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Protecting Public Health and Animal Welfare



ANNUAL REPORT &
ACCOUNTS

2003/04





An executive agency of the Food Standards Agency

Protecting Public Health & Animal Welfare

Annual Report & Accounts 2003/04

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

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The MHS Strategic Plan

During Autumn 2003, the MHS Management Board reviewed and revised the purpose, vision, corporate objectives, and strategic priorities of the MHS with a view to formulating an MHS Strategic Plan. The strategic plan was agreed with the Food Standards Agency (FSA), the parent organisation of the MHS. This process is described in more detail in a later section on Business Planning.

For the year 2003/04, the MHS mission statement, aims, objectives and functions remained as in previous years. They are set out in the Foreword to the Accounts, later in this report.

The revised purpose, vision, corporate objectives, and strategic priorities of the MHS are as follows:

Purpose

Our purpose sets out the purpose of the MHS, reflecting the work of the organisation as a whole. Our purpose is:

The protection of public health and animal health and welfare in licensed meat premises, through proportionate enforcement.

Public health and animal health and welfare is the business of the MHS. We are dedicated to promoting compliance with the requirements of public health and animal health and welfare legislation and policies in meat production in licensed premises.

Vision

Our vision reflects how we wish to be seen in the future. Our vision is:

We will be the first choice provider of independent services in meat production premises, recognised for our professional, forward-looking, efficient and effective approach.

We want our organisation to be known and recognised for its professionalism and integrity. This is not about our technical expertise alone, but encompasses our approach to work and the way we present ourselves to our customers and stakeholders.

We want to provide a highly efficient and effective service, whilst continually looking for ways in which we can add value to our work, and innovate. By working in this way we want to be the provider of choice of independent verification and inspection services in the process of meat production.

Corporate Objectives

Our objectives give focus to the broad picture painted by our purpose and vision. They set out the activities we need to undertake to meet our vision, and the way in which we will function as an organisation. Our objectives are:

- (a) **to consistently and effectively enforce all relevant public health and animal health and welfare legislation, and provide supervision, inspection services, and audit, in licensed premises;**
- (b) **to deliver efficient, high quality services, exploiting technology, and constantly strive for excellence;**
- (c) **to achieve the performance targets set by the Food Standards Agency (FSA) Board; and**
- (d) **to operate in an open, accountable and independent way, respecting legislative requirements, and promoting inclusion and involvement.**

Strategic Priorities

Our strategic priorities set out the areas in which we must focus our activities. They are designed to help us move, year on year, towards the achievement of our vision. They do not take account of everything we may do as an organisation but help identify the areas of our work that will directly contribute towards the achievement of our objectives. The activities we undertake to deliver our strategic priorities will vary from year to year and will be added to or amended as part of the annual review of this plan.

- (a) Delivering our core services, on demand, in licensed premises.
- (b) Operating within delegated resource and cash budgets and delivering year-on-year cost efficiencies.
- (c) Developing an MHS culture of excellence and business management, and investing in our workforce, ensuring that all staff are appropriately trained and motivated to fulfil our customers' needs.
- (d) Engaging with all our customers and stakeholders involving them, where possible, in the development of our procedures, and regularly assessing their satisfaction with the quality of our performance.
- (e) Continuing investigation into, and exploitation of, technology to assist the efficient and effective provision of MHS services.

The MHS may also deliver services, through SLAs or contracts, to public or private sector customers (other than those with whom it currently holds SLAs or contracts), 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. It does not currently deliver any such services.

Customer Service

The MHS is committed to providing a high-quality, professional service with which all our customers are satisfied. However, sometimes things can go wrong. When this happens, we encourage people to let us know. In the majority of cases, raising a complaint and having it investigated at local level is the simplest and quickest way of having a matter resolved. We encourage everyone to do this wherever possible, and there is a clear written procedure for doing so. This is described in more detail in the section headed "Stakeholder Management". If a complaint raises complex or technical issues, a further remedy is to have it investigated at senior level in MHS headquarters. Internal and/or external reviews of decisions taken (and the basis for them) are also available.

The audience for this Annual Report & Accounts

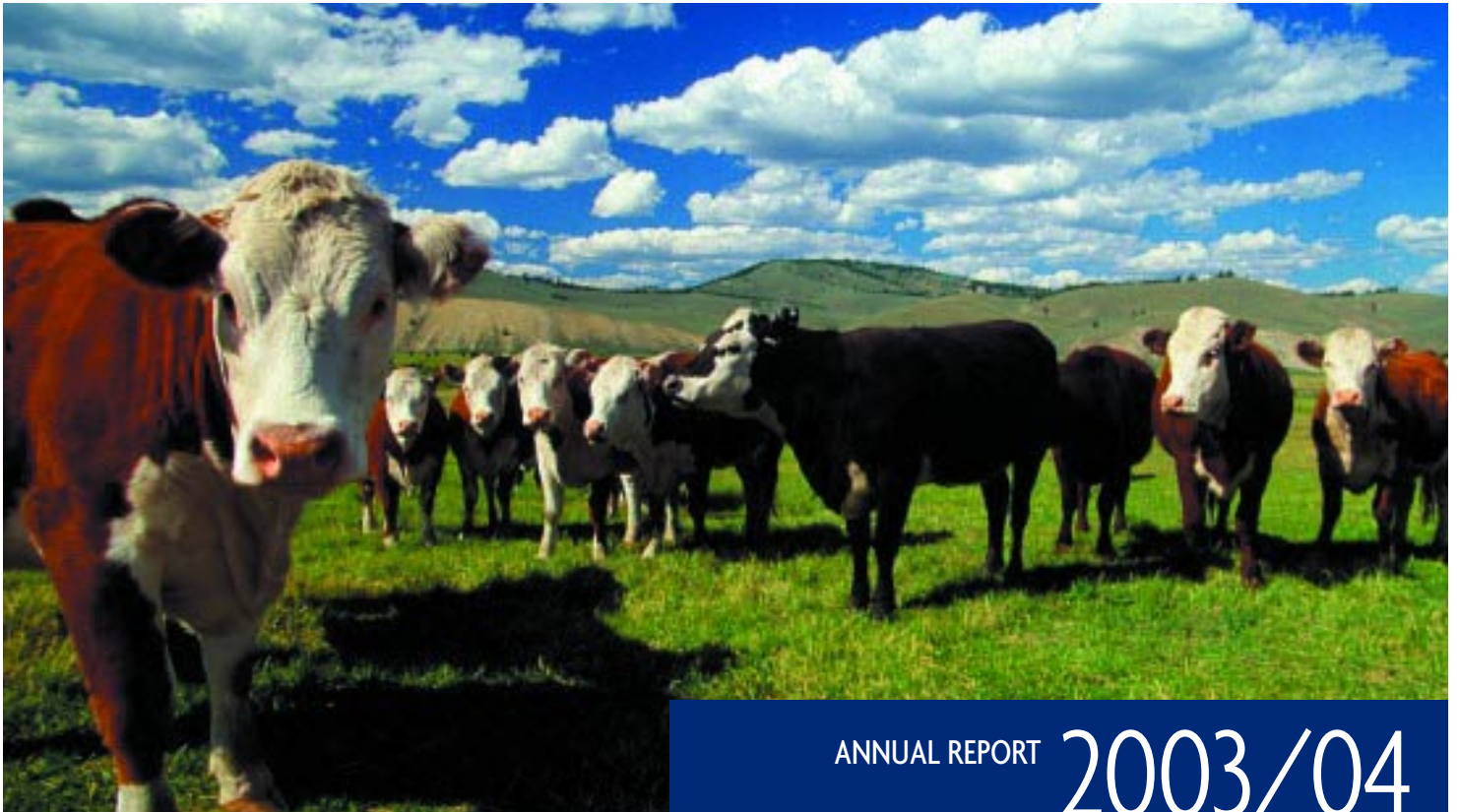
This is our ninth Annual Report and audited Accounts. It has been written to present an open, honest and accessible account of the work of the MHS in 2003/04. It is being made widely available in printed and electronic form.

The Annual Report & Accounts is the 'shop window' of the MHS. It aims to provide information in an easily digestible form to our stakeholders - including 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.

By definition, the events described all relate to the financial year 2003/04. Where – for the sake of greater clarity and/or completeness – there is a need to refer to activities in earlier years, or activities planned for future years, this is made clear in the text.

Acronyms and abbreviations are given in full only when they first appear in the text. A full glossary appears as the third Appendix.

Protecting Public Health and Animal Welfare



ANNUAL REPORT 2003/04

Annual Report

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Chief Executive's Overview



Chris Lawson, MHS Chief Executive

Dear Reader,

Thank you for the interest you have shown in the Meat Hygiene Service by simply reading this message. I urge you to read on, and hope you will find that the rest of our Annual Report & Accounts for 2003/04 provides a full description of who we are, what we do, and how we do it.

This report covers the ninth year of operation of the MHS and, as I was appointed in May 2001, almost my third full year as its Chief Executive.

In some respects, 2003/04 was an unexceptional year in that, thankfully, there were no major outbreaks of animal disease. There was no recurrence of the Foot and Mouth Disease outbreak of early 2001 and recorded cases of BSE in bovine animals of all ages continued to decline, leading to the possibility of a reduction in the BSE risk status of the UK. Indeed, in May 2004 – just outside the scope of this report – the European Food Safety Authority (EFSA) advised that the UK's BSE risk status should be reduced from 'high' to 'moderate', the same as for most other EU countries.

But in other ways, 2003/04 was a memorable year in our brief history because it proved to be the year of delivery that my staff and I had hoped for. The 'Moving Ahead' programme of organisational change, which is covered in detail later in this report, was delivered in three of our five regions and brought to a well-advanced stage in the remaining two.

The Operations Directorate was established, providing a single line of accountability from colleagues working at the 'coal face' of meat inspection through the regional offices and the Operations Director, to me. Human Resources support was restructured, and partly decentralised to the regional offices with the appointment of regionally-based Human Resources Advisers.

We achieved accreditation to the new ISO quality management standard, and began the roll-out of IT to around 270 full-throughput licensed premises. This means that – for the first time ever – we will be in a position to have accurate electronic communication with operational colleagues based in licensed premises.

Our operational workforce absorbed the requirements of new legislation introduced during 2003/04, notably the Animal By-Product Regulations that came into force on 1 July 2003. These have wide implications not only for the MHS, but also for those enforcing the law in other parts of the food chain. Operational colleagues also continued to strive for consistency of enforcement of all Regulations throughout Great Britain.

In addition to these successes, our accounts show an under-spend on the 2003/04 budget of £2.8 million, and a net cost of operations of £24.4 million for the year. This represents a decrease of £0.7 million, as compared to the net cost of operations in 2002/03 which was £25.1 million. In the difficult operating circumstances we have faced during the year, this is an excellent result. We have also fully achieved eight – and partly achieved three – of the eleven performance targets set for us by our parent organisation, the Food Standards Agency (FSA).

All this is good news, but I am sufficiently realistic to know that much remains to be done in 2004/05, against a background of increasing demands and financial stringency. There remains uncertainty and concern among staff over the implementation of the new EU hygiene regulations that come into force on 1 January 2006, and the still-awaited decisions that have yet to be taken as a result of the FSA review of the Over Thirty Months (OTM) Rule.

Moreover, we were (at the time of writing) awaiting the results of three reviews that were commissioned by the FSA in 2003/04.

The first, a review of the relationships between the FSA, its Meat Hygiene Advisory Committee, and the MHS, is aimed at clarifying roles and creating more effective partnerships. The second is a review of the policies that the FSA requires the MHS to implement on its behalf, looking particularly at priorities against available resources, and considering whether any changes could – or should – be made. The third review, which I am leading, is a review of MHS efficiency to identify ways in which our efficiency could be improved, particularly if funding was available for investment or if legislative changes could be made.

Our programme of organisational development has brought new faces and skills to the MHS. It has also been a source of empowerment to all those who work for us to make decisions at the point of service delivery, rather than passing the decision-making further up the management chain.

The 'Open House' sessions routinely held during each meeting of the MHS Management Board give me and senior managers the chance to meet front-line staff and give them the opportunity to discuss issues of concern to them direct with senior management. This helps to foster a spirit of true partnership. It also ensures that neither I nor my fellow Board members lose touch with our geographically-dispersed workforce.

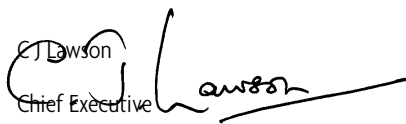
As an organisation, we still have a lot to learn and a lot to do. I am mindful of the recent failure by the MHS to ensure the testing for BSE of all casualty cattle, required as part of an EU disease surveillance programme for Defra, and to obtain a negative result before allowing them into the human food chain. This came to light shortly after the end of the year being reported on, in May 2004.

Establishing the reasons for this, and any lessons to be learnt, is to be the subject of an independent external investigation that has been set up by the FSA. Its report will be published, and its findings will supplement the actions we have already taken to minimise the risk of a repeat

These incidents, which represent a failure to adhere to operational instructions, are described in greater detail in the section of the report headed "Delivering Services".

In the meantime, we will all be working hard to restore confidence and trust in the MHS's ability to deliver a professional, high-quality, and efficient service. To that end, I remain confident in our versatile and motivated operational workforce and in the determination of all our staff to succeed at what they do.

This message would not be complete without a big 'Thank You' from me to all those who worked for the MHS during 2003/04.


C.J. Lawson
Chief Executive

Background to the MHS – its origins and 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 and became a single agency responsible for the enforcement of meat hygiene in Great Britain. The great majority of its staff transferred to the MHS from local authorities, bringing with them their expertise in meat inspection.

On 1 April 2000 the MHS moved from MAFF to become part of the newly-created Food Standards Agency.

staff, and 300 meat technicians. A break-down of the MHS workforce, by grade and status, is included in a table in the section on “Managing People”.

In addition, the MHS employs around 200 administrative and managerial staff (some ten per cent of the total workforce) based at its headquarters in York and in its regional offices in Cardiff, Edinburgh, Taunton, Wolverhampton and York. Many fulfil personnel, financial, and IT functions.

