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## Cost Data Slides for 2025/26

February 2025

## England & Wales - Cost data presentation 2025/26

- Purpose of the slides and annual process
- Meat controls hourly rate calculation
- Enforcement rate calculation
- Export related activity charges
- Review and conclusion
- Discounts and annual hours bands for meat controls
- Annexes
  - Chargeable Allowances – Annex 1
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# PURPOSE AND PROCESS

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## The purpose of the slides

- The presentation of the cost data for meat industry hourly charge rates for 2025/26.
- The presentation covers England & Wales.
- To clarify and provide transparency on:
  - direct and indirect essential support costs of meat controls,
  - process to calculate hourly rates,
  - FSA application of current GB charging (including assimilated EU law).
- To confirm the hourly rates have been validated by independent external audit.
- All figures displayed in these slides are budgeted costs and hours.

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## The annual process

- November: The FSA budget for direct and indirect costs and hours for the following financial year are calculated.
- December: Meat related costs are identified and based on the budget the hourly rates are calculated.
- February: FSA Legal confirm the costs included in the hourly meat rates are consistent with assimilated Regulation 2017/625.
- February: The calculations for hourly rates are externally audited.
- 12 February 2025: Meeting with industry to share cost data and discount.
- 31 March 2025: New charge rates and discount bands implemented for FSA customers.

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**MEAT CONTROLS HOURLY  
MAIN RATE CALCULATION**

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## How the meat controls hourly rates are calculated

- The direct cost per chargeable hour is calculated.
- The indirect cost of meat is calculated based on data from all FSA business areas and approved by senior management.
- Only the meat related indirect cost is included in the hourly rate calculation.
- The items included in the rates are reviewed by the Head of Legal Services.
- The calculations are audited by external auditors.

## Meat controls Main rate - hourly rates 2025/26

Grade	2024/25 rate	2025/26 rate	Change	% difference
<b>OV Normal</b>	£56.00	<b>£65.90</b>	<b>+\$9.90</b>	<b>+17.7%</b>
Direct costs increase	-	-	+\$8.77	+15.7%
Reduction in chargeable hours	-	-	+\$1.00	+1.8%
Indirect costs increase	-	-	+\$0.13	+0.2%
<b>MHI Normal</b>	£38.80	<b>£43.20</b>	<b>+\$4.40</b>	<b>+11.3%</b>
Direct costs increase	-	-	+\$3.38	+8.7%
Reduction in chargeable hours	-	-	+\$0.89	+2.3%
Indirect costs increase	-	-	+\$0.13	+0.3%

The rates have risen due to increased FSA employed and contractor staff costs – see slides 13 and 14.



## Meat controls Main rate - hourly rates 2025/26 cont'd

	Budgeted OV hours	Budgeted MHI hours	Total hours
2025/26 Industry chargeable hours (plussed up)*	335,949	806,252	<b>1,142,201</b>
2024/25 Industry chargeable hours (plussed up)*	338,585	830,413	<b>1,168,998</b>
Change in hours (reduced hours in 2025/26)	2,636	24,161	<b>26,797</b>
Change in hours %	0.8%	2.9%	<b>2.3%</b>

- For 2025/26 there have been several drivers for the movements in the hours:
  - Plant closures
  - Operating hours changes

\*See slide 10 for explanation of “plussed up”

## Meat controls Main rate - hourly rates 2025/26

	Budgeted OV costs	Budgeted MHI costs	2025/26 Total budget	2024/25 Total budget	Variance on 2024/25
Direct Costs	£20.82m	£31.65m	<b>£52.47m</b>	£46.73m	+12.3%
Indirect Costs	£1.32m	£3.17m	<b>£4.48m</b>	£4.42m	+1.4%
Total Costs	£22.14m	£34.81m	<b>£56.95m</b>	£51.15m	+11.3%
Industry chargeable hours (plussed up)*	335,949	806,252	<b>1,142,202</b>	1,168,998	-2.3%
Charge rate before discount	<b>£65.90</b>	<b>£43.20</b>	-	-	-

\* Plussed up hours take account of overtime so that e.g., one hour of overtime at time and a half rate equates to 1.5 hours in the above hours figures. These hours include all industry chargeable time in relation to meat controls, excluding time spent on enforcement and export activity.

