

FSA PRIORITIES AND BUDGET FOR 2021-22

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1. Summary

1.1 The Business Committee is asked to:

- Agree: the FSA's high-level activity, budget and additional key priorities for 2021/22.

2. Executive Summary

This paper summarises the FSA's business plan and budget for the financial year 2021/22. The Government's decision to replace the three year Spending Review with a one year spending round has meant that the FSA, like most Departments, has had to curtail its planned spending in many areas. Our approach:

- A. **Focus:** COVID-19 response and recovery - "FSA's objectives throughout have been to ensure food safety, preserving the high level of consumer protection in the UK whilst supporting industry in maintaining the nation's food supply" and the smooth delivery now we are operating outside of the EU.
- B. **Priorities:** The FSA continues to focus on delivering the three Priority Programmes, Achieving Business Compliance, Food Hypersensitivity, Operations Transformation Programme. The FSA has reprioritised its resources to support progress in these areas.
- C. **Delivery:** The FSA must continue to fulfil its regulatory role in 'doing the day job exceptionally well' and the majority of available funding is allocated to ensuring ongoing delivery of operating the FSA's core regulatory functions.

2.1 The Board reviewed a first draft of the priorities and budget at their Retreat in January 2021. Building on those discussions, this paper provides a revised final summary of the key priorities for 2021/22 together with the ongoing activity the FSA needs to carry out to fulfil its functions as a regulator and the budget required to deliver those activities.

2.2 In the 2020 spending review HMT agreed £14.6m funding previously received for EU Exit planning should be incorporated into our baseline budget. We also successfully made the case for two exceptions to the flat budget: gaining agreement for an additional £3m to fund EU Exit transition activities during 2021/22 and HMT granted our request for a 'budget exchange' of funds allowing the FSA to transfer £2m of unused budget from 2020/21 into 2021/22. HMT also approved the FSA's case to classify all resource expenditure as Admin.

- 2.3 The FSA in Wales was successful in its bid to Welsh Government for additional resources from 21/22 onwards. The bid made was largely in support of EU work, previously undertaken by the Commission or the European Food Safety Authority, which will now fall within the FSA's portfolio. Welsh Government Ministers have agreed to an additional £1.5m for the FSA Wales from 2021-22 as recurrent funding.
- 2.4 The FSA in NI has been allocated by the NI Department of Finance draft baseline of £11.8m to carry out our statutory objective in 2021/2022. The FSA's bid for £4.1m for implementing the NI Protocol (NIP) in 2021/2022 was also successful. The NIP funds include in large part provision for district councils to carry out the functions required under the NIP. A significant programme of work will be undertaken in 2021/2022 covering business as usual activities / nutrition and other key priorities including the smooth operation of the NIP at points of entry, representing NI needs across the three UK common frameworks, and ensuring NI legislation is made and comes into force.

3. Strategy and Priority Programmes

- 3.1 As agreed with the Board in June 2020 and confirmed at the January 2021 Board Retreat the FSA Mission and Vision remained consistent and will do so until 2023.
- 3.2 The FSA is an independent government department working to protect public health and consumers' wider interests in relation to food in England, Wales and Northern Ireland. Our overarching mission is food we can trust, and our vision comprises of four goals:
- Food is safe
 - Food is what it says it is
 - Consumers can make informed choices about what to eat
 - Consumers have access to an affordable diet, now and in the future*
- * the FSA only holds nutrition policy in Northern Ireland, not in England and Wales.
- 3.3 During 2020/21 the FSA began work on some draft guiding principles to help set the future direction for the organisation, building on the strategic approach that was agreed by the Board in January 2020. During 2021/22 we will continue to build upon these (**Annex A**), using them to inform how we will deliver our core functions in the future and establishing the work plan needed to develop the organisation.
- 3.4 Our priority activity for 2021/22 remains: Response to COVID-19; the smooth delivery of our work now we are operating outside of the EU; and our three major programmes of work:
- a) Achieving Business Compliance Programme (ABC)
 - b) Food Hypersensitivity Programme (FHS)
 - c) Operations Transformation Programme (OTP)

