

# Annual Report & Accounts 2001-2002

Protecting Public Health & Animal Welfare

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An executive agency of the Food Standards Agency

# Protecting Public Health & Animal Welfare

Annual Report & Accounts 2001-02

Presented to Parliament pursuant to Section 7 of the  
Government Resources and Accounts Act 2000

Laid before the Scottish Parliament  
by a member of the Scottish Executive,  
at the request of Scottish Ministers, 23 July 2002

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## MISSION STATEMENT

*To be an open and independent service dedicated to the protection of public health and animal welfare by improving the quality of its services and standards in licensed meat plants in Great Britain (GB).*

### AIM

To safeguard public health and animal welfare through fair, consistent and effective enforcement of hygiene, inspection and welfare regulations in GB.

### OBJECTIVES

- To deliver value for money in the provision of efficient and high quality services.
- To promote 'best practice' in hygiene of operation and animal welfare.
- To apply the principles of the Government's Service First programme, in particular to maintain or improve the quality of services to customers.
- To achieve the financial and performance targets set by the Food Standards Agency (FSA) Board.

### FUNCTIONS

The principal functions of the MHS discharged on behalf of the FSA are:

- The enforcement of hygiene legislation in licensed fresh meat premises.
- The provision of meat inspection and controls on health marking in licensed red meat, poultry meat and wild game meat premises.
- The enforcement of hygiene controls in meat products, minced meat and meat preparation plants, that are co-located with licensed slaughterhouses.
- The enforcement, in licensed fresh meat premises, of controls over Specified Risk Material (SRM) and other animal by-products, and controls prohibiting the sale of meat from cattle over 30 months of age.

The MHS also undertakes the following work on behalf of the Department for Environment, Food and Rural Affairs (DEFRA), the National Assembly for Wales and the Scottish Executive Environment and Rural Affairs Department (SEERAD) under Service Level Agreements (SLA):

- The enforcement of animal welfare at slaughter rules in licensed slaughterhouses.
- The collection and dispatch of samples for statutory veterinary medicines residue testing on behalf of the Veterinary Medicines Directorate (VMD).
- The collection and dispatch of samples for TSE examination and testing.
- Cattle identification checks as part of the Cattle Tracing System (CTS) at licensed slaughterhouses.
- Provision of export certification when required either by the importing country or by European Union (EU) legislation.

- The enforcement, in licensed premises, of emergency controls related to animal disease outbreaks, including Foot and Mouth Disease (FMD).

The MHS also discharges the responsibilities of the Rural Payments Agency (RPA) under an SLA for:

- The supervision, inspection and monitoring of the provision of services for the Over Thirty Months Scheme (OTMS).

The MHS may also deliver services, through SLAs or contracts, to other public or private sector customers, subject to the approval of the FSA, in accordance with its general aims and objectives, and HM Treasury guidelines on selling to a wider market.

### CUSTOMER SERVICE

MHS service standards are set out in the MHS Customer Service Statement, published in 1995.

### WHO THIS ANNUAL REPORT AND ACCOUNTS IS FOR

This is our seventh Annual Report and audited Accounts. It has been written to present an open and accessible account of the work of the MHS.

It aims to provide information to our stakeholders who include our staff, our customers, meat industry representative organisations, consumers, Government departments and others who have an interest in animal welfare, meat hygiene, Bovine Spongiform Encephalopathy (BSE) controls and the protection of public health and animal welfare, both in GB and internationally.



# Protecting Public Health & Animal Welfare

Annual Report & Accounts 2001-02

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CHRIS LAWSON, CHIEF EXECUTIVE

## CHIEF EXECUTIVE'S OVERVIEW

This report is an account of 2001/2002 - the seventh year of operation of the MHS and the first year for which I have been the substantive Chief Executive.

The end of 2000/2001 was blighted by the discovery of Foot and Mouth Disease, and the dire repercussions that this had. The progress of the disease - and its eventual demise - dominated our work throughout the year now being reported upon. We undertook significant extra duties on behalf of the GB Agriculture Departments to help to eradicate the disease.

Efforts to maintain biosecurity continue and include, in the case of the MHS, responsibility for ensuring that cleansing and disinfection routines are followed by vehicles entering and leaving slaughterhouses. The continued vigilance of OVSs when conducting ante-mortem inspections is also vital, as they may be among the first people to detect any resurgence of the disease.

Operational staff within the MHS continue to turn their hands to a variety of tasks, often at short notice, in addition to the daily business of meat inspection and the safeguarding of public health and animal welfare. BSE in Europe, and heightened concerns within the European Commission, have led to consequent changes in European food law which have implications for the FSA and the MHS. Testing, under various schemes, to try to ascertain the incidence of BSE and other TSEs, is facilitated by the MHS on behalf of GB Agriculture Departments and the FSA.

Much effort was also expended in 2001/2002 in preparing for other changes stemming from the EC, namely the introduction of HACCP into larger licensed premises. EC proposals on the future of meat inspection are, at the time of writing, awaited. The MHS continues to co-operate with local authorities, our partners in enforcement of the meat chain, in formal investigations and by offering technical advice on request.

Against this background of enforcement of legislation, the performance of the MHS was placed during 2001/2002 under several 'microscopes'. Happily, this led to the award of a second Charter Mark, and re-accreditation to the Investors in People (IIP) national standard.

In acknowledging the enormous efforts made by staff across the organisation, I must not forget the introduction of the new industry charging system - based on headage rates - arising from the report of the FSA's Meat Inspection Charges Task Force, chaired by Colin Maclean. This was implemented to time and budget against some extremely short deadlines, and in difficult circumstances. The outcome was a halving of the inspection charges that would otherwise have been paid to us by the meat industry.

The Annual Report & Accounts is, by its nature, a document looking backwards at the financial year most recently ended. But readers deserve a glimpse into the future, unpredictable as it may be.

I remain acutely conscious of the fact that the service provided by the MHS is only as good as the staff within it. Hundreds of people, throughout Great Britain, work tirelessly for us, day in, day out, and it is by their efforts that our success is ultimately judged. If they give of their best, they deserve the best from MHS management. A further employee opinion survey, conducted by MORI in association with UNISON, will hopefully allow us to discern some beneficial effects from the changes in culture and approach that have been introduced during the year.

Implementation of the first phase of 'Moving Ahead', our programme of organisational change, will continue in order to simplify lines of management, enable greater empowerment and delegation of responsibility to those at the point of service delivery, and strengthen the MHS infrastructure to allow us to better manage the demands placed upon us.

The principles underpinning the 'Moving Ahead' changes are supported by our Business Plan for 2002/2003, which reinforces the new and growing culture of valuing and empowering staff by making it clear what is expected of everyone.

One of my greatest challenges in leading the MHS is that those who work for us should no longer be treated simply as production line workers - they should be treated as individuals, and encouraged to harness their talents to the many opportunities for advancement that lie within this organisation. I am determined to succeed.

The process of changing to a new culture can be a slow one. But I hope that our staff and our partners can already see that, having steered one course for so long, there has been a change of focus - hopefully for the benefit of all concerned.

C J Lawson  
Chief Executive

**A MESSAGE FROM BARONESS VALERIE HOWARTH,  
FSA BOARD MEMBER, AND A MEMBER OF THE  
MEAT HYGIENE ADVISORY COMMITTEE**

Few people outside central and local government, or the meat industry, will know very much about the Meat Hygiene Service. Many consumers of meat are vaguely aware that there is a meat inspection process – a duty that fell to local authorities until the MHS was established in April 1995.

Since that date, staff of the MHS have worked round the clock, day in day out, on their essential tasks of protecting public health and animal welfare. They are in the front line in the enforcement of BSE controls, first introduced in the late 1980s.

With around 2,000 staff across Great Britain, the MHS is dwarfed in size by some other great British institutions. But it has at least two things in common with many other public services – it provides a 24-hour service, and it only seems to attract public attention through the media when something goes wrong.

Those who work for the MHS carry out millions of inspections of food animals and birds – and their carcasses – every year, ensuring that every domestically-produced joint of beef, every rasher of bacon, and every chicken wing that we eat has come from carcasses that have been passed as fit for sale for human consumption.

This report covers the period from 1 April 2001 to 31 March 2002 – not only a financial year, but almost exactly the period of the national crisis imposed by Foot and Mouth Disease (FMD), from its discovery in February 2001 to the final lifting of restrictions in February 2002.

In the Government’s efforts to control the disease, the MHS played a significant part in the approval of abattoirs taking part in the ‘direct to slaughter scheme’. The MHS was also responsible for monitoring the strict cleansing and disinfection regime imposed at abattoirs on the movements of animals to slaughter.

In an effort to achieve a better understanding of the frontline work of the MHS, and the environment in which it operates, a number of MHAC members – myself included – visited a variety of licensed plants in the North of England earlier this year. The visits were truly fascinating, and provided a very worthwhile insight into a day to day service for which MHAC members provide an overview. I wish the MHS all the best, and remain confident in its ability to tackle whatever work it is asked to do.

Baroness Valerie Howarth  
Food Standards Agency Board Member and Member of MHAC

**MEAT HYGIENE ADVISORY COMMITTEE (MHAC)**

The remit of the Meat Hygiene Advisory Committee is to consider, review and advise the FSA Board on meat hygiene policy (including BSE) within a framework set by the Board, and to take strategic oversight of the MHS, to ensure that the MHS operates efficiently and effectively. It meets four times a year.

Key issues relating to the MHS that were discussed during 2001/02 included setting and assessing MHS performance against targets, and dealing with poorly performing plants, for which purpose a MHAC sub-committee was established.

**The membership of MHAC is:**

- |                            |  |
|----------------------------|--|
| Suzi Leather (MHAC Chair), | FSA Deputy Chair                         |
| Michael Gibson,            | FSA Board Member                         |
| Valerie Howarth,           | FSA Board Member                         |
| Robert Rees,               | FSA Board Member                         |
| Jim Scudamore,             | Government Chief Veterinary Officer      |
| Willie Davidson,           | Scottish Food Advisory Committee         |
| Robert Bell,               | Food Advisory Committee for Wales        |
| David Collins,             | Northern Ireland Food Advisory Committee |
| Iain MacDonald,            | External Member (MHAC Vice Chair)        |
| Miriam Parker,             | External Member                          |
| Denise Rennie,             | External Member                          |
| Waheed Saleem,             | External Member                          |
| Anne Wilson,               | External Member                          |



SUZI LEATHER, CHAIR OF MHAC, WITH MHAC MEMBERS (L-R) DAVID COLLINS, MICHAEL GIBSON, MIRIAM PARKER, IAIN MacDONALD, DENISE RENNIE, ROBERT BELL, WILLIE DAVIDSON AND VALERIE HOWARTH

## THE MHS IN CONTEXT

### MHS STRUCTURE

The MHS is an Executive Agency of the Food Standards Agency. It was first established as an Executive Agency of the former Ministry of Agriculture, Fisheries and Food (MAFF) - now part of the Department for Environment, Food and Rural Affairs (DEFRA) - on 1 April 1995, when it took over meat inspection duties from some 300 local authorities. On 1 April 2000 the MHS moved from MAFF to become part of the newly-created Food Standards Agency.

The MHS workforce consists of a combination of employed and contracted staff, the majority (around 95 per cent) of whom work in the 'front-line' hygiene inspection teams located in just over 1,300 licensed meat premises throughout Great Britain.

The MHS also employs some 200 administrative and managerial staff based at its headquarters in York (the majority of whom are engaged in personnel and financial functions), and in its regional offices in Cardiff, Edinburgh, Taunton, Wolverhampton and York. **A map of the regional structure, with contacts in each regional office and the relevant address, is shown on the inside back cover of this report.**

The Chief Executive is supported by a Management Group consisting of three HQ Departmental Directors (Veterinary Services, Human Resources, and Finance) and the five Regional Directors. The Management Group is the senior MHS strategic forum determining the direction of the MHS, and providing leadership and management of MHS resources. The group meets each month to share national and regional perspectives, and to review progress against its corporate performance targets and Business Plan. Meetings rotate around the HQ and regional offices, providing an opportunity for the Management Group to meet MHS staff, and to visit licensed premises to meet plant management and staff.

MHS performance is closely monitored by the Management Group to ensure delivery of agreed MHS services within budget, and consistency in delivery of those services across regions, through the most efficient and cost-effective means; and to ensure that the MHS focuses on the demands placed upon it by major Civil Service reform initiatives.

### OPERATIONAL STAFF

The majority of MHS staff are operational, meaning that they work in one or more of the 1,306 licensed premises in Great Britain. By discipline and training, they are either veterinary surgeons, red meat and/or poultry meat hygiene inspectors, or meat technicians.

Because of the different functions, capacities, and operating hours of licensed premises, some will work only in one plant. Others may have responsibilities at a number of plants in the same area.

A large number of OVSs and some MHIs work for the MHS not as direct employees, but on contract. There are 140 contract holders, of which 137 provide OVS services.



PENNY HOWARTH,  
ACTING REGIONAL DIRECTOR,  
NORTH REGION

### MHS STAFF AS AT 31 MARCH 2002

	EMPLOYED			Contract**	All MHS
	Permanent	Temporary	Casual*		
POVS	27	0	1	1	29
OVS	14	0	3	355	372
SMHI/SPMI	154	0	0	-	154
MHI/PMI	861	1	60	41	963
MT	238	1	8	-	247
Trainee MHI	16	-	-	-	16
Management & Administration Staff***	184	5	27	-	216
<b>TOTAL</b>	<b>1,494</b>	<b>7</b>	<b>99</b>	<b>397</b>	<b>1997</b>

#### Notes

All figures are based on serving grade

\* Based on an *average* casual contract being equal to 0.7 of a full time equivalent (FTE) (1 Apr 2000 - 31 March 2002)

\*\* Numbers of contract staff are rounded, and expressed as FTEs

\*\*\* Management & Administration includes all grades other than POVS, OVS, SMHI/SPMI, MHI/PMI, MT and Trainee MHI

**Official Veterinary Surgeons (OVSs)** are qualified veterinary surgeons, who have additionally attained OVS status in order to enforce public health and animal welfare at slaughter legislation. They are the MHS team leaders in each plant, carrying statutory responsibility under the relevant hygiene regulations for ante-mortem inspection, slaughter, post-mortem inspection, and health-marking. OVSs are responsible for decision-making in the event of uncertainty about the fitness for human consumption of a live animal or a carcass, and liaison with plant management and staff.

**Senior Meat Hygiene Inspectors/Senior Poultry Meat Hygiene Inspectors (SMHIs/SPMHIs)** have line management responsibilities for Meat Hygiene Inspectors, Poultry Meat Hygiene Inspectors, and Meat Technicians. They may undertake inspection duties on the production line, but are designated 'senior' because of their line management responsibilities.

**Meat Hygiene Inspectors/Poultry Meat Hygiene Inspectors (MHIs/PMHIs)** are the staff grades in meat inspection who, together with their Seniors, form the 'backbone' of the service. They work on the production line with plant staff at various critical points, each performing a specific inspection task as the carcasses move along the line.

**Meat Technicians (MTs)** are responsible for checking that carcasses are free from Specified Risk Material, for supervising the staining of SRM and for checking cattle passports and ID. During the FMD crisis, in addition to their normal duties, some MTs assumed responsibility for enforcing the rigorous cleansing and disinfection process which applied to all vehicles carrying animals at abattoirs. Cleansing and Disinfection Supervisors were taken on specially to perform duties under FMD restrictions.

### HQ SUPPORT

HQ support comprises a number of departments based in York:

- The Chief Executive's Office (re-constituted, from 20 May 2002, as the Business Development Unit) embraces the corporate business and communications functions.
- The IT Department is responsible for the IT infrastructure in HQ and in the regional offices.



JANE DOWNES, ACTING DIRECTOR  
OF VETERINARY SERVICES

- The Finance Department provides financial and accountancy services, including an in-house payroll system.
- The Human Resources Department is responsible for the recruitment, retention, training, and welfare of staff.
- The Veterinary Services Department (re-constituted, from 20 May 2002, as the Veterinary and Technical Directorate) consists of the Quality Manager, Operations Support Unit (OSU) and a small team including the Operations Manual Editorial Team (OPET) and an HQ Principal Official Veterinary Surgeon (POVS).

The Acting Director of Veterinary Services (now the Acting Veterinary and Technical Director) reports direct to the Chief Executive, and also to the Government's Chief Veterinary Officer, on professional veterinary matters.

### THE MHS REGIONS

MHS regional offices direct and support front-line operational services within each of the five MHS regions. In broad terms, each office is responsible for co-ordinating all the information and paperwork involved in providing the service and for monitoring the work of all levels of staff to ensure agency targets are met.

Regional offices play a key role in monitoring performance against the targets set by the Food Standards Agency, co-ordination of audits conducted by Veterinary Meat Hygiene Advisers (VMHAs) of the FSA (and any corrective action), publication of scores under the Hygiene Assessment System (HAS), and ensuring effective enforcement.

Each office is staffed by a team of administrative staff, normally totalling 12 people or less. The Business Project Manager has overall responsibility for administration within the region, but the Office Manager deals with the day-to-day running of the office.

Regional offices are responsible for ensuring that meat inspection staff are provided, at the right time and in the right place, with the necessary equipment to carry out all meat inspection duties, and also for the supply of equipment to enable the various sampling schemes to be undertaken.

Plant operators contact regional offices to discuss any queries on their invoices with the Customer Liaison Officer, and staff are on hand to address any problems which they may be experiencing. Throughout the day each office takes calls from a number of sources, but primarily from inspection staff who may be calling for information or with queries, or to order operational equipment or paperwork. Monitoring in the South & West Regional Office in Taunton recently showed that in two days, staff received 149 telephone calls and made 123.

Regional offices are the main contact point for the many contract OVSs who service the region. Part of the regional office function is to ensure that the contract management of OVS services is undertaken effectively.

Regional offices are also responsible for distributing emergency instructions to inspection staff, and amendments to the Operations Manual. During the period 1 April 2001 to 31



BARRY GIDMAN,  
REGIONAL DIRECTOR,  
CENTRAL REGION

March 2002, 13 amendments and 42 concession notes were issued to registered holders of the Operations Manual, via regional offices. Around 1,200 copies of each amendment or concession note are issued nationally, giving a grand total of some 66,000 copies in the full year. This can often mean that staff have to respond at a moment's notice when a crisis occurs, for example, the FMD outbreak of 2001. Staff worked round the clock, and throughout weekends, to ensure that slaughterhouses could be approved to operate under the FMD restrictions.

**Principal Official Veterinary Surgeons (POVSs)** are qualified veterinary surgeons who have normally worked as an OVS, and have gained sufficient experience to be able to offer technical support to teams of plant-based OVSs. They report to the region in which they work, and travel to undertake circuit supervision of the OVSs in their charge.

**Area Resource Managers (ARMs)** have a background in meat inspection, but undertake the management function of ensuring that sufficient operational staff are available to provide a service to any plant requiring it. ARMs are home-based, with IT systems allowing them to write reports and conduct administrative tasks, but they also travel from plant to plant. They are responsible for monitoring staff sickness, health and safety policy, expenses and overtime claims, and recruitment. They also ensure that staff have access to necessary protective equipment.

### CHANGES TO SENIOR MANAGEMENT

Major changes in senior management during 2001-2002 resulted in changes to the MHS management structure. After two years as Director of Finance and Corporate Services, Alex Kerr left to take up a new appointment as Director of Finance with the Rural Payments Agency (RPA).

Trevor Yardley, Quality Manager, also transferred to the RPA in July 2001 to become their Quality Manager after two years with the MHS. Meryvn Watts was appointed Acting Quality Manager in his place.

Following the departure of Alex and Trevor, the Finance and Corporate Services Department was split. Corporate Services and IT reported during the year in question to the Chief Executive, and the Operations Support Unit (OSU) and the Acting Quality Manager reported to the Acting Director of Veterinary Services. Mike McEvoy was appointed as Acting Director of Finance.

Adrian Thorne, POVS, Wales Region, was appointed Acting Director, Wales Region, in October 2001 following the secondment of Ivor Pumfrey as Project Director of the MHS internal re-organisation following the efficiency scrutiny by Deloitte & Touche.