## Hours summary for rate calculations – All activities

	2024/25 Hours	2025/26 Hours
Industry main rate	1,168,998	1,142,202
Enforcement	5,892	6,012
Export work on HLVI	25,427	25,230
Export audit work on HTCA	744	745
<b>Industry total</b>	<b>1,201,060</b>	<b>1,174,189</b>
Government	121,330	117,921
<b>Grand total</b>	<b>1,322,390</b>	<b>1,292,110</b>

### Notes:

- Government includes hours funded directly by FSA, as well as those charged to other government departments
- The table above contains minor rounding

## Industry meat costs – main rate

Budget in £m	2016/17 budget restated to align with 2017/18 structure	2017/18 budget	2018/19 budget	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget
<b>Direct Costs</b>										
Employed staff costs	£19.60	£17.85	£16.32	£16.83	£16.96	£17.62	£17.40	£18.04	£15.58	£16.10
Contractor costs	£18.24	£18.95	£19.22	£21.66	£24.14	£24.74	£26.75	£28.42	£29.98	£35.25
Laundry/equipment costs	£0.61	£0.42	£0.62	£0.73	£0.62	£0.69	£0.63	£0.63	£0.62	£0.59
Frontline travel costs	£0.79	£0.85	£0.83	£0.97	£0.86	£0.83	£0.76	£0.55	£0.55	£0.55
<b>Total direct costs</b>	<b>£39.23</b>	<b>£38.08</b>	<b>£36.99</b>	<b>£40.19</b>	<b>£42.58</b>	<b>£43.88</b>	<b>£45.54</b>	<b>£47.64</b>	<b>£46.73</b>	<b>£52.47</b>
<b>Indirect Costs</b>										
Operations Support	£3.07	£2.89	£2.73	£2.69	£2.90	£2.18	£2.40	£2.71	£2.94	£2.95
Finance & Performance	£1.43	£0.97	£0.69	£0.49	£0.35	£0.30	£0.38	£0.25	£0.25	£0.33
Human Resources	£0.46	£0.36	£0.21	£0.10	£0.10	£0.08	£0.07	£0.07	£0.07	£0.07
Depreciation / Amortisation	£0.25	£0.21	£0.23	£0.28	£0.16	£0.18	£0.10	£0.10	£0.17	£0.08
Regulatory and Legal Strategy	£0.28	£0.24	£0.24	£0.22	£0.25	£0.16	£0.17	£0.06	£0.05	£0.05
Operations IT	£1.98	£1.49	£1.27	£1.01	£0.92	£0.93	£0.72	£0.71	£0.72	£0.78
Private Office & Secretariats	£0.09	£0.08	£0.08	£0.08	£0.08	£0.08	£0.09	£0.06	£0.05	£0.04
Corporate Support Unit	£0.21	£0.21	£0.21	£0.30	£0.29	£0.22	£0.23	£0.23	£0.17	£0.18
<b>Total indirect costs</b>	<b>£7.77</b>	<b>£6.45</b>	<b>£5.66</b>	<b>£5.16</b>	<b>£5.05</b>	<b>£4.13</b>	<b>£4.16</b>	<b>£4.19</b>	<b>£4.42</b>	<b>£4.48</b>
<b>Grand total meat costs</b>	<b>£47.00</b>	<b>£44.53</b>	<b>£42.65</b>	<b>£45.35</b>	<b>£47.63</b>	<b>£48.01</b>	<b>£49.70</b>	<b>£51.83</b>	<b>£51.15</b>	<b>£56.95</b>

## Comparisons of 2025/26 to 2024/25 – Direct costs

- Direct costs have increased by £5.7m (12.3%), whilst hours have reduced by 2.2%.
- Contractor costs included in the charge rates have increased by (£5.2m), owing to increases to Skilled Worker Visa minimum salary requirements (primarily impacting Contractor OV costs) and the retendered FSADOC contract. Cost increases here have been mitigated to some degree by the reduction in hours as FSA is paying for a reduced number of contractor hours.
- Employed Staff costs have increased by £0.5m due to pay inflation.
- As the total chargeable cost is divided by a lower number of overall hours when industry hours decrease, the charge rates increase as hours decrease.

