

Group Plan

2009/10



Meat Hygiene Service

1 INTRODUCTION

The Meat Hygiene Service is responsible for providing verification, audit and meat inspection services in approved slaughterhouses, cutting plants, game handling establishments, and co-located minced meat and meat preparation premises. Through the proportionate enforcement of GB and European legislation, the work of the MHS contributes to the protection of public health and animal health and welfare.

The principal activities of the MHS include:

- Enforcing legislation on:
 - Hygiene;
 - Specified Risk Material (SRM) and other animal by-products;
 - Animal welfare at slaughter;
 - Emergency controls related to animal disease outbreaks;
 - The ban on the placing on the market of products derived from bovines born before 1 August 1996.
 - Animal identification
- Identifying meat unfit for human consumption
- Collecting and dispatching samples for
 - Statutory veterinary medicines residue testing, and;
 - Transmissible Spongiform Encephalopathies (TSE) examination and testing.
- Checking cattle identification.
- Providing export certification.

The MHS has a statutory duty to provide these services on demand with reasonable period of notice, 24 hours a day, 365 days a year throughout England, Scotland and Wales.

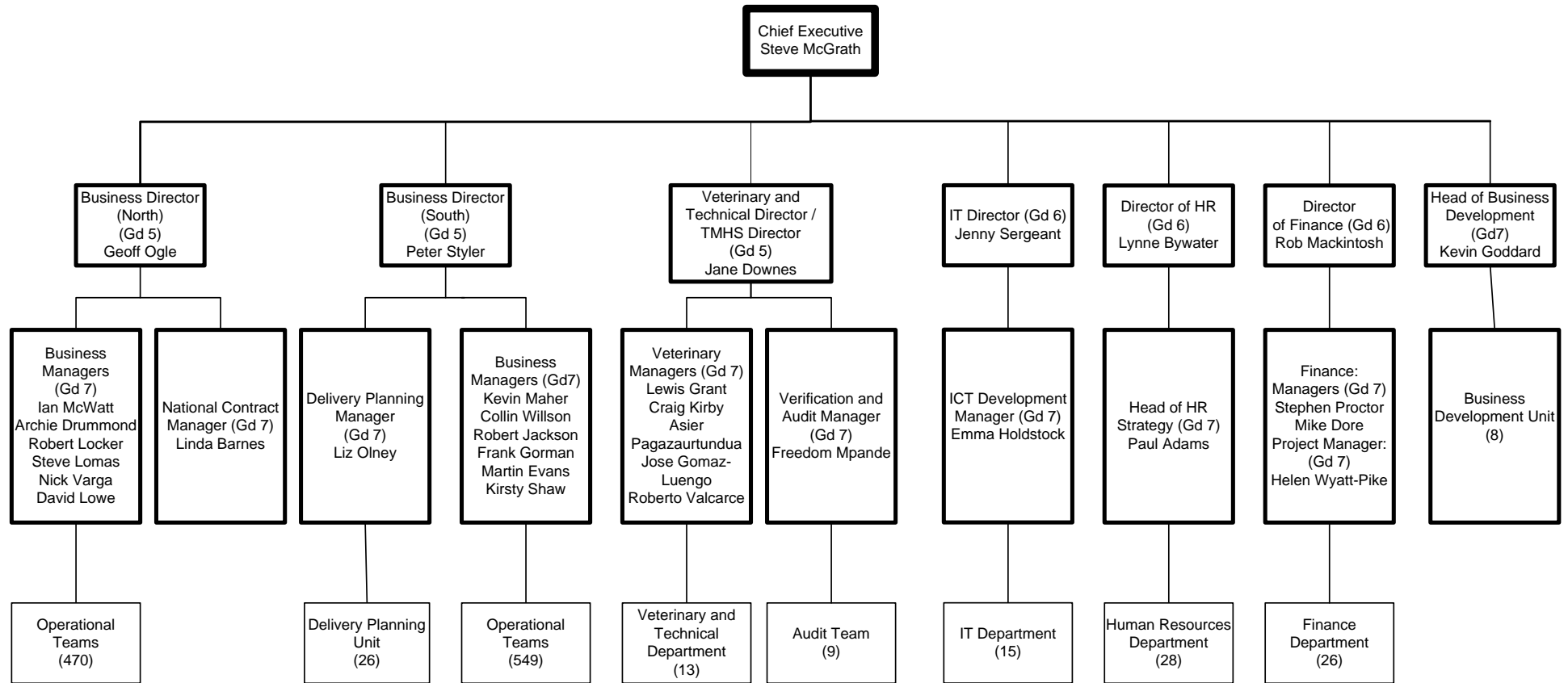
2 RESOURCES AVAILABLE *

£000	2009-10	2010-11	2011-12	2012-13
Administration	0	0	0	0
Programme	69,800	67,200	65,397	62,726
Capital	325	300	300	300
Transformation	3,600	3,500	3,000	3,000
Sub-total	73,725	71,000	68,697	66,026
Income	44,800	44,363	46,783	48,356
Total	28,925	26,637	21,914	17,670

**In light of the recent charging decisions made by the FSA Board, the long term financial plan is currently being assessed.*

The following chart shows the corporate MHS structure:

Meat Hygiene Service



Note; figures do not include HQ temporary staff but numbers are available if required.

Correct as at November 2008

3 OVERVIEW OF PERFORMANCE, CHALLENGES AND RISKS

Performance 2008/09

Our commitment to transform into a more efficient and effective organisation has continued at pace and has delivered positive results during 2008/09.

Challenges

In February 2009, we introduced a new operational structure based on 37 geographical clusters of approved fresh-meat premises, which has provided more flexibility and efficiency, and has facilitated local decision-making and accountability. This new structure will help service delivery and provide a clear financial gain through a reduction in contract costs.

To complement the new operational restructure, the MHS will continue to work with the FSA in 2009/10 to identify opportunities for integrating and streamlining corporate service functions.