- 3.5 It is anticipated that the EU Exit Programme will be formally closed in March 2021 and the work moved into Business as Usual. A significant part of the organisation's ongoing focus in 2021/22 will be continuing to deliver our core functions following the end of the transition period and any issues that may arise over the year.
- 3.6 The Overall Objective, Ambition and Scope for the individual Programmes are detailed in **Annex B**.
- 3.7 Board should be aware that during March 2021 the Portfolio Board will undertake stocktakes to refine the key deliverables and milestones that the programmes will deliver.
- 3.8 During 2021/22 we will update the Board on progress for each of the programmes through specific papers and the overarching 'forward look' of key milestones in the quarterly Performance & Resources report, and ensuring we remain on track to deliver the benefits from each programme.
- 3.9 The Executive will also continue to periodically review how changes in the external environment are impacting our priority activity and may reassess allocation of resources.

4. Directorate Business Plan Objectives

- 4.1 Whilst the immediate focus remains our response to Covid-19, the Residual EU exit transition work and our Priority Programmes, the FSA continues to undertake a wide range of work to fulfil its duties and protect consumers' interests across the whole FSA (such as science and risk assessments, policy work and the delivery of official controls, also refer to **Annex C** which illustrates a very brief summary of some of this work).
- 4.2 The FSA ensures to successfully deliver its core business by progressing improvements to our process and systems continually. It's also ensuring that operational performance continues to be strong, and consumers continue to be protected whilst the improvement change is introduced.
- 4.3 During 2021/22 we are specifically planning to undertake improvements in a number of areas, as detailed below. In many cases the objectives also provide underlying support for our programmes, applying learning from our Covid-19 response or building on our MVP, now we are operating outside of the EU, to embed processes into our BAU functions:
 - a) Continue to build FSA's reputation across Whitehall, Governments, industry, consumers and other partners.
 - b) Continue to build on the vision and objective of Evergreen IT* providing users in FSA with fast, modern, reliable IT services supported by a flexible and economical commercial model and a culture of continuous improvement and innovation.

- c) Be a model of workplace equality, fairness and respect for all which is an inspiration to others. Increase staff engagement to build stronger working links and increased collaboration.
- d) Conduct a review of our Emergency Response to the Covid-19 pandemic / end of transition period taking into account key lessons learnt.
- e) Deliver new regulated products service, embed three and four-country working and lead the FSA's delivery of, and input into, implementing the Trade and Cooperation Agreement, NIP and Common Frameworks.
- f) Embedding our international team and support UK trade negotiations, represent consumer interests in relation to food and ensure role of FSA is clearly understood.
- g) Develop a compelling SR21 case which provides the resources to deliver the FSA's Strategic Priorities.
- h) Help businesses meet government targets to make the healthier choice the easier choice for consumers, increase consumer knowledge / understanding of key dietary health messages. (NI)

* IT strategy to ensure FSA remains up to date with the latest technology and aligned to business needs.

5. FSA Budget 2021/22

- 5.1 The FSA continues to drive improvements in value for money, improving performance within the HMT budget settlement.
- 5.2 The FSA is delivering a balanced budget. At the same time, it is following the Board's more open appetite for risk by initially over allocating spend but recognising in the budget our past experience that underspends from unavoidable delays primarily in research and recruitment. We have therefore over-programmed whilst recognising our likely underspend on staff costs to balance the budget.
The FSA will monitor its forecast position at the end of every month and will fund new project requests depending on affordability.
- 5.3 The Board is asked to take note of emerging pressures that are not reflected in our budget:
 - a) £0.4m – LA Burdens for enforcement costs.
 - b) The risk that Covid-19 will continue to drive costs into 2021-22. Such ongoing costs are not assumed within the budget.
- 5.4 The Executive Management Team highlighted the importance of ensuring value for money and avoiding short-term savings that carry long-term costs – for instance, by filling long-term vacancies through use of more expensive short-term contracts.