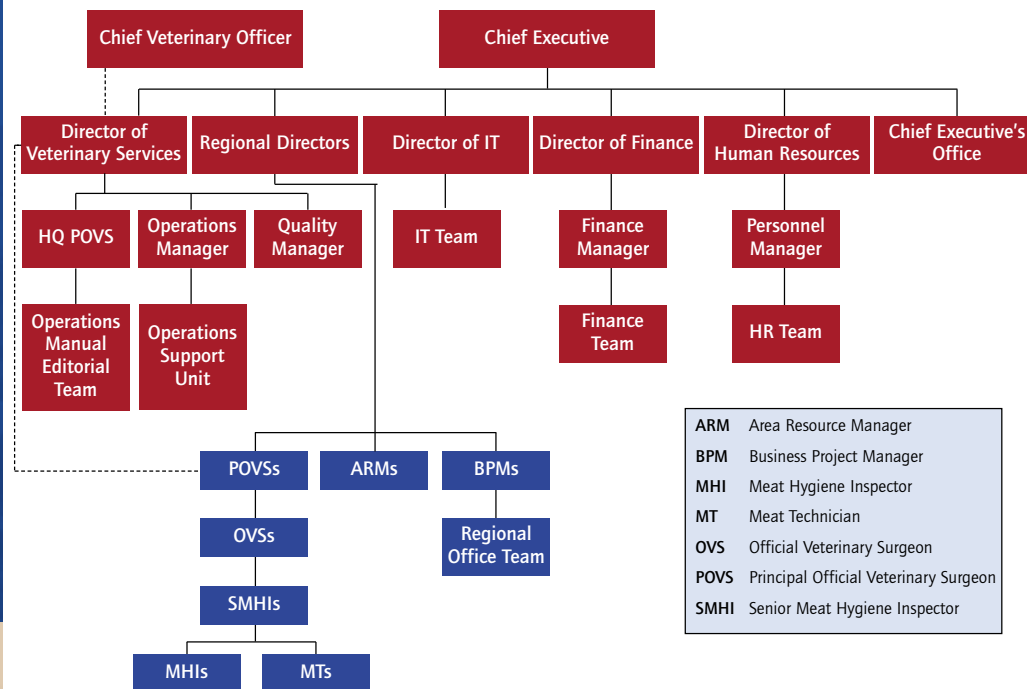
Graham Lee, an Area Resource Manager, and Penny Howarth, Business Project Manager, both of North Region, were appointed Acting Director (Operations) and Acting Director (Business) respectively for North Region in January 2002, as a result of the secondment of Michael Greaves to take the lead in preparing the MHS Business Plan for 2002/2003.



THE MHS MANAGEMENT GROUP



### MHS INTERNAL STRUCTURE (AS AT 31 MARCH 2002)



ADRIAN THORNE, ACTING REGIONAL DIRECTOR, WALES

### OPERATIONS MANUAL

The MHS Operations Manual sets out the instructions that aim to ensure the provision of a high-quality and consistent service by the MHS. The MHS is audited against the manual by the FSA's Veterinary Meat Hygiene Advisers and the British Standards Institute. The manual is a vital document within the MHS quality system.

It is maintained by the Operations Manual Editorial Team (OPET) who liaise with the FSA, DEFRA, and other Government Departments, as necessary, on the drafting of new instructions to reflect any changes in policy, procedures or legislation.

OPET also provides technical input and advice, oversees the consultation process, and controls the distribution of Operations Manuals, updates and forms. The prompt dispatch of new instructions was very necessary during the FMD crisis, and ensured consistent inspection and enforcement by the MHS throughout Great Britain.

### PERFORMANCE AGAINST TARGETS, 2001/2002

MHS performance targets have been set annually since 1996/7. They build incrementally on what has been achieved in previous years, and set a challenging agenda for the year ahead. The targets for 2001/2002 were the subject of a full public consultation process, and were then agreed by the FSA Board.

The means of assessing, and the FSA's assessment of performance under each target, were as follows:

#### PUBLIC HEALTH PROTECTION

<b>TARGET:</b> To fully apply the MHS Clean Livestock Policy (CLP).
<b>MEANS OF ASSESSING:</b> By VMHA audit of compliance with MHS Operations Manual requirements. Zero tolerance of critical non-compliances.
<b>ASSESSMENT:</b> FSA Veterinary Meat Hygiene Advisers (VMHAs) assessed this target during 61 audit visits, and found no critical non-compliances and one major non-compliance.
<b>ACHIEVED:</b> ✓
<b>TARGET:</b> Not to apply the health mark to any meat showing visible faecal or alimentary tract contents contamination.
<b>MEANS OF ASSESSING:</b> By VMHA audit of compliance with MHS Operations Manual requirements. Zero tolerance of critical non-compliances.
<b>ASSESSMENT:</b> The VMHAs assessed this target during 64 audit visits They found no critical non-compliances, and four major non-compliances.
<b>ACHIEVED:</b> ✓
<b>TARGET:</b> Take effective action in slaughterhouses with low HAS scores to improve hygiene standards.
<b>MEANS OF ASSESSING:</b> Within three months of a plant's HAS score falling below 70, draw up individual six-month action plans to secure improvements. By 31 March 2002, provide reports on individual plant progress for MHAC, detailing any enforcement action taken. For all plants with a HAS score below 50 at 31 December 2001, VMHAs to carry out an audit at each plant to assess MHS compliance with the Operations Manual; and whether appropriate enforcement action had been taken in each case. Report to be completed by 31 March 2002. Zero tolerance of critical non-compliances.
<b>ASSESSMENT:</b> A total of 106 plants had a HAS score of below 70, and the MHS had action plans in place for all but nine of these plants (for which there were valid reasons). In 70 plants, MHS enforcement action resulted in the HAS score increasing to above 70. In the remaining 36 plants with unimproved scores, five had their licences revoked; three had achieved scores of between 66 and 70; 12 remained within the nine-month time limit for improvement of their scores, and 16 required further examination.
<b>ACHIEVED:</b> ✓

**TARGET:** To take action within three months to address key operational findings by FVO missions relating to MHS management, supervision, or enforcement.

**MEANS OF ASSESSING:** By 31 March 2002, to provide a report to MHAC detailing against each relevant issue the management or enforcement action taken.

**ASSESSMENT:** Of the four FVO final reports on GB missions posted in 2001, three were received in the previous financial year and before the setting of this performance target. Two reports (on the poultry follow-up mission and the wild game mission) were received three months before the targets were agreed, and one report (on minced meat, meat preparations and meat products) was received two months before the targets were agreed.

However, the MHS responded to these reports – as it does to all external audits – by notifying the relevant OVSs, where any recommendations were applicable to MHS operational staff, and by incorporating any learning points into the CPD training programme.

**ACHIEVED:** ✓

**TARGET:** To strictly enforce the SRM controls in licensed plants.

**MEANS OF ASSESSING:** Monthly unannounced visits by the SVS to all licensed plants. Zero tolerance of critical failures.

**ASSESSMENT:** Between April 2001 and March 2002, the State Veterinary Service (SVS) carried out a total of 172 unannounced visits to judge MHS performance against this target. They found no critical non-compliances and one minor non-compliance.

**ACHIEVED:** ✓

**TARGET:** To strictly enforce the OTM rule in licensed plants.

**MEANS OF ASSESSING:** Unannounced visits to all licensed plants. Zero tolerance of critical failures.

**ASSESSMENT:** Due to FMD and other pressures, there was a delay in asking the SVS to extend the audit programme for SRM to include checks on the OTM rule. In view of this, VMHAs included (during the last quarter of 2001-2002) a limited assessment as part of their audit process. This MHS performance target was audited at 17 bovine slaughterhouses, and no non-compliances were found.

**ACHIEVED:** ✓

## ANIMAL WELFARE

**TARGET:** To strictly enforce the Welfare of Animals (Slaughter or Killing) Regulations.

**MEANS OF ASSESSING:** VMHA audit of compliance with MHS Operations Manual requirements. Zero tolerance of critical non-compliances.

**ASSESSMENT:** The VMHAs assessed this target during 90 audit visits, and found no critical or major non-compliances.

**ACHIEVED:** ✓

## STAFF TRAINING

**TARGET:** To provide update training for all POVVs and lead OVSs in HACCP (course to be developed in liaison with FSA), and in animal welfare (course to be developed in liaison with MAFF's AWD); and to ensure that all training is delivered by 31 March 2002 and is in accordance with agreed best practice IIP requirements (including the presentation of reports on the evaluation of the effectiveness of the training, with a view to continuous improvement).

**MEANS OF ASSESSING:** By MHAC, on the basis of returns supplied by the MHS.

**ASSESSMENT:** At 1 April 2001 there were 29 POVVs and 409 lead OVSs in post. Training was received by the 29 POVVs and 351 of the lead OVSs. Of the outstanding 58 lead OVSs, 57 left their contractor in-year or were no longer so designated. One lead OVS did not receive training within the set period due to administrative errors, but had received it by the end of April 2002.

**ACHIEVED:** ✓

## CUSTOMER FOCUS/PROVISION OF HIGH QUALITY SERVICE

**TARGET:** To meet the FSA targets for customer service.

**MEANS OF ASSESSING:** Answering correspondence within 20 working days, answering telephone calls within 30 seconds and meeting visitors within 10 minutes of an appointment or within 30 minutes if unannounced.

**ASSESSMENT:** Correspondence: A total of 2,932 items of correspondence were received in 2001-2002, of which 99.11 per cent were answered within the Service First target of within 20 working days. Telephone calls: Formal spot checks were introduced on a monthly basis in February 2001. In the two spot checks conducted subsequently, a total of 20 check calls were made - all of which were answered well within the 30 second requirement.

**ACHIEVED:** ✓

**TARGET:** To maintain full compliance with Charter Mark standards.

**MEANS OF ASSESSING:** Retention of Charter Mark (awarded by the Cabinet Office).

**ASSESSMENT:** The MHS Charter Mark was re-awarded and formally presented on 26 February 2002 (see Page XX).

**ACHIEVED:** ✓

**VALUE FOR MONEY/EFFICIENCY**

**TARGET:** To implement the accepted recommendations of the Deloitte & Touche review of MHS efficiency within the timescales agreed by the Meat Hygiene Advisory Committee.

**MEANS OF ASSESSING:** To be assessed by the successful achievement of milestones agreed as part of a plan for the delivery of efficiency improvements.

**ASSESSMENT:** The three main recommendations taken forward concerned:

- Deployment of IT to licensed plants
- A review of the MHS organisational structure
- Increasing the numbers of employed OVVs

**ACHIEVED:** ✓

**FINANCIAL PERFORMANCE**

**TARGET:** To operate within the agreed MHS resource budgets for 2001-2002.

**MEANS OF ASSESSING:** By MHAC, on the basis of audit reports by the NAO on the MHS accounts, and FSA Finance.

**ASSESSMENT:** The net cost of MHS operations was £18.9 million, in line with forecasts in September and December 2001, compared to the resource budget of £20.1 million. There were a number of financial uncertainties, including the aftermath of FMD and the impact of the introduction of the Maclean charging regime.

**ACHIEVED:** ✓

**TARGET:** To operate within the total net cash management figure agreed with the FSA.

**MEANS OF ASSESSING:** By the Finance, Procurement, and IT Division of the FSA, based on the actual net cash position as at 31 March 2002, compared with the forecast following the end of the third quarter of the financial year 2001/2002.

**ASSESSMENT:** The cash out-turn was six per cent below the amount planned.

**ACHIEVED:** ✓

**PERFORMANCE AGAINST TARGETS IN EARLIER YEARS**

Performance targets for the previous four years - from 1997/98 to 2000-2001 inclusive - are shown in the table below. It will be noted that some of the targets begin to differ markedly in character, as the MHS passes from MAFF to FSA control (from 1 April 2000).

1997/98	1998/99	1999/2000	2000/01
To take all measures necessary to ensure full compliance by the slaughterhouse industry with the Specified Bovine Material Order 1997, the Heads of Sheep and Goats Order 1996, and other related Statutory Instruments ✓	To take all measures necessary to ensure full compliance in licensed premises with the SRM Regulations 1997 and other related Statutory Instruments ✓	To take all measures necessary to ensure full compliance in licensed premises with the SRM Regulations 1997 and other related Statutory Instruments ✗	Strictly enforce SRM controls in abattoirs ✗
To ensure that all MHS contract and employed OVVs, MHs and MTs have completed a formal training programme in hygiene by 31 July 1997 ✓	To train all staff in post as at 1 April 1998 in HACCP and Quality International Standards Organisation (ISO 9002) auditing systems ✓	To ensure that all MHS contract and employed OVVs have received formal training in HAS by the end of the year ✓	Provide update training for all POVVs and lead OVVs in enforcement (course to be developed in liaison with FSA Legal). Provide update training for 33 per cent of lead OVVs in animal welfare at slaughter (course to be developed in liaison with AWD). Provide refresher training for 33 per cent of lead OVVs in hygiene requirements (course to be developed in liaison with VPHU). All training to be completed by 31 March 2001, and to comply with IiP (Investors in People) standards. ✓
To implement strictly the MHS CLP included in the Operations Manual, as revised in March 1997 ✓	To ensure that cattle and sheep classified into categories 3 and 4 are only exceptionally, and subject to special precautions being taken, slaughtered for human consumption and that no animals in category 5 are accepted for human consumption ✓	To implement strictly the CLP by ensuring that the percentage of cattle and sheep allowed to be slaughtered under special precautions in categories 3 and 4 is below 10 per cent of those initially rejected over the course of the year (category 5 animals may not be slaughtered for human consumption) ✓	Fully apply MHS CLP ✓

## PERFORMANCE AGAINST TARGETS IN EARLIER YEARS

1997/98	1998/99	1999/2000	2000/01
To implement strictly a prohibition on carcasses showing any faecal contamination being health-marked for human consumption ✓	To ensure a strict prohibition on carcasses showing any faecal contamination being health-marked for human consumption ✓	To ensure a strict prohibition on carcasses showing any faecal contamination being health-marked for human consumption ✓	Not to apply the health mark stamp to any meat showing visible any faecal or alimentary tract contents contamination ✓
An animal welfare target did not apply in this year N/A	To publish by 31 July 1998 the report on the MHS Animal Welfare Survey undertaken in 1997/98. To provide instructions/training to MHS staff in recommendations are made in the Animal Welfare Survey ✓	To ensure that the Welfare of Animals (Slaughter or Killing) Regulations 1995 are enforced in licensed slaughterhouses, and to maintain in areas where action or effective monitoring of compliance. To carry out an animal welfare survey in all slaughterhouses by the end of the year ✓	Strictly enforce the Welfare of Animals (Slaughter or Killing) Regulations 1995 ✓
Efficiency indicators did not apply in this year N/A	Efficiency indicators did not apply in this year N/A	To develop new efficiency indicators that will apply from April 2000 ✓	Efficiency indicators did not apply in this year N/A
To ensure at least 90 per cent of slaughterhouses achieve HAS scores of more than 65 ✓	To ensure that at the end of 1998/99, on a rolling three-month average, at least 93 per cent of licensed premises achieve HAS scores of more than 65 and that 75 per cent of all licensed premises achieve HAS scores of more than 70 ✓	To ensure that at the end of 1999/2000, on a rolling three-month average, at least 93 per cent of licensed premises achieve HAS scores of more than 65 and that 75 per cent of all licensed premises achieve HAS scores of more than 70 <i>This target was discontinued from 1 July 1999 because of the incompatibility of the HAS '99 scoring system with that which had applied when the target was set. Nevertheless, by the end of 1999/2000, 88.5 per cent of slaughterhouses and 93.3 per cent of cutting plants scored over 65. And 76.2 per cent of slaughterhouses and 89.3 per cent of cutting plants scored over 70</i> ✓	To take effective action in slaughterhouses with low HAS scores, to improve hygiene standards ✓
Consumer focus/quality service targets did not apply in this year N/A	Consumer focus/quality service targets did not apply in this year N/A	Consumer focus/quality service targets did not apply in this year N/A	Introduce an independent element to MHS Appeals Procedure Sign up to Government Enforcement Concordat To meet the FSA targets for consumer service Maintain full compliance with Charter Mark standards ✓
Value for money and efficiency targets did not apply in this year ✓	Value for money and efficiency targets did not apply in this year ✓	Value for money and efficiency targets did not apply in this year ✓	To implement those recommendations in the Pooley Report applicable to the MHS and accepted by the FSA for implementation in 2000/2001 To implement those recommendations in the external efficiency review accepted, and within the timetable laid down, by the FSA Board ✓
To operate within the net cash allocation as agreed year by the MAFF Management Board ✓	To operate within the net cash allocation as agreed during the year by the MAFF Management Board ✓	To operate within 95 per cent and 100 per cent of allocations by the MAFF Management Board for running costs, capital, and receipts ✓	To operate within the cash allocations as during the agreed with the FSA ✓
To charge plant operators the full economic cost (calculated in accordance with the relevant legislation and accrual accounting and Industry Charges Guide) of providing the statutory health inspection and controls at fresh meat premises ✓	To charge plant operators the full economic cost of providing the statutory health inspection and controls at fresh meat premises (calculated in accordance with the relevant legislation and accruals accounting and Charges Guide) ✓	To charge plant operators the recoverable costs (calculated in accordance with the relevant legislation and accrual accounting and Industry Charges Guide) of providing the statutory health inspection and controls at fresh meat premises ✓	N/A
To recover from Government departments, agencies, and the IBEA the full economic cost (calculated in accordance the relevant charging legislation and accruals accounting) of providing agreed services or other work undertaken on their behalf ✓	To recover from Government departments, agencies, and the IBEA the full economic cost (calculated in accordance the relevant charging legislation and accruals accounting) of providing agreed services or other work undertaken on their behalf ✓	To recover from Government departments, agencies, and the IBEA the full economic cost (calculated in accordance the relevant charging legislation and accruals accounting) of providing agreed services or other work undertaken on their behalf ✓	To recover from Government departments, agencies, and the IBEA the full economic cost (calculated in accordance the relevant charging legislation and accruals accounting) of providing agreed services or other work undertaken on their behalf ✓



PRIME BEEF ANIMAL

## WORKING WITH LOCAL AUTHORITIES

The MHS works closely with local authority environmental health officers (EHOs) on public health matters outside licensed premises, and specifically with trading standards officers (TSOs) on confirmation of the validity of cattle passports. Cattle traceability was introduced under the Cattle Identification Regulations 1998, and chequebook-style cattle passports were issued from September 1998.

Any suspicion of fraud, for example substitution or ear tag replacement, is referred to local TSOs for further investigation and confirmation, or otherwise, of the validity of the passport, with the carcasses being detained by the MHS to await the outcome.

The MHS acknowledges the important co-operation of local authority colleagues in ensuring that no bovine animal over thirty months of age (with exception of BAS animals) enters the human food chain. The MHS readily provides professional assistance to local authorities in the identification of meat.

The outbreak of Foot and Mouth Disease (FMD) increased MHS liaison with local authorities. The MHS notified the then Local Authority Co-ordinating Body on Food and Trading Standards (LACOTS, now LACORS) of premises approved under the FMD regulations. A list of approved premises was posted on the LACOTS website to help local authorities to issue movement licences.

The MHS gives help to local authorities wherever it can. The MHS participates in membership of local Food Liaison Committees and joint groups. We have made formal presentations to local authorities, and participated in the FSA/LACORS Update seminars around the country. We ensure that every local authority receives a copy of our Annual Report.

The MHS facilitated the work of a local authority EHO who was seconded to the FSA to examine communications between the MHS and local authorities. Alan Noonan, a senior EHO with City of York Council, completed his three-month secondment in spring this year. His brief was to produce guidance for food authorities on the role and responsibilities of the MHS, and to promote liaison and communication between local authorities and MHS staff.

## JOINT INVESTIGATIONS

The MHS is totally committed to providing help and advice to other enforcement agencies. Our unique position as a national organisation allows the MHS to gather information across local, regional, and national boundaries as well as offering practical help with local problems. Our expertise in meat inspection has resulted in the MHS being able to provide professional advice on demand to other agencies, and expert witnesses in court cases.

The MHS has helped in multi-disciplinary investigations into allegations of illegal killing, recycling of unfit meat, and conspiracy to defraud. Cases in which the MHS has helped during 2001-2002 are either awaiting court determination – and therefore sub judice - or are the subject of ongoing investigation. The outcome of the 'Rotherham case' confirms the serious view taken by the authorities on trading in illegal meat. The potential public health risks associated with such activities are self-evident.

By providing professional advice, the MHS has enabled other enforcement agencies to seize and condemn tonnes of unfit meat, close down premises that were operating outside the law, and enable prosecutions to be initiated.

## WASTE FOOD TASK FORCE

The Waste Food Task Force was established by the FSA in autumn 2001 to report on possible improvements in all aspects of waste food in the food chain, following several investigations into the possible diversion of unfit poultry meat.

The task force consists of professional representatives of various enforcement bodies, and is multi-disciplinary. A review of the national problem of illegal meat trading, illegal killing of animals, and the control of high and low risk by-products forms part of their remit.

The MHS provides professional assistance to the task force on technical meat hygiene and inspection matters, and on the role of the MHS in slaughterhouses. The task force is expected to publish its recommendations in September 2002.