To note for completeness: Other costs (including chargeable service delivery partner indirect costs and FSA's own direct and indirect costs) do not fluctuate with changes in hours on this scale.

## Comparisons of 2025/26 to 2024/25 – Direct costs

### Direct cost analysis per grade:

#### OV

Direct OV costs have increased by (£3.1m) due to increased contractor costs of (£2.9m) (Skilled Worker Visa and retendered FSADOC contract, partially offset by 3% reduction to COV hours) and employed staff costs increase of (£0.2m) due to pay inflation and increased employers NI contributions.\*

#### MHI

Direct MHI costs have increased by (£2.6m) due to additional contract MHI costs of (£2.3m) (Skilled Worker Visa and retendered FSADOC contract, partially offset by 4% reduction to CMHI hours) and employed staff costs increase of (£0.3m) due to pay inflation and increased employers NI contributions,\* partially offset by a reduction of 10 FTE.

*\*Increased employer NI only applies to FSA employed staff as the FSA successfully negotiated not paying our Service Delivery Partners for the increase to employer NI contributions coming in April 2025, saving industry an estimated £0.8m.*

## **FSA does not include these costs associated with meat safety and standards in meat industry charges**

- Food/Meat Policy and Science costs;
- FSA costs when supporting Local Authorities;
- IT costs not associated with the support of meat related work;
- Devolved office running costs;
- Pension deficit costs;
- Assimilated EU Law changes;
- Borders Target Operating Model;
- Projects to modernise delivery e.g. Operational Modernisation Programme;
- Some Service Delivery Partner costs;
- Sampling and testing costs;
- Legal costs;
- National Food Crime Unit;
- Welfare Assurance Team (WAT) costs.

## Industry enforcement rates 2025/26

Grade	2024/25 Enforcement rate	2025/26 Enforcement rate	Change	% difference
OV Normal	£61.70	<b>£66.30</b>	+£4.60	+7.5%
MHI Normal	£39.00	<b>£40.30</b>	+£1.30	+3.3%

- The OV costs of £367k divided by 5,885 hours results in an enforcement rate of £66.30 per chargeable hour, an increase of **(£4.60)**. This includes an increase on prior years costs of (£38k) and an increase in hours of 184. This increased cost is due to an increase in staff costs of (£6k) and contractor costs of (£31k).
- The 2025/26 MHI costs of £5k divided by 127 hours results in an enforcement rate of £40.30 per chargeable hour, an increase of **(£1.30)**. This includes a reduction on prior years costs of £1k and a reduction in hours of 64. The rate has increased due to the reduction in hours of 34% being greater than the 20% reduction in cost.



## Enforcement costs and hours

- Enforcement activity for regulatory non-compliance represents only 0.5% of the volume of total chargeable activity (6k hours out of 1.2m).

Total costs comparison	2024/25 Enforcement £k	2025/26 Enforcement £k
<b>Direct costs</b>	<b>337</b>	<b>372</b>
Of Which: <b>Employed Staff Costs</b>	293	297
<b>Contractor Costs</b>	38	69
<b>Laundry / Equipment</b>	3	3
<b>Front line Travel</b>	3	3
<b>Indirect costs</b>	<b>22</b>	<b>24</b>
<b>Total costs</b>	<b>359</b>	<b>396</b>
<b>Total hours</b>	5,892	6,012

- The enforcement charge rates include the direct costs of the staff carrying out enforcement activity, e.g. Veterinary Enforcement Delivery Managers.
- A proportionate amount of overall chargeable meat related indirect costs are included in the enforcement charge rates.
- See slide 37 for further breakdown of the above costs.