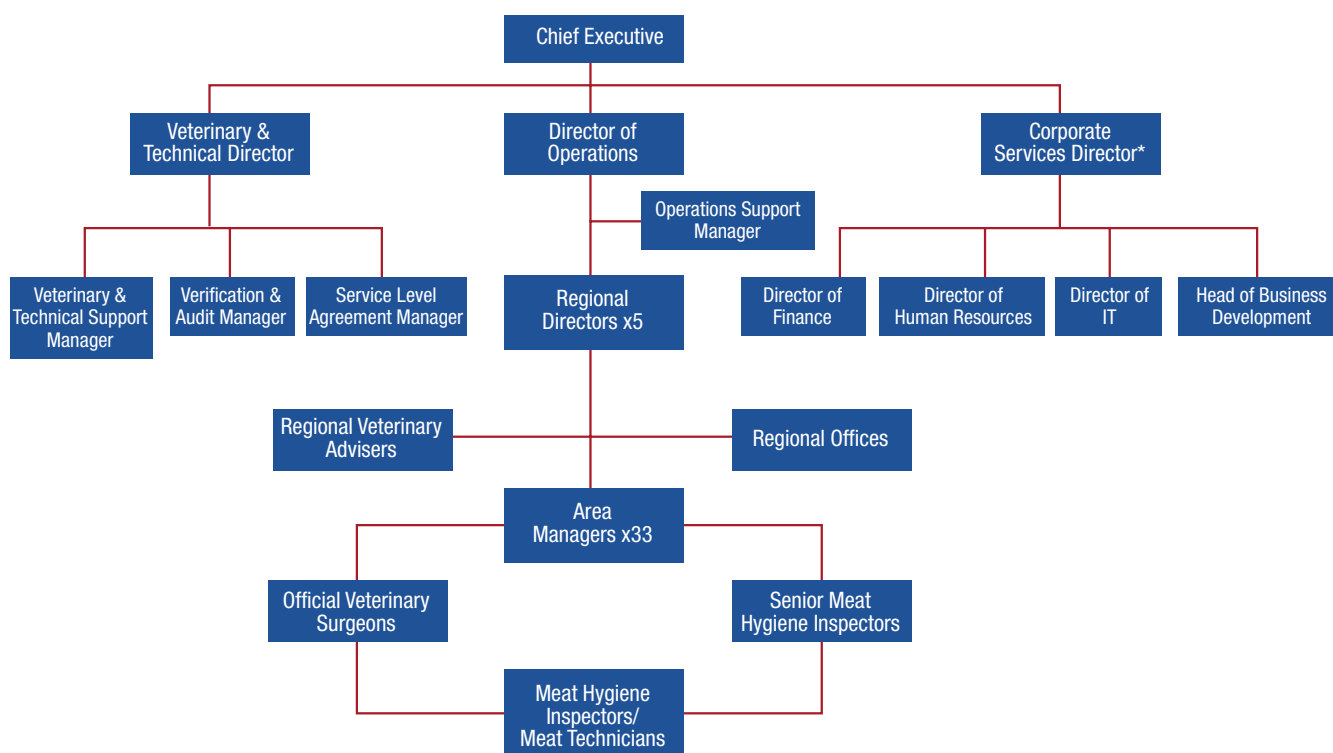
A map of the regional structure, with contacts in headquarters and each regional office and the relevant addresses, is shown on the inside back cover of this report.

The MHS workforce

The MHS operational workforce consists of a combination of around 2,000 full-time, casual and contracted staff in the ‘front-line’ hygiene inspection teams located in licensed fresh meat premises throughout Great Britain. By discipline, there are around 400 veterinary surgeons; 1,200 meat inspection

MHS Structure (as at 31 March 2004)

(* denotes post that has yet to be filled)



The former MHS Management Group

From April to August 2003, management control of the MHS was exercised through the MHS Management Group - the senior MHS strategic forum determining the direction of the MHS, and providing leadership and management of MHS resources. The group met each month to share national and regional perspectives, and to review progress against its corporate performance targets and business plan.

The members of the Management Group, as at 31 August 2003 (the last month in which it met) were:

Chris Lawson	Chief Executive
Mike Greaves	Director of Operations and Deputy Chief Executive
Jane Downes	Veterinary and Technical Director
Ivor Pumfrey	Project Director (Organisational Development)
Mike McEvoy	Director of Finance
Monica Redmond	Director of Human Resources
Jenny Sergeant	Director of Information Technology
Spencer Dawson	Regional Director (Scotland)
Penny Howarth	Regional Director (North)
Paul Thomas	Regional Director (Central)
Adrian Thorne	Acting Regional Director (Wales)
Paul Wandless	Acting Regional Director (South & West)

The MHS Management Board

In line with proposals in the 'Moving Ahead' programme of organisational development that had begun in April 2002, the MHS Management Group was abolished in Summer 2003 and replaced by a smaller Management Board. In common with meetings of the Management Group, Board meetings rotate around the regions of Britain with two meetings a year (normally those in June and December) being held at MHS headquarters in York. An opportunity for senior managers to meet the MHS workforce is provided at the 'Open House' sessions held during every meeting.

MHS performance is closely monitored by the Board to ensure delivery of agreed services within budget; consistency in service delivery across regions by 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.

The Board will ultimately comprise the Chief Executive, the Director of Operations, the Veterinary & Technical Director, and a Corporate Services Director. In the short term, pending the appointment of a Corporate Services Director during 2004/05, the Directors of Finance, Human Resources, and Information Technology, and the Head of the Business Development Unit, are also members of the Board. Board meetings are also attended by the Regional Director for the region in which the meeting is being held.

The members of the Management Board, as at 31 March 2004, were:

Chris Lawson	Chief Executive
Mike Greaves	Director of Operations and Deputy Chief Executive
Jane Downes	Veterinary and Technical Director
Mike McEvoy	Director of Finance
Monica Redmond	Director of Human Resources
Jenny Sergeant	Director of Information Technology
Kevin Goddard	Head of Business Development and, from 1 April 2004, Secretary to the Board.



Members of the MHS Management Board gather for their meeting in Hereford in February 2004. (L - R): Mike McEvoy, Director of Finance; Kevin Goddard, Head of Business Development; Jenny Sergeant, Director of IT; Mike Greaves, Director of Operations; Monica Redmond, Director of Human Resources; Jane Downes, Veterinary & Technical Director; and Chris Lawson, MHS Chief Executive

It is intended to appoint at least one external non-executive Board member during 2004/05, to bring external perspective and experience to Board discussions and decisions.

This top management re-structuring allows the Board to focus on high-level strategic and corporate issues, while three Directorate Management Teams (Operations, Veterinary & Technical, and Corporate Services) focus on more detailed issues. The inaugural meeting of the MHS Management Board was held in September 2003.

Changes to MHS Senior Management

There were several changes in senior management during 2003/04, due to some staff leaving the MHS and through substantive appointments to posts that had been held on an 'acting' basis.

As a result of open recruitment campaigns, the following senior staff were appointed:

Mike Greaves, appointed as Director of Operations in April 2003;

Penny Howarth, appointed as Regional Director (North) in June 2003; and

Mike McEvoy, appointed as Director of Finance, also in June 2003.

Paul Jackson, Regional Director (South & West) left the MHS in April 2003. On an acting basis, Paul Wandless (HQ Operations Support Manager) filled this post until a permanent successor, Robin Harbach, was appointed in July 2003. Robin joined the MHS from The Highways Agency, where he had been a Human Resources Team Leader. He has a background in environmental health, food retail, procurement, and contract/supplier management.

Barry Gidman, Regional Director (Central) retired in July 2003 but participated in a hand-over period with his successor, Paul Thomas, who officially took up post in August 2003. Paul has a sales and marketing background, and previously worked for the National Federation of Builders.

Ivor Pumfrey, Project Director (Organisational Development), left the MHS in September 2003. As the 'Moving Ahead' programme of organisational development was due to end in April 2004, this post remained unfilled and the Chief Executive took personal responsibility for overseeing completion of the 'Moving Ahead' agenda. The substantive post of Regional Director (Wales), held on an acting basis by Adrian Thorne, was filled in January 2004 with the appointment of Stephen Mulholland. Before joining the MHS, Stephen worked for the Royal Society for the Prevention of Cruelty to Animals (RSPCA) for 13 years and led the construction of a new £6 million Animal Centre and Regional Headquarters in Shrewsbury.

The MHS has a wide variety of stakeholders with individual or collective interests in how we operate, what we do, and how well we do it. These include Ministers, Government Departments, our staff, the meat industry, the veterinary profession, the trade union UNISON, local authorities, and members of the public.

The MHS Chief Executive lies at the hub of internal and external relationships. As well as being the Accounting Officer, personally responsible to Parliament for the expenditure of MHS funds, he is at the same time responsible to the FSA for the efficient operation of the MHS (reporting to the FSA Board through the FSA Chief Executive, Dr Jon Bell, and the Director of Enforcement and Food Standards, David Statham) and acts as the key MHS figurehead at a number of regular meetings.

He regularly attends monthly meetings of the FSA Board and FSA Executive Management Board, together with weekly meetings of FSA UK Directors, and liaises on a regular basis with the FSA's Veterinary Directorate which encompasses Divisions dealing with meat hygiene, meat science and strategy, Bovine Spongiform Encephalopathy (BSE), and the licensing of fresh meat premises. The Chief Executive also represents the MHS at meetings of the Meat Hygiene Advisory Committee (MHAC), chairs the MHS Industry Forum, and – whenever possible – personally greets the many people who visit MHS headquarters during the course of a year.

Meat Hygiene Advisory Committee (MHAC)

The remit of MHAC is to take strategic oversight of the MHS to ensure that it operates efficiently and effectively and to advise the FSA Board; and to consider, review and advise the FSA Board on meat hygiene policy (including BSE) within a framework set by the Board. It meets four times a year. At least one of these meetings is outside London.

A key issue for MHAC is advising the FSA Board on the annual setting of targets for MHS performance, against which the MHS is assessed at the end of each financial year, and the means of assessment.

Membership of MHAC during 2003/04

Iain MacDonald (Chair)	FSA Board Member
Michael Gibson	FSA Board Member
Baroness Valerie Howarth of Breckland, OBE	FSA Board Member
Robert Rees	FSA Board Member (until his retirement from the FSA Board in February 2004)
Jim Scudamore	Government Chief Veterinary Officer (until his retirement in March 2004)
Willie Davidson	Scottish Food Advisory Committee
Robert Bell	Food Advisory Committee for Wales
David Collins	Northern Ireland Food Advisory Committee
Miriam Parker	External Member
Denise Rennie	External Member
Anne Wilson	External Member
Waheed Saleem	External Member (until May 2003)

MHS Industry Forum

The MHS Industry Forum continued during 2003/04 to provide an important arena for representatives of the meat industry to discuss financial and operational matters with the MHS. The Industry Forum met three times in the year in question, with venues alternating between London and York.

It consists of representatives of the following organisations:

The British Meat Processors' Association, the British Poultry Council, the National Federation of Meat and Food Traders, the National Farmers' Union, the International Meat Traders' Association, the Scottish Federation of Meat Traders' Associations, the National Farmers' Union (Scotland), the Farmers'

Union (Wales), the Scottish Association of Meat Wholesalers, the National Association of Poultry Suppliers, the Cold Storage and Distribution Federation, the National Farmers' Union (Wales), the Guild of Welsh Lamb and Beef Suppliers, the Association of British Abattoir Operators, the Meat Training Council, the Meat & Livestock Commission, the Association of Independent Meat Suppliers, the Anglian Poultry Producers' Action Group, the Small Abattoirs Federation, and the Soil Association.

Key issues discussed by the Industry Forum in 2003/04 included:

- MHS charges, including additional charges
- Enforcement matters
- Relationships with the MHAC
- Animal by-products
- MHS performance targets
- Control of animal diseases
- The MHS 'IT in Meat Plants' Project

Parliamentary Business

Much Parliamentary and devolved national assembly business involving the MHS consists of offering verbal or written contributions to drafts of replies to Parliamentary Questions (PQs) asked of Government Departments, notably the FSA (through DH) and Defra.

During 2003/04, a full response (or a contribution to a full response) was offered for fourteen PQs that were addressed either direct to DH, to the FSA via DH, to Defra, or to the Scottish Executive.

Examples of the range of issues raised included:

- Number of working abattoirs in Great Britain, based on throughput figures.
- MHS pay costs for each year from 1996/97 to 2002/03, and the reasoning behind the increased figures.
- Numbers of OVSs either directly employed or contracted to work for the MHS.

- Number of abattoirs licensed to slaughter horses.
- Number of equines (horses) slaughtered in England for human consumption from 2000 to 2003.

In addition, the MHS Chief Executive corresponded with ten Ministers, or Members of the Westminster Parliament, the Scottish Parliament, or the National Assembly for Wales, on a range of MHS operational issues. Subjects included the consistency of meat inspection services, application of the MHS Clean Livestock Policy, the implications for animal welfare of religious slaughter, the MHS OVS re-tendering exercise of 2002/03, and debt recovery by the MHS.

Customer Satisfaction

The MHS is committed to seeking feedback on its performance from its customers, and extensive work was carried out during 2003/04 to review the mechanisms that had previously been used to gain this feedback. As a result of this work, following consultation with the MHS Industry Forum, a 'customer perception' survey was launched in December 2003. This is a rolling programme, which provides an opportunity for individual plant operators to give feedback on how the MHS delivers its services.

The survey is carried out on a face-to-face basis by members of the MHS Verification and Audit Unit as they visit plants. The very early results of the programme indicate that plant operators are very satisfied with the overall quality of MHS services. A high level of satisfaction was indicated concerning the communications skills, reliability and technical ability of MHS staff based in licensed premises. Plant operators also indicated a high level of satisfaction with the support and advice provided by the MHS during the implementation of HACCP.

As more returns are received throughout 2004, the MHS will be able to monitor trends and implement changes where necessary. The MHS is committed to improving its services and monitoring the effectiveness of any changes made.

During 2004/05, the perception survey will continue to be used and will be refined in light of experience. A full customer satisfaction survey will also be carried out which will provide a comprehensive 'snapshot' of MHS performance, as assessed by its industry customers. Where possible the results of the survey will be used to make improvements in the services provided in the areas that are most important to customers. Work will also be undertaken to seek feedback on performance from Service Level Agreement customers.

Working with Local Authorities

The MHS continues to work closely with Trading Standards Officers (TSOs) of Local Authorities in investigating the validity of cattle passports under the Cattle Identification Regulations 1998, and breaches of animal welfare under the Welfare of Animals (Transport) Order 1997.

MHS staff continue to have close relationships with local authorities via Food Liaison Committees, Local Authority Co-ordinators of Regulatory Services (LACORS), the FSA's Local Authority Enforcement Division, and directly with individual Environmental Health Departments.

2003/04 saw the creation of local liaison groups dealing with the enforcement of the animal by-products legislation introduced in 2003. Both regional and headquarters MHS staff have made a number of presentations to such groups, and these have been well received.

The MHS has provided expert help outside licensed premises, to local authorities and to police forces, in a number of joint investigations dealing with illegal slaughter and illegal trading in meat. MHS staff helped in two of the larger and more detailed investigations, involving Ceredigion County Council and the London Borough of Tower Hamlets respectively.

In addition, the MHS has hosted a number of visits by trainee Environmental Health Officers (EHOs), for whom meat hygiene forms part of their training syllabus. All trainee EHOs must complete a minimum of 50 hours' instruction in licensed meat premises. This rises to 200 hours for those trainees who will undertake meat inspection on behalf of port health authorities.

Dealing with complaints

In December 2003, the MHS launched a new complaints procedure and publicised this in a new leaflet entitled 'How to complain or make comments about our service'. The guidance was issued to all key customers and stakeholders.

Two of the main features of the new procedures are:

- An undertaking to deal with complaints within 20 working days and to take action without delay to prevent a recurrence.
- A three-stage referral process under which complaints can be pursued sequentially through MHS Regional Directors, the MHS Chief Executive and, ultimately, by an independent assessor.

There are separate mechanisms for dealing with complaints about HAS scores, invoice charges, the issuing of enforcement notices and decisions on plant licensing.