The MHS has been working closely with the FSA and industry to develop and implement a new charging system and to enable the MHS to improve planning for resource deployment through business agreements with operators of approved meat premises. This will assist the inspection process to be carried out more efficiently which, under the proposed time based charging system, should limit costs to both taxpayers and industry. In December 2008 the FSA launched a 14 week consultation period on the proposals. Changes to the current system are expected to come into force on 29 June 2009. Any reductions in resourcing requirements will be made through reducing contractor activity, redeploying employed staff, or redundancy .

During 2008/09, the MHS transferred the responsibility for the ageing of adult sheep to FBOs. This will enable the MHS to reduce verification of sheep dentition checks from 100% to 5% based on risk assessment. MHS also worked with FBOs to allow the reduction in the level of checks and controls undertaken on separation policies and SRM, and to allow slaughtering to be undertaken without MHS presence in small red meat slaughterhouses processing pigs, UTM cattle, sheep and goats.

Sickness absence has dropped from 20.1 days per person at the end of the last year, to 18.4 days per person at the end of 2008/09 (against a target of 14.6 days) This is still above the FSA average of 8.9, however MHS operational work entails manual labour, working with animals, carcasses and meat products. Health & Safety regulations can also prevent staff who are pregnant or are suffering from certain illnesses from working in this type of environment, which would not apply to office based staff. In common with other government departments, the MHS have approximately one third of staff who have not had any sickness absence during the last financial year. The MHS appointed a member of staff on a fixed term contract to focus on managing sickness absence. As a result of good HR support and strong line management, towards the end of 2008/09 there was a reduction of 30% in the number of staff on long term sickness

Modernising our terms and conditions of service is vital to our continuing success and we are continuing to work with UNISON to achieve this.

The MHS was successfully re-accredited with the ISO9001:2000 standard in July 2008, which certifies that MHS management systems and processes meet the international quality standard. During the audit in February 2009, the MHS was successfully upgraded to ISO9001:2008.

Risks

While further manpower resource savings are possible through roll-out of Business Agreements or other efficiency savings, investment will be required to support a reduction in staffing where it is not possible to redeploy employed staff.

While our new operational structure has been designed to increase flexibility, we still recognise that the meat industry will continue to consolidate, re-structure and downsize. Our resourcing levels will be carefully monitored in order to respond to rises and falls in demand.

Significant IT investment is required to allow a streamlining of our processes. We have established an IT Programme Board to ensure that IT priorities are determined and progressed against the available funding and risks to Programme delivery. As a result, funding and resource constraints are forecast and managed appropriately.

