

FSA Priorities and Budget for 2023-24

BC 23-03-06 This paper summarises the FSA's Annual business plan and budget for the financial year 2023/24.

1. Summary

1.1 The Business Committee is asked to:

Agree: the Food Standards Agency's (FSA) annual business plan and budget for 2023/24.

2. Executive Summary

2.1 This paper summarises the FSA's Annual business plan and budget for the financial year 2023/24. It sets out our areas of:

a) **Focus:** Remains on our mission of '**food you can trust**', to make sure that food is safe and what it says it is in accordance with our 5-year strategy and vision for a better food system. In the coming year, we will also play our part in helping to make food healthier and more sustainable for everyone.

b) **Priorities:** FSA has a range of statutory powers and duties, and we carry these out through undertaking different roles in the food system, such as '**Evidence Generator**', '**Policy Maker**', '**Regulator**', '**Watchdog**', and '**Convenor & Collaborator**'. To fulfil these roles, we have '**Enabler**' functions which support and improve delivery across all areas of our business. Our priorities for the year ahead are laid out under these roles.

c) **Delivery:** We must continue to fulfil our regulatory duty and the majority of available funding is allocated to ensuring ongoing delivery of operating the FSA's core regulatory functions.

2.2 The Board reviewed a first draft of the priorities in January 2023. Building on those discussions, this paper provides a revised summary of the key priorities for 2023/24 together with the ongoing activity the FSA needs to carry out to fulfil its statutory functions, and the budget required to deliver those activities.

3. Strategic Direction

3.1 The FSA is an independent government department working to protect public health and consumers' wider interests in relation to food in England, Wales and Northern Ireland.

3.2 The FSA's mission – '**food you can trust**' – is an outcome we want for everyone, wherever in the UK they live and whatever their personal circumstances. This will only happen if everyone is able to access the food they need and to make informed choices about the food they eat. These issues cut across all three parts of our vision:

3.3 The FSA strategy for 2022 to 2027 sets out our vision for the food system for the next five years. We are developing a three-year plan, which will be presented to the FSA Board at the March meeting. It translates the strategy into action.

3.4 The strategy will be delivered through the nine objectives detailed in the three-year plan, linked to the roles set out in our strategy. The annual business plan for 2023/24 identifies the way we will deliver these objectives this year. It includes priorities for the FSA to deliver in the coming year and work which will help us develop and embed the newer elements of the strategy.

4. Annual Business Plan for 2023/24

4.1 The key deliverables we aim to achieve within 2023/24 for each of these corporate objectives are detailed in **Annex A**. The list is a subset of our three-year corporate plan and has been iterated with the Executive and Board members to identify our top priorities.

4.2 As can be seen in the corporate plan, we will continue to deliver our core statutory functions to help ensure that food is safe and is what it says it is. These include: Controls on abattoirs and primary production through meat, dairy and wine inspection and audits; Monitoring and reporting on classified shellfish production areas; Food and feed incident handling and response; Food crime law enforcement function; Overseeing Local Authority and Port Health Authority delivery; and, Advising on food safety risks using our Risk analysis process including authorising regulated products.

4.3 We will continue to make robust recommendations and support the ministers who make decisions on rules relating to food. This includes food and feed safety and hygiene, hypersensitivity, and our wider responsibilities in Northern Ireland with nutritional standards and nutrition food labelling policy and dietary health and surveillance as well as compositional standards and labelling in Wales and Northern Ireland. We will continue to build our scientific and evidence capability taking advantage of partnerships across government and with academia.

4.4 Although most of our effort will continue to be focused on making sure that food is safe and what it says it is, in the coming year we will also play our part in helping to make food healthier and more sustainable for everyone with continued research on wider consumer interests, the school food standards pilot and food data and transparency partnerships.