A second leaflet provides guidance to staff on handling complaints, comments or compliments about MHS services. This guidance includes sections on ways of resolving complaints and the recording, reviewing and publishing of complaints to ensure that complaints are dealt with fairly, openly and consistently and resolved as quickly as possible.

The number and type of complaints received are being actively monitored with a view to improving services in the light of any lessons learned. A total of 23 complaints were referred either to an MHS Director or the MHS Chief Executive during 2003/2004. Eleven of these were received after the new procedure was launched.

Service First Standards

The MHS continues to strive to provide a quality service to all its customers and stakeholders. As part of this commitment it adheres to Government 'Service First' standards. For the MHS, these are:

- to answer correspondence within 20 working days
- to meet visitors within 10 minutes of any appointment



FSA Chairman Sir John Krebs and his Deputy, Julia Unwin, addressed MHS staff when they visited the York HQ in October 2003.



Dr Jon Bell, FSA Chief Executive, visited the MHS Cardiff Office in February 2004. Standing (L – R) are Mike Greaves, MHS Director of Operations; Dr Bell, and Christine Owens, Office Manager at the Cardiff office.

- to answer telephone calls within 30 seconds
- to provide clear and straightforward information about our services, telephone enquiry numbers, and an e-mail enquiry address
- to provide a complaints procedure for the services we offer
- to make our services available to everyone

During 2003/04, 2,251 items of correspondence were received at MHS headquarters and in the five regional offices. Of this number, 96.36 per cent was responded to within the target period of 20 working days.

On six occasions, visitors to the MHS Scotland Regional Office waited longer than 10 minutes for an appointment. On one occasion, reception forgot to report the visitor's arrival, and on the other five occasions, visitors were kept waiting for no apparent reason.

Regular spot checks consistently indicated that all telephone calls were answered within 30 seconds.

Information on MHS services is available on the MHS section of the FSA website at www.food.gov.uk.mhservice. We also provide a general telephone enquiry line (01904 455501) and e-mail (mhsenquire@foodstandards.gsi.gov.uk) service.

During 2003/04, the MHS received 137 enquiries via the general enquiry e-mail address. More than 3,000 telephone enquiries were received during the same period. The general telephone enquiry line was transferred from the Human Resources Department to the Communications Section of the Business Development Unit at the end of October 2003.

Visitors to the MHS, 2003/04

Every year the MHS welcomes a number of visitors to its headquarters. The visits are normally for familiarisation with the MHS and its staff, and some are for specific purposes – for example, to learn about a particular technical or veterinary aspect of the work of the organisation.

Visitors during 2003/04 included the following:

- | | | |
|-------------|----------------------------------|---|
| 12 May 2003 | Iain MacDonald,
Chair of MHAC | |
| | | 22 September 2003 |
| | | Chrissie Dunn,
FSA Board Member |
| | | 2 October 2003 |
| | | Sir John Krebs and
Julia Unwin, Chair and
Deputy Chair of the
FSA Board |
| | | 19 November 2003 |
| | | Veterinary and public
health officials from the
Baltic States of Estonia,
Latvia and Lithuania |
| | | 25 February 2004 |
| | | Dr Jon Bell,
FSA Chief Executive, visited
the MHS Cardiff Office |
| | | 23 March 2004 |
| | | Brian Davies, newly-
appointed Head of FSA
Personnel and
Establishments Division |

External Communications

The MHS Chief Executive and the Management Board place great emphasis on the importance of timely, accurate and effective communication at all levels within the MHS, and with its many stakeholders.

2003/04 saw the drafting of a comprehensive MHS Communications Strategy, that seeks to facilitate and improve communications with staff and stakeholders alike, and to raise the public profile of the MHS in a modest way so as to engage with the wider public, seeking greater recognition of the role of MHS operational staff in protecting public health and animal welfare at slaughter.

Actions implemented during 2003/04 include:

- Adoption of the MHS Welsh Language Scheme (WLS), as approved by the Welsh Language Board and by the MHS Management Board at its meeting in November 2003. Full implementation of the scheme is being phased.
- Completion of a first version of an MHS Style Guide, designed to help to present a consistent, positive and professional image of the MHS in written and electronic communications. The guide covers visual corporate identity (the MHS logo) and the layout and formatting of documents.
- Development of the MHS Portal (Intranet), which went 'live' in MHS HQ and the regional offices in March 2004, and will in due course be joined by Extranet and Internet sites.
- The purchase of new exhibition equipment, and the identification of a number of agricultural shows in 2004 at which the MHS might be represented.
- The handling of 78 queries from radio, television, newspapers and specialist magazines, some of which were dealt with by referring the caller to the FSA or Defra.

Actions scheduled for implementation in 2004/05 and 2005/06 include:

- Production of a short, easy-to-read leaflet describing the structure and work of the MHS – who we are, what we do, and how we do it – in general terms, for a wide audience.
- Examining the case for production of a leaflet (or leaflets) in ethnic minority languages, explaining to plant operators and the public who we are and what we do.



Tim Tudge (far left) a Senior Meat Hygiene Inspector in the MHS Wales Region, chats to visitors near the MHS stand at the Royal Welsh Show, held in Builth Wells in July 2003

The MHS Strategic Plan

One of the first tasks of the newly-created MHS Management Board, in Autumn 2003, was to review the mission statement, aims, objectives and functions of the Meat Hygiene Service with a view to formulating an MHS Strategic Plan. Such a plan, approved at the MHS Board meeting in March 2004, sets out the direction the MHS intends to take over the next five years. It has been agreed to by the FSA, and describes where we wish to be, and how we intend to get there, and will help us focus on long-term success.

The objectives to be met in order to achieve the vision for the future are set out, and a number of strategic priorities linked to these objectives are highlighted. The plan is designed to accommodate future developments that may influence us in the coming years. It will be reviewed annually to ensure that the direction set out is still appropriate, and to reflect any previously unanticipated developments. It will be published early in 2004/05, and will be sent to all external stakeholders. The Strategic Plan will also be available on the FSA website at www.food.gov.uk.mhservice

To ensure that the MHS is constantly moving in the right direction, it will be essential to ensure that everything the MHS does - from high-level business planning to day-to-day core work - is in line with the approach set out in the Strategic Plan.

Business Planning

In autumn 2003, work started on developing business plans for the financial year 2004/05. The Business Development Unit led the business planning process, which further developed that used for 2003/04.

For the first time, individual directors led on producing their own detailed directorate/department business plans which underpin and support the MHS corporate business plan. All MHS business plans are linked to delivery of the strategic objectives and priorities identified in the MHS Strategic Plan, and achievement of the MHS corporate targets set by the FSA.

The MHS Board will regularly monitor delivery of the corporate business plan, while the Directorate Management Teams will monitor delivery of their respective business plans at their monthly meetings.



The MHS Business Plan for 2003/04, which was issued to all MHS staff with managerial responsibilities.

Risk management

The MHS recognises that it faces all manner of risks in striving to achieve its business objectives. Given that resources are finite, the MHS aims to optimise its response to risk, prioritised in accordance with an evaluation of those risks.

In November 2002, the MHS Board approved a risk management plan designed to improve the MHS risk management process and, in particular, to broaden risk ownership throughout the organisation. A comprehensive risk management policy and procedure, designed to implement a best practice approach to risk management, was developed, approved, and introduced during 2003/04.

In conjunction with this, training was delivered to administrative, middle and senior managers (including Board members). Training for frontline operational managers will be delivered in 2004/05.

The MHS approach to risk management requires the population of risk registers by identifying and clearly defining risks, evaluating risks in terms of impact and likelihood, identifying risk control measures, and reporting significant risks up the management line. Risk registers are reviewed and updated every four months, or sooner if there are changes in a specific risk.

HM Treasury requires an annual statement on internal control to be signed by the Accounting Officer. The statement for 2003/04 is included in the Annual Accounts elsewhere in this report.

Business Continuity Planning

During 2003/04, the MHS continued to develop its business continuity management systems through:

- the development of a Disaster Recovery Plan for MHS HQ;
- auditing Regional Disaster Recovery/Business Continuity Plans;
- enhancing its specialist knowledge in this area; and
- joining the Cabinet Office network to discuss business continuity issues and share good practice across departments.

Work in this area will continue during 2004/05. In particular, the MHS will seek to fully integrate its existing systems and develop them further as required. It will also be working with the Food Standards Agency to ensure that our respective approaches are consistent, where appropriate.

The MHS Management Board

As recorded earlier, the MHS Management Board is the senior MHS strategic forum of the MHS and is corporately responsible for:

- Developing a vision and values for the MHS, and reinforcing these through decisions and actions.
- Ensuring that the purpose of the MHS is achieved.
- Achieving corporate objectives and corporate targets set for the MHS by the FSA Board.
- Approving corporate documents, such as the Business Plan, Strategic Plan, and Annual Report & Accounts.
- Managing the MHS through monitoring Key Performance Indicators (KPIs) and taking appropriate corrective action.
- Managing issues that arise from the FSA Board and the MHAC.
- Signing off operational policies and procedures, and specialist strategies that are submitted through the MHS Directorates.
- Agreeing budget priorities and approving the MHS Financial Budget.
- Ensuring a coherent and consistent approach to the corporate management of the MHS.
- Ensuring that the organisation fulfils its statutory responsibilities (for example, health & safety and risk management).
- Providing support and advice to the MHS Chief Executive in his role as MHS Accounting Officer.

ISO 9001:2000 Standard

The MHS has a long-standing commitment to achieving ISO 9001:2000 status. Following a rigorous assessment by the British Standards Institute (BSI), the MHS successfully made the transition from the ISO 9002:1994 standard to the new 9001:2000 standard in September 2003.

Certification to the new standard commits the MHS to a strong customer focus and a cycle of continual improvement through a fresh look at the way in which we manage MHS activities. It will have an effect on the organisation at all levels, from Board decision-making through to plant team-working practices.

Transition to ISO 9001:2000 is the first step in building a process-based management system for the MHS that cuts across the traditional departmentalised approach to service delivery. The MHS Board has already identified the key MHS business processes - the next stage is to map these processes and develop related performance indicators.

A comprehensive programme is being developed to embed the principles of ISO 9001:2000 in the business. It will be implemented during 2004/05, and will include clear communication of the principles of ISO 9001:2000 to MHS staff and how they will contribute to driving improvement in the business.

Our external assessors, BSI, will continue to assess MHS compliance with the standard. During 2003/04 they carried out three assessment visits comprising eleven audit days of MHS presence in plants, and audits of the support offered by headquarters and regional offices.

The Service Level Agreement (SLA) Unit

The MHS is the only Government body that is present in licensed fresh meat premises and has access to animals and birds at the point of slaughter. It is, therefore, uniquely placed to facilitate testing and surveillance on behalf of other Government departments and agencies. It conducts this work under formal Service Level Agreements (SLAs).

During 2003/04, the SLA Unit, part of the Veterinary and Technical Directorate, has completed centralisation of the management of SLAs, primarily with Government customers such as the FSA, Defra, the Rural Payments Agency (RPA) and the British Cattle Movement Service (BCMS). This process has helped to improve the quality of service given to customers.

The unit also manages that section of the SLA with the FSA covering the provision of information for publication, the provision of financial information, and miscellaneous services; and the 'Service Level and Working Agreement' drawn up at the time that the MHS transferred from the former MAFF to the FSA. This agreement relates to the provision of corporate services such as IT, Finance, Personnel, and Legal Services.

Regular meetings are held with SLA clients. Direct and active management of programmes has helped to ensure that the Government meets its EU targets in relation to testing for TSEs in sheep and cattle, and veterinary medicine residues in meat.

From January to December 2003, the MHS collected 25,354 samples from red meat, white meat and game plants for the VMD against a target figure of 24,154. These samples were of blood, urine, or specific organs or tissues for testing for traces of residues of veterinary medicines. The number of samples taken represented 105 per cent of the target, with an assayability rate of 97 per cent (against an assayability target of 95 per cent). From January to March 2004, 5,849 samples were taken against an annual target which had yet to be finalised at the time of writing.

From April 2003 to the end of March 2004, MHS operational staff also took 54,147 samples of sheep brain stems on behalf of Defra, to be tested for the

prevalence of scrapie or TSEs, against a target figure of 52,150. The number of samples taken in this instance represented 111 per cent of the target, with an assayability rate of 94 per cent (against an assayability target of 90 per cent).

These results represented a considerable achievement by MHS staff in plants and MHS Regional Offices.

Service Level Agreements (SLAs) with the FSA

The SLA with the FSA covers the enforcement of regulations in respect of:

Fresh (red) meat;

Poultry meat, farmed game bird meat, rabbit meat, and wild game meat;

Specified Risk Material (SRM);

Fresh meat (beef) controls (that is, the Over Thirty Months Rule);

Meat products, minced meat and meat preparations;

Identification of animal by-products;

Licensing;

OVS designation.

Service Level Agreements (SLAs) with Defra and its agencies, the Department for Environment, Planning and Countryside of the Welsh Assembly Government (formerly the Agriculture and Rural Affairs Department of the National Assembly for Wales), and the Scottish Executive Environmental and Rural Affairs Department (SEERAD)

The SLAs with Defra and its agencies, and the devolved administrations in Wales and Scotland, cover:

The enforcement of animal welfare at slaughter rules in licensed abattoirs;

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 (Transmissible Spongiform Encephalopathy) examination and testing;

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

Details of activities covered by these headings appear in the next section of this report, entitled "Delivering Services".

Work undertaken on behalf of the British Cattle Movement Service (BCMS)

MHS staff in red meat abattoirs check cattle passports and ear tags to ensure that animals presented for slaughter for human consumption are correctly identified. Pre-slaughter checks are the responsibility of the operator of the licensed premises. Passports are stamped by MHS staff and are then sent to BCMS, where the death details are entered onto the Cattle Tracing System (CTS). This work produced an income in 2003/04 of around £2.1 million for the MHS.

Our Operational Staff

The Operations Directorate, newly-created during 2003/04, is led by the Director of Operations, Mike Greaves, and is responsible for maintaining MHS service delivery in licensed fresh meat premises in Great Britain. The Director of Operations is supported by five Regional Directors, who in turn are responsible for staff in regional offices and those working in licensed premises throughout the regions. This system provides a single and direct chain of command.

The majority of MHS staff work in front-line inspection teams located in licensed premises. The inspection teams include Official Veterinary Surgeons (OVSs), the majority of whom are supplied by veterinary contractors; Senior Meat Hygiene Inspectors or Senior Poultry Meat Hygiene Inspectors (SMHIs/SPMHIs); Meat Hygiene Inspectors or Poultry Meat Hygiene Inspectors (MHIs/PMHIs), and Meat Technicians (MTs).

Licensed premises vary in size and species slaughtered. MHS staff provide inspection services to these premises 24 hours a day, 365 days a year as required, given the requisite period of notice of intention to start operating.

The HQ-based Operations Support Unit (OSU) is also part of the Operations Directorate. This unit provides support to the Director of Operations and issues designations to newly qualified OVS; authorisations under various pieces of legislation to MHS operational staff, and licences to slaughterers. The unit is the point of contact for the notification of import/export/domestic SRM failures and is responsible (in certain routine cases) for alerting the appropriate authorities both in this country, in the country from which an import failure originates, and the European Commission.



