

REPORT FROM THE CHAIR OF THE MEAT HYGIENE SERVICE (MHS) BOARD

Executive Summary

1. This is a report from the Chair of the MHS to the FSA Board as part of the accountability arrangements of the MHS Board to the FSA Board. The report sets out the work of the MHS Board between December 2005 and June 2006, and highlights future issues and challenges that will be addressed by the MHS Board over the next six-month reporting period and beyond.
2. The MHS Board was established as a sub-committee of the FSA Board in autumn 2004. Under the MHS Board's Terms of Reference, the Chair of the MHS Board is required to formally report to the FSA Board twice a year. This is the third report by the Chair of the MHS Board.
3. The FSA Board is invited to **note** the report by the Chair of the MHS Board. **No action** is required.

MEAT HYGIENE SERVICE

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Issue

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Background

2. As an outcome of a Review of Roles and Relationships between the FSA and the MHS, it was agreed in autumn 2004 that the non-executive governance of the MHS should be strengthened. As a result, the Meat Hygiene Advisory Committee was abolished and the MHS Board was created – under the Food Standards Act 1999 – as a sub-committee of the FSA Board. The functions of the MHS Board are to give strategic direction to the MHS within the overall strategy agreed by the FSA Board; and to set appropriate targets for the MHS and monitor its performance/hold it to account on behalf of the FSA Board.
3. The Chair of the MHS Board is required under paragraph 3 of its Terms of Reference (see Annex A (all weblinks), Weblink 1) to report formally to the FSA Board twice a year. This is the third full report. Previous reports are available from the FSA Board web pages (See Weblinks 2 and 3).

Membership

4. Details of MHS Board members are available from the MHS Board section of the FSA website (see Weblink 4).
5. The MHS Board is committed to assisting its members to continually improve their contribution to the effectiveness of the Board. To this end, the MHS Board agreed in January 2006 to implement a performance review and development scheme based on the scheme applied to FSA Board members. The scheme will apply to all MHS Board members, including officials, and Debby Reynolds as adviser to the MHS Board.

Giving strategic direction to the MHS; Setting targets and holding the MHS to account

Assessment of MHS performance for 2005/06

6. MHS performance against its high-level targets/aims during financial year 2005/06 was considered at the May meeting of the MHS Board. The MHS Board's assessment (attached in full at Annex B) was that the MHS had fully met four of its five targets and partially met the remaining target. Overall, 2005/06 proved to be a very challenging, but positive year for the MHS. In addition to achieving the majority of the targets, the MHS tackled a range of other challenges including auditing 37 cold stores in Northern Ireland, maintaining a high level of service provision during the one-day strike called by UNISON in March 2006 and preparing for a five-day strike, which was called off at short notice.

MHS Business Plan and Corporate Targets for 2006/07 (Weblink 5)

7. The MHS Board agreed that the MHS should take the lead in proposing its own corporate targets for 2006/07. The MHS subsequently proposed and consulted informally on a performance management framework based on a Balanced Scorecard approach. The Scorecard focuses on the achievement of a balanced selection of Corporate Objectives and allows greater clarity on progress towards achieving objectives. The MHS Board considered the proposed approach, responses from stakeholders and worked with the MHS executive to develop the approach and address issues raised by the Board. This included amending the vision and including reference to stakeholders in the MHS's purpose to underline that consumer protection is at the heart of the work undertaken by the MHS.
8. In line with MHS Board and MHS policies on openness, the Balanced Scorecard and exception reports¹ will be published on the FSA website on a quarterly basis.

Strategic Plan for 2007/2010

9. The current MHS Strategic Plan 2004/05 – 2008/09 was developed in 2003. Since then there have been fundamental changes to the strategic environment that the MHS operates in. Not least, changes to the roles and responsibilities of the MHS and Food Business Operators introduced by the new EU Food Hygiene Regulations implemented on 1 January 2006. The scale of these changes means that it is necessary to develop a new Strategic Plan rather than refine the existing plan.
10. The MHS Strategic Plan will be reviewed annually by the MHS Board, be adaptable, with quick feedback and effective information flows to respond to new

¹ Produced when an indicator is not on target to explain what action will be taken to bring the indicator back on target

information and take account of changing circumstances or unexpected events. The lifespan of the strategic plan is to 2010 to allow the MHS strategic planning cycle to synchronise with that of the FSA.