4.5 Our plan identifies areas we intend to focus and further develop, but there are specific activities that we expect will place significant increased demand on key parts of the business, these include:

- a) Work to complete the development of secondary legislation (including consultation), including finalising evidence packages to support policy proposals, and build a new service to deliver the framework for precision bred organisms used in food and feed.
- b) Support for the Department for Environment, Food and Rural Affairs and the Cabinet Office on the Borders Target Operating Model (Borders TOM) for 2023, through working effectively across government to agree and deliver the Borders TOM for import controls.
- c) Work to deliver the Retained EU Law (Reform and Revocation) Bill, which requires us to review and take a decision to preserve, extend reform or lapse around 150 substantive pieces of retained EU law across England, Wales and Northern Ireland before the December 2023 deadline.
- d) Work to critically evaluate the Novel Foods Regulatory Framework (based on Novel Food Retained EU Legislation) and identify opportunities for potential reform. The review started in January 2023 and will consider the national and international regulatory landscape. Potential reform options will be reported in Spring 2023, supporting a public commitment by the Government to review the framework.
- e) Continue to manage the FSA's responsibilities under the Northern Ireland Protocol and work to implement UK Government obligations, ensuring that high food standards in Northern Ireland and Great Britain are maintained and the FSA contributes to negotiations with the EU.

4.6 To measure our performance, we use a regular suite of measures. These continually evolve as our work and delivery changes, but our regular measures include: Meat food business operator compliance; Local Authority and Port Health Authority delivery; Risk analysis and regulated products process; consumer trust and confidence in the food system and the FSA; and, understanding the food crime threat.

4.7 Progress in delivering our annual business plan will be reported to the Business Committee in the quarterly Performance & Resources report and annually within the activities and performance section of the Annual Report & Accounts, alongside reporting on core business delivery performance measures. To ensure we remain open and transparent the Performance & Resources report will accompany a written note from the Business Committee which will be provided to the following FSA Board meeting and will be included in the published papers.

4.8 We are also progressing work to develop a new performance framework to improve Board and Executive reporting. The performance framework, and indicators of success will help us to identify cross-cutting risks; support prioritisation decisions and provide an overarching view on whether we are on track to deliver against our strategy and plans and if not, discuss actions we can collectively take to get back on track.

4.9 The Executive will continue to periodically review how changes in the external environment and uncertainty are impacting our priority activity and may reassess allocation of resources. The three-year corporate plan, alongside the annual business planning for 2023/24, will aid prioritisation and provide a 'medium term' forward look of the main activities we aim to deliver over the next few years.

5. Budget 2023/24

5.1 The HM Treasury Spending Review 2021 agreed an essentially flat budget for each of the three years of the review period. 2023/24 represents the middle year of the settlement and our budgets are outlined in **Annex B**.

5.2 In agreeing the Westminster budget, the FSA has had to prioritise and be realistic about what it can achieve in the coming year against the background of continuing economic volatility and steeply rising costs.

5.3 We will continue to invest in our Achieving Business Compliance programme and assess the impact of specific burdens on Local Authorities arising from FSA policy advice. We have also prioritised funding for research and development; improvement work for official controls; IT equipment replacement; estates and funding the replacement of the Finance, Commercial, HR and Payroll systems.

5.4 The FSA Westminster is delivering a balanced budget. However, there are several challenges being managed within this:

- a) We will be starting the year with known pressures which will continue to emerge since business planning (such as increased IT license costs). Our finance strategy outlines the process for a full review of budgets at the end of quarter 1, where we can consider the latest position from robust forecasts and may reprofile budgets if it is deemed necessary.
- b) We are asking directorates to deliver with less staffing and funding than they would wish to have. This requires a continued focus on prioritisation. We have had to limit recruitment from our optimum plan to ensure we have an affordable workforce in the medium term. This has resulted in us scaling back a number of plans such as work to support the Retained EU Law bill, the Achieving Business Compliance programme and Regulated Products to more affordable levels.
- c) We will need to absorb any inflationary pressures which emerge across our budgets, and our expectation is that any pay settlement agreed in the future with HM Treasury will need to be funded from within our spending review envelope.

5.5 The FSA in Wales is delivering a balanced budget and retains the same level of funding (£5.0m, indicative) in 2023/24 as it had in place for 2022/23. The Welsh Government increased the FSA in Wales funding by £1.5m in 2021/22 to accommodate an increase in workload previously undertaken by the European Commission and the European Food Safety Authority. The majority of the additional £1.5m funding was used to increase staffing levels in Wales to support these new EU related functions and a full staff complement is forecast from Q1 of 23/24. We are reviewing the resource requirements for the new EU related functions in Wales and will be updating the position with the Welsh Government.

5.6 The budget will be finalised following Welsh Government budget debate in early March. It will be confirmed in a Grant offer letter which lays out the funding for the FSA in Wales to deliver its business plan for the year.