Paul Wandless, Operations Support Manager, has monthly meetings with Business Project Managers and Office Managers from all five MHS regions

The MHS Regional Offices

The MHS carries out its duties throughout Great Britain, which is divided into five regions, each reporting to a Regional Director. The five regions are North (RO – York), Central (RO – Wolverhampton), South & West (RO – Taunton), Wales (RO – Cardiff) and Scotland (RO – Edinburgh). **A map of the regional structure is shown on the inside back cover of this report.** The regional offices are responsible for directing and supporting operational staff, including all related administration.

The team staffing each office includes some or all of the following: a Business Project Manager, an Office Manager, a Customer Liaison Officer and various administrative staff.

The Business Project Manager and Office Manager have responsibility for administration within the region. Additionally, the Business Project Manager specifically provides support to the Regional Director. The Customer Liaison Officer helps to deal with the resolution of queries that plant operators may have with their invoices, as well as assisting in processing debt recovery cases. Other administrative staff undertake a variety of roles including administrative support to operational staff, the input of throughput data/timesheets to MHS systems, the scanning of HAS score sheets, as well as training and development.

All premises in Great Britain for the production of fresh meat, meat products, minced meat and meat preparations must be approved and licensed by the FSA as the licensing authority. Lists of all licensed premises giving, name, location, relevant local authority, and species slaughtered, are maintained on the FSA website at

www.food.gov.uk/foodindustry/meat/meatplantsprems/meatplants

The table below shows number of licences in Great Britain as at 31 March 2004.



Staff in the North Regional Office held an Open Day in February 2003, for their colleagues in MHS HQ



Mike Greaves, MHS Director of Operations



The MHS Operations Management Team, consisting of (L – R, standing) Paul Wandless, Operations Support Manager; Robin Harbach, South & West Regional Director; Paul Thomas, Central Regional Director; Spencer Dawson, Scotland Regional Director; (L – R, seated) Penny Howarth, North Regional Director; Mike Greaves, Director of Operations, and Stephen Mulholland, Wales Regional Director

Number of Licences as at 31 March 2004

TYPE OF LICENCE		ENGLAND	SCOTLAND	WALES	GREAT BRITAIN
FRESH MEAT					
Slaughterhouses	Full throughput	165	34	17	216
	Low throughput	113	9	13	135
Cutting plants	Full throughput	286	54	21	361
	Low throughput	165	25	17	207
Cold stores		207	26	23	256
Re-packaging Centres		5	2	-	7
Farmed game handling facilities		55	3	-	58
Farmed game processing facilities		8	1	-	9
Farmed game handling/processing facilities		-	1	5	6
TOTAL		1,004	155	96	1,255

POULTRY MEAT, FARMED GAME BIRD MEAT & RABBIT MEAT					
Slaughterhouses	Full throughput	67	6	6	79
	Low throughput	43	2	4	49
Cutting plants	Full throughput	189	10	16	215
	Low throughput	140	5	15	160
Cold stores		156	20	14	190
Re-wrapping centres		7	3	-	10
TOTAL		602	46	55	703

WILD GAME MEAT					
Wild game processing facilities		31	15	-	46

Source: Licensing Branch of the FSA's Veterinary Public Health Operations Division

Brief descriptions of the roles and responsibilities of MHS operational staff are given below.

Regional Veterinary Advisers (RVAs) are, like their **Principal Official Veterinary Surgeon (POVS)** predecessors, qualified veterinary surgeons who have normally worked as an OVS, and have gained sufficient experience to be able to offer veterinary and technical support within the region in which they work.

Official Veterinary Surgeons (OVSs) are qualified veterinary surgeons, who have additionally attained official designation as an OVS in order to enforce legislation on public health and animal welfare at slaughter. 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. The majority of OVSs are supplied to the MHS by veterinary contractors.

Area Managers (AMs) have much wider managerial responsibilities than their **Area Resource Manager (ARM)** predecessors, who had a background in meat inspection and undertook the management function of ensuring that sufficient meat inspection staff were available to provide a service to any plant requiring it. Area Managers are home-based, with IT systems allowing them to write reports and conduct administrative tasks, but they also travel from plant to plant. From 2004/05, they will have their own budgets and are responsible for direct liaison with the operators of licensed premises and their customer care. They also manage the contracts with veterinary and other contractors who provide services in their area.

Senior Meat Hygiene Inspectors/Senior Poultry Meat Hygiene Inspectors (SMHIs/SPMHIs) have line management responsibilities for Meat Hygiene Inspectors and Poultry Meat Inspectors. In the last year, they have also assumed some of the management duties of the former Area Resource Managers. These duties include monitoring staff sickness, health and safety policy, and expenses and overtime claims. They continue to ensure that staff have access to necessary protective equipment if they are involved in taking samples, or are dealing with diseased animals.

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 (SRM), and for supervising the staining of SRM. They also examine cattle passports and ear-tags to ensure that the Over Thirty Month (OTM) Rule – which prohibits entry to the human food chain of cattle over that age - is being adhered to.



The 'top and bottom' of meat inspection – a safety helmet for the head, and white Wellington boots which easily show dirt, can be hosed down, and protect against moisture

What we do in licensed premises

The MHS Inspection Team

The MHS enforces meat hygiene and animal welfare at slaughter legislation in all licensed fresh meat premises. This includes abattoirs, meat cutting plants, and cold stores. The meat inspection service determines and certifies that all red meat, poultry meat (white meat) and wild game that has been processed and health-marked has been produced in accordance with the Regulations, and under the supervision of an OVS.

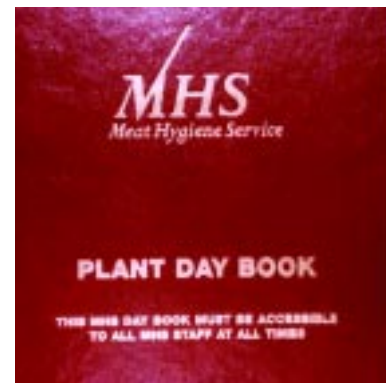
The inspection teams within plants will normally include an OVS, an SMHI or SPMHI, a number of red or poultry Meat Hygiene Inspectors, and sometimes Meat Technicians. The number of inspectors depends on the size of the plant, the volume/ speed of production and the complexity of its operation.

Hazard Analysis and Critical Control Point (HACCP) systems, and microbiological checks

HACCP is the system of choice for regulating food hygiene. The consolidation and simplification of EU food hygiene laws includes the application of all seven HACCP principles as a basic requirement for all food businesses, except for farms.

The seven HACCP principles

1. Identify any hazards that must be prevented, eliminated, or reduced.
2. Identify the Critical Control Points (CCPs) at the step(s) at which control is essential.
3. Establish critical limit(s) at CCPs.
4. Establish and implement effective monitoring procedures at CCPs.
5. Establish corrective actions to be taken if a CCP is not under control.
6. Establish regular procedures to verify whether the above measures are working effectively.
7. Establish documents and records to demonstrate the effective application of the above measures.



Each licensed premises has its own Plant Day Book, which is a daily log of activities and MHS personnel in the abattoir, and is vital in recording what goes on for possible enforcement purposes. It contains space for the operator of the premises to write his/her own observations, although it remains MHS property



The Meat (HACCP) Regulations 2002 brought in the requirement for all seven HACCP principles to be applied in fresh meat premises (with the exception of premises processing wild game) before the new EU Food Hygiene Regulations come into force. This gives plant operators the opportunity to demonstrate that they are able to maintain effective HACCP-based procedures.

It is the meat plant operators' responsibility to produce food safely. The seven HACCP principles provide a structured method for assessing the operating process, and to anticipate where hazards might arise that could harm consumers if critical control measures are not in place. It is a preventative approach to food safety that is relevant to each individual process and business.

Licensed fresh meat premises have been split into large and small categories, depending on their throughput, for the purpose of the HACCP implementation timetable and the frequency of microbiological testing, the legislation applying from 1 June 2002 in large premises, and one year later in small premises.

During 2003/04, OVSs continued to provide advice and encourage plant operators to implement the requirements contained in the hygiene regulations after their amendment by the Meat (Hazard Analysis and Critical Control Point (England, Scotland and Wales) Regulations 2002.

Where advice has not been taken and implementation is not progressing, the MHS has taken enforcement action up to and including the use of Improvement Notices (and, in Scotland, "Minded to" Notices).

Total throughput

Total throughput by species in 2003/04, and for the previous year, is shown below. The main differences were an increase in poultry (+2 per cent) and reductions in pigs (-10 per cent) and goats (-40 per cent) slaughterings.

Ante-mortem inspection and animal welfare

Livestock and poultry delivered to abattoirs are all inspected by the MHS before slaughter, either at the point of unloading or within the lairage - the holding area in which animals are kept pending slaughter, with facilities to feed and water them. Ante-mortem inspection is performed by the OVS, who will make checks for any signs of

- Diseases that may be potentially transmissible to humans or animals
- Symptoms of injury, fatigue or stress
- Visible evidence of the presence of any substance which may make the meat unfit for human consumption
- Any signs that might indicate that handling and or transport of the animals or birds has not been conducted with due regard for their welfare
- Standard of cleanliness of the livestock

The age and eligibility of cattle for slaughter is checked before slaughter by operators of licensed premises, by examining the animals' teeth and the cattle passports that accompany them

Total throughput by species, 2002/03 and 2003/04

Species of animal or bird	Total throughput	
	2002/03	2003/04
Poultry (all weights and ages)	777,287,337	791,529,006
Sheep (all weights)	14,678,068	14,460,185
Pigs (all weights)	9,052,251	7,913,240
Bovines under 30 months of age	1,877,298	1,803,915
Game, and rabbits weighing less than 2 kg	1,042,868	1,452,508
Goats (all weights)	13,787	7,699
Wild boar (all weights)	1,292	1,303

The Clean Livestock Policy

The MHS Clean Livestock Policy (CLP) requires the cleanliness of all cattle and sheep to be categorised before slaughter, to prevent any dirty or wet livestock being slaughtered with the possibility of microbiological contamination.

Since its introduction in 1997, the CLP has been very successful in reducing the number of dirty cattle and sheep sent to abattoirs.

The OVS, or the MHI acting under the supervision of the OVS, must decide on the cleanliness score category of the livestock when the operator presents the animals for ante-mortem inspection.

Only the cleanest animals (Categories 1 and 2) may progress to slaughter, ensuring that the risk of contamination of the resulting meat is reduced as far as practicable. The OVS may require that less clean livestock (Categories 3 and 4) are cleaned, clipped, or dried off before being re-presented for inspection. In cases where the stock cannot be cleaned sufficiently to allow slaughter and dressing to proceed hygienically (Categories 3,4 and 5), the OVS has the authority to ensure that such animals are slaughtered under special conditions, such as lowering the speed of the production line or increasing the spacing between carcasses on the line or, ultimately, preventing the carcass of such an animal entering the food chain.

Application of the Clean Livestock Policy (CLP)

April 2003 to March 2004, compared with April 2002 to March 2003

	Cattle		Sheep	
	2002/03	2003/04	2002/03	2003/04
Total throughput, of which:	1,877,298	1,803,915	14,678,068	14,460,185
Total number of animal rejected under the CLP	7,629 (0.4%)	6,134 (0.34%)	95,723 (0.65%)	85,817 (0.59%)



A Category 1 sheep (dry and clean)



A Category 5 sheep (very wet, and heavily contaminated with dirt/faeces)



The Plant Day Book contains details of religious festivals, some of which have significance for animal slaughter

Animal Welfare at Slaughter

The monitoring of the actual slaughter process itself enables the MHS team to ensure that welfare at slaughter is maintained to the highest standards. The slaughter process is closely supervised to ensure that licensed slaughterers remain competent.

Checks are made on the positioning of stunning equipment, the effectiveness of the stun, and the efficiency of bleeding, so that the risk of any animal suffering during the process is minimised.

Slaughterer's licences are issued by the MHS on receipt of a Certificate of Competence signed by an OVS or a Veterinary Officer (VO) of the State Veterinary Service (SVS). Since the MHS was established in April 1995, 7,739 slaughterer's licences have been issued, of which 524 were issued in 2003/04. These licences may be suspended or revoked if, in the opinion of an OVS or VO, the licence-holder becomes incompetent or does not abide by legislation to protect animal welfare at slaughter. Three slaughterer's licences were revoked during 2003/04.

Post-mortem checks and inspection of carcasses and offal

Inspection of carcasses to ensure fitness for human consumption is largely the responsibility of the dedicated teams of Meat Hygiene Inspectors. Each carcass is carefully inspected and accepted, or rejected, as appropriate.

MHS staff also confirm the age and eligibility of cattle by examining their teeth, and the cattle passports that accompany them, to ensure that the operator is fulfilling the obligation to prevent cattle over the age of 30 months from entering the human food chain. This check also identifies imported cattle that may require the application of additional SRM controls.

Age estimation of sheep is checked, also by examining their teeth, to identify carcasses requiring further SRM controls or those eligible for the application of the Young Lamb stamp.

The MHS teams also undertake the collection of residue samples from licensed slaughterhouses as part of the UK statutory veterinary medicine residue surveillance scheme.

Hygiene at slaughter/cutting

A significant part of the MHS team's supervision time in red and poultry meat slaughterhouses is spent ensuring that the slaughter and dressing process is conducted in accordance with the legislative requirements, and that meat is produced with the greatest regard for hygiene. This requires attention to temperature controls, working practices, and the general upkeep (cleaning and maintenance) of the premises.

Animal by-products controls and Specified Risk Material (SRM)

The slaughtering and dressing process produces an amount of waste product that, in weight, is roughly equal to the amount of edible meat harvested. The waste comprises skin, hides, feathers, gut contents and parts of the carcass that are not intended for human consumption or are rejected as unfit by the MHS team. These materials must be disposed of carefully and in accordance with legal requirements, in order to protect public health and the environment. The OVS, Meat Inspectors and Meat Technicians monitor the staining (where required) and disposal of animal by-products to ensure that they are dispatched for rendering or disposal, and cannot be illegally diverted into the food chain. Special attention is paid to the removal, staining and disposal of Specified Risk Material (SRM) – those parts of cattle and sheep that could, theoretically, contain BSE infectivity – in order to ensure that the consumer is fully protected. BSE controls, which include the removal of SRM, are referred to later in this section.

EU Animal By-Products Regulations 2003

These Regulations categorise the various commodities – such as blood, hides, skins, and feathers – that result from the slaughter and preparation of animals for the production of food for human consumption, or for disposal, and set out rules for separating and managing the different categories through all stages of the by-products chain.

They supplement EC Regulation Directive 1774/2002/EC on animal by-products, and came into force in England on 1 July 2003, in Scotland on 1 October 2003, and in Wales on 31 October 2003.

By-products are categorised broadly according to the degree of risk they could present to human and animal health, and are used or disposed of accordingly. The materials are either:

- surplus to human food requirements;
- not generally consumed in Great Britain;
- from animals not passed as fit for human consumption; or
- parts of the animal that are not permitted for human or animal consumption.

