

Chief Executive's Report to the Business Committee

FSA BC 23-06-03

National Food Crime Unit (NFCU)

1. The last quarter was dominated by the media coverage around certain food fraud allegations so I will begin with an update from the National Food Crime Unit with the latest on that investigation.

Operation Hawk

2. Operation Hawk is a live criminal investigation by the FSA's National Food Crime Unit (NFCU) into suspected meat fraud. The FSA was alerted about food fraud allegations in August 2021 and began seizing evidence shortly afterwards. The investigative team continues to process and analyse millions of documents seized in this stage. In March 2023, a warrant was executed at a business premises and three suspects were arrested in connection with the ongoing Operation Hawk investigation into food fraud allegations linked to cooked meat products. A significant number of new documents and digital exhibits were recovered. These new items are being reviewed and assessed, along with material seized under the previous warrant. We continue to work with the Crown Prosecution Service, local authority and industry partners on this investigation.

3. As follow up to stakeholder and media interest in this investigation, the FSA established a roundtable and working groups with industry to examine how we can collectively strengthen the food system to protect against fraudulent criminal activity. The first roundtable working group took place on 11 May. This was a productive discussion which focussed on three areas of work:

- Reviewing the scope to provide better access for whistle-blowers to report concerns relating to food crime.
- Strengthening the role that third-party audits play in passing on information to regulators to help prevent food fraud.
- Reviewing the best format and mechanism for the FSA to share intelligence-based alerts to better share information with businesses about potential food fraud in supply chains.

4. There was a positive response to these proposals and willingness to explore the best options to maintain momentum for delivering improvements. The working group will meet again shortly.

Operation Aspen

5. Operation Aspen is a NFCU led investigation into a series of European Distribution Frauds with the value of the food products obtained from the alleged frauds reaching £600,000. In March, a suspect was charged with five separate food crime related offences, following a lengthy investigation. The suspect again appeared in court in May, charged with four counts of conspiracy to steal and one count of money laundering. The trial date is set for July 2024.

Incidents

6. We continue to investigate and respond to an outbreak of Salmonella Mbandaka in chicken products. In response to repeated non-compliances with imported part-cooked chicken product from Ukraine, a system of Intensified Official Controls (IOC) was put in place in April 2023. The IOC is commodity and establishment specific and implements a requirement that the next 10 imported consignments from the establishment concerned will be subject to extra checks. Due to the continuous breach of Great Britain's (GB) food safety requirements, this has now been escalated to Imposed Checks (IC) in May. The programme of Imposed Checks (physical, documentary and testing) will remain in place until a minimum of 30 consecutive favourable results are achieved, and GB is satisfied that the issue has been resolved. The importer has stopped receipt of the steam-cooked chicken product into the UK until the issue is resolved. In addition, the importer is currently testing all their uncooked product on arrival into the UK for Salmonella.

7. An outbreak of *Listeria monocytogenes* linked to cheese products was investigated and the subject of media interest in March and April. There were three confirmed cases who were linked by microbiology and food history with known links to cheese. One of the people confirmed to have been affected sadly died. Food chain investigations identified the supply route of all human cases back to the producer of Baronet cheese and five product recalls were ultimately issued. Over 70 food business operators were identified in the supply chain, and we contacted relevant local authorities to ensure the recalls were adhered to and necessary actions undertaken. We have also been working with local authorities to prevent any further cross-contamination where this cheese had been opened and cut. The situation is stable with food safety actions containing any further cases and UK Health Security Agency (UKHSA) have now closed the outbreak.

8. The Ukraine incident showed that there were some issues for the FSA in responding to a strategic incident that raised policy and devolved issues. We commissioned an independent review by Chapel Associates, who specialise in strategic resilience and capability maturity modelling, to undertake a review of our risk and crisis management capabilities. The review, which took place between January and March 2023, was focused on strategic and tactical risk and crisis management. The report recognises that the FSA has areas of excellence, skilled individuals and committed teams as a foundation, but it did highlight some weaknesses in the FSA's maturity for managing crises and major strategic incidents. The report also makes a series of recommendations to strengthen our capability and emergency response. We are now implementing its findings. We will provide regular updates on this implementation through the Audit and Risk Assurance Committee and engagement with our Board representative for incidents.