4 KEY PRIORITIES GOING FORWARD

Whilst we are transforming to improve efficiency and effectiveness, we will not lose sight of our key priorities of public health and animal health and welfare protection.

Our key operational priorities are to:

- Ensure that we work with our service delivery partners and apply our new operational structure to best effect to deliver official control duties efficiently and effectively;
- Focus on educating Food Business Operators (FBOs) in approved meat premises about required standards for the production of safe meat and how they may ensure compliance, with sanctions being imposed where these standards are not being met;
- Ensure that we have robust contingency plans in place, so that we are prepared in the event of a notifiable disease outbreak or other emergency;
- Continue to realise benefits introduced under the MHS transformation programme
- Work to implement changes in policy or regulations robustly, with our workforce equipped to deal responsively with future challenges.

Throughout 2009/10 the MHS will continue to work with the FSA to develop an integrated Corporate Services Group which will deliver effective and streamlined services to meet the business needs of the whole Agency. We will benchmark against other Government Departments' Corporate Services functions to demonstrate that this provides both best practice and best value for the taxpayer.

The new contracts with service delivery partners have been designed to accommodate the new operational structure and encourage flexibility in service delivery. There are currently seven suppliers on UK mainland. Through the tender process, the MHS has promoted healthy competition.

In 2009/2010, the MHS will see the full year effect of the closure of the Older Cattle Disposal Scheme and transfer of responsibility for ageing of adult sheep and goats to the Food Business Operator at the end of January 2009 (Step 3 SRM changes).

A number of policy and legislation changes are currently under consideration and will come into play during the life of this plan. These include:

- A possible transfer of TB reactor sampling from Animal Health to MHS (from April 2009);
- Extension of *Trichinella* testing requirements for pigs (possibly from April 2009);
- MHS performing duties on behalf of Defra, following introduction of poultry meat marketing standards (April 2009);
- Implementation of the Poultry Meat Directive – additional monitoring on behalf of Defra expected from April 2009, ahead of Directive applying in June 2010;

- A step-wise move to a more risk-based approach to SRM controls for Over Thirty Month Cattle (recommendations to FSA Board in mid 2009).

These will all have an impact on gross costs and corresponding income during the course of the plan. Opportunities for regulatory reform (for example, through piloting and introduction of national measures) may also have an impact during the planning period.

During 2009/10 the MHS will be implementing the revised charging arrangements agreed through the consultation process completed in March 2009. 2009/10 will see us working closely with policy colleagues to develop a future charging strategy for the years ahead to meet the required financial targets and to target the available financial support to abattoirs most in need.

Stakeholder co-operation is key. The MHS can only deliver certain efficiencies where the Food Business Operator can accommodate changes, for example to the scheduling of animals or slaughter line set up, and in some cases these changes may require significant FBO investment. The introduction of the new charging arrangements may provide a catalyst for Food Business Operators to make such changes. Collaborative working with Food Business Operators on IT systems allowing real-time data entry will also help to drive efficiencies.

In poultry slaughterhouses with acceptable hygiene standards, Food Business Operators will have to take business decisions on the merits of employing their own staff to assist in performing official control duties (PIAs) versus having MHS Meat Hygiene Inspectors in place. The new charging arrangements will be a key influence, as will new training requirements that have been developed for PIAs.

The MHS is developing a resourcing strategy geared towards providing flexibility but enabling a reduction in costs and a competent and committed inspection resource. As part of this strategy, an ex-employees register is being created which will identify individuals willing to be brought in, for example in the event of a disease control outbreak.

Business Agreements will be reviewed in the year to identify the potential for further savings with FBOs.

The MHS is working to phase out the Meat Technician role by the end of 2009. Where there is a continuing need for current duties to be performed after this period, we will redeploy employed MHIs or contract staff to carry out these functions on a temporary basis.

Currently FSA Directors in England, Wales, Scotland and Northern Ireland are individually responsible for approvals including granting, refusing, reviewing, suspending or withdrawing meat establishment approval. Those Directors are supported by field veterinarians and approvals administration teams. From 1 October 2009, the MHS will assume responsibility for the approval of meat establishments in Great Britain, where veterinary attendance is required. This will provide improved future consistency, effectiveness and efficiency of approvals activity across the UK.