The three categories are:

Category 1 material: All Specified Risk Material (SRM); entire bodies of dead animals and carcasses containing SRM (unless the SRM has been removed and disposed of separately at the point of disposal); all body parts (including hides and skins) of animals suspected or confirmed as having a Transmissible Spongiform Encephalopathy (TSE); animal material (sludge) collected from waste water drain screenings in abattoirs slaughtering ruminants; animals killed in the context of TSE eradication measures, and wild animals suspected of being infected with diseases communicable to humans or animals.

Category 2 material: Carcasses or materials which either are not presented for, or fail, the ante-mortem or post-mortem inspections or show signs of disease communicable to humans or animals. Also included are materials that have been contaminated with manure, animal materials collected when treating waste water from slaughterhouses, or other specified substances.

Category 3 material: Those parts of animals that have been subject to both ante- and post-mortem inspections, but – for a variety of reasons – are not intended for human consumption. This includes unwanted trimmings, quality failures due to colour, bruising, etc., and minor or superficial contamination which does not pose a risk to human

or animal health. Also included are fish and other sea creatures (crustaceans). Category 3 materials can be used for the manufacture of pet foods, or pharmaceutical and other technical products.

Enforcement of these Regulations is the responsibility of various Government Departments, agencies, and local authorities, according to the point in the food chain at which animal by-products arise. The MHS is responsible for enforcement in licensed slaughterhouses, cutting premises and cold stores.

Health Marking and Certification

All animals slaughtered for human consumption in licensed premises in the EU, must undergo ante-mortem and post-mortem inspection. If they pass all inspection procedures covered by the relevant legislation, they may be health-marked. However, if they do not pass this inspection, the carcass and offal of the slaughtered animal are not allowed to enter the human food chain.

The purpose of health-marking is to provide public assurance that meat bearing this mark has been produced in accordance with the statutory requirements, and under OVS supervision. The health mark is applied to meat, offal and packages. The health mark can only be applied by, or under the supervision of, the OVS.

The health mark is internationally recognised and identifies the premises in which the meat was processed. Along with the health mark, an additional stamp is used on beef and older sheep carcasses to confirm that all SRM has been removed.

Within the European Union, veterinary certification of meat for trade has been replaced, for the most part, by the commercial document combined with the health mark on the consignment. In most cases certification of fresh meat is still required for meat despatched to non-EU countries. Such certification may only be signed by a Local Veterinary Inspector (LVI) on behalf of Defra.



1.–7. The seven different MHS health marks; 1. Oval health mark applied to meat from full throughput premises. 2. Square Health mark applied to meat from low throughput plants. 3. Health mark for wild game. 4. MHS stamp applied after SRM inspection. 5. Young Lamb stamp. 6. Health mark for boars. 7. Health mark applied to meat subject to animal disease control restrictions.

Exports of fresh meat

As indicated above, meat being transported from GB to another EU Member State is accompanied by 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 regulations. If it is going to non-EU Member States, certification will be required by the receiving country.

Sampling and other work performed under SLAs

The MHS is responsible to Defra for ensuring that Beef Assurance Scheme (BAS)* animals, and casualty cattle aged over 24 months, are tested for BSE as part of an EU-wide disease surveillance programme. It is not a public health protection measure, but a negative result must be received before these cattle are allowed to enter the food chain. Casualty cattle are defined as those found at ante-mortem inspection to show signs of disease, injury or abnormality; and those already certified as casualty animals on arrival at the slaughterhouse.

It was discovered in September 2003 that two casualty bovines had been slaughtered the previous month at a red meat abattoir in Scotland and released for human consumption without having been tested for BSE. This was dealt with as a one-off incident. Subsequently, between 6 April and 10 May 2004, four further incidents were identified involving five casualty cattle which had entered the human food chain without having been tested for BSE and a negative result obtained. These failures to test occurred in April 2003, and March and April 2004. They were found as a result of MHS internal audit, and newly-appointed MHS staff checking records as part of their induction process.

Having identified four incidents in quick succession, the MHS Chief Executive decided that a full investigation was required. An action plan was drawn up and immediately implemented. This had two purposes:

- To minimise the risk of further bovines not being tested for BSE before entering the human food chain.

- To try to establish the scale and reasons for bovines not being tested for BSE in accordance with instructions in the MHS Operations Manual.

A major information programme was carried out by Area Managers and Regional Veterinary Advisers to ensure that OVS contractors, OVSs themselves, and MHS teams in licensed premises were all aware of the requirements to test and their responsibilities for ensuring the tests were carried out.

The investigation revealed that, although 1,937 had been tested for BSE between 1 January 2003 and 28 May 2004, a further 128 had not been tested when they should have been. In addition, 100 cases cannot be confirmed or excluded and remain 'possibles'.

Although the FSA described the risk to human health from these failures as "miniscule", they nonetheless represented a failure by the MHS to adhere to operational instructions. This is the subject of an independent external investigation being established by the FSA. Its report will be published, and its findings – together with any action taken by the MHS to supplement that already put in hand – will be reported in next year's MHS Annual Report & Accounts.

* Animals registered under the Beef Assurance Scheme (BAS) are very low BSE -risk cattle from a small number of specialist beef herds which, because of their special status, may be slaughtered for sale for human consumption at up to 42 months of age. Nonetheless, they require BSE testing if they are aged over 24 months.

The MHS Operations Manual

The MHS Operations Manual sets out the instructions from the FSA and Defra that aim to ensure the provision of a high-quality and consistent service, and it is against this Manual that the MHS is audited by the FSA's Veterinary Meat Hygiene Advisers (VMHAs).

There are currently some 1,350 registered manual holders, including stakeholders, a number of major UK food retailers, animal welfare organisations, and several overseas Government Departments.

The MHS Veterinary & Technical Support Unit (VTSU), in collaboration with policy divisions within the FSA and Defra, is responsible for drafting new text for the manual reflecting any changes in policy, procedures or legislation.

March 2004

29 Monday

Plant Name	LEAVE IN	ARRIVE	DEPART	HEALTH MARK
				NO. OF CATTLE
J. Murray	08:15	14:30	2	200 19:30
Joe Blagovis	08:15	14:30	2	200 19:30
S.
S.

Discussed with plant management the way things to change in May. Audit proposed

A typical (but fictitious) entry in a Plant Day Book, showing the arrival and departure times of MHS staff and the health mark numbers they used while at work

During 2003/04, the VTSU continued a major review of the manual to ensure that all manual holders have an accurate source of reference that is user- friendly, can be easily amended, and is compatible with the electronic version of the manual that is being produced as part of the 'IT Deployment in Meat Plants' Project (fully described later in this report). By March 2004, eleven major chapter amendments to the manual had been completed.

In addition to the review, 16 amendments to the manual and 26 concession forms were issued to registered manual holders during 2003/04. These amendments and concession forms amounted in total to 971,250 A4 pages, which was the equivalent of 750 new or replacement pages per manual.

The Hygiene Assessment System (HAS)

HAS scores are a management tool that enables the MHS and others to gain a general overview of hygiene levels in licensed meat premises. The benefit of this approach is that all MHS stakeholders are able to view levels of legislative compliance, and best practice, at a glance.

HAS scores are not evidence that meat is fit or unfit for human consumption - merely that it has been produced in conditions that are deemed suitable. The health mark, which is applied by an authorised officer, remains under the control of the OVS and is the recognised symbol that meat to which it is applied has been produced in accordance with all relevant legal requirements.

HAS is utilised by the MHS in all licensed slaughterhouses and cutting premises in GB. There is no 'pass mark' as such, because there are too many variables to adopt such a quantitative approach to legislative compliance. The scoring parameters are from 1 to 100, with most plants scoring between 70 and 95. Scoring is carried out every month in full throughput premises by the OVS in the plant concerned, and every quarter in low throughput premises.

OVSs regularly meet plant management to discuss the results of HAS assessments. If disagreements remain between the OVS and plant management, an appeal system is in place to review the score independently. Reviews are carried out by a senior veterinarian in the MHS, who will compare written evidence from the plant with recorded MHS documentation. HAS scores may remain unchanged, or be increased or decreased through this process, as appropriate.

Those licensed plants, which consistently comply with statutory requirements, and in addition employ industry 'Best Practice', will gain a higher score than those simply applying the legislative requirement.

A HAS score below 70 is just one indicator that the plant in question needs to develop its hygiene procedures during production. Such premises are subject to appropriate enforcement action by the OVS responsible, to ensure that the required hygiene standards are achieved.

MHS Enforcement Policy

The MHS is an enforcement agency operating in licensed meat premises. It embraces the principles of good enforcement, as set out in the Enforcement Concordat produced by the Cabinet Office, and adopted by the FSA. These are:

- **Standards** - drawing up clear standards which set out the level of service and performance that the customer can expect to receive.
- **Openness** - the provision of information and advice, in plain language, on the rules that will be applied.
- **Helpfulness** - actively working with the meat industry to advise on and assist with compliance.
- **Complaints Procedure** - the provision of well-publicised, effective, and timely complaints procedures which are easily accessible.
- **Proportionality** - ensuring that any action that requires to be taken is proportionate to the risks.
- **Consistency** - carrying out duties in a fair, equitable and consistent manner.

At the request of the FSA, a draft of a new MHS Enforcement Policy was produced and distributed for internal comment late in 2003. An updated version, taking the comments received into account, was approved by the MHS Management Board (subject to minor amendment) in February 2004 and submitted to the FSA in March 2004. It remains under consideration.

The policy mirrors the requirements of the Enforcement Concordat, which can be viewed in full in Chapter 18 of the MHS Operations Manual. It outlines the major functions of the MHS, the principles of enforcement that the MHS has agreed to adopt, and the standards that will be applied when carrying out enforcement work. The policy also seeks to ensure that any formal action in which the MHS engages is reasonable, consistent, and proportionate to the risk posed to public health and animal welfare.

Informal Enforcement Action

Most day-to-day enforcement is achieved by means of a straightforward dialogue with staff in licensed premises. Those working for the MHS may speak directly to production staff, but must also inform the managers of licensed premises of significant deficiencies. Written advice/warnings are appropriate when there is a minor contravention of the Regulations which does not have an immediate impact on public health or animal welfare, or where the occupier fails to follow previous verbal advice.

Formal Enforcement Action

Statutory notices may be served due to defects in hygiene, concerning unsatisfactory structural matters, to stop the use of particular types of equipment, to impose conditions on the meat production process, to close down the operation completely, or to stop a particular practice that contravenes the hygiene provisions of the legislation. Statutory notices may only be served by officers authorised to do so under the relevant legislation. Notices should accurately reflect the non-compliance, refer correctly to the relevant legislation and be clearly legible and unambiguous (otherwise they may be invalid in law).

MHS Enforcement Statistics, 2003/04

The MHS Management Board receives monthly reports on formal and informal enforcement action taken by those working for the MHS in licensed premises.

It is important that the full range of enforcement options remains open to an authorised officer, and that an enforcement authority should not adopt policies where the number of improvement notices served is set as a target against which to assess the performance of its staff. The MHS has not adopted such a policy.

Formal and informal enforcement action taken by the MHS during 2003/04

Formal Action	Number of Notices, Apr 2002 – Mar 2003	Number of Notices, Apr 2003 – 2004
Emergency Prohibition Order served under Section 12 of the 1990 Food Safety Act	Nil	Nil
Improvement Notice served under Section 10 of the 1990 Food Safety Act	972	1,013
Regulation 10 Notice (served under Regulation 10 of the Hygiene and Inspection Regulations, as amended), requiring urgent action to be taken to remedy a breach or breaches of the Regulations	682	565
“Minded to” Notice (applicable in Scotland only) which gives the plant operator notice of the intention to serve an Improvement Notice	37	92
Informal Action	Number of Warnings, Apr 2002 – Mar 2003	Number of Warnings, Apr 2003 – Mar 2004
Written warning	4,840	6,100

Prosecutions

The MHS does not undertake prosecutions itself – it recommends prosecution to other bodies, normally the FSA (in the case of alleged breaches of Regulations concerning public health) or Defra (in the case of alleged breaches of Regulations concerning animal welfare at slaughter).

Although a recommendation for prosecution is a last resort in terms of enforcement, there are certain circumstances in which an immediate recommendation to prosecute is required. These include:

- Breaches of SRM controls;
- Cruelty to animals;
- Flagrant, deliberate breaches of the Regulations and/or the Food Safety Act leading to an imminent risk to public health; and
- Obstruction of MHS personnel engaged in official duties.

Recommendations for prosecution are made by OVSS and submitted to MHS Regional Directors, where they are reviewed by RVAs. If prosecution is considered appropriate, the Regional Director puts the case to the FSA Legal Department. If they decide to accept the case, a formal investigation will normally be requested.

The final decision on whether or not to prosecute rests with prosecution lawyers acting on behalf of the FSA, or with Defra, in accordance with the Code for Crown Prosecutors, taking into account any recommendation from the MHS. In Scotland, the decision to prosecute rests with the Procurator Fiscal who will consider cases, reported by the FSA Legal Department on the basis of recommendations from the MHS, in accordance with the Prosecution Code issued by the Crown Office and Procurator Fiscal Service.

Prosecutions recommended by the MHS in 2003/04

Prosecuting body	No. of MHS prosecution referrals	No. of successful prosecutions	No. of unsuccessful prosecutions	No. of ongoing prosecutions	Cases withdrawn or not progressed
The Department of Health, on behalf of the FSA	188	21	6	104	57*
Defra	37	26	4	2	5
Procurators Fiscal (Scotland only)	4	-	-	2	2

* Some of these were due to company liquidation, or a number of referrals against the same company/companies

BSE

The Over Thirty Months (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 OTM Rule is a BSE protection measure that prevents older cattle from entering the food chain.

A total of 2,393,863 cattle passports were examined by MHS staff during 2003/04 in abattoirs producing fresh meat for human consumption, and in those slaughtering cattle under the Over Thirty Month Slaughter (OTMS) Scheme to establish cattle age. The breakdown, by slaughterhouse type and MHS Region, is as follows:



The Food Standards Agency's Guide to BSE

Number of cattle passports examined, 2003/04, by slaughterhouse type and MHS Region

MHS Region	Number of cattle passports examined (in abattoirs producing meat for human consumption)	Number of cattle passports examined (in OTMS abattoirs)
North	506,076	109,197
Central	371,407	106,891
South & West	330,811	147,924
Wales	177,793	48,405
Scotland	505,626	89,733
Totals	1,891,713*	502,150

* This figure does not correspond with the 2003/04 throughput figure of 1,877,298 for bovines under 30 months of age, because it includes the passports of animals that will have been slaughtered but then rejected at post-mortem examination for a variety of reasons.

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.

Breaches of Legislation in Imported Meat

During routine checks on imported meat in 2003/04, the MHS investigated 149 breaches of the import regulations. This figure included 69 SRM import failures (please see next section), the remainder being issues over health-marking failure; over-temperature meat, incomplete or inaccurate documentation, and unsatisfactory consignments mainly due to poor packaging or contamination.

Checks on imported beef carcasses received in licensed premises are made to ensure that SRM has been removed. Imported beef carcasses are required to have the vertebral column removed under MHS supervision in approved premises, the carcasses being held securely under seal pending processing. The premises concerned are additionally designated by the FSA to carry out this work.