5.7 The FSA in NI submitted a £15.9m budget bid to Department of Finance NI (DoF) for the 2023/24 financial year in January 2023. The bid was structured around the areas of public health protection from food and feed risk (£12.1m) and Operationalisation of the Northern Ireland Protocol (£3.8m). DoF are reviewing bids across all Northern Ireland departments and working with the Northern Ireland Office on next steps. The final budget settlement is expected to be known in March.

5.8 Given uncertainties in the internal and external factors that affect our plans the FSA will continually reassess its planning assumptions and monitor the financial forecasts monthly.

6. Conclusions

6.1 The contents of this paper set out the executive's view of what we will deliver in the coming year to achieve our strategy.

6.2 The Business Committee is asked to:

Agree: the FSA's annual business plan and budget for 2023/24.

Annex A

Annual Business Plan - Priorities for 2023/24

These priorities are a subset of the list of activities contained in our three-year corporate plan, which will be presented to the Board at their March 2023 meeting. These top priorities represent the executive's view of the most important things to deliver in the coming year, including keeping us on track for delivering the remainder of our three-year plan in 2024/25 and 2025/26. The list has been iterated with the Executive and Board members to identify our top priorities.

Evidence Generator

Corporate plan objective

1. Ensure that our decisions, and those of others are informed by evidence.

- ensure risk analysis decisions and priority work (borders target operating model, regulated products, Retained EU law) are informed by timely and robust evidence.

2. Build evidence so we can anticipate opportunities and risks across the UK food system.

- deliver 2nd phase of future laboratories plan, to provide a labs and sampling regime that is fit for purpose and resilient.
- deliver PATH-SAFE programme.

Policy maker

Corporate plan objective

3. Make robust recommendations and support decision makers to take informed decisions on rules relating to food and feed, based on evidence and independent assessment.

- agree overall approach to Retained EU law and deliver Statutory Instruments needed by end 2023
- deliver the risk analysis process and regulated products service
- assess and make recommendations on priority market access (import) requests to maintain food and feed safety and standards and confidence in UK food and feed
- continued monitoring and active management of EU and UK led policy changes that could result in divergence including governance.
- Influencing and shaping trade agreements by providing expert advice into negotiations

4. Create a proportionate, effective, efficient and future focused approach to regulation through the risk analysis process and regulated products service, that protects consumers and removes barriers to innovation.

- design and develop the process for FSA authorisation of precision bred food and feed, putting food safety and consumer interests at the heart of the approach.
- complete the external review of Novel Foods regulation.
- Implement the new Regulated Products Case Management System, improve support for applicants and develop plans to further streamline the risk assessment phase.
- supporting negotiated and non-negotiated solutions on future of Northern Ireland Protocol and implementing agreed direction.
- exploring options to improve the provision of allergen information for people with a food hypersensitivity, including written information in the non-prepacked sector and precautionary allergen labelling (including undertaking further research to gather more evidence.)

Regulator

Corporate plan objective

5. Deliver our regulatory responsibilities to ensure food and feed businesses to comply with the rules so that food is safe and what it says it is.

- directly deliver official controls in meat, dairy and wine businesses (including exporters).
- deliver an efficient and effective response to food and feed incidents.
- deliver an efficient and effective National Food Crime Unit response to food crime.
- as national regulator, assure that competent authorities are effectively delivering official controls.

6. Reform the food safety regulatory framework to deliver proportionate and risk-based assurance, now and in the future.

- deliver further digital and process improvements to support more effective FSA operational delivery.
- roll out new food standards model to a proportion of Local Authorities, launch pilots of new food hygiene model.
- determine the data that we require from LAs and put in place new methods to obtain it.
- run proof of concept trial of enterprise-level regulation with retailers.
- secure access to appropriate additional investigatory powers for the NFCU.
- borders Target Operating Model development and implementation in line with the FSA's mission – including introducing critical controls on imports of EU medium Risk Products of Animal Origin (from Oct 2023).
- develop options for a future assurance operating model.

Watchdog

7. Speak out publicly about areas of consumer interest to support food standards in the UK.

- publish annual report on food standards.
- produce advice on whether statutory protections for human health are maintained in free trade deals.

Convenor and Collaborator

8. Work in partnerships across the food system to address issues in the food system affecting consumers and businesses.

- complete school food standards pilot and agree a plan for next steps in light of the findings

- engage with government and with external stakeholders to participate and influence thinking, and inform further ways we could work together, particularly relating to food that is healthier and more sustainable
- lead the delivery of food industry outcomes within the new Northern Ireland obesity strategy to support the consumer to access a healthier diet.