STAMPING OF CARCASSES



OVAL HEALTH MARK APPLIED TO MEAT FROM THROUGHPUT PREMISES



SQUARE HEALTH MARK APPLIED TO MEAT PLANTS OPERATING UNDER LOW THROUGHPUT RULES



HEALTH MARK FOR WILD GAME



ROUND HEALTH MARK APPLIED TO MEAT PRODUCED IN FULL THROUGHPUT RED MEAT PREMISES FROM 23 APRIL 2001 FOR FMD CONTROL PURPOSES



MHS STAMP APPLIED AFTER SRM INSPECTION



YOUNG LAMB STAMP



HEALTH MARK FOR BOARS



HEALTH MARK APPLIED TO MEAT SUBJECT TO ANIMAL DISEASE CONTROL RESTRICTIONS

## PROTECTING PUBLIC HEALTH & ANIMAL WELFARE

### THE HEALTH MARK

The health mark is the key control on fresh meat. It is an internationally-recognised symbol identifying meat that has been produced under veterinary supervision, in accordance with regulations, and has been inspected and passed as fit for sale for human consumption.

It is stamped, marked or shown on all fresh meat produced in Great Britain's licensed premises for sale for human consumption. This shows that it complies at the time of application with all the relevant legislation. Changes to the use of the oval health mark as a result of FMD are described on page XX.

In licensed cutting premises, the plant operator may apply the health mark to meat, and packages containing meat. The health mark remains under the supervision of the OVS, who must be satisfied that the health mark is being used in accordance with the relevant regulations.

Beef carcasses and older sheep carcasses that have been inspected to confirm that all traces of Specified Risk Material (SRM) have been removed must, in addition, be stamped with an individually-numbered MHS stamp allocated to a named member of staff.

### THE HYGIENE ASSESSMENT SYSTEM (HAS)

HAS scores are a general guide to the long-term hygiene performance of meat plants. They do not tell you whether an individual piece of meat has been passed as fit for human consumption – that is what the health mark is for.

The MHS uses the HAS to monitor the hygiene controls applied by plant operators in licensed slaughterhouses and cutting premises. HAS is a management tool used as an indicator of hygiene levels – it is not an absolute, and there is no fixed acceptable or unacceptable HAS score. Plants which consistently comply with statutory requirements and use best practice will tend to score more highly than those simply complying with the minimum statutory requirements.

The HAS score of a premises is only an indicator of risk, based on the factors which have been assessed (see section below on Poorly Performing Plants). A low or reducing HAS score is just one indicator that the operator should improve hygiene during production. Premises with a low HAS score are subject to appropriate enforcement action to ensure the required hygiene standards are achieved.

Information on the three-monthly rolling average HAS score for each licensed premises is posted on the FSA website.

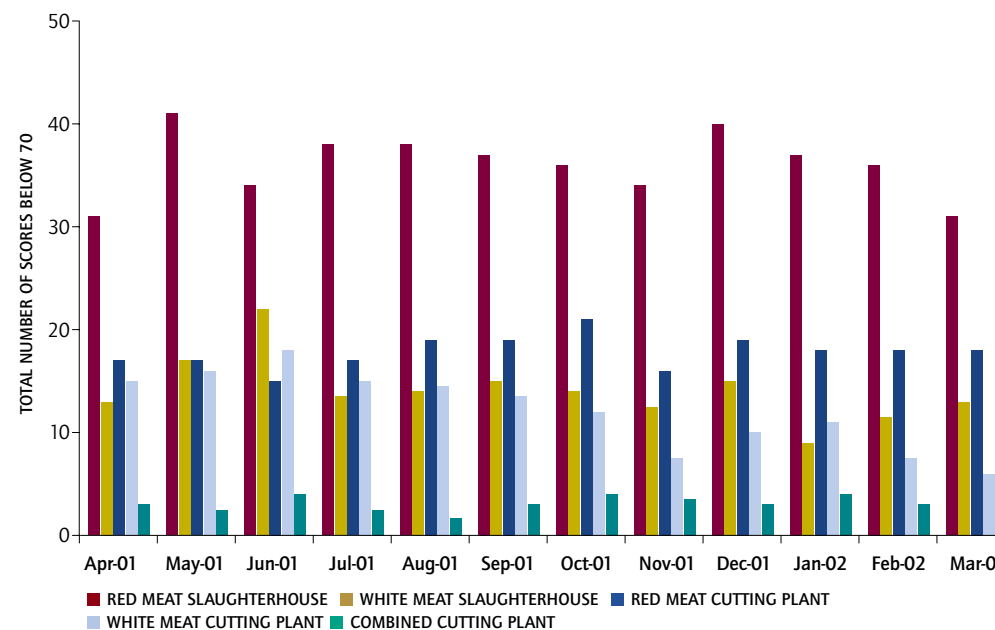
### HAS PERFORMANCE TARGETS (POORLY PERFORMING PLANTS)

MHAC expressed concern at the number of poorly performing plants (PPPs), and set up a sub-committee to consider the issue. The goal of the sub-committee was to review enforcement and develop an action plan for the MHS to raise standards in PPPs.

In the absence of any alternative, a PPP has been defined as any licensed plant that consistently has a HAS score of 70 or under, and regularly fails to comply with legislative hygiene requirements.

The table shows figures for plants with HAS scores below 70.

### HAS SCORES BELOW 70 FROM APRIL 2001 – MARCH 2002



Source: MHS

The PPP sub-committee was satisfied that suitable enforcement action was taken against plants not meeting legislative requirements, and that MHS staff and OVS contractors had received adequate training to undertake effective enforcement.

The resulting action plan therefore required:

- Different types of enforcement action in premises with a HAS score of under 60, between 61 and 66, and between 67 and 70.
- Additional training in effective enforcement for OVSs supervising large and small premises.
- Changes in the course run for veterinary surgeons seeking designation as an OVS.
- A review of the OVS contract to ensure that contractors recognised their responsibility for the induction, training, development, and appraisal of the OVS in their employment.
- The introduction of a contract management system.
- Pilot projects to evaluate the implications of increasing the number of directly employed OVSs.



MHS STAFF CHECKING THE TEMPERATURE OF A BEEF CARCASS

Enhanced enforcement action was taken by the MHS in the five plants with a HAS score of 50 or less, leading to revocation of its licence by the FSA in the case of one plant, and two other plants improving their HAS score. Of the two remaining plants, one has been recommended for prosecution and enforcement action is continuing in the other.

The MHS re-issued Chapter 18 (on enforcement) of the MHS Operations Manual which was revised by the FSA, in liaison with the MHS, to improve the guidance and instructions available to staff.

### HAS REVIEWS

OVSs are required to meet regularly with plant management to discuss the results of HAS assessments. Where plant management disagree with the HAS score awarded, they can ask for the score to be reviewed. All HAS reviews are undertaken by a POVS, who compares written evidence provided by plant management with the recorded MHS documentation. The subsequent HAS score may remain unchanged, increase or decrease. Plant management are notified of the outcome of the HAS review.

### HAS REVIEWS – ALL REGIONS

	1999/2000	2000/2001	2001/2002
HAS reviews undertaken	26	11	18
HAS scores increased as a result of review	7	4	4
HAS scores decreased as a result of review	1	0	1
HAS scores unchanged after review	18	7	13

Source: MHS

### HACCP & MICROBIOLOGY

HACCP principles were due to be implemented under EU legislation in large licensed premises in June 2002, with small to medium-sized plants required to comply by June 2003.

In preparing for this, the FSA recognised at an early stage that some assistance, support, and encouragement would be desirable to help smaller plants in the implementation of their HACCP procedures. To this end, the MHS has been providing input into a pilot study involving a small number of volunteer small to medium-sized red and white meat plants in England, Wales and Scotland.

Training events, managed by Paul Bache of Food Training International, for plant operators have taken place in Milton Keynes and London, with microbiology training provided by ADAS. The POVS overseeing each volunteer plant attended the training events as appropriate, and MHS plant staff were encouraged to attend the on-site training sessions at each participating plant.

The plant OVSs are involved in supervising microbiological sample collection, ongoing implementation of the HACCP plan and preparing monthly reports on the progress of the study.

Preliminary information-gathering for the project took place in October 2001 with training events following in November and February, each course lasting two days. Following the subsequent on-site training, HACCP principles have been introduced and maintained along with microbiological testing.

The pilot study will continue during 2002/2003, and support visits will be made to participating plants to provide ongoing advice.

### CLEAN LIVESTOCK POLICY (CLP)

One of the biggest threats to the microbiological safety of the meat we eat is the presentation for slaughter of animals whose hides or fleeces are contaminated with dirt or faeces, and the subsequent dressing of the carcasses. In an effort to minimise these risks, the MHS operates a Clean Livestock Policy (CLP) under which cattle and sheep are categorised at ante-mortem inspection according to the degree of contamination of their coats (pigs are excluded).

The reasons for contamination can include poor on-farm management, the type of feed provided for livestock, poor loading facilities, poor transport management, poor conditions at market, and unsatisfactory lairage conditions. Any one of these can mean that consumers are at greater risk of food poisoning, and obtain an inferior product with poor keeping quality.

Under the CLP, the MHS has issued advice to farmers, transporters of animals, dealers and agents, and abattoirs. OVSs have powers under the Fresh Meat (Hygiene and Inspection) Regulations to take action if, in their opinion, any animal is so dirty that it would inhibit hygienic dressing.

Sheep and cattle are therefore categorised from 1 to 5. Animals falling into Categories 1 and 2 may be processed as normal, but animals falling into Categories 3 to 5 should normally be rejected for slaughter and either returned to the producer (if this is possible) or detained in the lairage where they may be cleaned for re-presentation for ante-mortem inspection.

During 2001-2002, some 10,000 cattle and around 117,000 sheep were initially rejected as unfit for slaughter under the CLP. The table overleaf shows how these animals were ultimately dealt with.



CUTS OF MEAT HEADING FOR RETAIL SALE



CLP BOOKLETS

### CLP – ACTION TAKEN ON ANIMALS REJECTED AT ANTE-MORTEM

	Cattle			Sheep		
	1999/2000	2000/2001	2001/2002	1999/2000	2000/2001	2001/2002
Total Throughput	1,940,017	2,037,715	1,789,401	18,197,297	17,367,929	12,617,000
No. of animals rejected, of which	3,591	5,635	10,759	54,782	150,638	116,819
Detained in lairage overnight and subject to ante-mortem inspection the following day	988	1,511	1,358	22,747	64,887	50,383
Cleaned before being re-presented for ante-mortem inspection	1,493	1,575	2,914	19,863	63,921	42,552
Detained and re-presented later the same day for ante-mortem inspection	877	1,670	2,269	12,147	29,847	16,724
Rejected for slaughter and disposed of as unfit	0	0	0	1	2	17
Rejected for slaughter on re-presentation	535	697	14	3,883	7,496	38
Slaughter permitted under special precautions	652	916	4,590	3,844	8,659	23,988
Slaughter allowed to proceed, but later stopped	3	0	282	673	353	958
Other route of disposal	390	112	845	7,716	1,945	7,253

Source: MHS

### ANIMAL WELFARE REVIEW

MHS staff monitor animal welfare throughout each working day, and provide monthly reports for the relevant MHS Regional Office, and DEFRA. During 2001 the MHS conducted, on behalf of DEFRA, a detailed review of animal welfare in all operational licensed slaughterhouses in Great Britain. This is the latest in a series carried out every two years. Due to the introduction of FMD controls, it was necessary to split the review into two parts. The review was conducted in 123 licensed poultry slaughterhouses from 14 – 20 May, and in 314 licensed red meat slaughterhouses from 3 – 9 September.

The aim of the review was to assess the standards of animal welfare at licensed slaughter premises; and to collect data on the methods of stunning, slaughter and killing used in different sectors of the industry. This data will be used by DEFRA and others to inform policy decisions, and to plan progressive improvements to standards of welfare.

OVSs recorded a total of 284 legal non-compliances, representing 89 individual premises. Of the slaughterhouses where non-compliances were recorded, many had more than one and the same non-compliance would often relate to more than one species slaughtered at those premises. An example is a licensed premises with poor ventilation in the lairage, affecting all species.

Nevertheless, the results demonstrate that many slaughterhouses implement procedures



CONTENTED PIG IN LAIRAGE SHOWING GOOD ANIMAL WELFARE

above the minimum requirements of the legislation. Identified deficiencies were addressed using enforcement powers where necessary to prosecute those who continued to contravene the law.

The review was published on 31 March 2002. Please see Annex xx for details of how to obtain a copy.

### BSE Enforcing SRM Controls

Controls on Specified Risk Material (SRM) are designed to prevent the parts of slaughtered animals most likely to contain the BSE agent from entering the human food and animal feed chain. They were first introduced for cattle in 1989 and for sheep and goats in 1996. They have been regularly reviewed and strengthened since then, on the basis of developing scientific evidence.

MHS inspection teams enforce SRM controls in licensed premises on the removal, staining, and safe dispatch of SRM. The SVS made monthly unannounced visits to licensed premises to check on the effectiveness of the controls.

During the FMD crisis, owing to essential requirements for control of this disease, it was not possible for the SVS to carry out its full programme of inspections. Nevertheless, as demonstrated by the results of the VMHA audit, the level of vigilance by the MHS inspection teams remained at its highest throughout the year despite the added workload generated by the Direct to Slaughter Scheme.

### Date Based Export Scheme (DBES)

The export of all fresh red meat from GB was prohibited in February 2001, as a result of the FMD outbreak. Until then, two licensed plants – one in England and one in Scotland – had continued to export beef under the terms of the DBES. This required additional checks using IT systems linked to the British Cattle Movement Service (BCMS).

Even though meat exports have now started again, as a result of the demise of FMD, no beef was exported from GB under the terms of the DBES during the year 2001-2002.

### Breaches of legislation in imported meat

The MHS carries out routine checks on imported meat in licensed cutting premises and cold stores, to ensure that they comply with the regulations. Checks on imported beef carcasses received in licensed premises are made to ensure that SRM has been removed. An Identifier Stamp has been introduced so that MHS staff can verify that the check has been satisfactorily carried out.

During the year, new requirements to remove vertebral column from carcasses over 12 months of age were introduced in the EU. Due to the Over Thirty Month rule, GB has a derogation from this requirement. Vertebral column from imported beef carcasses is removed under MHS supervision in approved premises, carcasses being held securely under seal pending processing. The plants concerned are specially designated by the FSA to carry out this work, and the designation is based on the recommendation of the plant OVS.



IMPORTED BEEF CARCASS THAT FAILED MHS RE-INSPECTION BECAUSE IT CONTAINS SPINAL CORD



EU legislation requires SRM to be removed from meat before it is exported from Member States. During 2001/2002, SRM was discovered by MHS staff in licensed plants in 23 consignments of beef imported into the UK from other European countries. The sources of the beef are shown in the table below:

COUNTRY	NUMBER OF BREACHES
Germany	8
The Netherlands	5
Republic of Ireland	4
Belgium	2
Spain	2
Italy	1
Denmark	1
<b>TOTAL</b>	<b>23</b>

In addition to the SRM failures in beef, a piece of spinal cord measuring 13cm was found in a half-sheep carcass imported from the Republic of Ireland.

In each case the CVO of the country concerned, and the EC, were immediately informed by the FSA of these breaches of EU law. In six cases, the operation of the plant of origin was suspended. In a seventh case, the slaughter of cattle was temporarily prohibited and in an eighth case the plant was specifically ordered to inspect all cuts of meat for the presence of spinal cord. Continued vigilance and, where necessary, enforcement action and the publicity it generates will hopefully lead to increased vigilance in meat plants throughout Europe. Further details are available on the FSA website.

### Over Thirty Month (OTM) Rule

With very few exceptions, meat derived from bovine animals over 30 months of age may not be sold for human consumption in the UK.

The MHS has a vital role in ensuring compliance with this requirement in licensed premises in England, Wales and Scotland. Checks by the MHS on the responsibilities of the owner of the animal and the plant operator extend to the examination of cattle passports, ear tags, and dentition status.

Despite the increased workload placed upon MHS plant staff during the FMD crisis, OTM checks continued to be maintained so that suspect animals were prevented from entering the food chain, particularly since no livestock could be removed from the slaughterhouse once delivered under both the FMD Direct to Slaughter Scheme and the Interim Movements Regime (England and Wales).

In March 2002, the FSA announced that 20 Beef Assurance Scheme (BAS) cattle had entered the human food chain in 2001 without meeting the EU legal requirement, imposed in January of that year, for BSE testing. This did not pose a public health risk, but represented a breakdown in procedures for taking samples from the relevant cattle for testing. Since the taking of samples falls to the MHS, Chief Executive Chris Lawson apologised for this oversight to the FSA Board.

During the year MHS plant staff continued to liaise with local authority officials from Trading Standards Departments in the investigation of suspected offences against the Cattle Identification Regulations 1998.

### CATTLE PASSPORTS

Every year, MHS staff check around two million cattle passports, to ensure that only animals under 30 months of age are slaughtered for sale for human consumption. If MHS staff are unable to ascertain the age of an animal, or the passport indicates that the animal is over 30 months of age, the carcass cannot be sold for human consumption, and must be disposed of as an animal by-product by the plant operator.

### OTMS

The Over Thirty Month Scheme (OTMS) is run by the Rural Payments Agency (RPA), and is a market support measure introduced in 1996 following the BSE crisis. Bovines over thirty months of age go into the scheme, instead of going for human consumption. In a normal year some 900,000 would be processed. After slaughter in a licensed plant, they go for rendering and eventual incineration.

The MHS has a Service Level Agreement (SLA) with the RPA for providing staff to supervise these plants. This work produced an income in 2001/2002 of around £4.6 million for the MHS.

A substantial proportion of the costs of payments to farmers for each animal purchased are met by European funding. Part of the payment costs, plus costs relating to slaughter and disposal, are UK-funded.

The FMD outbreak led to the suspension of the OTMS at the end of February 2001. At the end of the FMD crisis, 18 of the 19 OTMS plants re-started OTMS operations as dedicated OTMS plants, dealing only with OTMS animals (before FMD, seven plants had combined the dual role of dealing with OTMS animals on some days, while killing for human consumption on others – subject to a rigorous cleansing and disinfection regime). One plant opted not to re-join the OTMS.

A combination of increased requirements for staff to work on FMD-related duties, plus an overall shortage of staff in some parts of the country, meant that some veterinary surgeons had to be used to supplement inspection teams. Staff of the Meat and Livestock Commission (MLC) also helped with non-technical work.

POVSS carry out audits once a month to check MHS compliance at OTMS licensed premises. In the Orkney Islands, audits take place every two months. Out of the 128 audits scheduled in 2001/2002, 123 were undertaken.

In the early part of 2002 substantial development work was undertaken to allow for European requirements on Brain Stem Sampling to be implemented. MHS staff supervise the collection of brain stem samples by the plant operator.



PAUL JACKSON, REGIONAL DIRECTOR, SOUTH AND WEST

### PITHING BAN

As a result of research showing that the practice of pithing could introduce brain material into an animal's bloodstream – and possibly, therefore, into meat itself - the practice was banned from 1 April 2001 under the Restriction on Pithing Regulations 2001. These regulations gave effect to Commission Decision 2000/418/EC, which was adopted on 29 June 2000.

Pithing is described as "the laceration, after stunning, of an animal's central nervous tissue by means of an elongated rod-shaped instrument introduced into the cranial cavity". The practice was carried out in some slaughterhouses to prevent injury to slaughtermen from involuntary or reflex kicking by stunned animals.

The Food Standards Agency originally proposed to implement the ban from 1 January 2001, but in recognition of some of the practical difficulties faced by licensed premises in complying with it, and concerns over operator safety and animal welfare, implementation was delayed for three months. Guidance on the slaughter of animals without pithing was issued by the Health & Safety Executive and the Humane Slaughter Association. From 1 July 2001 the carcass of any illegally pithed animal is treated as SRM.

In the last week of June 2001, 13 plants were still pithing cattle but they had all stopped by July. Since then there have been no reports of cattle being pithed anywhere in GB.

## ANIMAL DISEASES

### FOOT AND MOUTH DISEASE

Throughout the year the MHS rigorously enforced the criteria required by the Direct to Slaughter Scheme and implemented various changes in legislation, as Foot and Mouth Disease (FMD) was gradually eradicated.

In April 2001, MHS staff encountered similar challenges to the previous financial year - pressures on veterinary resources, approving abattoirs to operate, and redeploying staff to help with a variety of FMD duties.

The last confirmed case of FMD was reported on 30 September 2001. By midnight on 14/15 January 2002, all counties in Britain had achieved FMD-free status.

There were outbreaks of FMD in 44 counties, unitary authorities and metropolitan districts and more than 2,000 premises were affected. By mid-April 2001, at the height of the crisis, more than 10,000 vets, soldiers, field and support staff, helped by thousands more working for contractors, were engaged in fighting the disease. Up to 100,000 animals were slaughtered and disposed of each day, in what was a massive and complex logistical operation. The epidemic lasted for 32 weeks.

Source: "The 2001 Outbreak of Foot and Mouth Disease", published by the National Audit Office, June 2002.