The key performance indicators for the MHS for 2009/10 are:

- 1. To protect public health and animal health and welfare:**
 - Securing FBO compliance with legislative requirements
 - Ensuring FBO audit findings accurately reflect FBO compliance with relevant legislation
 - Ensuring accuracy of MHS post mortem inspection

- 2. To meet our efficiency targets**
 - Overhead Costs
 - Net Costs
 - Gross Costs
 - Cost Per Livestock Unit

- 3. Customer satisfaction**
 - Customer complaints
 - Industry perception of MHS

- 4. To ensure our people have necessary knowledge and experience**
 - Reduction in sickness absence
 - Reduction of 20% in days lost to work related ill health/injury
 - e-Learning Diversity module – 100% of staff trained
 - Performance and Development Review Scheme in place
 - Securing changes to Terms and Conditions

5 RESOURCE CHOICES AND PROPOSALS

Training: Principal area of MHS discretionary expenditure is on training. Annual spend on training is typically just under £400k. This equates to around £300 for each permanent member of staff each year.

Time Based Charging System: Subject to consultation and subsequent FSA Board decision, the total industry income from the time based charging proposals would amount to £25.2m with a 4% increase, £25.5m with 6% and £26.0m with 9%.

6 DEVELOPING OUR GROUP AND PEOPLE

Essential to effective delivery is a highly motivated and competent workforce, having the right people with the right skills in the right place at the right time. This is supported by ensuring a high level of performance management throughout the MHS, with standards regularly monitored and discussed. A new performance management system introduced in April 2009 will provide an effective framework.

Staffing and Development

Our key priority is to deliver the staffing requirements for the MHS in terms of both overall headcount and skills composition that reflects the direction of travel set out in the MHS Transformation programme and the MHS Resourcing Strategy, regulatory change and service delivery requirements from industry stakeholders. Specific activities in 2009/10 in relation to this key priority include:

- Developing a modernised terms and conditions of employment for operational staff including a collective agreement on the outstanding 2009 Pay Award;
- Developing the MHS pay bargaining objectives and strategy for future pay awards (taking account of emerging HM Treasury public sector pay policy and priorities);
- Developing our staff in new operational line management roles;
- Introduction of a new Performance and Development Appraisal Scheme;
- Preparing for re-assessment against the Investor in People (IiP) standard
- Reviewing MHS employment policies and procedures to take account of legislative change;
- Reviewing MHS Diversity Strategy and Action Plan, as required by the public sector (statutory) duty on the MHS under the Race Relations (Amendment) Act; and
- Reviewing our requirement for recruitment of operational staff for the forthcoming year against our future resourcing strategy

Managing Attendance

In conjunction with line managers, we will continue to drive down MHS sickness absence levels. Specific activities in relation to this key priority in 2009/10 include:

- Working with local managers to quickly progress sickness absence cases towards a return to work or medical termination;
- Revising the guidance, support material and training provided to line managers;
- Reviewing sickness absence reporting systems and procedures;
- Improving sickness absence management information; and
- Closer monitoring of the levels of support and service provided by the MHS Occupational Health Service provider.

Health & Safety

In conjunction with line managers, staff and elected safety representatives continue to work towards the strategic objectives for Mar 2010, which will include:

- a 10% reduction in the incidence rate of work-related major injuries
- a 15% reduction in the incidence rate of work-related ill-health
- a 20% reduction in the number of days lost due to work-related injury and ill-health

Other activities include:

- Developing a control regime for noise management and monitoring, and
- Developing and implementing an Action Plan based on the results of the Stress Survey in the 6 Cluster Groups and HQ.

7 EFFICIENCY

During the next 3 years, the MHS will continue to transform. Costs decreased by £9m in 2008/09, and a further saving of £5m is expected in 2009/10.

To achieve these net cost targets, industry has to make a greater contribution to the overall cost of the inspection process. The MHS has been working closely with the FSA and industry to develop and implement a new charging system and to introduce business agreements with operators of approved meat businesses. This will enable the inspection process to be carried out more efficiently, which, under the proposed time based charging system should limit costs to both taxpayers and industry.