## Export activity charges

- During the 2022 judicial review of transparency in FSA charges calculations the inclusion of the hours and costs of export activity in the main charge rate was challenged by Counsel acting for six FBOs. FSA acknowledged the charges should be separated in future.
- Industry has gained for many years from a rate for export activity which includes less cost than it should under HM Treasury (HMT) guidance. This activity is commercial and falls under Article 80 of assimilated Regulation 2017/625 for official controls rather than Article 81. Examples of cost included in the calculation of this rate, but not in the main rate, include pre-deployment training and professional subscriptions for Official Veterinarians and certain indirect costs linked to OVs.
- For information at this stage the FSA has calculated a separate export charge rate (to separate the costs and hours) for 2025/26 but the lower rate for meat controls will be charged until further notice.
- The above bullets cover the rate for export related attestation work (HLVI coded time). There will be a separate rate calculated for export approvals of premises and export related audit (HTCA coded time), but the FSA does not intend to charge a higher rate for this activity in 2025/26 either, as only the FSA can carry out this activity.

## Industry Export related rates calculation 2025/26 (For information purposes only)

Total costs comparison	2025/26 Export HLVI	2025/26 Export HTCA	2025/26 Total
Hourly rate	<b>£84.30</b>	<b>£65.90</b>	
Direct costs	<b>£1,402k</b>	<b>£46k</b>	<b>£1,447k</b>
Of which: Employed staff costs	£0k	£45k	£45k
Contractor costs	£1,379k	£0k	£1,378k
Laundry / equipment	£13k	£0k	£13k
Front line travel	£10k	£0k	£11k
Indirect costs	<b>£725k</b>	<b>£3k</b>	<b>£728k</b>
<b>Total costs</b>	<b>£2,127k</b>	<b>£49k</b>	<b>£2,175k</b>
<b>Total hours</b>	25,230	745	25,975

Note: the table above contains minor rounding

To note: for 2025/26 the FSA has identified the hours and costs associated with export activity (HLVI and HTCA coded time) and stripped these out of the main charge rate calculation. Until further notice the main industry charge rate will continue to be charged for export activity.



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# REVIEW AND CONCLUSION

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## Review of calculation

The costs that the meat industry are charged under Article 81 of assimilated Regulation 2017/625 are set out in that article which is as follows:

“The fees or charges to be collected in accordance with point (a) of Article 79(1) and with Article 79(2) shall be determined on the basis of the costs of official controls and costs connected with official controls, including but not limited to:

- (a) the salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs;
- (b) the cost of facilities and equipment, including maintenance and insurance costs and other associated costs;
- (c) the cost of consumables and tools;
- (d) costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of—
  - (i) the delegation of official controls;
  - (ii) the collection and recovery of debts, including for unpaid fees;
- (e) the cost of training of the staff referred to in point (a), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities;
- (f) the cost of travel of the staff referred to in point (a), and associated subsistence costs;
- (g) the cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks.”

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## Review of calculation

*“On the basis of our review of the 2025/26 ABC, HCR, GR, ER and Export Rates models, we are satisfied that the charge rates for OVs and MHIs have been calculated correctly in each model, based on our assessment of the mechanics and validation of the source data to the reports provided.”*

Mazars (Audit Report – February 2025)

ABC – Activity Based Costing

HCR – Hourly Charge Rates

GR – Government Rates

ER – Enforcement Rates

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## Conclusion

- The FSA has faced significant cost pressures in a challenging labour market, and delayed passing on some of these costs within the full cost rates. From April 2024 minimum salary requirements for Skilled Worker Visas were increased, primarily impacting the COV going rate. The FSA did not re-open meat charging for 24/25, instead bearing the in-year £1.9m cost increase in full.
- The retendered FSADOC contract has further increased contractor costs, but our Service Delivery Partners are absorbing the increase to their employer NI contributions in 25/26, saving industry an estimated £0.8m.

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**DISCOUNT AND ANNUAL  
HOURS BANDS FOR MEAT  
CONTROLS**  
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## Budgeted industry income 2025/26

- The total discount pot (£14.9m) is unchanged in cash terms from 24/25, but this represents a proportional decrease to the average discount (29.2% in 24/25) given the increase to full cost of delivering official controls. The FSA is taking this approach to the discount pot for 25/26 and will be reviewing discount reform over the coming year.
- Given prior industry stakeholder preference for maintaining discount bands 1 and 2 at 90% and 75% respectively, the size of each band (in terms of number of hours available in each band) was adjusted and the percentage discount available in bands 3-6 were revised to maintain the percentage discount available in bands 1 and 2.