### PRECAUTIONARY MEASURES

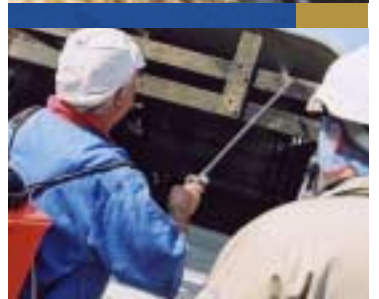
July 2001 saw increased enforcement measures aimed at improving biosecurity to help stamp out the disease. Farmers were asked to demonstrate that they were meeting high standards of biosecurity when applying for licences to move livestock and vehicles. Movement licenses were checked by MHS staff. New rules were introduced in July 2001 requiring vehicles used in areas of intensive biosecurity to undertake full cleansing and disinfection (C & D) at approved C & D premises and this was supervised by the MHS. The C & D regulations extend to licensed premises. As a result the MHS recruited C & D supervisors, employing a total of 75 at one stage.

As the situation improved, precautionary measures in licensed premises were relaxed. In February 2002 the requirement to slaughter animals within 24 hours of arrival was extended to 48 hours in England and Wales, and 72 hours in Scotland. Subsequently the no-return rule was removed in Scotland, but remained in place for England and Wales, along with C&D procedures. As a result the number of C&D staff was reduced, leaving 37 in place by 31 March 2002.

### EXPORTS

As a result of FMD the export of all fresh red meat was prohibited on 21 February 2001. This had a significant impact on the British meat industry. However, as the year progressed the ban was gradually lifted allowing the re-establishment of trade links.

Meat being transported from GB to another EU Member State bears an invoice or delivery note, but if fresh meat is intended for consignment to an EU Member State after being transported through a Third Country, it will require a health certificate under the relevant



TOP: LOOKING FOR FMD LESIONS  
ABOVE: ANIMAL TRANSPORT  
DISINFECTION SUPERVISION

regulations. If it is going to non-EU Member States, certification will be required by the receiving country. The certification is signed by an OVS, in his or her capacity as a local Veterinary Inspector.

The EU Standing Veterinary Committee (SVC) agreed that limited exports of pig meat could resume from certain British counties from 22 October 2001. The counties permitted were those which had not had a case of FMD during the outbreak and were not adjoining high-risk areas. The first export of pig meat was on 2 November 2001. The export of beef was agreed under the same strict criteria at a SVC meeting on 24 October 2001 and for lamb and goat meat on 6 November 2001. MHS OVSs provided certification to permit trade.

On 22 January 2002, the Office International des Epizooties (OIE) agreed to restore the UK's 'FMD free status without vaccination' for the purpose of international trade. This cleared the way for the UK to resume trade in animal and animal products with member countries of OIE.

### OVAL HEALTH MARK

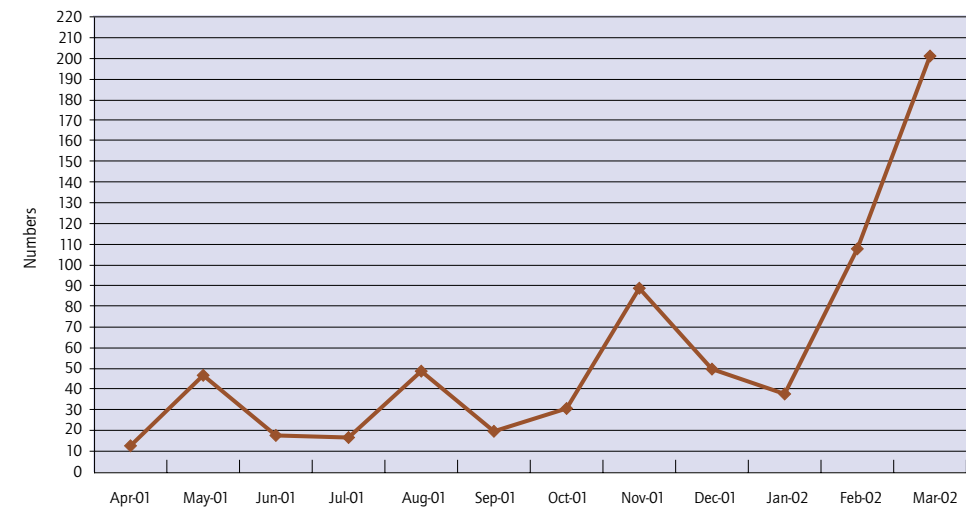
Legislation was introduced in late April 2001, with EU agreement, to temporarily replace the oval health mark with a new round GB health mark – for FMD control purposes - for meat produced or processed in full throughput red meat premises. MHS staff worked quickly to design, commission and distribute 1,000 new stamps to plants within an 11-day period, including the Easter break.

Once all counties in Britain had achieved FMD-free status it was agreed to reinstate the oval health mark to allow exports to re-start. The change came into force in England and Wales on Friday 25 January 2002 and in Scotland on Saturday 2 February 2002. Despite the extremely short notice given by DEFRA and SEERAD, MHS staff around the country worked quickly to fully implement the decision. A derogation was granted to permit operators to use up stocks of round health-marked labels and wrapping material.

### BOVINE TUBERCULOSIS

The incidence of bovine tuberculosis (*M. bovis*) in cattle is steadily rising and spreading in Great Britain. Figures for the first three months of 2002, which may be inaccurate due to the backlog of testing and are therefore subject to confirmation, showed a rise in new cases of about 25 per cent more than the comparable figure for 2000.

### NUMBER OF CASES OF TUBERCULOSIS IN CATTLE RECORDED IN GB SLAUGHTERHOUSES FROM APRIL 2001 TO MARCH 2002 (EXCLUDES REACTORS)



Species	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02
Cattle	13	47	18	17	49	20	31	89	50	38	108	201

Source: MHS

New cases were reported in Wales and the Midlands, in addition to the South West of England. Ninety-one cases (compared to 55, of which 50% were confirmed in the first quarter of 2000) were reported as suspect, in previously unaffected herds, at post-mortem inspection by MHS staff.

The number of reactors and in-contact animals slaughtered in the period covered by this report was 4,231, compared with 2,563 in 2000. The MHS has had to restrict the numbers of reactors coming in at any one time to some slaughterhouses in order to have sufficient time to collect the necessary samples of lymph nodes, and complete the enhanced post-mortem inspection routine.

According to expert assessments, although bovine tuberculosis is potentially transmissible to humans through meat and milk, long-standing control measures have reduced the risk of this to the extent that there is no evidence of foodborne transmission in Britain at present. There is a very small risk of contracting TB through cuts to the skin, or inhalation, when handling affected carcasses. However, suitable protective clothing, and masks manufactured to a precise specification, are provided to MHS staff dealing with cattle from herds with a history of TB, on the advice of the MHS Health and Safety Manager (endorsed by the Health & Safety Executive).

The main control measures in relation to meat are the rejection of carcasses found to be suffering from generalised tuberculosis, and the rejection of parts of carcasses found to be suffering from localised tuberculosis. Under national law, carcasses are condemned when lesions are found in more than two organs or areas of an animal.

The FSA is currently reviewing policy in this area, and its instructions to MHS staff.

### CONDEMNATIONS OF CATTLE DUE TO TUBERCULOSIS, BY MHS REGION, 2001-2002

MHS REGION	NUMBER	AS A %AGE OF THE TOTAL
North	1	-
Central	27	4%
South & West	387	57%
Wales*	263	39%
Scotland **	3	-
<b>TOTAL</b>	<b>681</b>	<b>100%</b>

\* The MHS Wales Region includes some areas of central England, nearest to the Welsh border.  
 \*\* The MHS Scotland Region includes some areas of Northern England.

### REPORTING ANIMAL DISEASES

MHS staff record the occurrence of diseases and conditions in animals and carcasses examined during ante- and post-mortem inspection, and provide a weekly report to their MHS regional office for entry onto a central database. By this means the MHS holds data on disease and conditions found dating back to the inception of the Meat Hygiene Service in 1995.

Meat inspection is primarily aimed at protecting public health, and detecting diseases and conditions in animals that may have implications for public health. But useful data on animal health is regularly provided by the MHS to Government Departments and external agencies. This ensures that they can monitor disease levels, and spot any emerging trends, as well as confirming that no instances of certain diseases or conditions have been recorded that would affect the UK's disease-free status.

Any suspect notifiable disease is immediately reported to the Divisional Veterinary Manager of DEFRA for further investigation.

### SAMPLING & SURVEILLANCE

#### VETERINARY MEDICINES DIRECTORATE: NATIONAL SURVEILLANCE SCHEME (NSS) FOR RESIDUES IN MEAT:

The Veterinary Medicines Directorate works to protect consumers from unacceptable levels of veterinary medicine residues in food. Each year the VMD submits an annual plan for approval by the EU. The plan runs from January to December and sets out the number of samples to be collected and the analyses to be undertaken. The MHS is a fundamental part of that process, collecting samples from animals presented for slaughter and sending them for testing to the Laboratory of the Government Chemist.

The Foot & Mouth outbreak in February 2001 threatened the integrity of the 2001 NSS Annual Plan. The demands on the State Veterinary Service were such that farm-based sampling could not take place and the MHS was asked to increase sample collection to compensate. This did not prove easy, as movement restrictions, abattoir closures, additional FMD demands on staff and lower animal throughput all adversely affected our ability to take samples. Towards the end of 2001, sample rates had to be further increased to reduce the backlog caused by these problems. A total of 33,450 samples in 2001 (up 7 per cent on 2000) were provided and this proved to be sufficient to enable the VMD to meet its Annual Plan targets. The efforts of MHS staff were acknowledged in March 2002 by Dr Mike Rutter, outgoing Chief Executive of the VMD.

#### TRANSMISSIBLE SPONGIFORM ENCEPHALOPATHY (TSE) TESTING

##### CATTLE:

EU legislation requires that the following classes of cattle presented to abattoirs are tested for BSE:

- All cattle for human consumption aged over 30 months (i.e., BAS animals)
- All casualty cattle aged over 24 months, including BAS animals, with the exception of actual and possible TB reactors and animals suffering from ringworm (but only if they show no other abnormality at ante-mortem inspection)
- All OTMS cattle born between 1 August 1996 and 31 July 1997
- A sample of 50,000 other OTMS cattle

While most animals to be BSE-tested go through OTMS abattoirs, in abattoirs producing meat for human consumption two classes of cattle are tested:

- Beef Assurance Scheme animals aged 30-42 months.
- 24-30 month casualty cattle

For both of these classes, the MHS is responsible for collecting and despatching samples for testing, and for releasing the carcass and offal when confirmation of a negative test result is received from the Veterinary Laboratories Agency.



SPENCER DAWSON, REGIONAL DIRECTOR, SCOTLAND

**SHEEP:**

EU legislation requires each EU country to test a specific number of sheep for TSEs. The MHS has begun collecting samples from abattoirs designated by DEFRA. MHS staff select sheep in the lairage, collect and despatch the samples, and maintain traceability.

The sampling of sheep heads started in licensed plants in January 2002, on a voluntary basis. More than 20,000 heads from sheep aged over 18 months are being sent to regional laboratories for brain stem, lymph node and tonsil removal and subsequent TSE testing. This work is worth around £1.5 million a year to the MHS.

The size and complexity of the sheep sampling programme has required a major effort by the MHS and its government partners to overcome the many logistical problems, not least of which has been the need to source and train the staff to undertake this activity. The sampling programme will be expanded over the coming year to include brain stem sampling of 40,000 older sheep. These samples will also be collected and despatched by MHS staff.

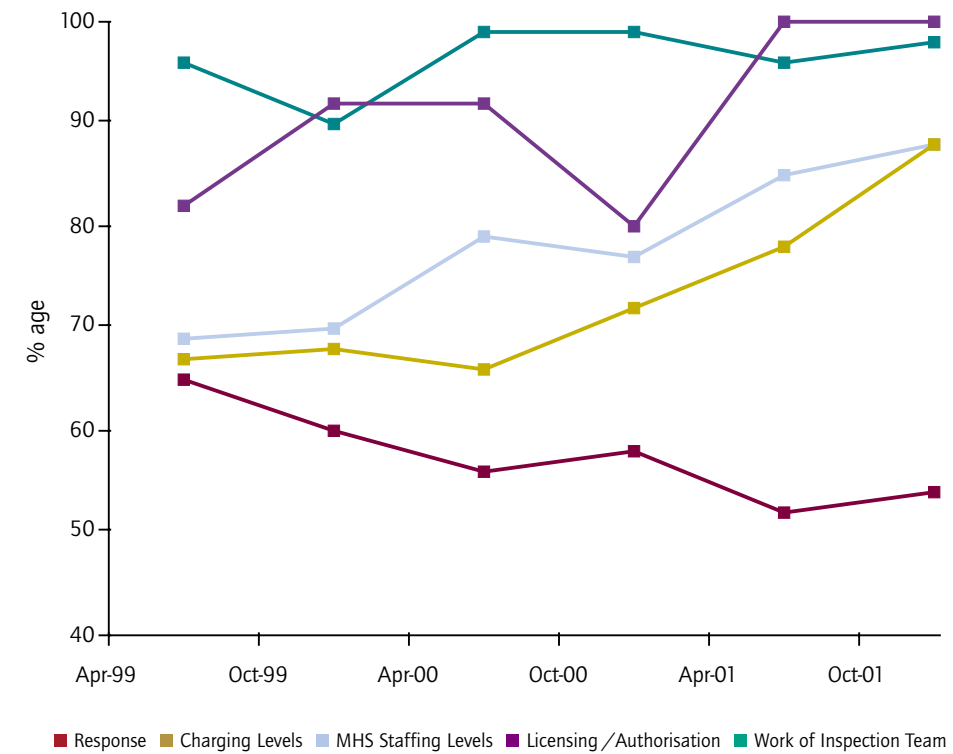
**CUSTOMERS & STAKEHOLDERS**

**CUSTOMER SATISFACTION SURVEY**

Four years ago, the MHS embarked on a five-year Customer Satisfaction Survey randomly selecting, at six-monthly intervals, 10 per cent of our customer base for feedback on a wide range of service delivery issues. In April 2002 we sent out questionnaires for the eighth of ten such surveys. The results are used to inform management decisions on areas for improvement in service delivery. The results will be published during the course of 2002.

A summary of survey results appears in the table below:

**CUSTOMER SATISFACTION SURVEYS - ASPECTS OF SERVICE DELIVERY**



Source: MHS Customer Satisfaction Surveys

**SERVICE FIRST**

The MHS strives to meet the six standards for central Government Departments and Agencies, commonly known as Service First Standards. The standards are:

Answering correspondence from the public quickly and clearly.

The MHS target for answering correspondence (Including letters, faxes and e-mails) is 20 working days.

Meeting visitors within ten minutes of any appointment.

The MHS target is that all visitors will be met within this period.

Answering telephone calls quickly and helpfully.

The MHS target is that all calls will be answered within 30 seconds.

Providing clear and straightforward information about services, telephone inquiry numbers and an e-mail inquiry address.

The MHS telephone number for general inquiries is 01904 455501, and the e-mail inquiry address is [enquire@foodstandards.gsi.gov.uk](mailto:enquire@foodstandards.gsi.gov.uk).

Providing a complaints procedure for the services provided.

This is available from all MHS offices.

Making services available to everyone.

The MHS provides services on demand, 365 days a year, seven days a week, 24 hours a day, in all licensed premises. The MHS consults service users regularly through satisfaction surveys.

During 2001/2002, the MHS answered 99 per cent of correspondence in accordance with its target. Spot checks confirmed that all telephone calls were being answered in accordance with its target. No complaints were received that visitors had been kept waiting for longer than ten minutes after the time of their appointment.

#### **INTRODUCTION OF AN INDEPENDENT ELEMENT TO THE MHS APPEALS PROCEDURE**

The Meat Industry Red Tape Working Group, chaired by Robin Pooley OBE, recommended that there should be an independent element to the MHS Appeals Procedure. This recommendation was accepted by the Government and the MHS instigated a consultation exercise in July 2001.

The consultation exercise, which covered England, Scotland and Wales, elicited a total of 21 responses. The MHS summarised the comments received and detailed its responses to each in February 2002. The appointment of an Independent Assessor (or assessors), and re-drafting of the detailed procedure, should be completed by July 2002.

#### **CONSUMER CHAMPION**

The Consumer Champion initiative was launched by the Cabinet Office in February 2000, and seeks to ensure that consumer views are taken into account when delivering practical improvements to public services.

Kevin Goddard, Corporate Business Manager (now Head of Business Development) is the MHS Consumer Champion. During 2001-2002, Kevin took part in workshops facilitated by the Cabinet Office to bring Consumer Champions together to exchange best practice. He also represents the MHS at the FSA's consumer contacts group, which discusses and shares approaches to consumer issues and consultation.

#### **PARLIAMENTARY BUSINESS**

Parliamentary business involving the MHS was much reduced in 2001/2002, compared to previous years. Much of it consisted of offering verbal or written contributions to drafts of

replies to PQs asked of Government Departments, notably the FSA (through DH) and DEFRA. During the period of this report, a full response (or a contribution to a full response) was offered to seven PQs in the Westminster Parliament. In addition, a full response (or a contribution to a full response) was offered for two items of Ministers' correspondence from Westminster; three items of correspondence from Scotland, and one item of correspondence from Wales.

The MHS Chief Executive has also corresponded directly with a number of Members of the Westminster Parliament, on various aspects of MHS operations.

#### **MHS INDUSTRY FORUM**

The MHS Industry Forum continues to provide an important opportunity for industry representatives to discuss finance, operational and other day-to-day issues with MHS senior management. Meetings are held bi-monthly. With the creation by the FSA of the Meat Hygiene Policy Forum, which met for the first time on 16 April 2002, the role and terms of reference of the MHS Industry Forum will be reviewed to avoid any overlap in responsibilities between the two bodies.

#### **MEAD WEBBER**

In February 2002, the Food Standards Agency stood down an independent panel commissioned in October 2000 to investigate a complaint from Mead Webber Ltd., a Herefordshire abattoir, against the MHS. The abattoir complained about action taken by the MHS to protect public health. The panel was stood down following the failure of Mead Webber to submit information the panel had requested.

## EFFICIENCY REVIEW OF THE MHS

Following consideration of the response of the Meat Hygiene Service to the Deloitte & Touche (D&T) Efficiency Scrutiny Report in May 2001, MHAC asked for further work to be undertaken to examine the benefits, costs and savings of each of the report's proposals.

In response, MHS initiated three major projects addressing:

- Organisational Change and Structure
- Deployment of IT to Plants
- Increasing numbers of Employed Official Veterinary Surgeons

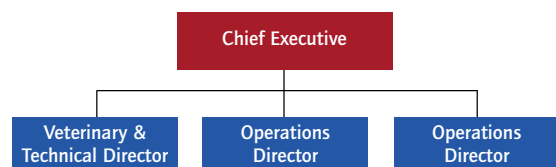
### ORGANISATIONAL CHANGE

The organisational change project addressed not only the specific problems with the regional and area structure, as identified by Deloitte & Touche, but also the wider recommendations made in relation to developing central technical and audit functions, service quality, development of external relations and performance management.

In October 2001, Ivor Pumfrey, Regional Director Wales, was seconded to the role of D&T Project Director to concentrate on the three major projects. Working with an independent consultant in organisational change, revised proposals were developed for the MHS organisation and structure. These took into account not only the views expressed by MHAC members but also those of the staff through a number of staff workshops and the Employee Attitude Survey conducted by MORI in association with UNISON.

A business case was presented to FSA senior management in February 2002. This formed the basis for a bid for additional funding for implementation through the SR2002 spending review.

The principles underpinning the proposed organisational changes, branded as Moving Ahead, were presented to MHS staff and stakeholders in April 2002 and built upon the changes in organisational culture introduced by the Chief Executive following his appointment in spring 2001. The proposals will see a move from the current structure to three new Directorates focused around the MHS mission of providing effective public health protection: The Operations Directorate will see the creation of a single line of operational management through Area Managers, ultimately replacing the current Area Resource Managers and Principal OVSs. The Veterinary and Technical Directorate will contain a central Audit and Verification Team and a strengthened Veterinary and Technical Support Team. These changes will provide the rationalised operational management recommended by Deloitte & Touche, creating a platform for improved and more focused performance management as well as creating an independent internal audit and verification capability.



The management of Service Level Agreements (SLAs) with Government customers will be centralised into a dedicated team within the Veterinary and Technical Directorate. This, along with the creation of a Business Development Unit within the Corporate Services Directorate, will better enable the MHS to manage its external relations and to respond effectively to future challenges, again meeting key Deloitte & Touche recommendations.

### DEPLOYMENT OF IT

Deloitte & Touche identified potential benefits from the deployment of IT to plants and recommended that further research be carried out to firm up the business case and investigate potential products. This recommendation was taken forward within the broader context of improving information and knowledge management, and Deloitte & Touche were commissioned to develop a business case for the wider deployment of IT within the MHS.