21/22 BUDGET LIMITS

	2020/21 Full Year Forecast £m	2020/21 Limits £m	2021/22 Full Year Forecast £m	2021/22 Budget £m	2021/22 Limits £m	RAG Status
FSA Total (RDEL & CDEL exc AME)	119.0	124.0	138.0	137.6	137.6	G
Westminster						
RDEL	97.8	101.0	107.9	107.5	107.5	G
Capital (CDEL)	7.1	8.3	9.0	9.0	9.0	G
Wales						
RDEL & CDEL	3.7	3.7	5.1	5.1	5.1	G
Northern Ireland						
RDEL & CDEL	10.4	11.0	16.0	16.0	16.0	G

- RAG status: Green indicates proposed 21-22 budget is within limits. NB the 21-22 forecast is £0.4m higher than the limits (see para. 5.2)
- The increase to the Limits from £124m in 20-21 to £137.6m in 21-22 is due to:
 - a) The receipt of funding for EU transition including the NIP (£3m in Westminster and £6.4m for NI & Wales);
 - b) The net impact of £4.2m across both years from the ~£2m budget exchange.

Annexes

Annex A – Draft Guiding Principles

Annex B – Priority Programmes

Annex C – What we do

Annex D – Budget 2021/22

Draft Guiding Principles

The Guiding Principles below set out a framework to challenge ourselves about what we currently do, and how we might change.

Externally:

- **Be the trusted voice on food standards in the consumer interest.** So that the FSA is bringing science, evidence and an in depth understanding of the consumer interest ('the truth') to the debate and decisions about high food standards in the UK.
- **Make it easy for businesses to maintain food standards,** because businesses are the ones making safe and trusted food, and they too benefit by putting consumer interests first.
- **Joint endeavour.** Listen to and collaborate with the most influential actors to improve food standards, in order that the £100m FSA maximises its effect on a £270bn UK food industry.
- **Make a difference.** Using the full range of tools available to tackle noncompliance, while also inspiring best practice, so that the food industry continually improves food safety and standards for the consumer.

We will do this well if **internally** we:

- **Lead and Convene.** Making evolutionary and revolutionary changes to the system, we will adapt quickly and take responsibility to shape the response to new risks and opportunities in the food system. So that the FSA is in tune with fast-moving developments in the food system here and abroad, rather than playing catch up.
- **Prioritise.** Select and target interventions for clear consumer benefit using rigorous evidence, analysis and insight. So that the FSA uses its limited resources to have the most impact. The depth of knowledge we now have about the prevalence and social and economic impact of foodborne disease gives us an incredible evidence base to develop and target interventions and measure their impact.
- **Do it digitally.** Optimise data and digital capability internally and externally to strengthen our influence across the system, so that the most modern and effective approaches get hardwired into other actors' systems.
- **Build capability.** Support our staff to grow in skills, confidence and knowledge. So that everyone can make their best contribution to food you can trust.

Priority Programmes



Strategic Priorities for 2021/22: **Achieving Business Compliance**

Overall Objective

The Achieving Business Compliance (ABC) programme will develop a future regulatory framework that ensures no matter where food is sourced, consumers can trust it is safe and is what it says it is. The new framework will make it easy for businesses to do the right thing, be truly risk-based, proportionate, tailored, and ultimately, more effective in protecting the public and supporting business.

Ambition

ABC will fundamentally reform the regulatory framework to enable the FSA to consider the food system as a whole, from traditional elements to wholly modern enterprises. This will continue to maintain food safety and consumer trust in a new world.

Our approach:

We will use the latest technology, data, and innovative methods to focus our efforts on businesses that present the greatest risk to consumers