Enabler

9. Provide the people, resources and processes needed to deliver the FSA's corporate objectives and priorities.

- launch the People Plan which set out how we will improve as an employer and benefits this will bring us, businesses we regulate and consumers we protect. key themes include: employee experience, maximising capability, and being an enabling organisation
- implementation of new Finance and HR management system along with associated efficiencies
- delivery of all finance and HR and digital services meeting government standards in efficiently and effectively. Such as the replacement of software that has come to end of life like Smarter Communications.

Annex B

2023/24 FSA Budget

Phrase	Abbreviation
Departmental Expenditure Limits	DEL
Resources	R
Capital	C
Annually Managed Expenditure	AME

FSA 2023/24 Budgets

Budgets	2022/23 Full Year Forecast Q3 (£m)	2022/23 Budget (£m)	2023/24 Budget (£m)
FSA RDEL	129.5	131.3	135.1
FSA CDEL	9.5	12.0	11.9

Budgets	2022/23 Full Year Forecast Q3 (£m)	2022/23 Budget (£m)	2023/24 Budget (£m)
Total (RDEL and CDEL excluding AME)*	139.0	143.3	147.0

*The FSA total and Westminster figures include the Shared Outcomes Fund and CDEL to RDEL budget transfer of £2m subject to HMT approval.

FSA Westminster Budget

Budget	2022/23 Full Year Forecast Q3 (£m)	2022/23 Budget (£m)	2023/24 Budget (£m)
RDEL	110.5	111.9	114.2
CDEL	9.0	11.5	11.8

FSA Wales budget

Budget	2022/23 Full Year Forecast Q3 (£m)	2022/23 Budget (£m)	2023/24 Budget (£m)
RDEL	4.9	5.0	5.0
CDEL**	0.0	0.0	0.0

**FSA in Wales currently has no CDEL but is negotiating with Welsh Government to reflect an office move during 23/24 which may incur CDEL costs.

FSA Northern Ireland Budget (provisional budget)***

Budget	2022/23 Full Year Forecast Q3 (£ million)	2022/23 Budget (£ million)	2023/24 Budget (£ million)
RDEL	14.1	14.4	15.9
CDEL	0.5	0.5	0.1

***FSA in Northern Ireland budget is still provisional and represents the £15.9m bid to the Department of Finance NI detailed in paragraph 5.7.

2023/24 Budgets by Business Area

Phrase	Abbreviation
Departmental Expenditure Limits	DEL
Resources	R
Capital	C

2023/24 Budgets by business area

Business Area	2022/23 Full Year Forecast Q3 RDEL (£ million)	2022/23 Full Year Forecast Q3 CDEL (£ million)	2023/24 Budget RDEL (£ million)	2023/24 Budget CDEL (£ million)
Information	14.4	1.4	11.9	1.8
Science	12.4	5.8	11.7	6.4
Policy	7.8	0.1	9.4	0.0
UK and International Affairs (excluding FSA in Wales and Northern Ireland)	4.3	0.0	4.6	0.0
FSA in Wales	4.9	0.0	5.0	0.0
FSA in Northern Ireland (provisional budget for 2023/24) *	14.1	0.5	15.9	0.1
Strategy, Legal and Communications **	10.4	0.0	11.5	0.0
Regulatory Compliance	11.6	0.0	11.6	0.0

Business Area	2022/23 Full Year Forecast Q3 RDEL (£ million)	2022/23 Full Year Forecast Q3 CDEL (£ million)	2023/24 Budget RDEL (£ million)	2023/24 Budget CDEL (£ million)
Operations ***	33.8	0.2	34.0	0.5
People and Resources ****	12.7	0.2	12.9	0.2
Centrally Managed	2.2	0.0	4.8	0.6
Shared Outcomes Fund	0.9	1.3	1.8	2.3
Total	129.5	9.5	135.1	11.9

* FSA in Northern Ireland budget is still provisional and represents the £15.9m bid to the Department of Finance NI detailed in paragraph 5.7.

** includes £1.8 million forecast costs for the Achieving Business Compliance Programme in 2022/23 and £2.6 million budgeted for the Programme in 2023/24.

*** includes £1.3 million forecast costs for operational transformation activity undertaken in 2022/23.

**** includes £1.7 million one off costs budgeted for the delivery of the new finance and HR system in 2023/24 and £1.6 million one off forecast costs in 2022/23.