

**MHS CORPORATE PERFORMANCE TARGETS: 2005/06**

**Executive Summary**

1. This paper follows on from the discussions at the MHS Board meeting in January and March this year on proposals for targets, key performance indicators (KPIs) and other performance management information against which MHS performance is to be measured for the 2005/06 financial year.
  
2. The MHS Board is invited to:
  - **note** their agreement in January to the retention of the current five high level aims for MHS performance in 2005/06 and their provisional agreement in March to the proposed targets, KPIs and performance management information subject to a reality check against MHS performance in 2004/05 and further discussion at the May Board meeting; and
  
  - give final **agreement** to the targets, KPIs and performance management information for use in 2005/06 set out in Annex B. Once agreed, this information will be published on the FSA website.

**Meat Hygiene & Veterinary Division**

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**MHS CORPORATE PERFORMANCE TARGETS: 2005/06**

**Issue**

1. Final agreement of the targets, KPIs and performance management information against which MHS performance is to be measured for the 2005/06 financial year.

**Background**

2. In line with Cabinet Office rules on Executive Agencies, the FSA is required to set annual performance targets for the MHS. Targets 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 targets rests with the MHS Board.
3. The MHS Board discussed this issue at its meetings in January (paper (05)07) and March (paper (05)26). In January the Board agreed that the current five high level aims for MHS corporate performance (Annex A) should be rolled forward into 2005/06. In March the Board members signalled their provisional agreement to the proposed targets, KPIs and other management information (set out in Annex B of Paper (05)26) subject to a reality check against MHS performance in 2004/05 and further discussion at this meeting.

**Strategic Aims**

4. MHS performance targets contribute to the achievement of FSA priorities by focussing primarily on food safety, food law enforcement, and (to meet the needs of other Departments, including Defra, and to fulfil the MHS mission statement) animal disease surveillance and animal welfare.

**Performance management information, KPIs and targets for 2005/06**

5. This paper seeks the agreement of the Board to the targets, KPIs and other performance management information set out in Annex B. These targets and data are essentially the same as those discussed by the MHS Board in March.

Some relatively minor changes have been made. These are indicated in red text with drafting notes where appropriate. The targets relating to TSE sampling and testing abnormal bovines for BSE at 1.20 and 1.22 of the Annex respectively have been agreed with Defra.

6. In summary, the current system of KPIs has been amended to:

- separate useful management information from that which more directly relates to MHS performance and should be used as KPIs;
- include new KPIs and targets relating to key areas of MHS work, such as BSE testing requirements;
- provide targets for the KPIs to encourage improved performance.

#### **Future assessment of MHS performance data**

7. The MHS will continue to produce quarterly performance reports and an end of year performance report for consideration by FSA officials and the MHS Board. These reports will include similar data to that provided currently but it will be separated between and set against the agreed targets, KPIs and management information. The reports will also continue to provide an assessment by the MHS, based on an analysis of the available performance data, of how it considers it has performed against each of its five high level aims and against specific performance targets. This will enable a view to be taken, as now, of the overall effectiveness of the MHS, plus more detailed consideration of whether performance has improved in specific areas.
8. As discussed at the Board meeting in March, in order to ensure a balanced assessment of overall MHS performance, it will be important that performance against specific targets is viewed in context and is not used in isolation to form general conclusions about the effectiveness of the MHS as a whole. Officials agree that a shortfall against one or more individual targets should not automatically lead to a judgement that the MHS has failed to meet one of its high level aims. This is particularly the case for the proposed 'zero tolerance' targets relating to SRM and OTM controls, BSE testing and TSE sampling (see rows

1.18 to 1.23 of Annex B). The degree and frequency to which any specific targets are missed, the implications of the shortfall(s), and whether the reasons for the shortfall(s) were rectified are all factors that will need to be considered as part of any general assessment of performance against the high level aims.

### **Impact**

9. The revised approach to targets, KPIs and management information set out in Annex 2 will not impact significantly on MHS or FSA. However, the planned work to further develop KPIs and targets during the course of 2005/06 (eg to reflect output from the MHS priorities setting project) may have resource implications for the MHS and the Meat Hygiene and Veterinary Division of FSA. The intention continues to be to move this work forward as far as possible within existing resources and without impacting on higher priority work, such as the implementation of the new hygiene regulations in 2006.