Scope

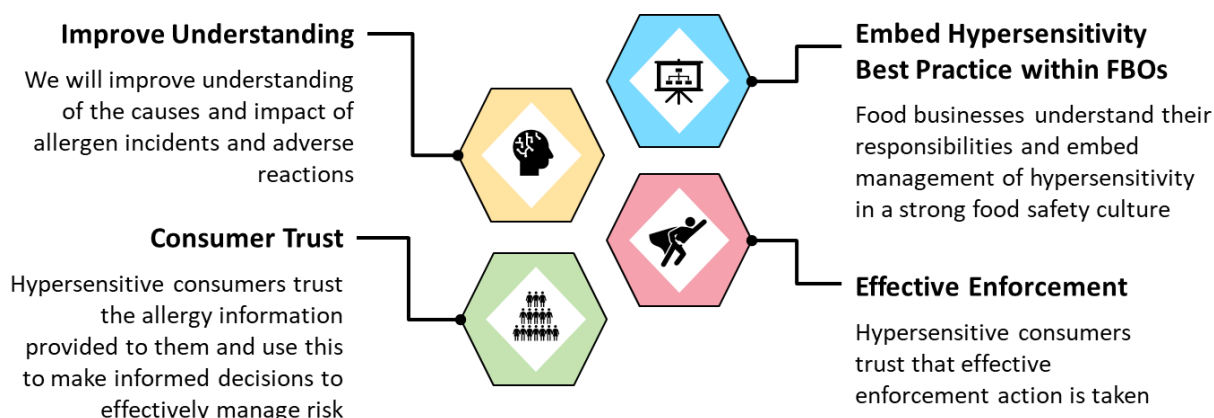
- Improvement in how LAs deploy most skilled resource
- A new regulatory approach for a couple of segments of industry – beginning with the biggest influencers in retail
- Exploring the options for regulation of online food sales



Strategic Priorities for 2021/22: Food Hypersensitivity Programme

Overall Objective	Food hypersensitivity is a serious, lifelong condition that causes an adverse reaction to food and includes allergy, intolerance and coeliac disease. The Food Hypersensitivity Programme aim is to improve the quality of life for affected people, and in doing so, reduce the burden and cost on society from adverse reactions.
Ambition	Our ambition is to improve the quality of life for the estimated 2.6 million food hypersensitive people in the UK and support them to make safe, informed food choices to effectively manage risk. We will achieve this through the application of science and evidence to inform a programme of work that will improve understanding of food hypersensitivity, promote positive action on the part of businesses and consumers to avoid and mitigate the risks, and ensure that our regulatory framework is fit for purpose. We will build upon existing national and international networks and relationships, and engage directly with the public, industry and businesses to influence behaviours. Achieving our ambition will deliver a range of measurable, improved outcomes across society that will directly improve the quality of life for food hypersensitive people. At the same time, we expect to realise a range of benefits to wider society such as reducing the burden and cost to the National Health Service caused by preventable adverse reactions, increasing work-place productivity by reducing time lost to illness and supporting economic growth in the hospitality and retail sectors by increasing consumer confidence to make safe, informed and trusted food choices.

Scope





Strategic Priorities for 2021/22: Operations Transformation Programme

Overall Objective	To modernise delivery of Official Controls for meat, dairy and wine to increase efficiency and resilience, whilst improving the food safety reputation for the FSA and ensuring consumer confidence. This will be achieved in part through moving to a risk-based regulatory regime, with targeted interventions to provide assurance on food safety and maintenance of consumer trust.
Ambition	The Operational Transformation Programme (OTP) aims to help the FSA, as a Competent Authority, be an Excellent, Accountable, Modern Regulator by seeking to modernise those areas of Official Controls it delivers directly. The Programme principles have been developed to help deliver transformational change whilst keeping consumer trust and safety at the heart of everything we do. We aim to introduce more risk based processes, with interventions targeting those businesses that pose the highest risk and approving our efficiency and assurance by aligning ourselves with the latest technological advances. Our opportunity to shape meat regulation for the next generation of consumers. Full transformational change is dependent on new legislation, and will therefore take time, but the programme will be implemented via a series of workstreams using an agile approach as set out in the Future Delivery Model.

Scope



This year, the focus will be very much on internal structures and mechanisms (whilst pursuing future legislation in the background) and should bring both efficiency and increased assurance as a result.

