

# Chief Executive's Report to the Business Committee

FSA BC 24/09/03 - Report by Katie Pettifer

1. This is my first report to the Committee as Interim Chief Executive.

## Incidents

2. Since Emily's last report in [June](#), the FSA has been supporting the UK Health Security Agency (UKHSA) in responding to a national outbreak of *E. coli* STEC O145, following a rapid rise in reported cases with onset dates between 29 April and 30 June 2024. As of 1 August, 290 cases had been linked to this outbreak via Whole Genome Sequencing (WGS), although the rate of reported cases has since declined and now ceased. Sadly, the deaths of two people have been linked to the outbreak among 9 reports of haemolytic uremic syndrome (HUS) in confirmed cases. In most cases, consumers reported eating pre-packed sandwiches, with the most common relevant raw material being apollo leaf lettuce. This led to a precautionary [recall](#) of a number of products in June 2024 which had links to one UK apollo leaf supplier. This outbreak attracted significant media interest in the safety of prepacked food products. Investigations into the root cause of the outbreak are ongoing and food businesses have been asked to review their sampling regimes and actions that can be taken to prevent a re-occurrence.

3. The FSA continues to work with UKHSA in responding to a cluster of *Listeria monocytogenes* that has been linked to two deaths in three confirmed cases of listeriosis. The cases have been linked to sandwiches supplied by the Real Wrap Co. to hospitals and to food and environmental samples taken from the manufacturing site. The FSA supported the Real Wrap Co. and the NHS in their product [withdrawal and recall](#) on 8 June. The food business has not resumed supply to hospital settings while investigations continue.

4. The [March report](#) to the Committee mentioned that the FSA's Incidents, Policy and SERD teams were working to investigate a UK-wide outbreak of *Shiga*-toxin producing *E. coli* (STEC) O145 that was potentially linked to varieties of unpasteurized milk cheeses produced by Mrs. Kirkham's Cheese in Lancashire. The FSA was notified by UKHSA on the 24 July of four new cases falling within this cluster between June and July 2024, bringing the total number of cases linked to this particular strain to 40, sadly including two deaths (one in the later 4 case group). While there is a microbiological link between the four recent cases and the previous cases, investigations did not identify a food chain link between them and Mrs. Kirkham's products. Investigations continue and additional sampling is being carried out by the business and local authority. I will provide a verbal update at Business Committee on any further developments.

5. In June, it was [reported](#) to the Committee that the Incidents team were coordinating the FSA input into the DEFRA led response of highly pathogenic avian influenza (HPAI) H5N1 in US dairy cattle. This contribution continues and it remains a cross-government preparedness response for HPAI, developing proportionate contingency plans to ensure the UK is ready to respond to any escalation in the risk level. To date, the testing of UK milk has not returned any positive results. Our food safety [risk assessment](#) published on 9 May remains unchanged.

## FSA Delivery of Official Controls

6. The Invitation to Tender for the FSA Delivered Official Controls (FSADOC) closed on 11 June 2024, followed by a successful series of evaluation panels in early August. Following a discussion of the Executive Management Team, we have now submitted a full business case to Department of Health and Social Care (DHSC), Cabinet Office and HM Treasury (HMT) with a recommendation on the award of the contract.

7. Planning is underway for the transition period in the event new or multiple suppliers are successful at tender. The transition period from contract award to start date on 31 March 2025 will focus on both veterinary resources and official auxiliaries (OAs) being available, deployed effectively and that the capability of Official Veterinarians (OVs) and OAs is at the level expected, to ensure continued service delivery.

8. We are reducing our reliance on Temporary Registration (TR) in anticipation that the scheme will close in December 2024. We have been building a pipeline of OVs coming through the Vet Track scheme to replace the TR pathway. An options analysis is being delivered through the programme to inform any further requests of the Royal College of Veterinary Surgeons (RCVS) relating to the TR scheme after December 2024. A paper written in collaboration with Food Standards Scotland and the Department of Agriculture, Environment and Rural Affairs, will be presented to the RCVS Council in November 2024.