### **Recommendation**

10. The MHS Board is invited to:

- **note** their agreement in January to the retention of the current five high level aims for MHS performance in 2005/06 and their provisional agreement in March to the scope and direction of the proposed targets, performance management information and key performance indicators subject to a reality check against MHS performance in 2004/05 and further discussion at the May Board meeting; and
- give final **agreement** to the targets, KPIs and performance management information for use in 2005/06 set out in Annex B. Once agreed, this information will be published on the FSA website.

**Meat Hygiene & Veterinary Division**  
**May 2005**

## THE FIVE HIGH LEVEL AIMS FOR MHS CORPORATE PERFORMANCE

AIM	OUTCOME
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 with the law.	Production of meat and protection of animal welfare in accordance with the law.
2. Operate within delegated resource budget and delegated cash budget for 2005/06.	End of year out-turn within budget. Value for money. Effective financial control.
3. Improve the expertise, knowledge, motivation and skills of staff and develop the internal culture necessary to deliver organisational objectives.	Staff have the expertise, knowledge and skills, and develop the internal culture, necessary to deliver organisational objectives.
4. Improve levels of customer satisfaction with MHS performance as a professional and fair organisation.	Customers and stakeholders satisfied with MHS performance. Repeat business and value for money. Customer confidence.
5. Improve efficiency.	Value for money and increased efficiency.

## MHS PERFORMANCE INFORMATION, KPIs and TARGETS FOR 2005/06

AIM	MANAGEMENT INFORMATION	KPI	TARGET
<b>1. Enforce in line with Enforcement Concordat to improve compliance</b>	1.1. Level and trend of informal enforcement action.		
	1.2. Number and trend of Improvement Notices issued.		
	1.3. Number and trend of Regulation 10 Notices issued.		
	1.4. Number and trend of referrals to FSA Legal Division.		
	1.5. Number and trend of successful prosecutions.		
	1.6. Number and trend of throughput at all plants of bovines, sheep & goats, poultry, pig, other, meat.		
	1.7. Monthly operator compliance with animal welfare legislation – i.e. % of operators found non compliant or seriously non compliant.		
		1.8. MHS compliance with Operations Manual in areas of by-products, hygiene, structure, operator own checks. Measured by level of NCs per 100 audits.	<p>No more than 4 major NCs per 100 audits for NC 6 (structure), NC 7 (operator own checks) and NC 18 (animal by-products). [Note – this represents a reduction from the previous target of 5 NCs].</p> <p>No more than 8 major NCs per 100 audits for NC5 (Hygiene). [Note – previous target was 10 NCs].</p> <p>No more than 25 minor NCs per 100 audits for NC5 (Hygiene), and 20 minor NCs for NC 6 (structure), NC 7 (operator own checks) and NC 18 (animal by-products). [Note – there has not previously been a target for minor NCs.]</p> <p>No critical NCs per 100 audits. [Note – reflects outcome in 2003/04 and latest available data for 2004/05]</p>

## MHS PERFORMANCE INFORMATION, KPIs and TARGETS FOR 2005/06

AIM	MANAGEMENT INFORMATION	KPI	TARGET
1. Enforce in line with Enforcement Concordat to improve compliance (cont.)		1.9. MHS compliance with Operations manual within 3 months of detection of non compliance by FSA audit.	To maintain correction rate of >95% within 3 months for major NCs. To maintain correction rate of >90% within 3 months for minor NCs. <b>To resolve critical NCs without delay.</b>
	1.10. MHS compliance with Operations manual measured by OVS to OVS letters about problems related to health marked meat. NB: system being developed. <b>[Note - moved from KPI column as system has not been developed sufficiently to allow target to be set and because useful KPIs and targets exist in this area as per 1.8 and 1.9 above]</b>		
	1.11. Number and trend of cattle, pig, poultry, sheep carcasses rejected at PM at slaughterhouses as % of total throughput.		
	1.12. HACCP implementation in small and large plants.		
	1.13. Operator compliance with cattle ID controls measured by number of referrals to LA trading standards, and number of passport and eartag irregularities.		
	1.14. Operator compliance measured by number of plants in HAS bands.		
	1.15. % of cattle and sheep rejected by throughput under Clean Livestock Policy.		