Of the 69 SRM failures investigated during 2003/2004 by MHS staff in licensed plants, all consignments were of beef sold out of EU intervention stores and imported into the UK from other European countries. When market prices recover, the EC releases the beef back onto the market. The 69 consignments originated from four European countries. The majority were from Spain, and the type of SRM identified in the carcasses was spinal cord.

In each case the CVO of the country concerned - and the European Commission - were immediately informed by the FSA of these breaches of EU law. Continued vigilance and, where necessary, enforcement action has helped to almost eliminate such breaches.

Details of SRM failure in imported meat are available on the FSA website at <http://www.food.gov.uk/bse> under the section 'BSE News' which is updated monthly. Further information on beef imports can also be found on the FSA website at <http://www.food.gov.uk/bse/beef/imports>

Domestic Breaches of EU SRM Controls

During 2003/04 there were three instances where MHS supervision of SRM controls - and/or the relevant procedures adopted by operators of licensed premises - failed in the processing of beef and sheep carcasses in British abattoirs.

- Two cases involved sheep carcasses in which spinal cord – classified as SRM – was discovered after checks should have been made to ensure its removal.
- One case involved Dutch cattle slaughtered in the UK that should have had the vertebral column – which is classified as SRM – removed before entering the food chain.

These cases were detected either during routine FSA and MHS audits, or during routine inspection by MHS staff before the carcasses entered the human food chain.



The MHS Plant Day Book contains a ready reckoner for calculating the last day on which animals may be legally slaughtered up to the age of 30 months

Over Thirty Months Slaughter Scheme (OTMS)

The Rural Payments Agency (RPA) operates the Over Thirty Months Slaughter (OTMS) Scheme, which is a market support measure introduced in 1996 following the BSE crisis. Bovines over 30 months of age are slaughtered under the scheme, instead of going for human consumption.

After slaughter in a licensed premises, the carcasses go for rendering and eventual incineration or, occasionally, directly for incineration.

The MHS continues to provide supervisory, inspection and monitoring services on behalf of the RPA in the 18 slaughterhouses in Great Britain that process OTM bovines. This work produced an income in 2003/04 of around £6.3 million for the MHS.

The Brain Stem Sampling of selected OTM cattle, which began in 2002 to survey the prevalence of TSEs in older cattle, continues in OTMS plants, where the MHS supervises the collection of brain stem samples by the plant operator.

Numbers of cattle sampled in OTMS plants during 2003/04 are shown in the table below.

Month and year	Total number of cattle slaughtered	Of which, number of positives
April 2003	24,554	2
May 2003	8,852	1
June 2003	9,616	1
July 2003	12,715	1
August 2003	13,482	1
September 2003	17,655	3
October 2003	24,771	1
November 2003	27,462	1
December 2003	26,853	2
January 2004	28,923	0
February 2004	20,277	1
March 2004	18,005	3
Total	233,165	17

Number of cattle registered under the Beef Assurance Scheme* sampled during 2003/04:

Month and year	Number of cattle sampled	Of which, number of positives
April 2003	15	0
May 2003	14	0
June 2003	0	0
July 2003	7	0
August 2003	0	0
September 2003	7	0
October 2003	0	0
November 2003	2	0
December 2003	6	0
January 2004	5	0
February 2004	15	0
March 2004	11	0
Total	82	0

* Animals registered under the Beef Assurance Scheme are from specialist beef herds that have always been considered to be at very low risk of BSE because of their feeding regime.

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 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.

Bovine Tuberculosis

Bovine Tuberculosis (TB) is a notifiable disease and continues to be an increasing problem in the national herd, with the highest incidence occurring in West Wales, South and West England, and parts of the Midlands. The percentage of herds in which reactors have been found in South and West England increased from 1.5% in 1973, to 3% in 1993, and to 6% in 2000.

More than 20,000 cattle a year are currently reacting positively to tuberculin tests and are therefore sent by the SVS for compulsory slaughter. The SVS categorises these animals as reactors, inconclusive reactors, or dangerous contacts. The majority of these animals are over thirty months of age, and would therefore have been ineligible to enter the human food chain.

Bovine Tuberculosis – numbers of cattle tested, and numbers compulsorily slaughtered, by category

Month and Year	Total no. of cattle tested	Total no. of reactors* slaughtered	Total no. of contacts** slaughtered	Total compulsorily slaughtered (Col 3 + Col 4)
April 2003	471,702	1,871	263	2,134
May 2003	275,936	1,644	518	2,162
June 2003	302,481	1,866	197	2,063
July 2003	268,914	1,525	183	1,708
August 2003	191,646	975	68	1,043
September 2003	300,813	1,905	407	2,312
October 2003	291,640	1,270	122	1,392
November 2003	407,788	1,599	501	2,100
December 2003	369,427	1,099	140	1,239
January 2004	530,670	1,865	162	2,027
February 2004	528,184	1,648	277	1,925
March 2004	603,119	2,001	379	2,380

* Reactors are so called because they reacted to the tuberculin test, but were not necessarily confirmed as being infected with *Mycobacterium bovis*.

** Contacts are animals which, under the terms of EC Directive 64/432 as amended, were considered to have been a direct contact exposed to *Mycobacterium bovis*.

Source: Defra/National Statistics briefing note "The Incidence of TB in Cattle – Great Britain", published 23 June 2004

All cattle are inspected for signs of TB at licensed slaughterhouses on a routine basis, but where cattle are suspected of having TB an additional inspection is required in accordance with Schedule 10 of The Fresh Meat (Hygiene and Inspection) Regulations 1995 (as amended). The additional inspection entails examination of the vertebrae, ribs, and sternum, and a detailed examination of certain lymph nodes, as specified in the Regulations. A judgement is then made as to fitness for human consumption.

Carcases identified by MHS inspection staff as suspected cases during routine post mortem inspection are reported by the MHS to the SVS. All cases are dealt with in conjunction with the SVS, and visible lesions and samples are collected for investigation in all suspected cases under the instructions of the SVS.

The MHS continues to maintain a high level of vigilance in the course of routine meat inspection duties to identify lesions that may be attributable to TB. It should be noted that there are no recorded instances of humans contracting bovine TB through eating meat.

Other Animal Diseases

MHS staff did not report to Defra any other notifiable animal diseases during 2003/04, but were nonetheless required to remain on their guard to avoid any outbreaks of disease that might have had a devastating effect in the UK, as was the case during the outbreak of Foot and Mouth Disease (FMD) in 2001/02.

MHS staff have been particularly watchful after the outbreak in 2003 of Avian Influenza in Asia. Highly pathogenic avian influenza has hitherto been considered to be a rare disease. Since 1959, only 21 outbreaks have been reported worldwide. According to the World Health Organisation (WHO), the majority of these occurred in Europe and America. Of the total of 21, only five outbreaks resulted in significant spread to numerous farms, and only one was associated with spread to other countries.

Since mid-December 2003, eight Asian countries have confirmed outbreaks of Highly Pathogenic Avian Influenza caused by H5N1 strain. Most of these countries have experienced outbreaks of this disease for the first time. In several countries, outbreaks have been detected in virtually every part of the country.

Animal Welfare Review

MHS staff routinely monitor animal welfare throughout each working day and provide monthly reports for the relevant MHS Regional Office, and for Defra. The MHS is also responsible for the enforcement of those sections of the Welfare of Animals (Slaughter or Killing) Regulations 1995.

In compliance with a Service Level Agreement (SLA) with the Animal Welfare Division of Defra, the MHS conducts a review of animal welfare in licensed slaughterhouses every two years. The most recent review was conducted in 2003 and published by Defra on 31 March 2004. It consisted of a 'snapshot' of animal welfare in 113 poultry slaughterhouses, conducted between 12 - 18 May 2003; and in 319 red meat slaughterhouses, conducted between 1 - 7 September 2003.

The review assessed the standards of animal welfare in licensed slaughterhouses supervised by the MHS, and collected data on the methods of stunning, slaughter and killing used in different sectors of the industry. This information is used by Defra in the development of animal welfare legislation.

The results of the review demonstrate that there is a high level of compliance and many plants use best practice to deliver acceptable standards of welfare at slaughter. The review recorded a small improvement in the level of operator compliance that could be due in part to MHS activity to improve uptake of staff training.

This information is used by Defra in the development of animal welfare legislation.

Performance against targets, 2003/04

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 2003/04 were the subject of a full public consultation process, and – after consideration and advice from the MHAC – were agreed by the FSA Board at its open meeting in March 2003.

MHS performance against targets is assessed against audits by FSA Veterinary Meat Hygiene Advisers (VMHAs) on the performance of MHS staff based in licensed premises, against working instructions contained in the MHS Operations Manual, and internal management information gathered by the MHS, with advice from FSA officials as appropriate.

Non-compliances (NCs) – which do not necessarily indicate contravention of a legal requirement, or the existence of a public health or animal welfare problem – fall into three categories:

Critical – any NC which causes an immediate, serious risk to public health or animal welfare, requiring immediate corrective action by MHS.

Major – any NC 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 NC which is not critical or major.

An assessment, by the FSA, of the MHS's performance against targets for 2003/04 was presented to MHAC at its meeting in June 2004, and by the FSA Board at its meeting the following month. The means of assessing, and the assessment of performance under each target, were as follows:

Performance Summary, 2003/04

1. **Target:** Take appropriate action to enforce HACCP and microbiological testing requirements in licensed meat plants.

Means of assessing: Through quarterly reports produced by the MHS on plant compliance, enforcement action, and related HACCP activity (e.g., OVS/MHI training). The results of FSA pilot audits will also be available.

Assessment: The MHS has taken a range of enforcement action in line with the enforcement hierarchy and with FSA instructions. The MHS also made considerable efforts to train OVSs and MHIs on HACCP enforcement.

It was recognised from the outset that assessing performance against this target would not be straightforward. Given the imprecise nature of the target and the assessment method, the FSA instructions to the MHS on enforcement, and the size of the task involved in securing operator compliance with the required changes, the FSA considers that, on the basis of the evidence provided, the MHS has met this particular performance target.

✓ **Achieved**

2. **Target:** Fully apply the MHS Clean Livestock Policy.

Means of assessing: Through the FSA audit of MHS compliance with Operations Manual requirements. This target will be failed by a single critical NC, or more than five major NCs per 100 audit visits to sheep/cattle slaughterhouses.

Assessment: The FSA audit by Veterinary Meat Hygiene Advisers (VMHAs) found no critical or major non-compliance in 42 audits and re-audits.

✓ **Achieved**

3. **Target:** Strictly enforce SRM controls in licensed plants.

Means of assessing: Through the FSA audit of MHS compliance with Operations Manual requirements. This target will be failed by a single critical NC, or more than five major NCs per 100 audit visits.

Assessment: VMHAs found no critical and one major non-compliance in 42 audits and re-audits.

✓ **Achieved**

4. **Target:** Strictly enforce the Over Thirty Month (OTM) Rule in licensed plants.

Means of assessing: Through the FSA audit of MHS compliance with Operations Manual requirements. This target will be failed by a single critical NC, or more than five major NCs per 100 audit visits.

Assessment: VMHAs found no critical or major non-compliance in 23 audits and re-audits.

✓ **Achieved**

5. **Target:** Strictly enforce the hygiene requirements of the fresh meat, poultry meat, and wild game meat hygiene and inspection regulations in licensed plants.

Means of assessing: Through the FSA audit of MHS compliance with Operations Manual requirements. This target will be failed by a single critical NC, or more than eight major NCs per 100 audit visits.

Assessment: VMHAs found no critical and 11 major non-compliances in 138 audits and re-audits. This is equivalent to 7.97 major non-compliances per 100 audits. These figures compare to 10.7 major non-compliances per 100 audits in 2002/03.

✓ **Achieved**

6. **Target:** Strictly enforce the requirements of animal by-products legislation in licensed plants.

Means of assessing: Through the FSA audit of MHS compliance with Operations Manual requirements. This target will be failed by a single critical NC, or more than five major NCs per 100 audit visits.

Assessment: VMHAs found no critical and one major non-compliance in 123 audits and re-audits.

✓ **Achieved**

7. **Target:** Strictly enforce the Welfare of Animals (Slaughter or Killing) Regulations in licensed plants.

Means of assessing: Through the FSA audit of MHS compliance with Operations Manual requirements. This target will be failed by a single critical NC, or more than five major NCs per 100 audit visits covering all slaughterhouses.

Assessment: VMHAs found no critical or major non-compliances in 60 audits and re-audits.

✓ **Achieved**

8. **Target:** Develop and train staff in accordance with the MHS corporate training plan.

Means of assessing: On the basis of a report against the plan, produced by the MHS by 31 March 2004, confirming that the planned training and development activities for the year have been delivered.

Assessment: BSE testing was identified in the MHS corporate business plan as “business critical training”. However, the MHS failed to ensure that all MHS staff followed the relevant instructions to test 24 – 30 month old casualty cattle. There was therefore a failure to fully achieve the training and development target.

✗ **Not achieved**

9. **Target:** Implement the MHS Diversity Action Plan

Means of assessing: On the basis of a report by the MHS on the Diversity Action Plan by 31 March 2004, confirming that the planned implementation activities for the year have been delivered.

Assessment: The MHS made significant progress on the 185-point action plan to achieve greater diversity and raise awareness across the organisation of diversity issues. In the second year of the three-year plan, considerable progress continued to be made towards achieving the targets established for increased representation of ethnic minorities and females in the workforce.

However, some items have needed to be carried forward for a further year. In particular, it was discovered that there are issues about whether the requirements of staff with a disability can readily be accommodated in meat plants, leading to the conclusion that the target for employees with a disability will require further consideration.

X Not fully achieved

10. **Target:** Operate within the delegated resource budget and within Treasury parameters for cash forecasting accuracy in 2003/04.

Means of assessing: On the basis of the year-end audited MHS accounts and cash draw-down during the year. The delegated resource budget and cash figure will be set out in a delegation letter from the FSA to the MHS Chief Executive at the beginning of the financial year.

Assessment: Unaudited year-end accounts provided to the FSA Finance Director and the MHS Audit & Risk Committee indicate that the MHS has achieved this target, subject to the outcome of the NAO audit. Following this audit, it has been confirmed that this target has been met.

✓ Achieved

11. **Target:** Implement, within agreed timescales, a project aimed at providing access to IT for MHS plant-based staff.

Means of assessing: This target will be assessed at the end of the project, against the Project Initiation Document, confirming that the project was implemented within agreed timescales.

Assessment: Implementation of this complex project was not fully completed by the end of March, as had been planned. Although Phases 1 – 3 were all fully completed within the year, Phase 4 (roll-out) experienced major difficulties. Completion of the final phase will therefore be carried forward to the current year (2004/05) to give time to ensure that the IT platform will fully meet requirements, including demonstrating the planned return on investment.

X Not fully achieved

Performance Targets in earlier years

Performance targets for the previous two years, 2001/02 and 2002/03, are shown in the table below. A tick denotes a target that was achieved, and a cross denotes a target that was not achieved.