Development of the business case was informed not only by input from MHS staff, but also from a wide range of stakeholders elsewhere in government and the meat industry. This led to the development of a future MHS IT vision to develop an environment that allows:

- Efficient, effective and flexible working
- Appropriate levels of internal and external knowledge-sharing
- Effective collaboration with stakeholders

It is envisaged that this environment will use internet technologies, and an internet enterprise portal will be developed to allow efficient work processes and management of information.

Because of the limited IT capability and resources within the MHS, the business case focused on three initiatives to form the foundation for implementing the longer term vision. These were:

- The deployment of PCs and lap-tops to 300 full throughput slaughterhouses and to 410 OVSs and Senior MHIs.
- The introduction of an electronic Operations Manual and relevant forms.
- The development of a corporate intranet.

The business case was presented to MHAC in September 2001, and received widespread support. Given the substantial funding requirement to implement the business case, it was agreed to submit a bid to HM Treasury under the Capital Modernisation Fund (CMF). Deloitte & Touche were commissioned by FSA to help in the development of a CMF bid, which was put forward in January 2002 seeking £1.75 million. Regrettably the bid was unsuccessful as it was considered to be insufficiently innovative to meet CMF requirements. Alternative funding options are being considered.

In parallel with development of the CMF funding bid, a pilot project was initiated to examine some of the issues surrounding the deployment of IT to plants and operational personnel. This included acquisition of library management software to enable the deployment of an electronic Operations Manual.

The IT vision developed as part of the business case was used to inform the new MHS IT



IVOR PUMFREY,  
DELOITTE & TOUCHE  
PROJECT DIRECTOR

strategy which was drawn up during 2001/2 and agreed by MHSMG. This strategy will cover IT development in the MHS over the next three to five years, and includes a range of projects in addition to the three key initiatives described above.

**INCREASING NUMBERS OF EMPLOYED OVSS**

The Employed OVS Project, which was initiated in March 2002, is examining and assessing the benefits, in terms of both service quality and value for money, of increasing the proportion of directly employed OVSS. The project, based in the South & West and Wales Regions, will involve deployment of small teams of employed OVSS to a group of plants on a pilot basis. Around 200 expressions of interest in the project were received from veterinarians as a result of advertising. The project will report toward the end of 2002/3 and its findings will be used to inform future OVS employment strategy.

**QUALITY OF SERVICE DELIVERY**

**OPERATIONAL MANAGEMENT INFORMATION SYSTEM (OMIS)**

OMIS is currently being developed to produce a single uniform database that everyone within the MHS can access and feed into, thus giving more consistent and accurate up to date information. Throughout the year a number of significant developments have been made to incorporate various databases into OMIS, reducing the need to rely on multiple databases unique to different regions.

In May 2001, information on the Clean Livestock Policy (CLP) - throughput and condition data - went live on OMIS. Subsequently, survey data, invoice queries, operations manual issues and investigations information has been placed on OMIS. The IT department is currently working on incorporating enforcement information that will soon be tested by the OSU.

OMIS is now available throughout all MHS offices and to all lap top users.

**QUALITY AUDIT**

The MHS is dedicated to providing a high-quality service to all its customers and stakeholders. Its national quality management system plays an essential role in this, and was recognised in June 1998 as complying with the international quality standard BS EN ISO 9002:1994.

The quality system consists of a Quality Manual and Regional Manual, together with the MHS Operations Manual. The Quality Manual and Regional Manual are controlled by the Quality Manager.

Ongoing assessments and audits by BSI throughout 2001/2002 have confirmed the commitment of the MHS to not only maintaining, but also improving our quality system.

This has been confirmed by retention of the prestigious BSI accreditation. The MHS will be working to adopt the new ISO 2000 standard to improve its quality systems still further. As part of the improvement the MHS achieved the new Standards Customer Interface requirements through customer satisfaction surveys, correspondence records, newsletters and the MHS Industry Forum. This ensures that the MHS meets customer needs and retains their confidence in (and satisfaction with) the service, through effective liaison and communication.

**MHS QUALITY MANAGEMENT SYSTEM AUDITS**

**Internal Quality Audits by MHS**

Plant inspection teams audited	1999/2000	2000/2001	2001/2002
North region	72	82	79
Central region	145	104	98
South & West region	81	92	101
Wales region	39	13	19
Scotland region	42	85	81
Regional offices audited	4	5	2
Total	383	381	380

NB: each MHS audit lasts up to a full day



**External Quality Audits by BSI**

	1999/2000	2000/2001	2001/2002
Includes regional and HQ office procedures and plant inspection team visits over 6 man days	2	2	2

**FVO MISSION VISITS**

The EC is responsible for ensuring that all EU Member States fulfil their obligations under EU legislation. As part of that process, the Commission's FVO conducts missions to monitor and audit how Member States and third countries implement EU legislation on food safety, animal health, and animal welfare. Such missions contribute towards maintaining confidence in the safety of food offered to the European consumer.

The missions carry out a programme of inspections to monitor the performance of Competent Authorities, including visits to individual establishments. In the UK, the FSA has been the Competent Authority for food safety since 1 April 2000. The FVO also engages with DEFRA on animal health issues, such as BSE missions.

There were five FVO missions to the UK during 2001/2002. Of the five, four involved the MHS either directly or indirectly, or were of interest - pesticides; import controls and Border Inspection Posts (BIPs); disease contingency plans and waste food controls.

Details of the FVO mission reports, and the UK's responses to them, can be found on the EC FVO website. The index for the Commission's inspection mission reports is at: [http://europa.eu.int/comm/food/fs/inspections/vi/reports/index\\_en.html](http://europa.eu.int/comm/food/fs/inspections/vi/reports/index_en.html)

*This will provide links for access to individual reports.*

**VMHA/SVS AUDITS**

In November 2001, the FSA published its annual report for 2000/2001 on the audit of the MHS. The report detailed audits of MHS compliance in licensed premises, to assess the performance of MHS staff. This monitoring was carried out by FSA Veterinary Meat Hygiene Advisers (VMHAs) in England, and by SVS staff in Scotland and Wales. The purpose of the 150 visits undertaken was to determine if MHS operations, practices and activities complied with the requirements specified in the MHS Operations Manual.

Audit findings are categorised as:

**Critical** - any non-compliance which causes an immediate, serious risk to public health or animal welfare, requiring immediate corrective action by MHS.

**Major** - any non-compliance which may have significant implications for public health or animal welfare and which constitutes a clear breach of working instructions or an unequivocal failure to fulfil a statutory duty.

**Standard** - any non-compliance which is not critical or major.

A non-compliance with procedures identified in the audit does not necessarily indicate contravention of a legal requirement or the existence of a public health or animal welfare problem.

The total number of non-compliances identified during the visits was 26 major and 265 standard. No non-compliances were classified as critical, and in 49 of the 150 visits no non-compliances were reported.

The audits found high levels of compliance with application of the Clean Livestock Policy, correct use of the health mark, red meat ante-mortem, OVS certification duties and notifiable disease procedures. The audit report specifically commented on significant improvements in staff authorisation and MHS performance monitoring.

The auditors suggested improvements in the enforcement of hygiene controls, structural requirements in premises, animal by-products legislation, the monitoring of operators' water testing and cleaning checks, HAS scoring, and poultry ante- and post-mortem inspection.

MHS staff have worked hard to improve the level of compliance, but the MHS recognises that further improvements need to be made to reduce the number of non-compliances, whether they are judged to be major or standard.

**VMHA/SVS AUDIT VISITS**

	1999/2000	2000/2001
No. of audit visits	172	150
No. of critical non-compliances	0	0
No. of major non-compliances	62	26
No. of standard non-compliances	282	265
No non-compliances reported	42	49

**OVS TENDER PROJECT 2002**

Veterinary practices provide the MHS with approximately 95 per cent of the OVS services it requires to protect public health and animal welfare in licensed fresh meat premises. In 1997 a major national tendering exercise was carried out which let over 1500 contracts to 140 practices, running for a period of three years with the option to extend for a further two. These contracts are due to expire during 2002, and therefore a new national re-tendering exercise is taking place to ensure full veterinary supervision in plants.

With the re-tendering of approximately three-quarters of all contracts the opportunity has been taken to substantially change the way veterinary practices provide services to the MHS. In order to achieve this a project team has been set up to revise the existing contract terms and manage the letting of contracts with a value of £23 million. The project team includes procurement experts from the Office of Government Commerce, the Department of Work and Pensions and the NHS backed by staff from all MHS Regional Offices and HQ.



LR PAUL WANDLESS, OPERATIONS MANAGER; MERVYN WATTS, ACTING QUALITY MANAGER AND DAVID PANNIFER, AREA RESOURCE MANAGER



HUGH BAYLEY MP IN CONVERSATION WITH CHRIS LAWSON DURING HIS VISIT



Awarded for excellence

The main aims of the project are to improve the quality of OVS provision in plants and to ensure a consistent service across Great Britain. Practices will fully manage the service undertaking the responsibility for technical issues and advice in plants, designation, appraisal and training of OVSs and continuity of a quality service. To monitor this the MHS is setting up a new contract management system that will assess the contractors' performance on a regular basis. The new contracts have been drafted in line with Government "best value" practice, which stresses the requirement for quality.

The MHS has consulted veterinary practices and professional bodies and held regular briefing sessions throughout the country to inform practices of the changes in the new contracts. The response from the profession has been positive especially to the increased ownership of the OVS role in licensed plants. Regular newsletters have kept the practices updated on the progress of the tender exercise and a help line has been set up to ensure continued direct contact.

The first tranche of the new contracts for the MHS Northern Region was let by the end of May 2002 with all remaining contracts due to be let by March 2003.

#### CHARTER MARK

The MHS was awarded a second Charter Mark in 2001. The award encourages public sector organisations to strive to be the best, to focus on their customers, to constantly improve, and to give value for money. All these aims are key to the modernising government programme, which aims to improve the quality of public services and make them more responsive to the needs of their users.

All award winners need to reapply every three years. The MHS submitted a new application in 2001, providing 79 evidence documents in measuring its service against the ten Charter Mark criteria. The Charter Mark assessor, Mr Fred Weston, visited MHS headquarters in York and the regional office in Wolverhampton, as well as several licensed premises in the Midlands. He also met a member of the MHS Industry Forum and a contractor.

The new Charter Mark was presented at a ceremony at the Queen Elizabeth II Conference Centre, Westminster, on 26 February 2002. The MHS was represented by Mervyn Watts, Acting Quality manager, and Robert Stagnell, Executive Assistant at MHS HQ in York.

Hugh Bayley, MP for the City of York, visited MHS Headquarters and Northern Region Headquarters in York in January 2002, to offer his congratulations to the MHS on retaining our Charter Mark status. The visit gave MHS staff the opportunity to explain what they do, describe some of their achievements and challenges, and outline some of our medium-term ambitions.

Mr. Bayley was given a brief overview of the work of the MHS before touring the offices in York. He was keen to meet staff at all levels and discuss various aspects of their jobs. He was particularly interested to hear how the MHS coped with increased demands throughout the FMD outbreak.

Mr. Bayley commended all MHS staff on the excellent job they had done in retaining the Charter Mark.

#### INVESTORS IN PEOPLE (IIP)

The MHS was successfully re-accredited against the Investors in People national standard in 2001. This recognises good practice in training, development and business planning. The MHS is putting in place a further continuous improvement plan to build on this success. This will reflect the findings of the assessor and link to key areas identified in the business plan. This commitment is in recognition of the importance of staff training and development to the achievement of the MHS performance targets and delivery of its key strategic objectives.

#### BUSINESS PLANNING

In autumn 2001, work started on a Business Plan for the MHS for the next financial year, 2002-2003, which was to be broader-based, more detailed, and better integrated with the FSA business planning process than ever before. Michael Greaves, Director of the MHS North Region, was seconded from his post to lead the planning process with Kevin Goddard, Corporate Business Manager (now Head of Business Development).

The process included MHSMG discussions on planning assumptions and priorities, contributions from MHSMG members and SLA managers, an MHSMG self-assessment workshop against the EFQM (European Foundation for Quality Management) Excellence Model, and workshops with a wide range of staff.

The completed plan was issued to all MHS managers and key external stakeholders, including MHS Industry Forum members, FSA officials, members of MHAC and FSA Board members, and organisations representing MHS staff. In addition, a summary leaflet was issued to all staff.

A similar process will be further developed for production of the Business Plan for 2003/04, including wider use of EFQM self-assessments.



INVESTOR IN PEOPLE



MICHAEL GREAVES, PROJECT DIRECTOR, BUSINESS PLANNING

## STAFF ISSUES

### TRAINING & DEVELOPMENT

#### CONTINUING PROFESSIONAL DEVELOPMENT

##### CPD for MHIs

During 2001/2002 the CPD OVS Panel met quarterly to review the merit of events, papers and publications in CPD terms. Subsequent publication and circulation of the panel's assessments continued to achieve the programme's objective of facilitating and updating OVS professional knowledge and expertise in animal welfare and public health. Additionally the panel conducted a comprehensive survey of OVS log records to identify the most popular items and sources of CPD material undertaken.

Throughout 2001 the number of mentors increased to about 50 in total. A series of training days was held for mentors, the aim being to enable them to mark and assess candidates' post test papers at the end of each module.

By April 2002, in addition to mentors, some 130 candidates had successfully completed the HACCP module and over 30 the Microbiology module. Each received Letters of Recognition from the CPD Programme's Editorial Board for their achievements.

Most of those who have successfully completed one module are now working through a second, the choice of modules having been extended during the year by the publication of an Animal Welfare module, the third in the series. A fourth module, Poultry Inspection, is due to be published in summer 2002 and others are at various stages of development.

##### CPD for OVSs.

During 2001/2002 the CPD OVS Panel met quarterly to review the merit of events, papers and publications in CPD terms. Subsequent publication and circulation of the panel's assessments continued to achieve the programme's objective of facilitating and updating OVS professional knowledge and expertise in animal welfare and public health. Additionally the panel conducted a comprehensive survey of OVS log records to identify the most popular items and sources of CPD material undertaken.

The panel also made arrangements to enhance the range of material available to OVSs through the FSA library in London.

The two compulsory training days for OVSs provided by the MHS covered HACCP, animal welfare, microbiological testing and management development.

#### INCREASING NUMBERS OF DUAL-QUALIFIED MEAT HYGIENE INSPECTORS

The MHS is committed to offering the opportunity for dual qualification (red meat and white meat) training to all single-qualified Meat Hygiene Inspectors and Senior Meat Hygiene Inspectors. This initiative will help in the personal development of individuals, and will also

ensure that the MHS has a more flexible and versatile workforce. A number of colleges across the country have submitted proposals to run part-time courses in red and white meat inspection. All single-qualified staff will be given the opportunity to apply for training, within the constraints imposed by day-to-day operational requirements.

In addition, four fast-track courses are due to start during financial year 2002/2003 to train entrants to meat inspection and/or those currently working as Meat Technicians in both red and white meat inspection. Each of these courses has been structured so that ten single-qualified red meat inspectors, and ten single-qualified white meat inspectors, can join the course at the appropriate time to receive training to become dual qualified.

### RECRUITMENT & RETENTION

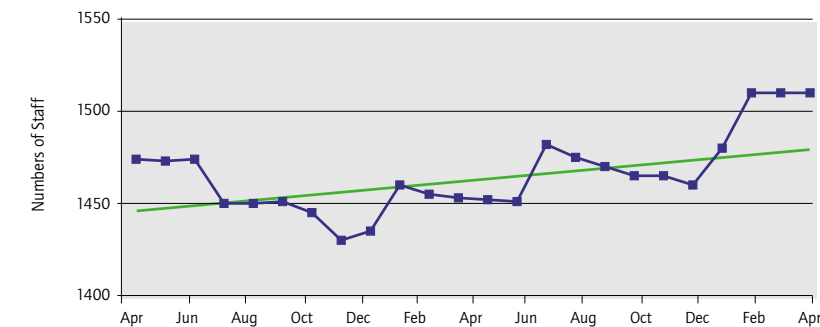
#### Recruitment

The MHS recruited 219 new employees during 2001/2002, in response to staff turnover and demand-led changes to the requirements for MHS services. Of those recruited, 173 were deployed in operational roles, including 75 Cleansing and Disinfection Supervisors who were recruited and trained at very short notice to supervise the cleansing and disinfection of vehicles at designated meat plants during the FMD outbreak, and where such controls continue to be in place.

The total number of employees did not change significantly during the year. As in previous years, the MHS has faced difficulties in recruiting an adequate number of qualified operational staff, and has had to organise further training courses for MHIs, MTs and OVSs. Work started on a resourcing blueprint to help in recruitment planning, so improving the efficiency of the service.

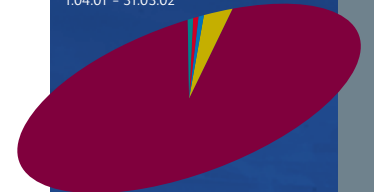
Recruitment and selection within the MHS is based on the principles of fair and open competition, and selection on merit. In 14 cases there have been some exceptions to the normal recruitment procedures: five in relation to short-term temporary appointments; two secondments from within the Civil Service, and seven in relation to the re-engagement of Civil Servants.

The MHS has a system of internal checks to ensure accountability and transparency in recruitment, and external audits are carried out from time to time. In 2001, MHS recruitment and selection procedures and practices were the subject of a follow-up audit conducted under contract to the Civil Service Commissioners. The auditors were satisfied that the MHS had acted upon their recommendations, and in December 2001 reported that the audit had been satisfactorily completed.

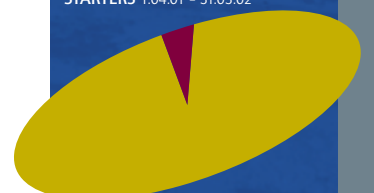


Source: MHS

ETHNIC ORIGIN OF NEW STARTERS  
1.04.01 - 31.03.02



DISABILITY STATUS OF NEW STARTERS  
1.04.01 - 31.03.02



GENDER OF NEW STARTERS  
1.04.01 - 31.03.02



SINCE 31 MARCH 2000, TOTAL MHS HEAD COUNT HAS INCREASED BY 2.3%  
NB: THESE FIGURES EXCLUDE CASUAL STAFF



MONICA REDMOND,  
DIRECTOR OF HUMAN RESOURCES

**MHS HEADCOUNT SINCE APRIL 2000 AND END APRIL 2002**

**Retention**

The MHS has begun to develop a strategy aimed at retaining its most vital and important resource – its staff. Some measures have already been taken to improve terms and conditions and to introduce a culture within which staff feel valued, involved, and motivated at work.

**Towards equality and diversity**

The MHS has developed a Diversity Action Plan aimed at creating a more open and diverse organisation, in support of its Equal Opportunities Policy and consistent with Civil Service reform principles. The key objective is to work towards creating an inclusive working environment. In the short-term, activity is focused on the under-representation in the MHS workforce of ethnic minority groups, females, and disabled people.

Within the constraints imposed by its operating environment, the MHS Management Group has approved proposals that will set targets by which real improvements can be measured and reported on.

**VIOLENCE & INTIMIDATION**

Since November 1998, the MHS has had a policy for dealing with violence against - and intimidation of - MHS employees. In common with many other public service organisations, the MHS quite simply will not tolerate any physical or verbal abuse of staff going about their lawful business as members of an enforcement agency.

Work is currently underway to widen the scope of this policy to specifically address service delivery issues and practical advice for staff, with procedures for dealing with complaints of bullying, harassment, intimidation or violence against – or by - MHS employees.

There were 13 allegations of violence and/or intimidation in 2001/2002, involving ten people working for the MHS. No convictions have resulted to date.

**HEALTH & SAFETY**

The MHS Health & Safety Section is responsible for issuing advice and guidance on all aspects of equipment used during the meat inspection process. This includes hooks, ear defenders, chain mail gloves, knives, and the testing kits used for taking samples for analysis. It also advises on all aspects of first aid, and on the personal health and welfare of staff who may be working in potentially high-risk areas, such as the inspection of TB reactor cattle.

A Joint MHS/UNISON National Health and Safety Committee, involving UNISON representatives from all over the country, met quarterly in June, September and December 2001, and in March 2002.

During the year, extensive trials were conducted to find knife designs that would reduce the likelihood of injuries occurring if the hand slides down the blade when the knife hits an obstruction. Three styles were chosen, all of which include an extended hilt/finger guard. Accident figures are being monitored to measure the success of the programme.

The MHS Health and Safety Manual was introduced into MHS offices at all plants, and to all senior managers. It contains a copy of the Safety Policy along with risk assessments and guidance relevant to MHS operations in plants.

All POVSSs, ARMs, employed OVSs and Senior MHIs received training in the new Generic Risk Assessment process that was introduced last year.