9. With a new government now in place we are ensuring that veterinary resourcing issues are highlighted in early ministerial briefings and meetings

## **National Food Crime Unit (NFCU)**

10. One of the defendants of Operation Mantis (“Smokies”) has pleaded guilty and will be sentenced on 14 October 2024. A four-week trial for the remaining defendants is listed for 2 March 2026; a significant delay due to the current backlogs in the criminal justice system.

11. Delays have also impacted on Operation Aspen (Theft/Distribution Fraud). The trial date has now been rescheduled to October 2025.

12. Following the execution of a NFCU led search warrant at Castlemead Poultry LTD, Somerset, a joint prosecution was conducted against the director, Stuart Perkins, by the FSA and Local Authority Trading Standards on behalf of the Animal and Plant Health Agency (APHA). He appeared at Bath Magistrates Court on Wednesday 3 July 2024 after pleading guilty to six offences relating to providing inaccurate food chain information and falsification of salmonella testing reports and was fined a total of £50,830.75.

13. There has been positive media coverage of the NFCU realising £15,000 worth of Monero cryptocurrency to settle a £23,000 Confiscation Order made against Jack Finney following his sentence in December 2021 under Operation Atlas for illegally supplying DNP (di-nitrophenol 2.4, a poison often marketed as a diet pill).

14. The NFCU recently disseminated intelligence to the National Crime Agency, resulting in an arrest and the recovery of 3kg of DNP linked to international selling which was enabled by access to cryptocurrency.

15. DNP was classified as a Poison in October 2023 and enforcement of DNP offences is now the responsibility of the Home Office and the police. The NFCU has now ceased its surveillance scanning for DNP and advised the Home Office accordingly.

16. Good progress is also being made on other tasked operations including:

- Operation Hawk (Country of Origin Meat Fraud)

- Operation Blackthorn (Country of Origin Salmon Fraud)
- Operation Highland (Misrepresentation of Potato variety)

## Finance

17. The Business Committee performance report provides an update on our financial performance to the end of June. Since then, there has been some progress in reducing our overspend, but a further pressure has emerged.

18. As at 31 July 2024 the FSA was forecasting to spend £145.3m against a budget of £145m, representing a total forecast overspend of £0.3m. £1.2m of the overspend related to Westminster, offset by a £0.7m and £0.2m underspend against Northern Ireland and Wales, respectively. That Westminster overspend comprises an overspend of £1.8m against our resource budgets (RDEL), and underspend of £0.6m against our capital budgets (CDEL). Our forecast RDEL overspend, which is driven primarily by additional FSADOC funding to Eville & Jones (as a result of Home Office guidance on minimum salaries for migrant workers), has reduced from the £2.5m forecast at the end of June, primarily due to reductions in Science, Evidence and Research Directorate staff forecasts and Operations Modernisation budgets.

19. However, we expect this RDEL overspend to increase again as a result of civil services pay rises. We had been holding £0.6m in contingency to cover pay rises, but we estimate that the total additional cost of pay rises for this year will be c.£1.1m. The total Westminster RDEL overspend could therefore increase back up to c.£2.5m. In both Wales and Northern Ireland, we will also need to manage the impact of pay rises, since as with Westminster we had factored in only a 3% pay rise.

20. We continue to raise concerns with HMT over our ability to manage this overspend, due to the unforeseen impact of Home Office guidance on our costs. However, given the wider fiscal environment, and the Chancellor's recent audit of 2024/25 public sector spend, it is unlikely that we will be able to secure additional funding from HMT at Supplementary Estimates. We have therefore commissioned all Directors to stress test their forecasts, and to consider savings options that could be implemented from Quarter 2, in order to manage this financial pressure.

21. There have also been some developments in the wider government processes for setting budgets for next year.

22. Department of Finance (DoF) in Northern Ireland (NI) has commissioned an information gathering exercise across all NI departments, including FSA, to inform NI Executive decisions around the 2024/25 budget. Departments and the NI Block are significantly over committed, and the exercise will gather intel across departments around for example non-contractual costs, professional services, forecast cost of vacancies and wider options for savings. Whilst our numbers from FSA in NI are relatively small, the potential for an in-year imposed baseline reduction is a risk that we are monitoring.