## MHS PERFORMANCE INFORMATION, KPIs and TARGETS FOR 2005/06

AIM	MANAGEMENT INFORMATION	KPI	TARGET
	1.16. Operator Microbiological testing requirements NB: data collection system to be developed.		
	1.17. Improvement of operator compliance with BSE controls measured by percentage of operators awarded B marks (i.e. unsatisfactory) on form 46 relating to SRM non compliance and other non compliance, e.g. incorrect staining, collection of waste, labelling etc.		
		1.18. Effectiveness of MHS enforcement of SRM controls, and compliance with Operations Manual, measured by number of health marked carcasses found to contain SRM.	No breaches.
	1.19. Number of SRM breaches found by MHS in imported carcass beef.		
		1.20. MHS compliance with TSE sampling target measured by % of sheep and goats sampled against target.	Achieve 100% of sampling target.
		1.21. Testing of all OTM BAS cattle to ensure negative BSE results prior to entry into food chain. [Note – KPI and target to be extended to all OTM cattle on rule change.]	All OTM BAS cattle tested. [Note. To be extended to all OTM cattle on rule change.] Only cattle testing negative allowed into the food chain.
		1.22. Testing of all abnormal bovines aged 24-30 months for BSE.	Test all 24-30 month bovines judged to require testing for BSE. Only cattle testing negative allowed into the food chain.
		1.23. Number of OTM cattle entering the food chain.	Prevent OTM cattle (except BAS cattle) from entering the food chain.

## MHS PERFORMANCE INFORMATION, KPIs and TARGETS FOR 2005/06

AIM	MANAGEMENT INFORMATION	KPI	TARGET
2. Operate within delegated resource budget		2.1 Keeping running costs within delegated budget.	Ensure running costs are kept within budget.
	2.2 Recovery of debt measured in debtor days.		
	2.3 Prompt payment performance as a percentage.		
3. Improve staff expertise, knowledge, motivation, and develop culture	3.1 Turnover of employed staff.		
	3.2. Staff satisfaction measured by staff attitude survey (carried out every 2 years).  [Note – moved from KPI column since not carried out each year and staff satisfaction affected by many different issues including ones outside the control of MHS management.]		
	3.3. Staff sickness level.		
	3.4. National Incidence Rate and Reportable Incidence Rate (of accidents).		
	3.5. Implementation of staff diversity action plan.		
	3.6. Maintenance of IiP accreditation.		

## MHS PERFORMANCE INFORMATION, KPIs and TARGETS FOR 2005/06

AIM	MANAGEMENT INFORMATION	KPI	TARGET
4. Improve level of customer satisfaction	4.1. Level of satisfaction measured by customer satisfaction surveys.		
		4.2. MHS formal complaints procedure: number referred to Regional or HQ Director, number of these processed within complaints procedure timescales, and number found in the complainant's favour. <i>[Note - proposed KPI and targets extended from last draft to include number received and processed within timescale].</i>	Reduced numbers referred to Region or HQ, found in complainant's favour, and processed outside of published timescales.
	4.3. Maintenance of ISO 9001:2000 quality management system accreditation.		
	4.4. Maintenance of Charter Mark accreditation.		
		4.5. MHS performance against Service First standards set for Government Executive Agencies: i. % of external correspondence responded to within SF deadline; ii. meet visitors within 10 minutes of any appointment; iii. answer telephone calls within 30 seconds.	Performance to compare favourable against that of previous years.

## MHS PERFORMANCE INFORMATION, KPIs and TARGETS FOR 2005/06

AIM	MANAGEMENT INFORMATION	KPI	TARGET
5. Improve efficiency		5.1. Efficiency savings target for 2005/06.	£100,000 procurement savings and the introduction of e procurement for operational equipment to enable savings to be delivered in 2006-07.
		5.2. Savings from implementation of IT in plants.	£300,000 in 2005/06.
	5.3. Level of staff overtime.		
	5.4. % of MHS HQ to total MHS staff.		
	5.5. Number of additional charges, number of appeals against additional charges, and number of appeals upheld		
	5.6. MHS £ cost per livestock unit (indexed to allow for inflation).		