomed attendees to the meeting including David Mouat who was representing Debby Reynolds. Apologies had been received from MHS Board members Tim Bennett and Steve McGrath. Apologies had also been received from Kathryn Davies. The focus of this meeting would be MHS transformation and there would not be a Chief Executive's report to this meeting

Conflicts of interest

2. No conflicts of interest were declared.

Item 2: Minutes of the 26 September 2007 MHS Board meeting (Paper (07) 51)

3. MHS Board members agreed the minutes as an accurate record of the MHS Board meeting held on 26 September 2007.

Item 3: Actions arising from the 26 September 2007 MHS Board meeting (Paper (07) 52)

4. All Actions arising from 26 September 2007 were completed or in progress.
In discussion:

- with regard to the action at para 5 of the September minutes:
 - Alick Simmons provided an update on the position on charging [a summary is attached at Annex]. It was vital that future charging policy would be developed in conjunction with:
 - industry to ensure that it was equitable and supported as much as possible; and
 - devolved administrations to ensure that devolved issues were fully considered and devolved Ministers were content to sign the statutory instruments allowing changes in charges in Scotland and Wales.
 - EU legislation requires that: *consideration be given to the economic vulnerability of small, often rural plants that may not be in a position to pay the full costs of their official controls, in proposing any continuing subsidy arrangements;*
 - to allow changes to be introduced incrementally, time-based charging and full cost recovery would not be introduced simultaneously. Consideration was being given to initially introducing time-based charging followed by a phased advance to full cost recovery, which could be based on plant throughput. Consideration should also be given to introducing financial rewards for FBOs operating effectively with Official Controls. Options for charging policy, which would be considered by the MHS Board and FSA Board in the future, should be supported by financial modelling;
 - successful local abattoirs help improve animal health and welfare by reducing the distance animals travel to slaughter. Therefore, it was

particularly important to encourage these abattoirs to become more effective and efficient; and

- it is important that the purpose of any subsidy is clear, which will help clarify who should fund it. The FSA is not responsible for economic development or rural sustainability.
- with regard to the action at para 7, information on enforcement action and prosecutions would be included in the next MHS Chief Executive's update, which will be tabled at the MHS Board meeting on 20 November;
- with regard to the action at para 16, the Chair reported that he had produced an outline framework for financial reporting to the MHS Board, which had been circulated to MHS Board members for comments by 5 November 2007. The framework would be developed further, based on the comments received from Board members, and would begin to be used at the MHS Board meeting on 20 November 2007;

Action: Mike McEvoy

- with regard to the action at para 19, the MHS executive had provided an assurance that all future targets will be reviewed to ensure they are as relevant as possible;
- with regard to the action at para 24, the MHS Chair said that he intended to discuss the ownership of the corporate MHS risk register with the MHS Chief Executive in due course;
- with regard to para 5 of the September minutes and catering butchers:
 - Alick Simmons said that his team at the FSA were continuing the approval of catering butchers. Once approved, these premises would be audited by the MHS. Jane Downes confirmed that an estimate of the cost of this additional work had been included in the MHS financial forecast. However, the actual cost of this work would not be known until the approval process had been completed;
 - the frequency audits of catering butchers by the MHS is based on the scale used by Local Authorities. Higher risk premises, such as those

handling both raw and cooked meat or supplying schools or hospitals, would be audited more frequently;

- catering butchers that have a retail outlet will be audited by either the Local Authority or the MHS;
- the longest interval between audits is eight months; and
- John Harwood, MHS Board member and FSA Chief Executive, said that it was important catering butchers were audited at an appropriate frequency. Catering butchers with good standards should be rewarded through less frequent audits. Consideration should be given to reviewing the frequency of audits that had previously been agreed by the FSA Board to ensure that it was appropriate.