Field Operations

9. We have delivered official controls this quarter in accordance with our service standards. This is covered in the Performance and Resources report and item on the Business Committee agenda. Separately, there will be a paper going to the Board this quarter describing what we are doing to improve the reliability and efficiency of our official controls in field operations.

10. The Veterinary Audit team completed 631 full audits and 284 partial audits in FSA approved meat establishments during 2022/23. Since recovering from the COVID-19 related backlog, the team has consistently achieved and exceeded the 90% scheduled audits completed target, reaching 97% in Q4 of this year.

11. The number of Avian Influenza (AI) cases across the UK has decreased significantly in comparison to the last quarter. Restriction zones are being lifted steadily and controls removed. Despite these improvements, the UK's status is far from disease-free as some cases are still

being identified in poultry farms and the wild bird population. Concerns remain that cases will increase after the summer, and discussions continue to take place across the world about poultry flock vaccination.

12. The FSA in liaison with the Department for Environment, Food and Rural Affairs (Defra), the Animal and Plant Health Agency (APHA) and the London Port Health Authorities, have been dealing with an illegal export of poultry meat for human consumption from birds originating from an AI protection zone. The meat was recalled to the UK and never reached its original destination, in keeping with international trading rules.

13. The 12-month survey looking at bacteria of public health interest, in sheep at slaughter continues. This is being run jointly with Defra, Welsh Government, the APHA, the UKHSA and the Veterinary Medicines Directorate (VMD). Since our last report, a further 6 Abattoirs have joined the survey, taking the total across England and Wales to 11. The first quarter results have also been published by APHA and VMD.

14. We are also now working in partnership with the VMD and a project team at Scotland's Rural College (SRUC) to launch a survey of antimicrobial resistance in Prime Cattle across the UK.

15. The UK has been invited for the first time since EU Exit to participate in the EU's Better Training for Safer Food (BTSF) programme. Six veterinarians attended three sessions on Notifiable Disease contingency planning.

16. The Crown Prosecution Service has recently secured convictions in three cases following FSA investigations into alleged offences under the Welfare of Animals at the Time of Killing (England) Regulations 2015 (WATOK) at approved slaughterhouses.

17. At Crewe Magistrates' Court on 3 May 2023, G & G B Hewitt Limited, the business operator of a red meat slaughterhouse in Chester, pleaded guilty to 13 offences under WATOK whilst six members of their plant staff also pleaded guilty to a total of twelve offences under the same regulations. Charges had been brought against the company and individual operatives after a review of footage from the plant CCTV system had identified a number of breaches, which included evidence of excessive and inappropriate use of electric goads by plant operatives when moving cattle and failure to observe statutory timescales before animals being slaughtered were moved from restraint or before further dressing was undertaken following bleeding. Upon conviction, the company was fined £19,500 and fines against the individual plant operatives totalled £4,655. Prosecution costs of £1,100 were awarded.

18. Leansale Limited, who operate a red meat slaughterhouse in Birmingham trading as Roopyal Laham Halaal Butchers, were also prosecuted after a review of footage from the plant CCTV system had identified a number of offences during the handling and lairage of animals at their premises. These included instances of animals being left in the yard and inside the premises for extended periods in overcrowded conditions and without access to drinking water and an offence of causing avoidable pain, distress or suffering to a sheep that was dragged by its fleece and horns. The company pleaded guilty to eight offences under WATOK at Birmingham Magistrates' Court on 17 February 2023 before being sentenced at the same court on 22 May 2023 when they were fined £10,000 and ordered to pay prosecution costs of £500.

19. In the final prosecution case, Charles Samuel Morphet, a director of C S Morphet and Sons Limited who operate a red meat slaughterhouse in Widnes, was found guilty of one offence under WATOK after a trial at Warrington Magistrates Court on 25 May 2023. Mr Morphet had been observed by the Official Veterinarian at the premises undertaking activities that required him to hold a valid Certificate of Competence at a time when his Certificate had been suspended. Upon conviction, Mr Morphet was fined £180 and ordered to pay prosecution costs of £500.