What we do

- **Effective and innovative food regulation** – we ensure the effectiveness of the food regulatory system. We constantly refine our regulatory approach to make it easier for businesses to do the right thing in a complex, fast moving, global food ecosystem.
- **Protecting the public from foodborne disease** – we work with farmers, food producers and processors, consumers, and the retail and hospitality industries to reduce the risk of foodborne disease (food poisoning), which has a societal burden of approximately £9.1bn per annum.
- **Controls on abattoirs and primary production** – we implement checks at abattoirs, and we audit and inspect meat cutting plants, game handling establishments, wine producers and on-farm dairy establishments. We also monitor and report on classified shellfish production areas for contamination and marine biotoxins.
- **Risk analysis** – we use science and evidence to provide advice to ministers in England, Wales and Northern Ireland on food safety and consumer interests. We advise ministers on the authorisation of new products coming to the market.
- **Food hypersensitivity** – we improve the quality of life for people living with food hypersensitivities and support them to make safe and informed choices to effectively manage risk.
- **Food crime** – our National Food Crime Unit is a dedicated law enforcement function which provides leadership on food crime.
- **Food and feed incident handling and response** – we respond to food incidents, taking action to protect consumers when there is a concern around the safety or quality of food (and/or feed).

Budget 2021/22



Breakdown Of Corporate Priorities



	2020/21 Full Year Forecast £m	2021/22 Full Year Forecast £m	Movement Fav/(Adv) £m
FSA Total (RDEL & CDEL) (of which):	119.0	138.0	19.0
Risk Assessment and other Science	10.2	16.0	5.8
Risk Management and other Policy	6.4	10.8	4.4
LA Support & Delivery of official controls	6.3	6.6	0.3
National Food Crime Unit (NFCU)	4.0	4.7	0.7
Operations excl. NFCU & COVID-19	21.3	24.6	3.3
Doing the day job well	46.0	60.4	14.4
Capital	2.1	3.1	1.0
Key Priorities (see below for breakdown):	22.7	11.8	(10.9)



Breakdown Of Key Areas Of Spend



	2020/21 Full Year Forecast £m	2021/22 Full Year Forecast £m	Movement Fav/(Adv) £m
Key Priorities (of which):	22.7	11.8	(10.9)
COVID-19	5.1	0.0	(5.1)
EU Transition excl. NFCU	9.8	3.0	(6.8)
Achieving Business Compliance	1.9	3.2	1.3
Operational Transformation	1.3	1.3	0.0
Food Hypersensitivity	1.8	1.9	0.1
Surveillance (<u>inc.</u> Sampling)	2.8	2.4	(0.4)



SPEND BY DIRECTORATE 21/22



	2020/21 Full Year Forecast £m	2021/22 Full Year Forecast £m	Movement Fav / (Adv) £m	
FSA Total (of which):	119.0	138.0	19.0	
Strategy Legal and Governance Directorate	9.5	9.7	0.2	
Information	12.7	13.2	0.5	
Food Policy	8.0	9.4	1.4 ¹	1. UK Biosecurity & Regulated products
Science Evidence and Research	13.6	15.9	2.3 ¹	
Operations Group	34.3	33.8	(0.5)	2. Of which £0.1m is SOP Replacement due to the expiry of the existing cross-government shared services contract in 2023
Finance Group	9.3	9.8	0.5 ²	
Regulatory Compliance Division	10.8	14.9	4.1 ³	3. RCD work in support of ABC priority and critical RCD work
People, & Organisational Change	2.5	3.5	1.0 ⁴	
Centrally Managed	4.3	6.7	2.4	4. Diversity & Inclusion priority; L&D increased
FSA Wales	3.6	5.1	1.5 ⁵	5. Additional budget for EU transition
FSA Northern Ireland	10.4	16.0	5.6 ⁶	6. Additional budget for Northern Ireland Protocol

Budget 21-22 increases and decreases by directorate are partly impacted by the closing of the EU Exit cost centre and staff costs redistributed



STAFF COSTS BY DIRECTORATE 21/22



	20/21 Full Year Forecast £m	2021/22 Budget £m	Movement Fav / (Adv) £m
FSA Total (of which):	97.6	105.2	7.6
Strategy Legal and Governance Directorate	6.5	7.9	1.4
Information	3.6	4.2	0.6
Food Policy	6.4	8.0	1.6
Science Evidence and Research	5.5	6.9	1.4
Operations Group	58.8	60.0	1.2
Finance Group	4.7	5.3	0.6
Regulation, Compliance & People	6.6	7.6	1.0
Centrally Managed	0.4	(1.3)	(1.7)
Wales	2.2	3.4	1.2
Northern Ireland	2.9	3.2	0.3