2001/02	2002/03
Fully apply the MHS Clean Livestock Policy (CLP) ✓	Fully apply the MHS Clean Livestock Policy (CLP) ✓
Not to apply the health mark to any meat showing visible faecal or alimentary tract contents contamination ✓	Strictly enforce the hygiene requirements of the fresh meat, poultry meat, and wild game meat hygiene and inspection regulations ✗
Take effective action in slaughterhouses with low HAS scores, to improve hygiene standards ✓	Secure improvement in MHS enforcement in poorly performing plants ✓
Take action within three months to address key operational findings by FVO missions relating to MHS management, supervision, or enforcement ✓	Take appropriate action to enforce the requirements of new EU rules on HACCP and microbiological testing in licensed meat plants ✓
Strictly enforce the SRM controls in licensed plants ✓	Strictly enforce the SRM controls in licensed plants ✓
Strictly enforce the OTM rule in licensed plants	Strictly enforce the OTM rule in licensed plants ✓
Strictly enforce the Welfare of Animals (Slaughter or Killing) Regulations ✓	Strictly enforce the Welfare of Animals (Slaughter or Killing) Regulations ✓
Provide update training for all POVVs and lead OVVs in HACCP (course to be developed in liaison with FSA), and in animal welfare (course to be developed in liaison with MAFF's Animal Welfare Division); 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) ✓	Develop and implement a corporate training strategy for 2002/2003 ✓
Meet the FSA targets for customer service ✓	Develop a diversity action plan for MHS staff ✓
Maintain full compliance with Charter Mark standards ✓	Deliver an improvement in customer satisfaction with the work of the MHS ✓
Implement the accepted recommendations of the Deloitte & Touche review of MHS efficiency within the timescales agreed by the Meat Hygiene Advisory Committee ✓	Implement, within agreed timescales, a pilot project involving increased direct employment of veterinarians ✓
Operate within the agreed MHS resource budgets for 2001/2002 ✓	Operate within the agreed MHS resource budgets for 2002/2003 ✗
Operate within the total net cash management figure agreed with the FSA ✓	Operate within the total net cash management figure agreed with the FSA ✓

Performance Targets for 2004/05 Verification and Audit

New-style MHS performance targets for 2004/05, that are outcome-based rather than process-driven, were agreed by MHAC at its meeting in September 2003, and - after a formal 12-week consultation exercise that ran from September 2003 - by the FSA Board at its open meeting in March 2004.

The targets continue to be explicitly linked to FSA strategic objectives in the FSA Strategic Plan. Some of the performance indicators have been expanded and clarified to better describe what is to be measured. A validation exercise, based on data available for the first quarter of 2003/04, was conducted to test the robustness of new proposed assessment methods.

The first year (2004/05) of this new approach will be used as a 'baseline' year to establish performance levels and identify trends. In later years, this will allow specific levels of performance, or 'targets', to be set for specific performance indicators, where necessary, within the overall high-level targets.

The targets are as follows:

- To apply the meat hygiene, animal by-products, animal welfare, BSE, TSE, and HACCP legislation and the Clean Livestock Policy, in line with Enforcement Concordat principles, with the aim of improving levels of operator compliance with the law.
- To operate within the delegated resource budget and delegated cash budget for 2004/05.
- To improve the expertise, knowledge, motivation and skills of staff and develop the internal culture necessary to deliver organisational objectives.
- To improve levels of customer satisfaction with MHS performance as a professional and fair organisation.
- To improve efficiency.

Audit & Risk Committee

The MHS Audit & Risk Committee comprises a non-executive Chair, Iain MacDonald, and two other non-executive Directors, Robert Bell and William McLaughlin. Its purpose is to support the MHS Chief Executive in his role as Accounting Officer by monitoring and reviewing the risk, control and governance processes that have been established in the MHS, as well as the associated assurance processes.

This is achieved by introducing an independent perspective and a process of constructive challenge, to assist the Chief Executive in gaining assurances that the most efficient, effective and economic risk, control and governance processes are in place.

The committee met in full on five occasions during 2003/04. These meetings were also attended by representatives from the National Audit Office (NAO), Defra's Internal Audit Team, and the Food Standards Agency. In line with best practice advice, the committee also held an additional 'closed' meeting with the MHS's internal and external auditors.

FSA Audit of the MHS

Veterinary Meat Hygiene Advisers (VMHAs) from the FSA's Veterinary and Public Health Operations Division (VPHOD) carry out audits of MHS service provision in licensed premises to assess compliance with the requirements of the MHS Operations Manual and associated legislative requirements.

As with MHS performance against targets, non-compliances (NCs) found at audits of MHS service provision are classified as either critical, major, or standard. The definitions of these terms appear in the previous section headed "Performance against targets, 2003/04".

The FSA provides the MHS with a quarterly report on its findings and an annual report is also published each year, normally in the autumn. The annual report for 2003/04 is therefore not yet available. The FSA annual report for 2002/03, published in November 2003, indicated that 159 audit visits had been carried out in the reporting period. The number of non-compliances recorded was 39 major and 337 standard. No non-compliances were recorded at 28 of the audit visits.

**Analysis of VMHA Audit Visits for the last three years
(an analysis for 2003/04 was not available at the time of publication of this report)**

	2000/01	2001/02	2002/03
Number of audits	150	151	159
Number of Critical NCs	Nil	Nil	Nil
Number of Major NCs	26	41	39
Number of Standard NCs	265	288	337
Number of visits at which no NCs were reported	49	49	28

MHS Internal Audits

MHS internal audits in licensed premises are carried out by the Verification and Audit Unit (VAU) of the MHS Veterinary and Technical Directorate. Their aim is to drive improvements in consistency and quality of enforcement by the MHS. Veterinary Verifiers (VVs) and Technical Verifiers (TVs), who are independent of the MHS Region in which they work, seek to gather objective evidence to demonstrate that MHS enforcement activity in licensed premises is effective, and to provide assurance on the delivery of operational services to meet operational instructions and legislative and stakeholder requirements.

Some 250 VAU audits were carried out during 2003/04, leading to the detection of one critical, 80 major and 555 standard (or minor) non-compliances. The definitions of these non-compliances are the same as for FSA audits.

The single critical non-compliance related to animal welfare in poultry premises processing spent hens. The full circumstances are the subject of possible legal proceedings and therefore *sub judice* at the time of preparing this report.

Area of non-compliance	Number of major NCs
Authorisations, warrants and manuals	4
Monitoring records	2
Monitoring hygiene	10
Monitoring of structure and maintenance	11
Operator duties	6
Animal welfare	4
Post-mortem inspection (red meat)	5
Post-mortem inspection (poultry)	1
Health marking	7
Animal by-products	25
Enforcement	4
Other (related to contamination not being identified and trimmed)	1
Total	80

Area of non-compliance	Number of standard (minor) NCs
Authorisations, warrants and manuals	47
Plant licences and approvals	5
HAS scoring	34
Monitoring records	41
Monitoring hygiene	49
Monitoring of structure and maintenance	69
Operator duties	66
Meat products/minced meat and meat preparations	1
Animal welfare	12
Ante-mortem inspection	5
Poultry pre-slaughter documentation	3
Post-mortem inspection (red meat)	24
Post-mortem inspection (poultry)	1
Health marking	32
Animal by-products	81
Compliance with SRM and/or TSE legislation	10
Sampling	5
Enforcement	24
Other	6
HR prodecures	1
Health & Safety	30
Throughput	3
Time recording	5
Total	555

EU Food and Veterinary Office (FVO) Missions

The FVO is part of the European Commission's D-G Sanco, and carries out inspections to ensure that control systems in member states comply with EU food and veterinary legislation.

A number of Missions take place each year in the UK and some of them directly involve the MHS.

In 2003/04, the MHS was involved in the following Missions:

1. Evaluation of the implementation of measures under the Date Based Export Scheme (DBES)

This Mission took place in May 2003 and its scope was the selection of DBES eligible cattle through to dispatch of consignments from cutting plants and cold stores approved under DBES.

As part of the wider Mission FVO Inspectors visited a slaughterhouse and associated cutting plant in Wales to assess DBES controls. With regard to MHS input to the controls, Inspectors concluded that:

- Only DBES eligible stock entered the chain and there was adequate separation at slaughter and cutting. Traceability of final product was ensured but carcasses were not

identifiable at every point in the slaughterhouse. Subsequent action was taken to ensure the correct numbering of carcasses.

- The Required Methods of Operating Practices (RMOP) were not fully adhered to, because not all company records were checked as required for official checks. In response, all yield reports are now passed to the OVS after boning, as required.
 - Tighter control of DBES packaging would be desirable. Action was subsequently taken to reduce the risk of error in packaging DBES meat.
2. Evaluation of the system for checks on animal welfare during transport and at the time of slaughter.

This Mission took place during October 2003 and the FVO Inspectors visited slaughterhouses in Scotland, Wales and Northern Ireland.

The MHS related FVO findings were that;

- With regard to transport OVSs at slaughterhouses had taken appropriate actions when they had:
- Discovered inadequate provisions for transport of injured or lame animals. Discovered incidents involving breach of animal welfare rules
- With regard to supervision in slaughterhouses:
- Supervision of movement and lairaging of animals in slaughterhouses was generally adequate.

Effective stunning was ensured in three out of the six slaughterhouses visited.

The inspectors had reservations about the effectiveness of some stunning.

The official response to the adverse findings on the effectiveness of stunning recorded that the experienced veterinary inspectors from the State Veterinary Service and MHS who accompanied the Mission disagreed with the FVO Inspectors' comments. In contrast, their observations caused them to conclude that stunning was adequate in all cases.

Deloitte and Touche

The Deloitte and Touche Efficiency Scrutiny Report of the MHS, published in 2001, continued during 2003/04 to provide the basis for major projects of organisational development.

Two significant projects were initiated in response to the Deloitte and Touche report – the 'Moving Ahead' programme of organisational change within the MHS, and the IT Deployment to Meat Plants Project. Both are described in detail elsewhere in this report.

A third project – the Employed OVS Project – was initiated in March 2002 in response to a recommendation by Deloitte & Touche that significant cost savings could be achieved through increasing the proportion of directly-employed OVSs. That project has now been completed, and a final end-of-project report will be produced in 2004/05.

Project Management

In common with many organisations, the MHS has experienced unprecedented levels of change in recent years. Change brings with it risks, and these are best managed as discrete projects.

Projects bring together resources, skills, technology and ideas to deliver business benefits, or to achieve business objectives. Good project management helps to ensure that these benefits or objectives are achieved within a deadline, within a budget, and to the required quality standards.

The three large projects referred to in the previous section have been managed by following PRINCE 2 project management methodology.

For small projects, the MHS intends to develop its own simple project management methodology based on best practice. PRINCE 2 methodology will be utilised for larger projects.



Gina Barton, Human Resources Adviser,
South & West Region

Managing People

The MHS values its staff. They are its most valuable resource and without them the MHS would simply not be able to operate. It is essential that the MHS has a fully-trained workforce with the skills and experience for the job it has to do and which is motivated and

properly managed. Learning and development is an essential part of the culture change that the MHS has been undertaking in moving from an approach of blame/discipline to an open and trusting environment of continuous improvement.

MHS Workforce as at 1 April 2003, by grade and employment status

Grade	Employed Permanent	Employed Casual*	Contract**	All MHS
POVS/RVA	18	1	-	19
OVS	29	5	333	367
SMHI/SPMI	151	-	-	151
MHI/PMI	896	75	43	1,014
MT	236	9	-	245
Trainee MHI	44	-	-	44
Management & administration staff***	219	1	-	220
Total	1,593	91	376	2,060

Notes

All figures are based on substantive grade rather than acting grade

* Based on an average casual contract being equal to 0.7 of a full time equivalent (FTE)

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

*** Management & Administration includes ARMs and Area Managers (replacing ARMs)



Ann Bentley, Human Resources Adviser,
Wales Region

'Moving Ahead' – organisational change within the MHS

The 'Moving Ahead' programme of organisational change within the MHS is designed to create clearer lines of responsibility within the organisation, and to place decision-making as close as possible to the point of service delivery. The first objective has required a substantial amount of restructuring, while the second has required a change in systems as well as a change in culture. The latter has required individuals to take on greater personal responsibility for their work, along with the creation of a more learning environment.

This began with the creation of a new post of Director of Operations, along with implementation of the new structure in the MHS North, Scotland and Wales (NSW) Regions shortly afterwards. This included the recruitment of six Area Managers by open competition, bringing valuable business skills and external experience to the MHS.

An interim review of NSW to consider how those regions were functioning was carried out in autumn 2003, taking on board lessons learnt, as a preparation for rolling out the 'Moving Ahead' programme in the MHS Central and South & West (CSW) Regions in April 2004.

Structural change started in 2002 with the establishment of the Veterinary and Technical Directorate and the Business Development Unit in Phase 1 of the project. Implementation of Phase 2, the creation of the Operations Directorate, started in May 2003.

The results of the review confirmed that the new structure of providing a single line of operational management, supported by independent internal verification and technical expertise, was working and had survived the transition without any major disruption to the service.



Barbara Hunter, Human Resources Adviser,
Scotland Region

Changes in systems are starting to take hold, particularly in the operational management line of accountability. This reinforces the concept of managing by outcomes, underpinned by releasing the creativity of staff in a participative manner.

Of particular significance was the consensual manner in which a review of Senior Meat Hygiene Inspectors (SMHIs) spans of control in Central Region was handled using the new cultural methods. This resulted in a 45 per cent reduction in posts, but with the full agreement and support of those involved. Greater responsibility has also been taken on by SMHIs in moving to a business management role. Management of contracts has improved as a result of the introduction of the Area Manager role, and the delegation of further budgetary control has also started to improve the control and use of resources.

The centralisation of the management of Service Level Agreements under a new Unit, along with the establishment of a Contracts and Procurement Unit, have achieved significant savings and made both units virtually self-funding.

The emphasis on individual responsibility has been supported by a fundamental review of human resource management (HRM). This has resulted in all MHS managers taking responsibility for HRM within their area of responsibility, supported by the creation of an HR Adviser post in each of the five regional offices. At the same time, the role of HR in headquarters has moved to one of support, resulting in a reduction in staff from 32 to 22.

The MHS Management Board has been reformed and reduced from 10 to four. The Chief Executive has been joined by three directors who are each responsible for the main functions of the business, that is:

- Operations (to ensure compliance with legislation and regulations);
- Veterinary and Technical (offering veterinary and technical support); and
- Corporate Services (embracing Finance, HR, IT, and the functions of the Business Development Unit).

A Corporate Services Director has yet to be appointed. Newly-formed operational boards for the three main areas of business will allow strategy to be transformed into operational planning.

People Development Strategy

The MHS is continuing to move to a culture of increased empowerment of staff at all levels in order that they are confident and competent to take ownership of – and deliver – key business outcomes at the point of service delivery. As part of this process, in 2003/04 the Human Resources Department was decentralised and reorganised into three units - Strategy, Support and People Development.

In addition, six Human Resource Advisers (HRAs) were appointed – one for headquarters, and one for each of the five regional offices. The creation of the People Development Unit illustrates the commitment of the MHS to training and developing its staff through the establishment of a dedicated team dealing specifically with the development and education of employees.

The MHS People Development Strategy aims to ensure that staff are fully trained and equipped with the skills and expertise they need for the job they are doing, aligned with the organisation's strategic objectives. The MHS recruits and trains new operational staff and, where possible, anticipates staff turnover through effective manpower planning to minimise the risk of service failure.