11. The new Strategic Plan will build on the work started by the MHS Board in 2005, and is integrated into the MHS Board's programme of meetings during 2006/07. This includes the MHS Board's second stakeholder meeting which will be held in Cardiff on 18 July 2006. The meeting will provide an opportunity for MHS stakeholders to present to the MHS Board the key issues facing them, in relation to the MHS, over the next few years. This discussion will be carefully considered and influence the development of the new strategic plan, which is the key aim of the MHS Board over the next six-months.
12. In the report to the FSA Board in December 2005, the MHS Board reported its intention to seek to engage consumer representatives separately to ensure strategic direction was balanced. It has continued to prove challenging to engage consumer representatives on meat hygiene issues. The Chair of the MHS Board and MHS Chief Executive met a representative from the National Consumer Council in March to discuss these issues and ways to better engage consumer representatives. The difficulty in engaging consumer organisations on meat hygiene appears to be because the risk to consumers from meat is perceived to be low or under effective control. The MHS Board have stressed the benefit of joint work by MHS and FSA to engage consumers and allow best use of communication resources. The needs of the consumer must be clearly understood to strategically inform the meat hygiene policy developed by the FSA along with the delivery of the policy by the MHS.

Other Matters

Implementing Changes to the Over-Thirty Month (OTM) rule

13. The MHS Board continues to be represented on the OTM testing Implementation Review Group (IRG) by Celia Bennett and receives and considers reports from her on each IRG meeting. No major issues have arisen requiring reference to the FSA Board. The change appears to have gone extremely well to date.

Breaches in the removal of Specified Risk Material (SRM)

14. During the reporting period there have been two SRM breaches in bovines, which have been brought to the attention of the FSA Board². Whilst any SRM breaches are of serious concern it should be noted that in both cases the animals were OTM and tested negative for BSE.

² Over 900,000 bovines were slaughtered during the reporting period

Changing Role of the MHS

15. The introduction in January 2006 of EU Food Hygiene Regulations reaffirmed the principle that hygienic production of fresh meat is the responsibility of operators of licensed premises, not the MHS. The MHS Board has supported the MHS as it adapts its role to focus on audit and verification of plant operators' own systems, rather than supervision. The challenge now is the embedding of the cultural changes required by all MHS staff and all Food Business Operators.

Future Veterinary Structure – Veterinary Supervision Arrangements within the MHS

16. The MHS launched a consultation on 11 April 2006 on proposals for enhancing veterinary supervision arrangements within the MHS, which closes on 7 July 2006 (see Weblink 6). The consultation was published with the second report by DNV Consulting on options for provision of Veterinary Surgeons within the MHS³, and also addressed points raised in the Wall⁴, Independent Advisory Group⁵ and first DNV⁶ reports. The MHS Board discussed the consultation proposals at its meetings in November 2005 and January 2006 and considered on these occasions that further work was needed before the consultation could be launched. This work included ensuring the proposals reflected an agreed FSA and MHS view (November) and providing more information on the handling strategy, costs and legal implications of the proposals to enable a more informed consideration of the options (January). The MHS Board received amended consultation proposals intersessionally which substantively addressed the handling and legal concerns. The Board still had concerns about the lack of information on costs but believed that, on balance, there was greater benefit and less risk in publishing the consultation rather than delaying publication further.

External Audit

17. During the reporting period, the MHS Board raised concerns about the extent and consistent application of external audit of the MHS across Great Britain and, while it is not directly within the scope of the MHS Board, the separate arrangements in Northern Ireland. Subsequently, these concerns were shared with the FSA and, in response, the FSA Director of Enforcement reported to the May MHS Board meeting, via the Chair's report, the work that would be carried out to address the concerns raised.