The Regional Health and Safety Co-ordinators and several other staff successfully completed their RoSPA course on Managing Safety.

The MHS continues to take an active role in the HSE/Meat Trades Joint Working Party on Health and Safety.

**SUMMARY OF INJURIES REPORTED BETWEEN 1ST APRIL 2001 AND 31ST MARCH 2002**

	Central	North	Scotland & West	South	Wales	York HQ	Total	
Total Number of Accident Report Forms Received	98	71	29	54	53	3	308	100%
Total Number Injury	59	54	14	38	39	3	207	67%
Number of Employees employed	444	355	187	317	273	85	1661	
Annual Incidence rate	22.1	20.0	15.5	17	19.4	3.5	18.5	
Reportable incidence rate	4.3	5.4	2.7	3.8	5.9	0	4.3	

**Incidence rate:**  $\frac{\text{Number of Incidents} \times 100}{\text{Number Employed}} = \text{No of incidents per 100 employees}$

**RETENDER OF CONTRACT FOR THE PROVISION OF RENTAL WORKWEAR GARMENTS AND LAUNDRY SERVICE**

Since 30 March 1998, the Sunlight Service Group Limited has laundered between 10,000 and 15,000 garments a week, collecting and redelivering to more than 250 pick-up points throughout Great Britain, so ensuring that plant-based MHS staff always have clean overalls to wear. This is essential in maintaining a hygienic working environment.

This contract terminates in March 2003, and so a retender exercise is being conducted during 2002. The contract is worth over £700,000 a year.

The Operations Support Unit is managing the retender process, with help from FSA colleagues with procurement expertise. They are supported by the MHS laundry working group, which includes representatives from each region as well as from the Finance and Human Resources Departments. The working group will review the retender process and the arrangements for terminating the old contract and putting the new one into place.

Tender panels will be held to determine the successful bidder, with the new contract coming into force on 31 March 2003.



L-R GRAHAM PERRY, IT PROJECTS MANAGER; RICHARD HOSKIN, DEPUTY CORPORATE BUSINESS MANAGER; CHARMAIN HAIGH, CUSTOMER SUPPORT; DAVID BROWN, SYSTEM SUPERVISOR AND SUE GOODRICK, PERSONAL SECRETARY



RON SPELLMAN OF UNISON

## CHANGES TO POLICY EMPLOYMENT POLICY (UNSOCIAL HOURS)

Agreement was reached with UNISON in October 2001 on the introduction of a new policy on entitlement to (and payment of) an unsocial hours working allowance. The new policy was implemented from 1 December 2001, and replaced the Irregular Hours Allowance procedures.

## STREAMLINED GRIEVANCE PROCEDURE

A revised grievance procedure was also agreed in October 2001, aiming to streamline existing procedures where appropriate. Some of the main points of the revised procedure are:

- Anyone lodging a formal grievance will be expected to show that they have taken reasonable steps to try to resolve the matter at a local level, normally with the manager responsible for the decision or action that is the cause of the grievance.
- A common-sense approach, based on the circumstances of the case, will be adopted in seeking to find a speedy resolution to the grievance.
- Grievances lodged beyond three months of the date of the event or decision causing the grievance will only be considered where the employee can demonstrate a good reason for the delay in lodging the grievance. This is to encourage staff to raise concerns at the time of the event, rather than delaying the matter.
- The revised policy encourages managers to deal effectively with issues when they arise and, hopefully, in such a way that the employee does not feel the need to resort to the formal grievance procedure.

## EMPLOYEE RELATIONS

The MHS and UNISON have agreed the formal Employee Relations framework which underlines our mutual commitment to establish regular communications and consultation.

Employee relations business is conducted at both local and national level. There is a well-established series of National Forum meetings that are held quarterly, normally in Ripon, North Yorkshire. These meetings took place in March, June and October 2001, and in January 2002. In addition, there were a total of ten Local Regional Forum meetings in four of the five MHS regions. A meeting in the fifth region was delayed, and fell outside the scope of this report.

Both the MHS and UNISON acknowledge that more is achieved through a forward-looking, joint problem-solving approach. To achieve this, UNISON also takes an active part in other areas of MHS business and contributes to a number of projects and initiatives, for example the MORI Employee Attitude Survey, and the Pay and Grading Review.

## 'WHISTLE BLOWING' POLICY

In January 2002, the MHS and UNISON announced the introduction of an MHS policy on 'whistle-blowing'. Mike Lillywhite a retired Grade 3 Civil Servant with 25 years' experience in central Government, has been appointed as the Independent Adjudicator. Details were sent to all staff before the policy came into effect on 1 January 2002. In the policy, the word 'whistle-blowing' refers to the internal or external disclosure, by

workers, of malpractice or illegal acts or omissions at work. Protection against making certain disclosures is covered by the Public Interest Disclosure Act 1998.

The policy gives MHS employees an avenue through which to raise serious issues or concerns that might otherwise not be reported. It is not to be used instead of other established procedures for making complaints, airing grievances, or reporting bullying and harassment. Staff were advised that they should, wherever possible, report their concerns in the normal way through their line or senior managers. But when the normal way has not worked or does not seem appropriate, or where the matter is extremely serious, use of the whistle-blowing policy can be considered.

Ron Spellman, UNISON National Convenor, said he welcomed the whistle-blowing policy and would encourage staff to use it when appropriate.

The Independent Adjudicator can be contacted to report concerns, or for advice on whether it is appropriate for a case to be referred through the whistle-blowing policy. Where he determines that a case should be investigated independently of the MHS, he or FSA personnel will conduct the investigation. The Independent Adjudicator has to satisfy himself that any investigation will be properly conducted by someone who has no self-interest in the outcome.

## PRESSURE AT WORK – THE WELL SURVEY

In considering the reasons for increasing staff turnover, sickness absence, and low morale, the MHS identified pressure at work as one of the underlying causes. It has used the services of 'Businesshealth Limited/WELL' to undertake a pilot survey using the 'WELL Pressure Profile' questionnaire to identify sources of pressure at work, and to deal with these.

More than 100 employees, encompassing key management groups and including the MHS Management Group were invited to participate in the pilot survey. A very positive response was received, with over 80 per cent of questionnaires being returned. All employees who took part in the survey have received an individual feedback report and a follow-up telephone call from WELL along with advice on how to improve their health and well-being. WELL have also provided access to a confidential 24 hour, seven day a week, Helpline.

The MHS has also received a corporate feedback report from WELL. The sources of pressure at work in the MHS which have been identified through the pilot survey have been discussed by the MHS Management Group, who are formulating a strategy and introducing appropriate management interventions. A number of workshops for managers are planned. Solutions, and the avoidance of stress, will be discussed at these.

When the pilot survey is complete later this year, the MHS will assess the impact on staff turnover, sickness absence, and morale, and then decide whether it will extend the 'WELL Pressure Profile' survey to other employees.

## MORI EMPLOYEE OPINION SURVEY 2001

A joint working group comprising representatives of the MHS, UNISON and ACAS developed a survey questionnaire with MORI, who undertook the survey during September and October



FROM HUMAN RESOURCES DEPARTMENT, KEITH SIMPSON AND AMANDA WILSON, EXECUTIVE ASSISTANTS



FROM HUMAN RESOURCES DEPARTMENT, LIZ CRITCHLEY, PERSONNEL MANAGER AND

2001. The results were presented to members of the MHS Management Group at their meeting in October 2001.

It emerged that more than half of those who responded understood the need for change, looked forward to change as a challenge, and thought that they could always or usually believe the information given to them by MHS managers.

But it also emerged that more than half of those responding believed that they were not consulted on management decisions affecting them and their work; neither did they feel able to influence change within the organisation. Sixty-seven per cent believed that speaking up on issues where they disagreed with management could damage their career prospects.

The response rate was good, with 63 per cent of those whose views were canvassed actively taking part in the survey. This compares with a public sector 'norm' of around 40 per cent. Immediate recognition was given to the need to tell staff of the results; to urgently consider a plan for remedial action and to involve staff in formulating the plan; and for senior managers in the MHS to learn from the results.

An action plan working group, consisting of representatives of the MHS, UNISON and ACAS, met regularly during the latter part of 2001 and early 2002. The resulting action plan, approved by the MHSMG, was incorporated into the MHS Business Plan for 2002/2003.

It has been agreed by the MHS Management Group that the survey will be repeated on an annual basis to assess progress in recognising and dealing with the concerns of the MHS workforce.

#### PRP

The MHS introduced Performance Related Pay (PRP) on 1 April 2000 and incorporated it into the annual performance appraisal programme in April 2001. The PRP scheme involves individuals being assessed against the common core competencies expected of all MHS employees and, as a result of a review of the first round, their personal contribution to the work of their team.

The second performance appraisal round, including PRP, started in April 2002 and was due for completion in June 2002. There will be a further review of the scheme before December 2002 to identify any opportunities for further improvement.

#### PAY AWARD

The 2001/2002 MHS pay award was implemented in December 2001, and back-dated to April of that year. The award, worth a total of 5.18 per cent in overall terms, comprised five elements:

1. An 'across the board' basic pay award of three per cent to all employees.
2. A 'flat rate' sum of £300 (LGSS) or £290 (PCSPS) to all employees covered by the agreed PRP scheme, and in accordance with the scheme provisions.
3. The uplifting of the minima of the five meat inspection designations, providing for

individual awards ranging from 5.66 to 6.01 per cent.

4. The uplifting of the minima of the lower administrative grades to provide for individual awards ranging from 5.7 to 6.25 per cent.
5. Two additional days' annual leave, subject to a maximum entitlement of 30 days a year.

In addition, MHS staff now enjoy the two and a half annual Privilege Days common to the rest of the Civil Service.

#### SPECIAL LEAVE PROVISION

The arrangements for special leave for employees experiencing bereavement or sudden serious illness in the family were revised in January 2002, to bring them into line with those that apply in other Departments and Agencies. The former maximum of three days' special paid leave was extended to a maximum of five days, depending on whether the employee had significant responsibility for making the funeral arrangements.

Employees may apply for special leave for other purposes, and consideration will be given to granting either paid or unpaid leave depending on the reasons for the request and the needs of the service.

#### COMMUNICATIONS

In October 2001 the MHS set up a dedicated Communications Unit within the Chief Executive's Office. It comprises Richard Billinge, Communications Manager, and Julie Bray, Executive Assistant. The creation of the Communications Unit reflects the emphasis that the Chief Executive places on the importance of keeping staff informed on a regular basis of both organisational and operational developments within the MHS, as well as progress being made on matters which affect staff personally.

A key task for the Communications Unit is the development of a comprehensive communications strategy (internal and external) for the MHS. This strategy is due for publication in autumn 2002. It will support the work of the D & T project team, ensuring that common and timely messages are relayed to staff at all levels. To help facilitate this, two regular publications, MHS Update (quarterly) and MHS News (monthly) are produced. The business planning workshops held in spring 2002 provided very positive feedback about these publications. Increased input from MHS regions will help to improve their breadth of appeal.

The Communications Unit is developing promotional material to increase public awareness of the MHS and recognition of the duties performed by MHS staff. This will be used in future years at conferences and exhibitions. The unit is also working on becoming more pro-active, and fully embraces the FSA core values of openness and accessibility. The MHS part of the FSA website is regularly reviewed to try to ensure that it provides the public with accurate information.

Work on the MHS Welsh Language Scheme is progressing, and will hopefully be approved by the Welsh Language Board by April 2003. The Annual Report and Accounts (ARA) was produced in Welsh for the first time in 2001. We are now working on providing more information in Welsh. In the long-term we hope to be able to offer most documents in Welsh and in a range of ethnic minority languages.



JULIE BRAY, EXECUTIVE ASSISTANT AND RICHARD BILLINGE, COMMUNICATIONS MANAGER



### MHS AWARDS

2001 was the inaugural year of the MHS Award for Excellence. This Award is given in recognition of the contribution made by MHS staff to the overall success of the organisation. For 2001/2002, it was awarded jointly to Terina Hurley and Andrew Brown in recognition of their success in implementing the Maclean charging regime, in spite of the short deadlines involved and the delays that invariably accompany a project of such magnitude. Their efforts meant that MHS could deliver on time.

The following awards were also made:

The Royal College of Veterinary Surgeons Trophy was awarded to Craig Kirby. The Trophy is awarded to an MHS veterinarian for exemplary work in the veterinary field. It was awarded to Craig in recognition of his initial identification of FMD and subsequent involvement in supervising the handling of livestock immediately following the outbreak, advising the then MAFF, and handling the media attention that flooded in.

The MHS Merit Award was awarded to Rita Hinton of the University of Bristol. This award is given in recognition of a non-MHS employee's contribution to meat hygiene. It was awarded in recognition of the hard work Rita has put into delivering OVS courses for many years, and her involvement in providing a full programme to satisfy the RSH syllabus for MHIs.

The MHS Trophy for Meat Inspection was awarded to John King. This Trophy is awarded to MHS inspection staff in recognition of their special contribution to the field of meat inspection. It was awarded in recognition of John's long-standing involvement in the meat industry and the active part he has played in training many students in the Norfolk and Suffolk area. John retired at the beginning of 2002.

### STATE HONOURS

For the first time ever, a serving member of staff of the MHS received an award in the New Year's Honours List 2002. Norman Derrick 'Tim' Udall, of Crewkerne, Somerset, is one of the Meat Hygiene Service's longest-serving veterinary surgeons and was awarded an OBE for State service as a Principal Official Veterinary Surgeon (POVS).

Tim, accompanied by his wife, daughter, and one of his four sons, received his OBE from the Prince of Wales at Buckingham Palace in May 2002. He has worked in meat hygiene for more than 30 years, having qualified as an Official Veterinary Surgeon (OVS) in 1969. Tim has been a POVVS, supervising the work of OVSs in the MHS's South and West Region, since the MHS was established.

He has represented the veterinary profession as a member and office-holder in professional associations, and is a past-President of the Veterinary Public Health Association.



TIM UDALL AND HIS FAMILY. TIM SAID OF HIS AWARD: "I REGARD IT AS NOT ONLY A PERSONAL HONOUR, BUT ALSO AS A MARK OF APPRECIATION FOR THE VETERINARY SURGEON'S ROLE IN PUBLIC HEALTH. I HAVE ALWAYS BEEN A FIRM BELIEVER THAT THE VET'S ROLE IN SOCIETY IS TO CARE FOR RELATIONSHIPS BETWEEN PEOPLE AND THEIR ANIMALS, WHETHER THEY ARE COMPANION ANIMALS - SUCH AS DOGS AND CATS - OR PRODUCTION ANIMALS FROM FARMS, DESTINED AS FOOD FOR HUMAN BEINGS."

## FINANCIAL ISSUES

### MEAT INSPECTION CHARGING POLICY

Since the implementation of the proposals of the Meat Inspection Charges Task Force (the Maclean Group) in April 2001, MHS charges for hygiene and inspection services have been based on the lower of the standard (headage/throughput) charges or actual inspection time costs for slaughterhouses and cutting plants. The result of this change has been that around 90 per cent of plants no longer pay the actual costs of the inspection services provided by the MHS. Cold stores are now charged standard inspection fees for hygiene inspection visits. The charges made to industry in 2001/2002 amounted to £20.6 million, some £19.2 million below the level they would have been under the previous charging policy.

### HOURLY CHARGES

The hourly charges for 1999/2000 were held at the 1998/99 level and those for 2000/2001 and 2001/2002 were increased only by the rate of inflation of 2.2% and 3% respectively.

Customers were consulted in early 2002 on a proposal to increase MHS charges for 2002/2003 by 4.5%. This proposal generated little adverse comment, and was implemented from 1 April 2002.

Throughput charges are made in £ sterling, but the relevant regulations set out the standard (headage/throughput) charge rates for hygiene inspection in euros. The exchange rate to be used is one euro = £0.6235, and applies to standard charges for throughput from January 2002.

This means that standard charges rose by 1.7% from the January 2002 charging period. This change, which is required by the legislation and is not open to consultation, was set out in a letter dated 30 November 2001 to all plant operators.

### CONQUEST UPGRADE PROJECT

This year has seen the introduction of a new improved version of the Conquest software package used to process staff timesheets, calculate charges and produce invoices. The changeover came about as a result of new charging regulations coming into force on 2 April 2001. Additional requirements were to integrate finance computer systems more closely than before and to implement new improved software from the suppliers.

This major project took over a year to finish and was successfully completed on time and within budget. Considerable resources had to be committed by the Finance and IT Departments to ensure the success of this project. At the Industry Forum meeting, held on 5 July 2001, industry representatives congratulated MHS staff on their tremendous efforts in establishing the accounting systems to invoice the new charges.

### DEBT RECOVERY

All appropriate action is taken by the MHS to recover outstanding debts. In England and Wales debt recovery services are provided by a commercial law firm, Hammond Suddards Edge. This service is provided in Scotland by the Office of the Solicitor to the Scottish Executive.



MIKE McEVoy, ACTING DIRECTOR OF FINANCE



MATTHEW WALKER AND KAREN WILLIAMSON OF THE MHS FINANCE DEPARTMENT

After successful legal proceedings the MHS makes use of bailiffs and sheriffs' officers to recover debts. This includes the additional costs and interest that occupiers of fresh meat premises incur by paying late. Insolvency proceedings and withdrawal of the meat inspection service are options for particularly serious cases of non-payment. The MHS has had no alternative but to use these powers on a number of occasions during 2001/2002.

### SUPPLIER PAYMENT PERFORMANCE

Government policy states that Departments and Agencies should pay those invoices that are not in dispute within 30 days of receipt, or within the agreed contractual terms if these are different.

The table below shows the results for the past four years.

Year	Percentage Paid by Due Date
1998/1999	93%
1999/2000	95%
2000/2001	97%
2001/2002	97% (provisional figure)

The Meat Hygiene Service has signed up to the CBI's Prompt Payment Code and the improvements in payment performance reflect the significant efforts that have been made by the MHS to meet this target.

## THE FUTURE

### MORI EMPLOYEE OPINION SURVEY 2002

A repeat survey is to be undertaken in September 2002, with an additional section on diversity and an extra question to try to measure employees' perception of change as a result of the 2001 survey.

### DELOITTE & TOUCHE

During 2002, work will continue on implementation of the first phase of organisational change. This has already seen the establishment of the Veterinary and Technical Directorate and the Business Development Unit, and there are associated interim adjustments to regional staff responsibilities. Further changes will follow in line with the principles set out in the Moving Ahead agenda as and when funding becomes available.

These organisational changes form part of a fundamental shift in culture and will be accompanied by substantial investment in training and development to facilitate empowerment and the delegation of tasks and responsibilities to those working close to the point of service delivery.

### CORPORATE TRAINING PLAN

The MHS corporate training plan for 2002/03 covers the provision of training to all employed and contract OVSs in the enforcement aspects of the new HACCP regulations – a key responsibility for the MHS. Also this year, the Conflict Resolution Programme will begin for operational staff. A successful pilot programme was run in May 2002, with excellent feedback from the sample of operational employees who attended. They included two representatives from UNISON. The corporate training plan will also seek to address some of the immediate needs identified through the Moving Forward agenda.

### ACCREDITATION TO QUALITY STANDARDS

The MHS is currently accredited to ISO 9002:1994 and is in the process of being accredited to the newer quality standard ISO 9001:2000. This standard requires that a documented internal audit system be established. A project team, led by the Acting MHS Regional Director for Wales, has been set up to produce an internal audit manual and to carry out trial audits. It is anticipated that these trial audits, which started in April 2002, will check Health and Safety, and Finance and Human Resources activities, in addition to operations in licensed premises.