Finance

20. As at the end of the 2022/23 financial year, the overall financial position for the FSA was a forecast underspend of £4.8m against the budget of £143.3m. This reflected an underspend in Westminster of £4.2m, Northern Ireland of £0.3m, and Wales of £0.1m. As a result, we expect to adhere to all our HMT spending control limits, although the position is now subject to the formal external audit by the National Audit Office before the accounts are laid in Parliament later in 2023.

21. The Westminster underspend represents an improved performance on prior years, with more of our budget being utilised to deliver our priorities. Of the £4.2m underspend, £2.0m (1.7%) related to our day to day spend on running the organisation (resource budget). Underspends were generally caused by recruitment delays but represent an appropriate headroom for the NAO audit should they request amendments to our accounts. The remaining £2.2m underspend was in our capital budgets. £1.5m of this was ringfenced for research and development projects, and therefore could not be easily repurposed once underspends emerged. A further £0.4m underspend was ringfenced for the accounting treatment for the introduction of a new accounting standard, IFRS 16, and therefore could not be utilised elsewhere. The remaining £0.3m represents an underspend on our general estates and IT budgets. This also acts as headroom for potential adjustments required as a result of the year end audit.

22. The 2023/24 Westminster directorate budgets and headcount limits were agreed by EMT in February following a detailed planning process, and we start the year with a financial pressure to manage. These budgets will be kept under review during the year as new pressures and priorities emerge, with a new quarterly review process planned from June 2023 to enable us to explore with directors the risks and opportunities around their financial forecast. This will allow EMT to take decisions quickly to adjust budgets if necessary. To note Defra have provided a letter of comfort to provide a further £1m in funding to progress the Windsor Framework activity in 2023/24.

23. The 2023/24 Wales and Northern Ireland budgets have now been confirmed by the respective authorities at £5.1m (22/23 £5.1m) and £15.8m (22/23 £15.1m) respectively. This is challenging as we need to absorb inflation and other pressures such as Windsor Framework within this.

24. In January and February, we also calculated our 2023/24 charge rates and discounts for meat official controls and communicated these to industry customers and stakeholders. These rates are now effective for the new financial year, the Official Veterinarian (OV) rate increased £3.20 per hour (6.3%) and the Meat Hygiene Inspector (MHI) rate increased £2.20 per hour (6.6%).

Both these increases are lower than the relative rate of inflation. Separate rates were also calculated for Enforcement, Export related certification and Government customers. The FSA's budgeted discount funding for the meat industry has been reduced by £1m from £17.5m to £16.5m for 2023/24 compared with last year. This reduction reflects affordability for the FSA and the need to balance all our food and feed responsibilities which have increased since EU-Exit. It is also in keeping with the Business Committee's confirmation in March 2022 to continue to gradually reduce the discount and to not move swiftly to full cost recovery. However, it still provides a level of subsidy, which is proportionately targeted to the smallest in the industry.

People and Resources

Pay

25. The annual pay remit guidance was published by the Cabinet Office 14 April 2023. This year, Departments will be able make average pay awards of up to 4.5% and are encouraged to target the award to address specific workforce priorities. The guidance also allows flexibility to target an additional 0.5% at lower pay bands. Additionally, the Cabinet Secretary and Civil Service Chief

Operating Officer announced on 2 June that departments can make a fixed payment of £1,500 to civil servants in delegated grades (Grade 6 and below). This decision was made [by ministers](#) in recognition of civil servants' public service and the challenges of the cost of living, and is in addition to the Civil Service Pay Remit Guidance. We are now working out the next steps to ensure the payment is made to those who are eligible as soon as possible and that we can afford it.

26. In May, pay awareness sessions were made available to all staff and there will be ongoing communications over the coming weeks. What we can share is limited without prejudicing trade union negotiations which will commence once our pay remit submission to the Cabinet Office has been approved.

27. So far only one of our four recognised Trade Unions has submitted a pay claim. It is evident this is being impacted by approaches adopted by Trade Unions at Government level. UNISON and PCS unions balloted FSA members over industrial action in 2022. The results did not meet the legal minimum turnout for the ballot so there was no mandate for action. PCS re-balloted members in April/May and again did not achieve a mandate.