³ Refers to the second report by the consultants DNV on 'Review of options for provision of Veterinary Surgeons within the MHS' (July 2005)

⁴ Refers to the report by Patrick Wall on 'Inquiry into the failure to comply with the requirements to test all 24 – 30 month old casualty animals for BSE' (2004)

⁵ Refers to a report by the Independent Advisory Group on development of a system for BSE testing of OTM cattle

⁶ Includes the first report by the consultants DNV on 'Review of MHS management system following Wall report recommendations' (Feb 2005)

Audit Committee Arrangements

18. MHS Board members have participated in an external review of the FSA and MHS Audit Committee arrangements. Previously, MHS Board members had expressed concern about risk ownership and the lack of a link to the MHS Audit and Risk Committee and therefore welcomed the timely review. At the time of writing the results of the review are awaited.

Other Challenges for the MHS

19. Over the next six-months a number of matters will be considered by the FSA which could impact on the MHS. These include the approval of meat plants required under the new food hygiene regulations; and the proposal to phase in charges for controls on the removal of SRM.

Board Action Required

20. The FSA Board is asked to **note** the report by the Chair of the MHS Board. **No action** is required.

WEBLINKS

1. MHS Board Terms of Reference:
http://www.food.gov.uk/enforcement/meathyg/mhservice/mhsboard/#h_2
2. MHS Chair's report to FSA Board in December 2005 (Item 5) available from:
<http://www.food.gov.uk/aboutus/ourboard/boardmeetings/boardmeetings2005/boardmeeting120805/boardagenda081205>
3. MHS Chair's report to FSA Board in July 2005 (Item 4) available from:
<http://www.food.gov.uk/aboutus/ourboard/boardmeetings/boardmeetings2005/boardmeeting071405/boardagenda14072005>
4. MHS Board membership at:
http://www.food.gov.uk/enforcement/meathyg/mhservice/mhsboard/#h_1
5. MHS Business Plan for 2006/7 at:
<http://www.food.gov.uk/multimedia/pdfs/mhsbusplan0607.pdf>
6. Consultation on Proposed changes to veterinary supervision arrangements within the Meat Hygiene Service available from:
<http://www.food.gov.uk/Consultations/ukwideconsults/2006/mhsvetconsult>

ASSESSMENT OF MEAT HYGIENE SERVICE (MHS) PERFORMANCE AGAINST AIMS – 2005/06

In line with Cabinet Office requirements for Executive Agencies, the MHS Framework Document requires the setting of annual performance targets for the MHS. Such targets or aims must be linked to the objectives of the MHS and should cover quality and delivery of service, financial performance and efficiency. Responsibility for setting such aims for the MHS, and assessing performance against them, rests with the MHS Board, on behalf of the FSA Board.

The MHS Board met on 4 May 2006 and assessed MHS performance against the Aims set for 2005/06. It concluded that four of the five Aims had been met, and that Aim 3 had been met in part.

Aim 1: Apply hygiene, by-products, animal welfare, BSE, TSE and HACCP legislation, and the Clean Livestock Policy, in line with Enforcement Concordat principles, with the aim of improving levels of operator compliance.

In terms of MHS performance measured by audit non-compliances, the MHS has had a very successful year. There were no critical audit non-compliances and the number of major non-compliances for the specific areas selected by the MHS Board were the lowest on record. Targets for minor non-compliances were set for the first time. Three of these targets were met, but the target for animal by-products was exceeded (by 4.1 minor non-compliances per 100 audit visits). The MHS has put corrective action in place for this indicator through its regional offices, and an improvement in compliance is expected over the coming months.

Whilst the MHS achieved the target set for HACCP implementation in small premises, it narrowly missed (by 2%) the target set for large premises. This equates to 3 premises. Whilst the MHS was keen to close this gap, during the fourth quarter of 2005/06, the implementation of the new EU Food Hygiene Regulations led to a number of changes in the definition and approach to HACCP. As a result, the MHS Board agreed to assess performance based on nine months' performance to 31 December 2005.