## Meat controls annual hours bands and discounts for slaughterhouses and game handling establishments from 31 March 2025

	Red meat slaughterhouses and game handling establishments annual hours bands	Poultry slaughterhouses annual hours bands	Discount
Band 1	Up to 279	Up to 711	90%
Band 2	279 – 966	711 – 2,325	75%
Band 3	966 - 3,060	2,325 - 3,837	17%
Band 4	3,060 - 7,566	3,837 – 7,236	6%
Band 5	7,566 - 15,651	7,236 – 18,678	4%
Band 6	More than 15,651	More than 18,678	2%

One twelfth of each hourly band is available each charging period, unused band hours are carried forward until used or end of year.

# Budgeted industry income 2025/26

Discounted charges					Undiscounted charges			Totals for meat Industry				
Income (£m)	Discount (£m)	Full Cost (£m)	Average % charge	Average % discount	Enforcement income (£m)	Cutting plant income (£m)	H code income (£m)	Meat industry chargeable hours (m)	Total meat industry income (£m)	Total meat industry discount (£m)	Total meat industry full cost (£m)	Average income p/h
£42.1	£14.9	£57.0	73.9%	26.1%	£0.1	£0.3	£1.5	1.2	£44.0	£14.9	£58.9	£37.43

## Discount impact on different sized FBOs 2025/26

	2025/26 Full Cost	Discount	Charge	Total Discount % 25/26	Total Discount % 2024/25 (for comparison)
<b>Small RSL</b>	£3,717.13	£3,345.51	£371.71	90%	90%
<b>Medium RSL</b>	£164,036.58	£67,607.54	£96,429.04	41%	53%
<b>Large RSL</b>	£1,252,528.98	£111,571.62	£1,140,957.35	9%	11%
<b>Small PSL</b>	£31,170.70	£28,053.63	£3,117.07	90%	90%
<b>Medium PSL</b>	£130,185.45	£104,667.32	£25,518.13	80%	81%
<b>Large PSL</b>	£608,375.80	£161,500.30	£446,875.50	27%	27%
<b>Small GHE</b>	£1,004.98	£904.48	£100.50	90%	90%
<b>Medium GHE</b>	£3,146.73	£2,832.05	£314.67	90%	90%
<b>Large GHE</b>	£15,881.90	£14,293.71	£1,588.19	90%	90%

PSL – Poultry Slaughterhouse

RSL – Red Meat Slaughterhouse

GHE – Game Handling Establishment

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# CHARGEABLE ALLOWANCES

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ANNEX 1

## Standard allowances

Allowance code	Allowance narrative	2025/26 charge before discount	2025/26 discount	2024/25 charge before discount
CASL	Casualty slaughter call-out	<b>£38.35</b>	50%	£34.05
COVA	Weekend working as part of a normal week	<b>£130.90</b>	50%	£127.65
HTIM	Weekend working as part of a normal week	<b>£130.90</b>	50%	£127.65
NGHT	Night shift	<b>£62.05</b>	50%	£53.55
SHFT/UNSO	Shift working	<b>£39.70</b>	50%	£35.25
UNSH/UNSP	Unsocial hours	<b>£21.25</b>	50%	£18.35

## Explanation of movement in allowance rates

- The allowances are calculated based on the 'MHI direct' cost per hour, and have therefore risen reflecting increased pay costs, and any change in actual occurrences.
- Allowances represent less than 1% of the cost of industry controls.
- Since the introduction of Stow charging in 2016/17 the calculation of allowance rates has been further reviewed and improved.
- From 2016/17 nationally calculated allowance rates replaced charges based on the payments to the specific individuals in particular plants to match the way the hourly rates are calculated.
- Whilst the individual rates have increased the total charge to industry is expected to remain constant (£0.4m full cost before applying the 50% discount).

## Emergency call-out allowance charges

Allowance code	Allowance Narrative	2025/26 charge before discount	2025/26 discount	2024/25 charge before discount
EMGH	Emergency call-out not in SOR	<b>£450.00</b>	50%	£310.00
EMGL	Emergency call-out in SOR	<b>£175.00</b>	50%	£140.00

- The forecasted number of unplanned call outs (EMGH) for 2025/26 has increased by approximately 10% from the 2024/25 budget calculations.
- Unplanned call outs have greater associated cost.
- The charge for higher rate callouts (EMGH) has been increased for 2025/26 due to the rise in the number of unplanned instances occurring.