Reward and Recognition

28. The FSA Reward and Recognition Scheme makes use of a ring-fenced budget and enables us to reward excellent and exceptional one-off achievements. The year ending March 2023 saw a total of 3016 awards totalling £373,420 made to 1,516 staff up to and including Grade 6. This compares to 1,838 awards year ending March 2022, costing £340,000 made to 1,159 employees. The large increase in the number of staff receiving awards reflects an all-staff award made in December in acknowledgement of the collective effort that people across the FSA made in delivering so much during the year. The budget estimate for 2023/24 is £388,592 and £13,100 has been awarded to date.

Inclusion

29. The FSA achieved Carer Confident Level 2 (a requirement of the Civil Service Diversity and Inclusion Strategy). The benchmark assessed our processes and support to help carers identify themselves in the workplace, policies/ guidance to support carers, practical support for carers in the workplace and asked questions about our Carers' Network and Carers' Champion. We hope to achieve Level 3 (of 3) next year.

Recruitment

30. Recruitment has recommenced after the brief pause during December and January. 85 campaigns have gone live since February recruiting to 123 roles. In particular we ran a successful recruitment drive for trainee official auxiliaries and qualified official auxiliaries, who are trainee meat inspectors. We attracted 67 applications and appointed 18 people.

31. Higher Executive Officer (HEO) and Senior Executive Officer (SEO) Policy bulk recruitment is nearing completion. 13 HEO roles attracted 1088 applications, 68 people (also 30 people on hold for future interviews) were invited to interview. 9 SEO roles attracted 176 applications, 32 people interviewed with 18 successful enabling all posts to be filled and producing a talent pool of 9.

Senior Recruitment

- Rebecca Kirk has started at the FSA as SCS1 Deputy Director – Head of Regulatory Compliance, to replace Michael Jackson who retired in March.

- Dr Claire Forbes has been appointed SCS1 Director of Communications and will replace Steven Pollock who leaves at the end of the month.
- Michelle Patel has been confirmed as SCS1 Deputy Director SERD – Analysis Unit, having previously held the post on temporary promotion.
- Recruitment is underway to appoint to the new position SCS1 Deputy Director Risk Assessment.
- Tara Smith has secured a promotion to Director-General. She will be the Chief Operating Officer at the Department for Business and Trade. The recruitment campaign to replace her is underway. Tara has only been at the FSA for a year but in that time she has achieved an impressive amount, such as improving our budget allocation and financial forecasting, playing a key role in prioritisation decisions, reforming our framework for performance management, leading the Connect programme, finalising the People Plan, leading work to address cost of living challenges for our staff, building the new People and Resources directorate, and leading work to make the best use of our estate. I am delighted she will be promoted but she will be sorely missed.

Connect Programme

32. The Connect Programme is the work to replace our HR, Finance and Payroll systems with one new system (Workday). Moving to a single Finance, Payroll and HR system will align us with the Government Shared Services (GSS) strategy, as well as giving us one fully automated and joined up system for many of our key functions which are currently split across several systems. End to End testing across HR, Finance and Payroll testing completed on Friday 19 May, with a further week to look at any issues from the results. Overall, the team have undertaken nearly 5000 scenario tests which includes security testing. Next is Payroll parallel testing, Civil Service Pension integration testing, and integration and transactional testing in Finance. The programme is still on track and the new Workday system should go live from 4 September 2023.

People Plan 2023-26

33. We launched our [People Plan](#) on 20 April 2023, which accompanies our and our three-year plan. This is the culmination of the findings of our culture enquiry and the Civil Service People Survey, as well as intensive engagement with leaders and staff via a range of channels. The People Plan is built around three key themes: an excellent employee experience, maximising capability and an enabling organisation. We have launched our refreshed ASPIRE values (Accountable, Supportive, Professional, Inclusive, Evolving). These values define what we want our culture to be, and provide a shared understanding of who we are, how we behave and how we treat each other. Work on several of the key year one deliverables in the People Plan is already well underway, including the strategic capabilities forecast, work on our pay offer and the introduction of phase 1 of the Connect programme.