Item 4: MHS Transformation Update

(Paper (07) 53)

5. Jane Downes introduced this paper. In discussion:

- work on transformation has not affected the MHS's focus on delivering business as usual;

Contracting

- it is likely that current Veterinarian (ends March 2008) and Inspection (ends November 2008) contracts will be combined and extended;

Business Change

- SVT reductions will be achieved by the end of 2007;
- the joint FSA-MHS Shared Services Review would consider whether additional corporate services could be provided by Defra;
- improvements to IT should be considered alongside improvements to business processes;

Employee Relations

- MHS staff redundancy is being taken forward in line with current MHS policy. This policy will be considered at an Employment Tribunal, which has been delayed from November 2007 to April 2008. The outcome of the

Tribunal could result in an increase to the cost of staff redundancy. Costs based on the current policy and a separate contingency cost, to reflect any additional cost that may be required as a result of the tribunal, have been presented to FSA Finance. Costs in the Transformed MHS bid, accepted by the FSA Board, were based on the highest possible costs for staff redundancy.;

- effective HR support is vital to the progress of key areas of transformation including resourcing clusters, redundancy and consultation with UNISON. Insufficient HR resources are a risk to the programme and will need to be considered by the new MHS HR Director, who will start with the MHS on 17 December 2007. This is an area where MHS Board attention should be maintained and it may be helpful to consider HR resources in more detail at a future MHS Board meeting;
- transformation has increased the level of anxiety in the organisation and particularly effected MHS staff whose positions have been identified as redundant. The MHS are providing support to staff through the changes and are continuing to manage staff attendance proactively;

Charging

- charging policy is based on MHS activity costs and will not be effected by redundancy costs;

Stakeholders

- the MHS Communications team were working closely with Stephen Humphries, the FSA's Head of External Affairs. The capacity of the MHS Communications had been increased by seconding two additional staff to the Team;
- a paper on communications would be considered at the MHS Board meeting in November;
- a new newsletter for FBOs, called Link, would be sent to all FBOs at the end of October;
- the MHS are sharing communication channels with FSA and Defra to allow key messages to be coordinated to stakeholders;

- the deadline for responses to the letter from the FSA to stakeholders on proposals for the establishment of an Advisory Body for the Delivery of Official Controls is 31 October 2007. So far, responses from stakeholders have been supportive and have included nominations for members of the Advisory Body; and

Financial Information

- the MHS management accounts presented to the MHS Board should provide MHS costs with and without the cost incurred responding to disease outbreaks. This would allow the underlying MHS cost profile to be clearly seen.

Action: Mike McEvoy

Item 7: Any Other Business

MHS Board awayday

6. The MHS Chair confirmed that the MHS Board awayday would be held at Burn Hall, Huby, near York. Papers would be circulated one week before the awayday and it was important that Board members had opportunity to thoroughly consider issues in advance of the meeting to allow discussion at the awayday to be as productive as possible. The agenda for the awayday was ambitious. The key items were: providing directional input into the MHS Business Plan for 2008/09; and developing the medium and long term vision for the MHS.

Last MHS Board meeting for Alick Simmons

7. Alick Simmons had been appointed as the Deputy Chief Veterinary Officer for Defra and this would be his last meeting of the MHS Board as Veterinary Director for the FSA. The MHS Board thanked Alick for the significant contribution that he had made during his time as a MHS Board member.

MHS action to resolve food safety incident

8. It was agreed that the MHS Chair and Chief Executive should jointly send a letter of thanks to MHS staff involved in dealing with the food safety incident where batches of lamb meat and offal had been recalled due to the possible presence of veterinary medicine residues.

Action: Mike Greaves

Date of next meeting

9. The MHS Board awayday and MHS Board meeting will be held on 19 and 20 November 2007.

**MHS Board Secretariat
November 2007**

Position on Charging

The position on charging (with an emphasis on poultry) is as follows:

i) EU law requires that the throughput rates for 2 - 5kg turkeys be increased by 19% from 1/1/08. We are not obliged to make increases to other classes of poultry at that time. FSA is working to implement this though some poultry businesses are opposed. Turkeys represent just 2% of all poultry slaughtered in GB with the majority slaughtered in large plants employing Poultry Inspection Assistants (PIAs), so this increase will have little to no impact on the employment of PIAs.

ii) a public consultation on a general increase in throughput rates and time cost charge rates by 8% from 31 March 2008 is to be launched shortly.

These increases will apply to poultry plants (though the throughput rate for turkeys will not be increased again) and will therefore provide some added incentive for FBOs to employ PIAs;

iii) the next rate increase beyond 31 March 2008 will be from April 2009 when it is planned to implement a new time cost charging system. MHS is developing proposals for this new system. It may provide the opportunity to increase charges for poultry (and red meat) by a further significant amount. This could provide the mechanism to increase poultry rates by more than the red meat rates.