## Emergency call out charges

- Assimilated Regulation 2017/625 requires post mortem inspection (PMI) to be carried out without delay after slaughter. In cases of emergency slaughter the maximum delay permitted for PMI is 24 hours from arrival of the carcass at the slaughterhouse.
- Making the necessary provisions results in additional costs for the FSA which the call out charges will recover from FBOs at the rate of 50% of the actual cost.
- Time charges will be invoiced in addition to the call out charges.
- FBOs wishing to ensure this call out provision must discuss it with their FSA operational management and document it in their Statement of Resources.
- In addition, all operational requirements must be in place for emergency slaughter, including the necessary standard operating procedure.

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# 2025/26 INDIRECT COST DETAIL

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ANNEX 2

## Indirect cost outputs

### Operations Support covers

- Regulatory Delivery – meat premises approvals, business and tactical support for frontline operations (instructions, guidance, reporting), SLA and contract management
- Field Support – providing essential support to frontline meat staff
- Health & Safety of staff in meat establishments

### Finance & Performance covers

- Finance – billing and collection for meat FBOs, payroll processing for meat staff and accounting for meat related services
- Procurement – purchases of meat related goods and services
- Office accommodation of all office-based meat related support staff

### Human Resources (HR) covers

- HR support

## Indirect cost outputs cont'd

Regulatory (Audit) support covers

- Internal Audit – audit of FSA processes and support systems

Corporate Support Unit covers

- Ordering supplies for operational staff
- Processing Certificates of Competence

Operations IT

- IT – technological support/infrastructure for field staff and meat support staff

Private Office & Secretariat support covers

- Chief Executive's Office – dealing with complaints, Parliamentary Questions and Freedom of Information requests on meat premises

## Indirect costs apportionment between Industry main rate & Government Rate

<u>Budgeted indirect costs</u>	<u>Industry Charges</u>	<u>Government</u>	<u>FSA</u>	<u>Total</u>
£m				
Operations Support	£2.95	£0.10	£0.20	£3.25
Finance & Performance	£0.38	£0.01	£0.03	£0.42
Human Resources	£0.07	£0.00	£0.00	£0.07
Depreciation / Amortisation	£0.08	£0.00	£0.01	£0.08
Regulatory (Audit)	£0.05	£0.00	£0.00	£0.05
Operations IT	£0.74	£0.03	£0.05	£0.82
Private Offices & Secretariat	£0.04	£0.00	£0.00	£0.04
Corporate Support Unit	£0.18	£0.01	£0.01	£0.02
<b>Total indirect costs</b>	<b>£4.48</b>	<b>£0.16</b>	<b>£0.31</b>	<b>£4.94</b>

Note: the table above contains minor rounding

## 2025/26 Staff related indirect costs – Meat

Group	FTE	Meat %	Meat FTE	Indirect cost £m	Industry cost 2025/26 £m	Industry cost 2024/25 £m	Variance £m	Variance %
Operations Support - Regulatory Delivery	41.4	71%	29.5	£1.14	£1.03	£1.82	£0.79	43%
Operations Support - Field Delivery	43.7	45%	19.5	£1.96	£1.77	£0.96	(£0.81)	(84%)
Finance	41.6	10%	4.2	£0.18	£0.17	£0.15	(£0.02)	(13%)
Procurement	9.8	10%	1.0	£0.07	£0.06	£0.06	(£0.00)	0%
Operations IT	63.9	7%	4.3	£0.30	£0.27	£0.28	£0.01	4%
Human Resources	44.2	2%	1.0	£0.06	£0.06	£0.06	£0.00	0%
Legal	22.7	0%	0.0	£0.00	£0.00	£0.00	£0.00	0%
Regulatory (Audit)	4.5	18%	0.8	£0.06	£0.05	£0.05	(£0.00)	0%
Communications	31.7	0%	0.0	£0.00	£0.00	£0.00	£0.00	0%
CEO's Office	13.1	5%	0.7	£0.05	£0.04	£0.05	£0.01	20%
Chair & Deputy's Office	11.5	0%	0.0	£0.00	£0.00	£0.00	£0.00	0%
Corporate Support Unit	16.7	27%	4.5	£0.19	£0.17	£0.18	£0.01	6%
<b>Subtotal</b>	<b>344.8</b>		<b>65.5</b>	<b>£4.00</b>	<b>£3.63</b>	<b>£3.61</b>	<b>(£0.02)</b>	<b>(1%)</b>