23. HMT formally launched Spending Review (SR) 2025 in mid-August, following the Chancellor's 29 July speech on the Labour government's public spending inheritance. Departments have been issued with indicative budget allocations for resource (RDEL) and capital (CDEL) expenditure and asked to demonstrate how they will live within these limits. This presents us with a challenging position, and little scope to submit additional funding bids.

24. This first phase of the SR focuses on 2025/26 RDEL plans and 2025/26-2029/30 CDEL plans, with a view to confirming 2025/26 budgets alongside the Chancellor's autumn budget on 30 October. The process will be followed by a second phase of the SR, to cover the next 2-4 years of RDEL spending, with this expected to conclude in the Spring. A verbal update on our SR preparations will be provided at Business Committee.

# People

25. This year's Civil Service pay remit guidance was published at the end of July. This guidance covers grades below the senior civil service. Civil Service organisations can make average pay awards up to 5% and have flexibility to target their pay awards to address workforce issues. We have submitted our pay remit case to DHSC ministers for approval and once it is given, we will commence formal negotiations with our trade union colleagues. Whilst we always aim to implement the annual pay award by the start of the FSA's pay year on 1 August 2024, the much later arrival of the pay guidance means we will not be able to do that this year. However, pay increases will be backdated to 1 August 2024 and we aim to implement the award as quickly as possible. The Government also chose to accept in full the recommendations of the Review Body on Senior Salaries. This means that all Senior Civil Servants will receive a 5% increase in 2024.

26. The FSA Reward and Recognition Scheme has a ring-fenced budget and enables us to reward excellent and exceptional one-off achievements. This year's estimated budget is forecast as £423,607. The first quarter of 2024/25 saw a total of 239 awards totalling £40,000 made to 217 staff. This compares to 143 awards costing £23,000 made to 136 employees in quarter one 2023/24.

27. The Occupational Health and Employee Assistance Programme (EAP) contract tenders have progressed with suppliers successfully selected for all lots. Contracts have been sent out to the new providers of EAP and core Occupational Health activities such as sickness absence referrals with a start date in September 2024.

28. We have launched this year's free flu vaccination vouchers scheme for those not eligible for an NHS vaccination, asking employees to register their interest. Vouchers are planned to be issued in October this year.

29. Following Sam Faulkner's temporary move to cover the Deputy Director, International Trade and Devolution post, I am pleased to confirm that David Holmes will be joining us at the end of September as the interim Deputy Director of Strategy.

30. This month Nathan Barnhouse will take up the role of interim Head of Regulatory Compliance. Following a cross-Government campaign, interviews for the interim Director for Wales (SCS1) will take place on 9 September.

31. I took up the role of Interim Chief Executive on 26 August. The Chief Executive campaign is live and generating a lot of interest. The campaign closes on 1 September with interviews expected to take place in mid-November.

32. 74 recruitment campaigns were launched, and seven contingent workers were successfully sourced during between May and July 2024. We continue working towards our People Plan commitment of achieving 50% of Meat Hygiene Inspectors being employed Civil Servants (as of July 2024 46% are employed Civil Servants). Recruitment campaigns to recruit Trainee Official Auxiliaries (TOAs) and Qualified Official Auxiliaries (OAs) concluded in July - resulting in 10 TOAs and four OAs joining us later in the year. Further campaigns will be run in the Autumn to fill 16 roles.

33. From July, the Estates team moved to People and Organisational Change who have responsibility for Our Ways of Working (OWOW).

- **London** – In September, we expect to receive 12 months' notice from our landlords to implement the lease break at Clive House by September 2025. Ahead of this we have submitted our requirements to the Government Property Agency (GPA) for our office space in the Greater London area (our case to retain an office presence in Greater London was

approved by the Minister via the Places for Growth programme in January 2023) and will be commencing activities to identify a suitable location that will meet the FSA requirements. Separately we have written to the Director for People and Places at the Cabinet Office to make one final request for a Central London office space.

- **York** – Planning permission has been granted for the new [York Hub](#), unanimously decided by the City of York Planning Committee. We will now review our future requirements for York.
- **Birmingham** – We are reviewing our position and taking steps to optimise the usage of space across the 3 Arena Central and Apex House locations.