The planned cost savings together with the progressive increase in charges being proposed are expected to reduce the subsidy to industry to around £10 million in real terms by 2012/13. Once the new charging system has been fully implemented and MHS cost reductions are fully in place, the industry will pay significantly less in real terms than it did before the introduction of the Maclean charging system.

The MHS will continue to work with the FSA to develop a single integrated Corporate Services Group which will deliver affordable, high quality services that meet the needs of the whole Agency. By benchmarking against other Government Departments' Corporate Service functions, we will demonstrate that this is both best practice and best value for the taxpayer.

New IT systems have been introduced which will improve the efficiency of many of the organisation's business processes. Further investment in IT will lead to further reductions in staff numbers.

Streamlining of resources will be delivered in the short-term through redeploying Meat Hygiene Inspectors wherever possible and reducing contract MHI hours. Currently, 22% of Meat Hygiene Inspectors are over 55 years old.

While further resource savings are possible, investment costs will be required to release frontline staffing numbers where it is not possible to redeploy employed staff.

8 CROSS CUTTING PROJECTS

The Meat Hygiene Service is working with the FSA and industry on developing a new charging system. The planned cost savings together with the progressive increase in charges being proposed are expected to reduce the subsidy to industry to around £10 million in real terms by 2012/13. Once the new charging system has been fully implemented and MHS cost reductions are fully in place, the industry will pay significantly less in real terms than it did, before the introduction of the Maclean charging system.

As part of the Transformation Programme, the MHS planned to review its corporate service functions to ensure that they deliver services which meet the needs of its new field management structure. The FSA has also been reviewing its provision of corporate services. The 'One FSA' initiative gives us the opportunity to extend this work and to create a single integrated corporate services group serving the Agency as a whole.

The MHS will continue to work with FSA colleagues and industry stakeholders on the implementation of known legislative changes, and on the development of legislative opportunities to deliver risk-based proportionate regulation. As an example, the forthcoming introduction of Food Chain Information requirements for cattle and sheep in January 2010 will require positive collaboration across stakeholder groups.

Introduction of new IT systems for inputting ante- and post-mortem inspection results will provide greater opportunity for collaborative working with Food Business Operators, data sharing and exchange.

There are several IT business projects planned which will enable better sharing of information and collaboration between MHS and stakeholders. For example, the Information Security Access Model (ISAM) will pave the way for FBOs to access MHS systems and update their own information as appropriate.

ANNEX 1: KEY PRIORITIES GOING FORWARD

Key priority
To protect public health and animal health and welfare

Objective	
Performance indicator	Targets/milestones
Securing FBO compliance with legislative requirements	FBOs audit frequency decreases
Ensuring FBO audit findings accurately reflect FBO compliance with relevant legislation	[system to be in place by July 2009]
Ensuring accuracy of MHS post mortem inspection	[system being developed]

Resources			
	Year 1	Year 2	Year 3
Administration			
Programme			

Key priority

To meet our efficiency targets

Objective**Performance indicator****Targets/milestones**

Cost Per Livestock Unit

Does not exceed budgeted CPLU (£11.00)

Overhead Cost

Continuous relative reduction in overhead cost

Gross Costs

Does not exceed budgeted gross cost of operations (£73,725,000)

Net Costs

Does not exceed budgeted net cost of operations (£28,925,000)

Resources

	Year 1	Year 2	Year 3
Administration			
Programme			

Key priority
Customer Satisfaction

Objective	
Performance indicator	Targets/milestones
Customer Complaints	No more than five complaints upheld in favour of complainant
Industry perception of MHS	7.3 on scale of 1-10

Resources			
	Year 1	Year 2	Year 3
Administration			
Programme			

Key priority

To ensure our people have the necessary knowledge and experience.

Objective**Performance indicator**

Reduction in sickness absence

Reduction of 20% in days lost to work related ill health/injury

Performance and Development Review Scheme in place

e-Learning Diversity

Securing changes to T&Cs

Targets/milestones

10% improvement by March 2010

20% reduction by March 2010

New appraisal system/competency framework in place

100% of staff trained.

Resources

	Year 1	Year 2	Year 3
Administration			
Programme			