Notes: Variances against Regulatory Delivery (Operations Assurance) and Field Delivery (Support) are driven by internal restructuring between the teams and net off to £0.02m (1%) increase. The table contains minor rounding.

## 2025/26 Other Indirect Costs over £100k – Meat

Associated Cost	Full cost £m	Meat %	Indirect cost £m	Industry cost 2025/26 £m	Industry cost 2024/25 £m	Variance £m	Variance %
Operations Support travel	£0.65	20%	£0.13	<b>£0.12</b>	£0.10	(£0.02)	(20%)
Sampling and testing costs	£0.84	0%	£0.00	<b>£0.00</b>	£0.00	£0.00	0%
IT Systems and Telephony	£5.80	11%	£0.63	<b>£0.58</b>	£0.47	(£0.11)	(23%)
Legal debt recovery costs	£0.13	0%	£0.00	<b>£0.00</b>	£0.00	£0.00	0%
Office accommodation	£1.25	4%	£0.05	<b>£0.05</b>	£0.03	(£0.02)	(67%)
Training	£1.00	4%	£0.04	<b>£0.04</b>	£0.04	£0.00	0%
IT support costs for Board meetings	£0.10	0%	£0.00	<b>£0.00</b>	£0.00	£0.00	0%
Depreciation/Amortisation	£2.79	3%	£0.08	<b>£0.06</b>	£0.18	£0.12	67%
<b>Sub Total</b>	<b>£12.55</b>	<b>7%</b>	£0.93	<b>£0.85</b>	<b>£0.82</b>	<b>(£0.03)</b>	<b>(4%)</b>
<b>Grand Total</b>				<b>£4.48</b>	<b>£4.43</b>	<b>(£0.05)</b>	<b>(1%)</b>

Note: the table above contains minor rounding.

# Mapping to Article 81 cost categories as required under Article 85 - Main Industry Rate

Article 81 presentation of 2025/26 Industry cost		
Category	Description	£m
<b>A</b>	The salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs.	50.96
<b>B</b>	The cost of facilities and equipment, including maintenance and insurance costs and other associated costs.	2.20
<b>C</b>	The cost of consumables and tools.	0.85
<b>D</b>	Costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of - (i) the delegation of official controls (ii) the collection and recovery of debts, including for unpaid fees.	0.02
<b>E</b>	The cost of training of the staff referred to in point (A), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities.	0.35
<b>F</b>	The cost of travel of the staff referred to in point (A), and associated subsistence costs.	2.57
<b>G</b>	The cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks.	0
<b>TOTAL</b>		<b>56.95</b>

Note: the table above contains minor rounding



# Mapping to Article 81 cost categories - Enforcement Rate

Article 81 presentation of 2025/26 cost		£k
Category	Description	
<b>A</b>	The salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs.	366
<b>B</b>	The cost of facilities and equipment, including maintenance and insurance costs and other associated costs.	12
<b>C</b>	The cost of consumables and tools.	6
<b>D</b>	Costs borne by the competent authorities in connection with their duties under this Regulation and legislation made using the powers included in this Regulation, including in respect of - (i) the delegation of official controls (ii) the collection and recovery of debts, including for unpaid fees.	0
<b>E</b>	The cost of training of the staff referred to in point (A), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities.	3
<b>F</b>	The cost of travel of the staff referred to in point (A), and associated subsistence costs.	9
<b>G</b>	The cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks.	0
<b>TOTAL</b>		<b>396</b>

Note: the table above contains minor rounding

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**JUDICIAL REVIEW  
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ANNEX 3

# R (FA Gill and Others) v FSA

The text of the following four slides has been added as required under the judgment dated 7 July 2022 in the above case (CO/3532/2021) to provide further explanation of the calculation of the FSA's charge rates

## Note

Costs may only be charged insofar as they result from the official controls concerned. Therefore, any element of the costs resulting from other activity are stripped out.\*

The FSA's meat industry functions are wider than the provision of official controls. Thus, the costs have been calculated in accordance with conventional accounting standards by attributing to each item of the FSA's overheads a reasonable proportion of the full budgeted cost that fairly reflects the provision of official controls.