## LEGISLATION

As at 31 March 2002 the MHS was responsible for enforcing aspects of the following legislation:

### REGULATIONS MADE UNDER THE FOOD SAFETY ACT 1990

The Animal By-Products (Identification) Regulations 1995, as amended  
 The Fresh Meat (Beef Controls) (No. 2) Regulations 1996, as amended  
 The Fresh Meat (Hygiene and Inspection) Regulations 1995, as amended  
 The Meat (Hygiene and Inspection) (Charges) Regulations 1998, as amended  
 The Meat Products (Hygiene) Regulations 1994, as amended  
 The Minced Meat and Meat Preparations (Hygiene) Regulations 1995, as amended  
 The Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995, as amended  
 The Specified Risk Material Regulations 1997, as amended  
 The Wild Game Meat (Hygiene and Inspection) Regulations 1995, as amended

### ORDERS & REGULATIONS MADE UNDER THE ANIMAL HEALTH ACT 1981

The Animal By-Products Order 1999  
 The Foot and Mouth Disease Order 1983, as amended and varied as it extends to England and Wales and varied as it extends to Scotland  
 The Disease Control (Interim Measures) (England) Order 2002  
 The Disease Control (Interim Measures) (Scotland) Order 2002  
 The Disease Control (Interim Measures) (Wales) Order 2002

### REGULATIONS MADE UNDER THE EUROPEAN COMMUNITIES ACT 1972

The Animals and Animal Products (Import and Export) (England and Wales) Regulations 2000, as amended  
 The Animals and Animal Products (Import and Export) (Scotland) Regulations 2000, as amended  
 The Bovines and Bovine Products (Trade) Regulations 1998, as amended  
 The Cattle Identification Regulations 1998  
 The Meat (Disease Control) (England) Regulations 2000  
 The Meat (Disease Control) (Scotland) Regulations 2000  
 The Meat (Disease Control) (Wales) Regulations 2000  
 The Meat (Enhanced Enforcement Powers) (England) Regulations 2000  
 The Meat (Enhanced Enforcement Powers) (Scotland) Regulations 2000  
 The Welfare of Animals (Slaughter or Killing) Regulations 1995, as amended  
 The Restriction on Pithing (England) Regulations 2001  
 The Restriction on Pithing (Scotland) Regulations 2001  
 The Restriction on Pithing (Wales) Regulations 2001

## LIST OF PUBLICATIONS

### Publication:

MHS Clean Livestock Policy (booklet) (PB3250)  
 MHS Clean Livestock Policy (leaflet) (PB3411)  
 Clean Sheep for Slaughter (a guide for farmers) (PB4102)  
 Clean Beef Cattle for Slaughter (a guide for farmers) (PB4013)  
 Forward Programme for the Poultry Industry (PB3247)  
 Forward Programme for the Red Meat Industry (PB3248)

### Available from:

FSA Publications, PO Box 369,  
 Swallowfield Way, Hayes,  
 Middlesex UB3 1DQ  
 Tel: 0845-6060667

### Publication:

FSA Report on the Audit of the MHS (2000/2001)  
 FSA Report on the Audit of the MHS (1999/2000)  
 SVS/VPHU Report on the Audit of the MHS (1998/99)

### Available from:

FSA Veterinary Public Health  
 Operations Division, Room  
 315B, Aviation House, 125  
 Kingsway, London WC2B 6NH  
 Tel: 020 7276 8377

### Publication:

MHS Clean Livestock (guidance notes) for cattle and sheep farmers

### Available from:

MLC, PO Box 44, Winterhill  
 House, Snowdon Drive, Milton  
 Keynes, MK6 1AX  
 Tel: 01908 677577

### Publication:

MHS Sheep Dentition Chart  
 MHS Beef Dentition Chart

### Available from:

MHS, Operations Support Unit,  
 Room 254, Foss House, Kings  
 Pool, Peasholme Green, York  
 YO1 7PR  
 Tel: 01904 455450

### Reports:

MHS Animal Welfare Survey 2001/2002  
 MHS Animal Welfare Survey 1999/2000  
 MHS Animal Welfare Survey 1997/98

### Available from:

MHS Annual Report & Accounts 2001/2002  
 (Price: £XX.YY) (English version)  
 MHS Annual Report & Accounts 2001/2002

The Publications Centre, PO  
 Box 276, London SW8 5DT or  
 from TSO bookshops  
 Tel: 08457 0723474

(Price: £XX.YY) (Welsh version)  
 MHS Annual Report & Accounts 2000/2001  
 (Price: £16.50) (English version)  
 MHS Annual Report & Accounts 2000/2001  
 (Price: £16.50) (Welsh version)  
 MHS Annual Report & Accounts 1999/2000 (Price: £16.10)  
 MHS Annual Report & Accounts 1998/99 (Price: £14.00)  
 MHS Annual Report & Accounts 1997/98 (Price: £15.90)  
 MHS Annual Report & Accounts 1996/97 (Price: £13.70)  
 MHS Annual Report & Accounts 1995/96 (Price: £13.70)

**Publication:**

MHS Customer Satisfaction Survey 2001  
 MHS Customer Satisfaction Survey 2000  
 MHS Customer Satisfaction Survey 1999  
 MHS Customer Satisfaction Survey 1998  
 MHS Customer Service Statement

**Available from:**

MHS, Human Resources  
 Department, Room 431, Foss  
 House, Kings Pool, Peasholme  
 Green, York YO1 7PR  
 Tel: 01904 455525

**Publication:**

FSA Deloitte & Touche MHS Efficiency Scrutiny – Final  
 Report (2000)

**Available on:**

www.food.gov.uk

**Publication:**

Meat Inspection Charges Task Force – Report and  
 Recommendations 2000  
 (Maclean Report)

**Available from:**

FSA Meat Hygiene Division,  
 Room 311C, Aviation House,  
 125 Kingsway, London WC2B  
 6NH  
 Tel: 020 7276 8336

**Publication:**

Meat Industry Red Tape Working Group  
 Vol 1 (Report and Recommendations) 1999  
 Vol II (Appendices) 1999  
 (Pooley Report)

**Available from:**

FSA Meat Hygiene Division,  
 Room 315C, Aviation House,  
 125 Kingsway, London WC2B  
 6NH  
 Tel: 020 7276 8353

**Publication:**

MHS Operations Manual  
 (Price: £95 a year, including update service)

**Available from:**

MHS Operations Editorial  
 Team, Room 254, Foss House,  
 Kings Pool, Peasholme Green,  
 York YO1 7PR  
 Tel: 01904 455238

## GLOSSARY

ACAS	Arbitration and Conciliation Advisory Service
AMI	Association of Meat Inspectors
ARM	Area Resource Manager
AWD	Animal Welfare Division of DEFRA
BAS	Beef Assurance Scheme
BCMS	British Cattle Movement Service
BPM	Business Project Manager
BSE	Bovine Spongiform Encephalopathy
BSI	British Standards Institution
BVA	British Veterinary Association
CCP	Critical Control Point
CIEH	Chartered Institute of Environmental Health
CLO	Customer Liaison Officer
CLP	Clean Livestock Policy
COVS	Contract OVS
CPD	Continuing Professional Development
CVO	Chief Veterinary Officer
DARD	Department of Agriculture and Rural Development (NI)
DBES	Date Based Export Scheme
DEFRA	Department for Environment, Food and Rural Affairs
EA	Executive Assistant
EC	European Commission
EFQM	European Foundation for Quality Management
EHO	Environmental Health Officer
EOVS	Employed OVS
EU	European Union
FMD	Foot and Mouth Disease
FSA	Food Standards Agency
FVO	Food and Veterinary Office of the EU
GB	Great Britain
HACCP	Hazard Analysis and Critical Control Point
HAS	Hygiene Assessment System
HIA	Head of Internal Audit
HQ	Headquarters
HSE	Health & Safety Executive
IiP	Investors in People
IT	Information Technology
ISO	International Standards Organisation
LGPS	Local Government Pension Scheme
LPFA	London Pensions Fund Authority
MAFF	the former Ministry of Agriculture, Fisheries and Food
MHAC	Meat Hygiene Advisory Committee
MHI	Meat Hygiene Inspector
MHS	Meat Hygiene Service

MLC	Meat and Livestock Commission
MORI	Market Opinion Research International
MT	Meat Technician
NAO	National Audit Office
NAWAD	National Assembly for Wales Agriculture Department
NSS	National Surveillance Scheme
OM	Office Manager
OMIS	Operational Management Information System
OPET	Operations Manual Editorial Team
OSU	Operations Support Unit
OTM	Over Thirty Month
OTMS	Over Thirty Month Scheme
OVS	Official Veterinary Surgeon
PGO	Paymaster General Office
PCSPS	Principal Civil Service Pension Scheme
POVS	Principal Official Veterinary Surgeon
PQ	Parliamentary Question
PRP	Performance Related Pay
QMS	Quality Management System
RCVS	Royal College of Veterinary Surgeons
RD	Regional Director
RPA	Rural Payments Agency
RSH	Royal Society for Health
SEERAD	Scottish Executive Environment and Rural Affairs Department
SCS	Senior Civil Service
SLA	Service Level Agreement
SMHI	Senior Meat Hygiene Inspector
SRM	Specified Risk Material
SVC	Standing Veterinary Committee of the EU
SVS	State Veterinary Service
TB	Tuberculosis
TSE	Transmissible Spongiform Encephalopathy
TSO	Trading Standards Officer
UK	United Kingdom
VLA	Veterinary Laboratories Agency
VMD	Veterinary Medicines Directorate
VMHA	Veterinary Meat Hygiene Adviser
VPHA	Veterinary Public Health Association
VPHOD	Veterinary Public Health Operations Division (of the FSA)



# Protecting Public Health & Animal Welfare

Annual Report & Accounts 2001-02

## ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2002

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## FOREWORD TO THE ACCOUNTS

### PREPARATION OF ACCOUNTS

The accounts have been prepared in accordance with a direction given by the Treasury under the Government Resources and Accounts Act 2000. The MHS operates under Government Accounting on a Gross Vote from FSA Class II Vote 4.

### STATUTORY BACKGROUND

The MHS was established as an executive agency of MAFF (now the Department for Environment, Food and Rural Affairs) on 1 April 1995. Under powers conferred by the Food Standards Act 1999 the MHS transferred as an executive agency to the FSA with effect from 1 April 2000. The aim of the MHS is to safeguard public health and animal welfare through fair, consistent and effective enforcement of hygiene, inspection and welfare regulations in GB.

The MHS discharges the responsibilities of Ministers under a number of different Orders and Regulations including the Food Safety Act 1990 and the European Communities Act 1972. Costs of work undertaken on behalf of Government are recovered under the terms of individual SLAs with the FSA, DEFRA and executive agencies. Some work is undertaken on a contract basis with plant operators. The charging regulations specify a range of costs which cannot be recovered through fees and charges. These are Vote funded.

### PRINCIPAL ACTIVITIES

The principal activities of the MHS are:

- The enforcement of hygiene rules in licensed fresh meat premises.
- The provision of meat inspection and controls on health marking in licensed red meat, poultry meat and wild game meat premises.
- The enforcement of hygiene controls in meat products, minced meat and meat preparation plants, that are co-located with licensed slaughterhouses.
- The enforcement, in licensed fresh meat premises, of controls over SRM and other animal by-products, and controls prohibiting the sale of meat for human consumption from cattle over 30 months of age.

The MHS also undertakes the following work on behalf of DEFRA, the National Assembly for Wales and SEERAD under an SLA:

- The enforcement of animal welfare at slaughter rules in licensed slaughterhouses.
- The collection and dispatch of samples for statutory veterinary medicines residue testing on behalf of the VMD.
- The collection and dispatch of samples for TSE examination and testing on behalf of DEFRA.
- Cattle identification checks as part of the CTS at licensed slaughterhouses on behalf of BCMS.
- Provision of export certification when required either by the importing country or by EU legislation.
- The enforcement, in licensed premises, of emergency controls related to animal disease outbreaks, including Foot and Mouth Disease (FMD).

The MHS also discharges the responsibilities of the RPA under an SLA for:

- The provision of supervision, inspection and monitoring services for the OTMS.

The MHS may also deliver services through SLAs or contracts, to other public or private sector customers,

subject to the approval of the FSA, in accordance with its general aims and objectives, and HM Treasury guidelines on selling to a wider market.

### FINANCIAL RESULTS

Net operating cost increased from £3.7m in 2000/2001 to £18.1m in 2001/2002. Total income reduced by £1.3m to £59.6m primarily due to a reduction of £14.1m in charges to industry following the implementation of the recommendations of the Maclean Task Force, which links charges to slaughterhouse throughput, and because of reduced throughput resulting from Foot and Mouth Disease (FMD). However, increased income of £13m from Government, including £10.8m from DEFRA for work undertaken to combat FMD, offset this reduction. Overall costs increased by £13.1m due mainly to additional Contract OVS costs of £8.2m, resulting from FMD controls and the implementation of full veterinary supervision in full throughput slaughterhouses. Increased staff costs of £3.6m resulted primarily from the pay award for 2001/02 and recruitment of staff to combat FMD and to commence TSE testing.

The MHS had two key financial targets:

- to operate within the agreed MHS resource budgets for 2001/2
- to operate within the total net cash management figure agreed with the FSA.

Performance against targets is shown at note 2 of the accounts.

### PENSIONS

The MHS has two separate pension schemes. The majority of staff are members of the Local Government Pension Scheme (LGPS), a defined benefit scheme which is governed by the Local Government Pension Scheme Regulations 1995, and administered by the London Pensions Fund Authority (LPFA). Other employees are members of the Principal Civil Service Pension Scheme (PCSPS). Further details of the MHS pension schemes are shown at note 18 of the accounts.

### FIXED ASSETS

As at 1 April 2001 assets with a value of £714,000 were held by the MHS. These assets related to computer equipment, computer software (system specific), software licences, vehicles, furniture, fittings and office machinery. During the year to 31 March 2002, £359,000 was spent on tangible and intangible assets. After depreciation and disposals the net book value of fixed assets was £635,000.

### SUPPLIER PAYMENT POLICY

It is Government policy that all departments and agencies should pay all invoices not in dispute within 30 days of receipt or the agreed contractual terms if otherwise specified. During 2001/2002, 97% of all invoices were paid by their due date, the same performance as in 2000/2001.

### MHS MANAGEMENT GROUP

Management control of the MHS is exercised through the MHS Management Group. Chris Lawson was appointed Chief Executive of the MHS on 17 May 2001, following an open competition. He had previously been Acting Chief Executive from 2 January 2001. After 2 years with the MHS, Alex Kerr, Director of Finance and Corporate Services left the MHS in June 2001 to join the RPA. Michael McEvoy was appointed as Acting Director of Finance on 25 June 2001. Ivor Pumfrey (Regional Director Wales) and Michael Greaves (Regional Director North) were appointed to temporary project roles during the year. Their line management roles have been undertaken by Adrian Thorne (from 1 October 2001), and Graham Lee and Penny Howarth (from 14 January 2002) respectively.

The members of the Management Group at 31 March 2002 were as follows:

Christopher Lawson	- Chief Executive
Jane Downes	- Acting Director of Veterinary Services
Michael McEvoy	- Acting Director of Finance
Monica Redmond	- Director of Human Resources
Michael Greaves	- Project Director (Business Planning)
Bary Gidman	- Regional Director (Central Region)
Paul Jackson	- Regional Director (South & West Region)
Ivor Pumfrey	- Project Director (Deloitte & Touche)
Spencer Dawson	- Regional Director (Scotland)
Adrian Thorne	- Acting Regional Director (Wales)
Graham Lee	- Acting Regional Director (Operations) (North Region)
Penny Howarth	- Acting Regional Director (Business Administration) (North Region)

The recruitment of members of the MHS Management Group is subject to the fundamental principle of selection on merit on the basis of fair and open competition, as required by the Civil Service Order in Council 1995. Details of the appointment and salary of the Chief Executive and Management Group members are shown at note 6 to the Accounts.

#### **EQUAL OPPORTUNITIES**

The MHS aims to be a modern and equitable employer, and recognises and encourages the potential of a diverse workforce.

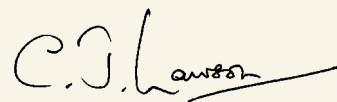
#### **STAFF RELATIONS**

The MHS attaches considerable importance to securing the full involvement of the staff in its work.

Widespread consultation and the exchange of information at all levels of the organisation are encouraged. Staff are encouraged to use their initiative to develop and enhance the services provided by the MHS. Formal communication channels are achieved by management meeting regularly with UNISON trade union representatives. Informal communication with staff is achieved through regular publications called MHS Update and MHS News, which keeps staff informed of current and future developments. Business Planning workshops held in February 2002 provided feedback about these publications and regional input will be increased during the coming year. A Communications Officer was appointed in October 2001 to oversee internal & external communications with a key task to carry out a communications audit and develop a communications strategy.

#### **AUDITORS**

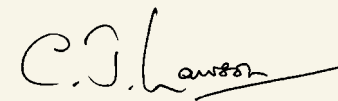
The accounts have been audited by the Comptroller and Auditor General. The audit certificate is on page 72 and 73.



CJ Lawson  
Chief Executive  
19 June 2002

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

1. Under the Government Resources and Accounts Act 2000, the MHS is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the MHS during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the MHS, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.
3. The Accounting Officer of the Food Standards Agency has designated the Chief Executive of the MHS as the MHS Accounting Officer with responsibility for preparing the MHS' accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the MHS Accounting Officer is required to comply with the Resource Accounting Manual prepared by HM Treasury, and in particular to:
  - a. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - b. make judgements and estimates on a reasonable basis;
  - c. state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
5. prepare the accounts on a going-concern basis.
5. The responsibilities of the MHS Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the MHS' assets, are set out in the MHS Accounting Officer's designation letter issued by the Food Standards Agency and in line with the responsibilities published in Government Accounting.



C J Lawson  
Chief Executive  
19 June 2002

## STATEMENT ON INTERNAL CONTROL

As Accounting Officer for the MHS, I have responsibility for maintaining a sound system of internal control that supports the achievement of MHS policies, aims and objectives whilst safeguarding the public funds and MHS assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of MHS policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

In 2001/02 a corporate risk register was approved and circulated to the management group and FSA interested parties for comment. The risk register, which was seen as a model of good practice at the time, identified the MHS' objectives and risks and determined a control strategy for each of the significant risks.

The MHS already has in place many of the key elements of an effective system of internal control including:-

- The Chief Executive's monthly meeting with HQ and Regional Directors (MHS Management Group) which sits as the "Management Board" of the MHS;
- Internal Audit arrangements, including a risk based audit programme, which complies with government standards;
- An Audit and Risk Committee which meets at least three times a year;
- A business and financial planning process;
- Regular performance monitoring arrangements for both business and financial planning including key performance indicators;
- Operational audits to provide assurance on compliance with the Operations Manual.

The Management Group has incorporated the review of risk management in its business agenda so that risk management and internal control is considered on a regular basis during the year and it is intended that there will be a comprehensive system of risk and control reporting embedded in MHS' systems by the year ending 31 March 2003. Risk management has been incorporated more fully into business planning.

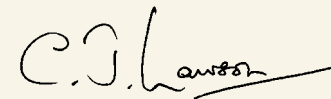
The MHS uses the Internal Audit Division of DEFRA, which operates to standards defined in the Government Internal Audit Manual, to review its system of internal control. They submit regular reports which include the Head of Internal Audit's independent opinion on the

adequacy and effectiveness of the MHS' system of internal control together with any recommendations for improvement. Internal Audit are satisfied that significant advances have been made and, have therefore, provided me with an assurance that in their opinion, subject to continued development of the MHS Risk Management system, the level of control exercised over MHS' key systems is adequate and effective.

In addition to the actions mentioned above, in the coming year the MHS plans to:-

- Arrange a programme of facilitated workshops for staff at all levels to identify and keep up to date the record of risks facing the organisation;
- Review responsibility of risk ownership at senior management level to ensure risk management is effective including development of a reporting process;
- Develop the business planning process which cascades through the organisation (corporate and local business plans);
- Develop a longer term strategic plan including an IT strategy to provide a framework for the annual business plan;
- Establish an MHS procurement and contract unit at HQ;
- Establish an Audit and Risk Committee that complies with Treasury principles for Audit Committees in Central Government;
- Provide the Management Group with periodic reports from the Chairman of the Audit and Risk Committee concerning internal control;
- Establish a veterinary verification team to provide assurance on technical compliance.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the MHS who have responsibility for the development and maintenance of the internal control framework, operational audits undertaken by the FSA, comments made by the external auditors in their management letter and other reports.



C J Lawson  
Chief Executive  
19 June 2002

## AUDIT CERTIFICATE

### MEAT HYGIENE SERVICE

#### The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 74 to 87 under the Government Resource and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 77 and 78.

#### Respective responsibilities of the MHS, the Chief Executive and Auditor

As described on page 76, the MHS and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resource and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The MHS and Chief Executive are also responsible for the preparation of the other contents of the Annual Report.

My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resource and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the MHS has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 70 and 71 reflects the MHS's compliance with Treasury's guidance 'Corporate governance: statement on the system of internal control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

#### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant

to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the MHS and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the MHS's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

##### In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Meat Hygiene Service at 31 March 2002 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resource and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**  
Comptroller and  
Auditor General  
19 June 2002

**National Audit Office**  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP



## OPERATING COST STATEMENT

for the year ended 31 March 2002

	Note	2001/2002 £'000	2000/2001 £'000
<b>Administration Costs</b>			
Staff costs	5	42,108	38,525
Other administration costs	7	<u>35,617</u>	<u>26,109</u>
<b>Gross administration costs</b>		<b>77,725</b>	<b>64,634</b>
Operating income	4	<u>(59,590)</u>	<u>(60,885)</u>
<b>Net operating cost</b>		<b><u>18,135</u></b>	<b><u>3,749</u></b>
Grant funding received from FSA		(18,500)	
Net (surplus)/deficit		<u>(365)</u>	

All activities are continuing activities.

## STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 31 March 2002

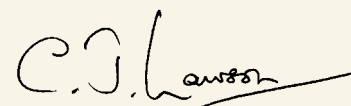
	Note	2001/2002 £'000	2000/2001 £'000
Net surplus/(deficit)		365	(3,749)
Unrealised surplus on the revaluation of tangible fixed assets	9	<u>2</u>	<u>-</u>
<b>Total recognised loss relating to the year</b>		<b><u>367</u></b>	<b><u>(3,749)</u></b>

The notes on pages 77 to 87 form part of these accounts.

## BALANCE SHEET

as at 31st March 2002

	Note	31 March 2002 £'000	31 March 2001 £'000
<b>Fixed assets</b>			
Tangible assets	9	594	647
Intangible assets	10	<u>41</u>	<u>67</u>
		635	714
<b>Current assets</b>			
Debtors	12	7,611	11,046
Cash at bank and in hand	17	<u>6,662</u>	<u>2,765</u>
<b>Total current assets</b>		<b><u>14,273</u></b>	<b><u>13,811</u></b>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	13	<u>(4,867)</u>	<u>(5,262)</u>
<b>Total current liabilities</b>		<b><u>(4,867)</u></b>	<b><u>(5,262)</u></b>
<b>Net current assets</b>		<b>9,406</b>	<b>8,549</b>
<b>Total assets less current liabilities</b>		<b>10,041</b>	<b>9,263</b>
Provisions for liabilities and charges	15	<u>(332)</u>	<u>(686)</u>
<b>Total assets less total liabilities</b>		<b><u>9,709</u></b>	<b><u>8,577</u></b>
<b>Taxpayers Equity</b>			
<b>Reserves</b>			
General fund	16	9,689	8,563
Revaluation reserve	16	<u>20</u>	<u>14</u>
		<b><u>9,709</u></b>	<b><u>8,577</u></b>



C J Lawson  
Chief Executive  
19 June 2002

The notes on pages 77 to 87 form part of these accounts.

## CASH FLOW STATEMENT

for the year ended 31 March 2002

	Note	31 March 2002 £'000	31 March 2001 £'000
Net cash outflow from operating activities	14	4,184	(782)
Capital expenditure and financial investment		(287)	(334)
Financing from Consolidated Fund		-	717
<b>Increase/(decrease) in cash</b>	17	<u>3,897</u>	<u>(399)</u>
<b>Reconciliation of operating cost to operating cash flows</b>			
Net surplus/(deficit)		365	(3,749)
Adjustment for non cash transactions		1,133	1,153
Adjustments for movement in working capital other than cash		3,040	2,209
Adjust for transfer from provisions		(354)	(395)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>4,184</u>	<u>(782)</u>
<b>Analysis of capital expenditure and financial investment</b>			
Purchases of fixed assets	9 & 10	(359)	(416)
Proceeds of disposal of fixed assets		72	82
<b>Net cash outflow from investing activities</b>		<u>(287)</u>	<u>(334)</u>
<b>Analysis of financing</b>			
From Consolidated Fund		-	(717)
<b>Increase/(decrease) in cash</b>		<u>3,897</u>	<u>(399)</u>
<b>Net cash requirement</b>		<u>3,897</u>	<u>(1,116)</u>

The notes on pages 77 to 87 form part of these accounts.

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2002

### 1 ACCOUNTING POLICIES

#### a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of tangible fixed assets at their value to the business by reference to their current cost.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of HM Treasury Resource Accounting Manual.

#### b) Tangible and Intangible fixed assets

Individual tangible fixed assets with a purchase cost in excess of £2,000, except for computers printers, laptops, or where procured for major capital projects are capitalised and are revalued annually using appropriate indices, provided by the National Statistics Office, to the net replacement cost.

Depreciation is provided on a straight line basis, calculated on the revalued amounts, to write off assets, less any estimated residual balance, over their estimated useful lives. The useful lives of tangible and intangible assets have been estimated as follows:

#### Tangible assets:

Computer equipment	4 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Vehicles	4 years
Computer Software (system specific)	6/7 years

#### Intangible assets:

Software licenses	5 years
-------------------	---------

Revaluation surpluses and deficits arising from temporary changes in value are credited or charged to the revaluation reserve. Permanent diminutions in value are charged to the operating cost statement except to the extent that a revaluation surplus exists in respect of the same asset.

Realised revaluation surpluses are retained within the revaluation reserve.

Profits or losses arising on the disposal of tangible fixed assets are calculated by reference to the carrying value of the asset.

#### c) Income

Income represents total accrued income for the year, and is shown net of Value Added Tax.

**d) Operating leases**

Rentals under operating leases are charged to the operating cost statement over the term of the lease.

**e) Notional charges**

Costs for interest on capital, external audit and rent for the South and West region are charged on a notional basis and included in the accounts.

Notional insurance costs are excluded from the published accounts but included in charging fees.

Actual losses are charged to the operating cost statement.

Notional costs are charged to the operating cost statement and credited as a movement on the general fund.

**f) Pension costs**

Pension costs are charged to the operating cost statement at the rates recommended by the relevant actuary so as to spread the total cost over the employees' working lives.

**g) Value Added Tax**

Value Added Tax on purchases, to the extent that it is recoverable, is carried as a debtor in the balance sheet. Irrecoverable Value Added Tax is charged to the operating cost statement when incurred. The MHS was registered during 2001/2002 for Value Added Tax under the FSA registration.

**h) Cash at Bank**

PGO bank balances continue to be shown as current assets or liabilities.

**i) Reserves/Provisions**

The early departure reserve continues to be shown as a provision.

**2 KEY PERFORMANCE TARGETS**

The MHS has been set two high level financial performance targets which were achieved in 2001/2002.

**( i ) Target: To operate within the agreed MHS resource budgets for 2001/02**

	Budget £'000	Actual £'000
Administration Costs	(74,724)	(77,725)
Operating Receipts	<u>55,032</u>	<u>59,590</u>
Net Operating Cost	(19,692)	(18,135)
Notional Insurance	(360)	(323)
	<u>(20,052)</u>	<u>(18,458)</u>
Capital	<u>(306)</u>	<u>(359)</u>

The target to operate within resource budget has been met.

**( ii ) Target: To operate within the total net cash management figure agreed with the FSA**

	Budget £'000	Actual £'000
Net Operating cost	(19,692)	(18,135)
Capital	(306)	(359)
Fixed Asset Disposals(NBV)	-	72
Non cash transactions	1,028	1,133
Movement in Working Capital	-	3,040
Transfer from Provisions	-	(354)
Net	<u>(18,970)</u>	<u>(14,603)</u>

The target to operate within the total net cash management figure has been met.

**3 RELATED PARTY TRANSACTIONS**

The MHS is an executive agency of the FSA which is regarded as a related party.

During the year, the MHS has had a significant number of material transactions with the FSA, DEFRA and the RPA.

None of the MHS management group, key MHS managerial staff or related parties have undertaken any material transactions with the MHS during the year.

#### 4 INCOME

Income was derived entirely within GB from the following sources:

	2001/2002		2000/2001	
	£'000	£'000	£'000	£'000
<b>Industry Income</b>		<b>20,601</b>		<b>34,659</b>
<b>Government Income</b>				
FSA Income	<b>20,154</b>		15,786	
DEFRA Income	<b>14,070</b>		4,014	
RPA Income	<b>4,611</b>	<b>38,835</b>	<b>6,000</b>	25,800
<b>Other Income</b>		<b>154</b>		<b>426</b>
<b>TOTAL INCOME</b>		<b><u>59,590</u></b>		<b><u>60,885</u></b>
Segmental Analysis :				
England		<b>47,332</b>		48,835
Scotland		<b>8,123</b>		7,464
Wales		<b>4,135</b>		4,586
		<b><u>59,590</u></b>		<b><u>60,885</u></b>

#### 5 STAFF COSTS

	2001/2002	2000/2001
	£'000	£'000
a) Staff costs for the year comprised:		
Wages and salaries	<b>35,906</b>	33,027
Social security costs	<b>2,798</b>	2,402
Other pension costs (note 18)	<b>3,404</b>	3,096
	<b><u>42,108</u></b>	<b><u>38,525</u></b>

b) The average full time equivalent number of people (excluding contractors) employed by the MHS during the year by function, were as follows:

	2001/2002	2000/2001
Meat Hygiene Inspectors and Meat Technicians	<b>1,310</b>	1,276
Official Veterinary Surgeons	<b>41</b>	45
Managerial and administrative staff	<b>147</b>	168
	<b><u>1,498</u></b>	<b><u>1,489</u></b>

In addition, an average full time equivalent of 37 Contract Meat Hygiene Inspectors and 363 Official Veterinary Surgeons were used during the year, compared with 40 and 243 respectively for 2000/2001 (Costs shown in Note 7).

c) Staff costs analysed by function comprise:

	2001/2002	2000/2001
	£'000	£'000
Administrative staff costs *	<b>4,806</b>	3,567
Inspection and veterinary staff costs	<b>37,302</b>	34,958
	<b><u>42,108</u></b>	<b><u>38,525</u></b>

\*Costs in 2000/01 reduced by (£573,000) pension provision release and (£219,000) repayment of NIC contributions from previous years

#### 6 SENIOR EMPLOYEES REMUNERATION

	Salary (as defined below) £'000	Real increase in pension at age 60 £'000	Total accrued pension at age 60 at 31 March 2002 £'000
Chris Lawson – Chief Executive	90 – 95	10 – 12.5	35 – 40
Jane Downes	55 – 60	0 – 2.5	5 – 10
Adrian Thorne	50 – 55	2.5 – 5	0 – 5
Michael McEvoy	40 – 45	0 – 2.5	5 – 10
Monica Redmond		consent to disclosure withheld	
Michael Greaves		consent to disclosure withheld	
Graham Lee		consent to disclosure withheld	
Penny Howarth		consent to disclosure withheld	
Barry Gidman		consent to disclosure withheld	
Paul Jackson		consent to disclosure withheld	
Ivor Pumfrey		consent to disclosure withheld	
Spencer Dawson		consent to disclosure withheld	

The salaries of the Management Group, including the Chief Executive, includes gross salary and bonus. The Chief Executive is a member of the Principal Civil Service Pension Scheme. Contributions were paid by the MHS to the scheme at the rate of 18.5%.

All other members of the Management Group, except for Michael McEvoy and Barry Gidman, are members of the Local Government Pension Scheme to which the MHS makes contributions at the rate of 12.6%.

b) The remuneration (excluding employer pension fund contributions and any other benefits in kind) of the Management Group fell within the following ranges:

	2001/2002	2000/2001
£20,001 to £25,000	<b>1</b>	-
£30,001 to £35,000	<b>1</b>	-
£45,001 to £50,000	-	1
£50,001 to £55,000	<b>1</b>	2
£55,001 to £60,000	<b>6</b>	2
£60,001 to £65,000	<b>1</b>	3
£65,001 to £70,000	<b>1</b>	-
£85,001 to £90,000	-	1
£90,001 to £95,000	<b>1</b>	-

The Management Group comprises twelve members and includes the Chief Executive.

c) The banding of other higher paid MHS staff with salaries greater than £40,000 is listed below.

	2001/2002	2000/2001
£40,001 to £50,000	<b>31</b>	21
£50,001 to £60,000	<b>2</b>	-
£60,001 to £70,000	-	1

d) The members of the MHAC as at 31 March 2002 received no remuneration from the MHS.

**7 OTHER ADMINISTRATION COSTS**

	2001/2002		Restated 2000/2001	
	£'000	£'000	£'000	£'000
Rentals under operating leases:				
Other operating leases		47		52
Non-cash items:				
Depreciation	372		446	
Profit on disposal of fixed assets	(26)		(3)	
Cost of capital charge	711		513	
Rent and management services	10		22	
Auditors remuneration and expenses	40		40	
Provision for early departure costs	(162)	945	132	1,150
Operational costs		1,448		1,131
OVS and MHI contract costs		25,460		17,221
Accommodation costs		996		1,113
Staff overheads		3,337		2,638
Administration costs		1,881		1,335
IT costs		591		639
Provision for bad debts		889		823
Bad debts written off		39		20
Interest received		(16)		(13)
<b>Total Other Administration Costs</b>		<b>35,617</b>		<b>26,109</b>

**8 ANALYSIS OF NOTIONAL CHARGES**

Notional charges, defined as costs not subject to invoice and payment, comprise the following:

	2001/2002	2000/2001
	£'000	£'000
Rent and management services	10	22
External audit fee	40	40
Cost of capital charge	711	513
Early departure costs	-	132
	<u>761</u>	<u>707</u>

The cost of capital charge is calculated in accordance with the Treasury guidelines at a rate of 6 per cent per annum on the monthly average net assets employed.

Early departure costs are no longer funded directly by the FSA.

**9 TANGIBLE FIXED ASSETS**

	Computer equipment & Software £'000	Office equipment £'000	Furniture & fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2001	986	120	130	594	1,830
Additions in Year	206	-	-	141	347
Surplus (deficit) on revaluation	(61)	4	-	2	(55)
Disposals in the year	(329)	-	-	(280)	(609)
At 31 March 2002	<u>802</u>	<u>124</u>	<u>130</u>	<u>457</u>	<u>1,513</u>
<b>Accumulated depreciation</b>					
At 1 April 2001	750	56	112	265	1,183
Charge for the year	165	16	11	119	311
Adjustment on revaluation	(42)	3	-	1	(38)
Disposals in the year	(328)	-	-	(209)	(537)
At 31 March 2002	<u>545</u>	<u>75</u>	<u>123</u>	<u>176</u>	<u>919</u>
<b>Net book value</b>					
At 1 April 2001	236	64	18	329	647
At 31 March 2002	<u>257</u>	<u>49</u>	<u>7</u>	<u>281</u>	<u>594</u>

**10 INTANGIBLE FIXED ASSETS**

	Software Licences £'000
<b>Cost or valuation</b>	
At 1 April 2001	169
Additions in the year	12
Deficit on revaluation	(13)
At 31 March 2002	<u>168</u>
<b>Accumulated amortisation</b>	
At 1 April 2001	102
Charge for the year	34
Adjustment on revaluation	(9)
At 31 March 2002	<u>127</u>
<b>Net book value</b>	
At 1 April 2001	67
At 31 March 2002	<u>41</u>

### 11 DEPRECIATION

	2001/2002 £'000	2000/2001 £'000
Depreciation charge for the year	345	373
Permanent diminution in value on computer equipment and software licences	74	246
Revaluation adjustment on computer equipment and software licences	(47)	(173)
	<u>372</u>	<u>446</u>

### 12 DEBTORS

	31 March 2002 £'000	31 March 2001 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors net of provision for bad and doubtful debts	5,100	8,965
Owed by Government	1,485	1,105
VAT recoverable (net)	804	793
Other debtors	88	96
Prepayments	112	67
	<u>7,589</u>	<u>11,026</u>
<b>Amounts falling due beyond one year:</b>		
Other debtors	22	20
	<u>7,611</u>	<u>11,046</u>

Other debtors falling due beyond one year relate to employee car loans. These loans are repayable within five years.

### 13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2002 £'000	31 March 2001 £'000
Amounts owed to contractors providing veterinary services	2,430	1,357
Overtime payments to staff	558	436
Trade creditors	229	227
Amounts owed to FSA	-	2,731
Accruals	1,578	511
Other creditors	72	-
	<u>4,867</u>	<u>5,262</u>

### 14 RECONCILIATION OF OPERATING RESULT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31 March 2002 £'000	31 March 2001 £'000
Net surplus/(deficit)	365	(3,749)
Depreciation charge for the year (note 11)	372	446
Notional charges (note 8)	761	707
Pension provision	-	(573)
Foot and Mouth provision	(130)	178
Early departure provision	(224)	-
Decrease/(increase) in debtors	3,435	(361)
Increase/(decrease) in creditors	(395)	2,570
Net cash inflow/(outflow) from operating activities	<u>4,184</u>	<u>(782)</u>

### 15 RECONCILIATION OF THE MOVEMENT IN PROVISIONS

	Early Departure Provision £'000	Foot and Mouth Provision £'000	Total £'000
As at 1 April 2001	508	178	686
Arising during year	-	48	48
Utilised during year	(62)	(178)	(240)
Reversed unused during year	(162)	-	(162)
As at 31 March 2002	<u>284</u>	<u>48</u>	<u>332</u>

### 16 RECONCILIATION OF THE MOVEMENT IN RESERVES

	General Fund £'000	Revaluation R eserve £'000	Total £'000
Arising at 1 April 2001	8,563	14	8,577
Funding movement in the year	761	-	761
Net surplus/(deficit)	365	-	365
Deficit on revaluation	-	6	6
As at 31 March 2002	<u>9,689</u>	<u>20</u>	<u>9,709</u>

The MHS is an executive agency of the FSA. The General Fund represents the net assets vested in the MHS at 1 April 1995 (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities, and the Vote funding arising since that date.

### 17 ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENTS DURING THE YEAR

	31 March 2001	Cashflow	31 March 2002
	£'000	£'000	£'000
Cash at bank and in hand	2,765	3,897	6,662
	<u>2,765</u>	<u>3,897</u>	<u>6,662</u>

### 18 PENSION ARRANGEMENTS

The majority of employees of the MHS are members of the LGPS, a defined benefit scheme which is governed by the Local Government Pension Scheme Regulations 1995, and administered by the LPFA. For the year ended 31 March 2002, contributions of £2.7m were paid to the fund at rates determined by the Actuary appointed to the fund. For the year ended 31 March 2002, this rate was 12.6% of pensionable remuneration.

The most recent valuation of this scheme was completed as at 31 March 2001 using a combination of the projected unit method and the attained age method. This valuation concluded that, although the fund overall remains fully funded, there has been some deterioration due to :

- changes in market conditions, particularly the expectation of lower investment returns.
- improving life expectancy, both for current and prospective pensioners.

The MHS has been advised that as at 31 March 2001 its Fund deficit was £3,558,000 and as a consequence, with effect from 1 April 2002, the contribution rate will be increased to 14.3%.

Other employees are members of the PCSPS which is an unfunded pension scheme. The cost of pension liabilities is met from the Superannuation Vote. For the year ended 31 March 2002, contributions of £603,000 were paid by the MHS to the Paymaster General at rates determined from time to time by the Government Actuary and advised by the Treasury. For the year ended 31 March 2002, these rates varied between 12% and 18.5% depending on the grade of the relevant employee.

In total £3,366,000 (£2,763,000 and £603,000 above) was paid out in 2001/2002 for pension costs. In 2000/2001, £3,096,000 (£2,716,000 and £380,000) was paid out as pension costs.

### 19 CAPITAL COMMITMENTS

At the end of the year, there were commitments for the purchase of capital items to the value of £32,000. There were commitments to the value of £40,000 at the end of the prior year.

### 20 COMMITMENTS UNDER OPERATING LEASES

Commitments under operating leases to pay rentals during the year following the year of these accounts are given below, analysed according to the period in which the lease expires.

	2001/2002
	£'000
Other	
Expiry within one year	14
Expiry within two to five years	15
Expiry thereafter	-
	<u>29</u>

### 21 CONTINGENT LIABILITIES

There are a number of small claims being made by plant operatives and MHS employees for injuries sustained in the workplace or unfair dismissal. These cases will be defended and as yet the outcome is not known but could cost approximately £118,000. No provision has been made in the accounts this year.

There was no provision at the end of the prior year.

### 22 POST BALANCE SHEET EVENTS

There were no post balance sheet events.

**MEAT HYGIENE SERVICE  
ACCOUNTS DIRECTION GIVEN BY THE TREASURY  
IN ACCORDANCE WITH SECTION 7(2) OF THE GOVERNMENT  
RESOURCES AND ACCOUNTS ACT 2000**

1. When preparing its accounts for the financial year ended 31 March 2002 and subsequent financial years, the Meat Hygiene Service shall comply with the accounting principles and disclosure requirements of the edition of the Resource Accounting Manual issued by H M Treasury which is in force for the financial year for which the accounts are prepared.
2. The accounts of the Meat Hygiene Service shall be prepared so as to give a true and fair view of the state of affairs as at the year-end, and of the net operating costs, recognised gains and losses, and cash flows for the financial year.
3. Compliance with the requirements of the Resource Accounting Manual will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the Resource Accounting Manual is inconsistent with the requirement to give a true and fair view the requirements of the Resource Accounting Manual should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the Resource Accounting Manual. Any material departure from the Resource Accounting Manual should be discussed in the first instance with the Treasury.
4. In the notes to the accounts, the Meat Hygiene Service will report its income by country, namely for England, Scotland and Wales.
5. The Meat Hygiene Service is not required to provide the historical cost information described in paragraph 33(3) of Schedule 4 to the Companies Act, or a note showing historical cost profits and losses as described in FRS3.
6. This Direction replaces the Direction dated 1 June 2001.

David Loweth  
Head of the Central Accountancy Team, Her Majesty's Treasury  
10 May 2002





**NOTES**