Whilst there was a single SRM systems breach in sheep relating to 2 carcasses (none in bovines), which the MHS takes extremely seriously, this equates to a compliance rate of better than 99.99%.

Following a single OTM breach in April 2005, there were 11 consecutive months in 2005/06 without any breaches. In addition all pre-August 1996

bovines presented for processing, following the OTM rule change, have been stopped from entering the human food chain.

As the vast majority of the indicators for this Aim were met (13 out of 17⁷), and the SRM and OTM compliance rates were so high, the MHS Board considered that Aim 1 had been met.

Aim 2: Operate within delegated resource budget for 2005/06

As the MHS unaudited draft accounts for 2005/06 show a £2.6m, 7.5% favourable position (1 indicator met out of 1), the MHS Board considered that Aim 2 had been met.

Aim 3: Improve the expertise, knowledge, motivation and skills of staff and develop the internal culture necessary to deliver organisational objectives

The MHS Board and MHS Management Board both recognised the importance of improving MHS staff attendance rates, particularly within the group of staff on long term sickness absence. The MHS Board set a target for a 5% reduction in long term sickness cases and, in the autumn of 2005, the MHS Management Board launched a new policy and procedures, supported by training for line managers. As at 31 March 2006, there were 61 long term sickness cases, a 24% reduction on the position at the beginning of 2005/06.

Whilst the MHS has achieved only one of its four diversity targets (on gender), it has been hampered by a relatively low and stable turnover rate (7%). Marginal improvements have been achieved in ethnic representation and non-operational staff with a disability.

Although targets were not set for the following work areas, they were the subject of much activity which contributed to Aim 3:

- Progress on addressing areas for improvement identified by the staff survey carried out in 2004;
- Health and Safety Management;
- Investors in People Action Plan;
- Corporate Training Plan;
- Pay and Grading Review.

As 2 out of 5 indicators were met, the MHS Board considered that this Aim had been partly met.

⁷ 3 indicators were not assessed by the MHS Board, as the audit activity (by others) on which they were based did not occur as planned in 2005/06

Aim 4: Improve levels of customer satisfaction with MHS performance as a professional and fair organisation

The MHS met both targets set by the MHS Board in relation to the industry customer satisfaction survey – response rate and overall satisfaction.

Unfortunately, the MHS did not achieve either of the targets on complaints. However, a significant number of complaints received (around a third) were about issues outside of MHS control, such as a BBC Television documentary broadcast in July 2005 and the industrial action. Five complaints were assessed by the MHS as being found in the complainants favour. Although the target reduction in complaints was not achieved, it is encouraging that the meat industry is aware of and uses the MHS procedure.

The MHS met all of its targets in relation to Service First Standards.

As the vast majority of the indicators for this Aim were met (5 out of 7), and a significant number of complaints received were about issues outside of MHS control, the MHS Board considered that Aim 4 had been met.

Aim 5: Improve efficiency

The cost per livestock unit indicator was affected in 2005/06 by significant start up costs for BSE testing of OTM cattle, which were not known at the time of agreeing the 2005/06 budget, and slower than expected take up by industry. As a result it was 0.2% above target. If start up costs and OTM throughput are excluded from the cost per livestock unit calculation, a favourable position of 3.5% is reported. All other efficiency indicators were met.

As all of the indicators bar one for this Aim were met (4 out of 5), and this indicator was affected by significant OTM start up costs, the MHS Board considered that Aim 5 had been met.

Conclusion

The MHS achieved four out of the five Aims, and one in part. Even where indicators were missed the general direction of travel was positive. The MHS also overcame the following challenges:

- Implementing changes to the OTM rule from 7 November 2005;
- Carrying out, at short notice, 37 audits of cold stores in Northern Ireland on behalf of the FSA;
- Implementing the new EU Hygiene Regulations from 1 January 2006;

- Maintaining a very high level of service provision during the one-day strike called by UNISON in March 2006;
- Preparing for an outbreak of Avian Influenza;
- Implementing the Pay and Grading Review and a three year pay deal.

Overall, 2005/06 proved to be a positive year for the MHS.