This proportion, known as "the industry percentage" for direct costs is currently set at 86.7% for OVs and 92.4% for MHIs, with a weighted average of 90.6% based on the balance of hours between OVs and MHIs used for the indirect costs for the FSA's provision of official controls. For the contractor there is a different weighted average of 89.0% due to a different balance in hours between OVs and MHIs. The industry percentage is based on budgeted hours for industry controls against budgeted hours for government controls. Due to rounding issues, there can be small differences between figures used for illustrative purposes.

*\*Additional explanatory note to supplement the above wording under the judgment order. The process of calculating the enforcement charge rate has been through a transitional process. Enforcement and export activity fall within other official activities and not official controls. The charge rate for enforcement was totally separated from the one for official controls for the 2022/23 charge rates. The same has happened with an export charge rate from 2024/25, although this rate will not be charged at present and the main charge rate will be charged for this export activity until further notice.*

## Hours

- OV industry budgeted hours for 2025/26 were 335,949 out of total budgeted OV hours of 387,703 (the additional budgeted hours relating to Government\*), giving an industry OV percentage of 86.7%. These are the total budgeted hours for all OVs i.e. FSA and contractor OVs.
- MHI industry budgeted hours for 2025/26 were 806,252 out of total budgeted MHI hours of 872,420 (the additional budgeted hours relating to Government), giving an industry MHI percentage of 92.4%. These are the total budgeted hours for all MHIs i.e. FSA and contractor MHIs.
- The industry budgeted hours were 1,142,201 out of total budgeted hours of 1,260,123 (the additional budgeted hours being for controls provided to Government), giving a weighted industry percentage of 90.6%.

*\*Additional explanatory note to supplement the above wording under the judgment order. For 2025/26 the additional budgeted hours above and the costs on the following slide do not include those budgeted for enforcement and export activity which are stripped out of the main industry charge rate.*

## Main industry rate direct costs

- Employed staff costs of £16.1m have been calculated as representing the appropriate weighted industry percentage of the budgeted wage bill of FSA meat industry staff of £17.7m. That weighted industry percentage is achieved by applying the relevant industry OV and MHI percentages to the employed OV cost of £2.8m and employed MHI cost of £14.9m making up the £17.7m.
- Contractor costs of providing official controls have been calculated by taking the value of the contract with the contractor and then subtracting items, such as profit and non-chargeable overheads, which cannot be recovered within the cost of official controls. The resulting contractor costs of £35.3m have then been calculated as representing the appropriate weighted industry percentage of the budgeted contractor costs of £39.5m. That weighted industry percentage is achieved by applying the relevant industry OV and MHI percentages to the OV contractor cost of £18.6m and MHI contractor cost of £20.9m making up the £39.5m.
- Laundry/equipment costs of £0.6m and frontline travel costs of £0.6m have been calculated as representing the appropriate weighted industry percentage of the Laundry/equipment costs and frontline travel costs of FSA meat industry staff of £0.7m and £0.6m, respectively.
- It is the sum of the industry elements of the three bullet points above (employed staff costs, contractor costs, plus laundry and equipment costs) that adds up to the total direct costs included in the industry charge rates.

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## Main industry rate indirect costs

- The FSA's overheads that are referable to the provision of official controls have been calculated by first apportioning a reasonable proportion of the FSA's overheads to the meat industry functions performed by the FSA and then applying the FSA industry percentage to give £4.5m, as explained in slide 34 and 35. This is split between OV indirect costs of £1.3m and MHI indirect costs of £3.2m by reference to the proportion of industry hours budgeted for each.