MHS staff need to be motivated and flexible, and able to cope with emergency situations and continuing change. The MHS is reviewing the use of agency MHI staff and, wherever possible, is seeking to minimise the extent of its use of such staff and the associated costs.

However, the MHS also strives to ensure that its staff are deployed in the most efficient manner and, that where overtime working is required, this is effectively managed and controlled. The impact of onerous working hours is monitored and measures have been taken in appropriate cases to implement alternative work patterns. The MHS also acknowledges the needs of staff with family care responsibilities, and has produced guidelines for dealing with formal requests for adjustments to the working week. It is also reviewing its flexible working policies with a view to extending these.

During 2003/04 the MHS had to deal with changes in meat industry requirements, some of which required extra staff. In other cases, for example where licensed premises have been closed, the MHS has



Richard Molyneux, Human Resources Adviser, Central Region



Liz Wise, Human Resources Adviser, North Region



Julie Woodman, Human Resources Adviser, MHS HQ



A group of vets take a break from their studies for OVS designation at Glasgow University in March 2004. On the far right of the group is Charles Robertson, an MHS Regional Veterinary Adviser, who is also a course tutor at Glasgow



Carla Page, a Meat Hygiene Inspector in the MHS Central Region, received the Ian Macmillan Prize from Princess Michael of Kent in June 2003 at the annual meeting of the Royal Society for the Promotion of Health. The prize is awarded to the Trainee MHI who gets the top marks in the country at the end of the course

redeployed staff thereby avoiding the need for compulsory redundancies.

There is access to training opportunities, in accordance with the MHS Equal Opportunities Policy, to try to ensure that all managers in the MHS are equipped with the skills they need to develop their staff. A total of 210 managers throughout the MHS undertook 'Managing Inclusion' (diversity) training in 2003/04, a process that is due to continue into 2004-05. Best practices and principles of the Investors in People standard are embedded in the organisation, which continues to strive to extend this through a process of continuous improvement.

To fulfil these aims, the MHS created a corporate people development plan, or Corporate Training Plan, which covers the key priorities and areas for action in training and development, linked to the achievement of the strategic objectives of the organisation.

Operational Training

A key issue continues to be the training of operational staff. Senior managers remain committed to ensuring that 'front line' colleagues have the skills and knowledge to carry out their jobs in protecting public health and ensuring animal welfare at slaughter. Training for operational staff during 2003/04 focused on the following issues:

New Meat Technicians

The MHS arranged a course at the University of Salford during 2003/04 for eight new Meat Technicians. This course comprises two weeks' theoretical training, supplemented by 'in-plant' practical training. On completion of the programme, successful trainees achieve the Royal Society for the Promotion of Health (RSPH) Certificate for Meat Technicians and the Chartered Institute of Environmental Health (CIEH) Foundation Certificate in Food Hygiene.

New Meat Hygiene Inspectors

In 2003/04, the MHS arranged four courses – one at Blackpool and Fylde College, one at Harper Adams University, Newport, Shropshire; and two at the University of Salford – for a total of 66 new Meat Hygiene Inspectors. The courses consist of a mix of academic tuition, practical experience, and examinations spread over 28 weeks and leading to the RSPH Meat Inspection Certificate. The basic training course continues to include the study of an Intermediate Certificate in Applied HACCP Principles that was introduced in 2003.

HACCP

During 2003/04, a total of 727 S/MHIs received HACCP training. Successful completion of the course resulted in achievement of the Meat Training Council's (MTC) Intermediate Certificate in HACCP Practice (Meat Plant). By June 2004, it is hoped that a total of 1,100 S/MHIs will have been trained in this area.

Dual-Qualified Meat Hygiene Inspectors

The provision of opportunities for dual qualification in red meat and white meat to all single-qualified MHIs and SMHIs, for those who wish it, remains a commitment of the MHS. This is intended to help personal development of the individuals concerned and to ensure that the MHS has a more versatile workforce. Progress has, however, been slow in this area due to the primary importance of service delivery and resource shortage in providing cover for staff in training.

The trainee MHI courses held during 2003/04 provided training for 21 S/MHIs to become dual qualified in both red and white meat. A further two MHIs were sponsored to become dual-qualified through the part-time study scheme at Thomas Danby College, Leeds. This means that as at 31 March 2004, the MHS had 694 dual-qualified meat inspection staff out of a total SMHI/MHI workforce of 1,165.

Training for Designation as an OVS

Courses are provided by the University Veterinary Schools in Bristol and Glasgow, in collaboration with the MHS which provides lecturers and tutors, for veterinary surgeons who seek designation as OVSs in

red and/or white meat plants.

During 2003/04, 118 veterinary surgeons were prepared for OVS designation on six designation courses – three at Bristol and three at Glasgow University Veterinary Schools. These courses consist of ten days of intensive lectures and tutorial sessions and some practical training in slaughterhouses, cutting plants and cold stores.

The theoretical element of the course covers the enforcement of legislation made under the Food Safety Act 1990, the Animal Health Act 1981 and the European Communities Act 1972 that are relevant to licensed meat plants in Great Britain, together with the MHS procedures described in the MHS Operations Manual.

The practical training sessions provide the opportunity for the veterinarians, where necessary, to acquire or enhance their existing skills in areas of meat hygiene, including meat inspection and animal welfare. Although the course is not intended to cover all aspects of veterinary public health, it includes lectures on aspects of animal welfare, notifiable diseases, zoonoses, and meat science that are particularly relevant in Great Britain. At the end of the theoretical element, the course leaders provide the trainees with a certificate of successful completion of the course. Only one OVS from one of the Bristol courses failed to successfully complete it.

Conflict Resolution

The process of enforcing the law can occasionally lead to hostility and conflict with those against whom the law is being enforced. The conflict resolution training that was introduced during 2002 as part of the MHS policy against violence and intimidation has continued during 2003/04. The aim of the training is to help those working for the MHS to deal with any hostile situations they might encounter at work, whether potential or actual. More than 282 operational staff were trained during 2003/04.

Training for support staff

For support staff at headquarters and in regional offices, the MHS uses induction training and annual appraisals of individuals' performance to identify specific training needs. Induction training is a personal issue and individual training needs are identified in discussion between the employee and their line manager.

Business risk management training was delivered to 116 senior and middle managers within the MHS during 2003/04. Successful completion of the two-day course led to achievement of the Institute of Occupational Safety and Health (IOSH) Certificate in Business Risk Management. This training will be extended to operational managers during 2004-05.

Training for new managers

The training introduced in October 2002 has continued into 2003/04 and has involved 57 employees from all departments and regions on appointment to their first management position at EO level and above. This is a modular training programme covering management skills. On satisfactory completion, 43 students were awarded the Institute of Leadership and Management (ILM) Introductory Certificate in First-Line Management.

Part-time Study

More than 30 employees were supported during 2003/04 in studies for professional qualifications in subjects including Veterinary Surgery, Business, Finance, HACCP, Human Resources, Management, and IT. They included nine Administrative Officers and eight Meat Hygiene Inspectors.

Health and Safety Training

All Senior Meat Hygiene Inspectors, and Trade Union safety representatives, have attended half-day training courses on accident investigation techniques and practical risk assessment. West Yorkshire Metropolitan Ambulance Service (WYMAS) has been appointed to run up to fifteen training courses to equip MHS staff with a fully recognised First Aid at Work Qualification. A total of 146 employees have received general Health and Safety Awareness training, with 122 having undertaken First Aid training with WYMAS. The 146 comprise mostly Meat Hygiene Inspectors, Administrative Officers, and Meat Technicians.

Employed OVSs attended two days of health and safety training during 2002/2003. This included identification of the OVS responsibilities for health and safety, and their roles in risk assessment and accident prevention/investigation.



Lyndsey Ibbotson (left) and Karen Plummer of the Human Resources Department on the CPD exhibition stand at the 2003 conference of the Association of Meat Inspectors



Two of the four CPD modules – Microbiology, and HACCP



Professor Mac Johnston, a distinguished veterinarian, is Chairman of the CPD for MHIs Panel.

Continuing Professional Development (CPD)

CPD for MHIs

There continued to be a good response to the CPD programme of distance learning during 2003/04. The following table shows the numbers of SMHIs and MHIs registered on the programme, and the progress made. This shows an encouraging uptake.

REGION	TOTAL NO OF S/MHIs IN REGION	NO REGISTERED ON CPD PROGRAMME SINCE START	%	NUMBERS PASSED			
				ONE MODULE	TWO MODULES	THREE MODULES	FOUR MODULES
NORTH	263	172	65	42	20	18	25
CENTRAL	312	194	62	46	24	12	24
SOUTH & WEST	225	131	58	33	11	7	14
WALES	170	95	56	24	12	4	6
SCOTLAND	156	84	54	24	11	5	9
TOTAL	1126	676	60	169	78	46	78

In May 2003, 16 members of the MHS inspection staff were presented with the Royal College of Veterinary Surgeons' Continuing Education Certificate to mark their completion of four CPD modules within two years. RCVS President Stephen Ware presented the certificates at a ceremony in Aviation House, London headquarters of the FSA.

The number of CPD modules remains at four – in HACCP, Microbiology, Animal Welfare and Poultry Inspection. A fifth module, on Zoonotic Diseases, was due to be published in Summer 2003 but was delayed due to issues with the pilot programme. Three others – on Hygiene, Legislation and Enforcement, and Pathology and Parasitology – are under development.

When a student is issued with a module, they are also allocated a mentor who will be there – either physically, or at the end of a telephone – to offer advice and guidance on the subject. Mentors have all successfully completed the module themselves. Feedback from students, gathered through the evaluation forms completed at the end of each module, indicates that the students find mentor contact a useful resource and extremely worthwhile.

CPD for OVSs

The CPD OVS Panel met quarterly during 2003/04 to review the merit of papers and publications in CPD

terms. Subsequent publication and circulation of the panel's assessments helped to continue to achieve the programme's objective of facilitating and updating OVS professional knowledge and expertise in animal welfare and public health.

The MHS has a contractual commitment to provide two days' technical training to all contracted OVSs and, from 2002, to all employed OVSs. Employed OVSs may take a further three days (bringing the total to five) if they and their line managers perceive a need to do so. In addition, contracted OVSs receive a further three days training from their contractors. Day One of the CPD training involved the MHS requirements for the auditing of HACCP and was attended by more than 565 OVSs. Day Two of the CPD training was entitled 'Cleaner Meat' and 540 OVSs attended.

Recruitment

The MHS recruited 112 new employees during 2003/2004, mainly as a result of staff turnover, but also as part of the ongoing roll-out of the 'Moving Ahead' programme of organisational change within the Human Resources Department as well as the Central and South & West regions.

Overall, the total number of permanent and casual employees reduced during the year from 1,684 to 1,673. As in previous years, the MHS has recruited a small

Grade	Males	Females	Total
6 & above	3	-	3
7	2	1	3
SEO	7	2	9
HEO	4	7	11
EO	13	7	20
AO	48	18	66
AA	-	-	-
Total	77	35	112

number of already-qualified operational staff and has organised courses for trainee MHIs and MTs, and for qualified veterinary surgeons seeking OVS designation. Work has also continued with the development of a resourcing 'blueprint' to assist in the planning and delivery of recruitment of operational staff, thereby contributing to improvement in 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 16 cases there have been exceptions to the normal recruitment procedures - 14 of these were short-term temporary appointments pending the outcome of staffing reviews, one related to the re-engagement of a former Civil Servant, and one was a surplus (but appointable) candidate.

The MHS operates a well-developed system of internal checks to ensure accountability and transparency in recruitment procedures, and external audits are also carried out from time to time. This year, the MHS's recruitment and selection procedures and practices were formally audited on behalf of the Civil Service Commissioners. The auditors reported no breaches of the Civil Service Commissioners Recruitment Code but did make some recommendations, which the MHS has acted upon, in order to ensure compliance and best practice. The auditors commended the MHS on the scope and quality of its recruitment records.

Retention

The MHS continues to work towards retaining its most valued asset - its staff. Employment policies are being reviewed to reflect new legislation as well as to complement a culture of devolved decision-making and empowerment. Communications with staff are also being improved in order to foster a culture in which staff feel involved in the business, motivated to work and recognise that their contribution is valued.

Although organisational change - and the EC proposals on food hygiene - continue to create uncertainty and impact on staff morale, staff turnover in 2003/04 remained steady at around six per cent. It is hoped that, through continuing investment in the professional development of staff to equip them to meet future challenges, the MHS will reduce staff turnover.

Annual Leave

Following the introduction of a new Annual Leave Policy earlier in the year, a new leave entitlement of thirty days a year for all employees - irrespective of length of service - was introduced in November 2003.

Pay Award 2003/04

By November 2003, agreement had not been reached with UNISON on the MHS pay offer for 2003/04. Therefore an interim pay award of 2.25 per cent, backdated to 1 April 2003, was paid to staff on 24 December 2003.

Following further negotiation with UNISON, agreement was reached on an offer covering the 16-month period from 1 April 2003 to 31 July 2004. This reflected a proposed change to the pay year, which will in future run from August to July (in common with many other Government Departments and Agencies) instead of April to March.

The offer comprised:

For 1 April 2003 - 31 March 2004

- An increase on all basic salaries of 2.7 per cent, to be paid from 1 April 2003. As the interim 2.25 per cent increase and arrears were paid in December, a further 0.45 per cent was paid in March 2004, backdated to 1 April 2003.



Members of the MHS RISI Panel at their meeting in September 2003. Standing (L – R): John Malone, MHI; Ian McKirgan, ARM; Dawn Anderson, BPM; Javier Dominguez, HQ Veterinary Adviser; Andy Hopkins, SMHI, and Ron Spellman, UNISON National Convenor. Seated (L – R): Richard Hoskin, Secretary to the RISI Panel; Julie Woodman, Personnel Officer; Kevin Goddard, Chairman of the RISI Panel; Emma Peleshok, HQ Finance Department, and Colin Parry, MT



Tina Lamont, MHI, MHS North Region, receives a cheque from Director of Operations Mike Greaves in recognition of her staff suggestion.



The RISI symbol – a bright idea!

For 1 April – 31 July 2004

- A further 1.7 per cent increase on all basic salaries was paid from 1 April 2004.

A new pay remit will be agreed with HM Treasury for the pay year 1 August 2004 to 31 July 2005.

Performance-Related Pay (PRP)

The MHS acknowledged concerns expressed by UNISON during the year over the application of the current PRP scheme, but does not consider the scheme to be discriminatory or unfair. It has issued managers with further advice and guidance on the application of the PRP scheme. Additionally, the MHS has given a firm commitment to undertaking a fundamental review of the staff appraisal and PRP schemes within the scope of the current Pay and Grading Review. UNISON will be fully involved in that process.

Pay and Grading Review

The MHS remains committed to working with UNISON, to complete the Pay and Grading Review - and settling the annual pay award for 2004/05 – as matters of the highest priority.

Early in 2003, the MHS and UNISON entered into a written Joint Procedural Agreement committing both parties to joint working to achieve the following objectives:

- To develop a grading structure
- To develop a pay structure which is open, fair and transparent
- To set up a system for auditing and monitoring MHS pay practices to ensure equal pay and equal value

The achievement of these objectives continues to be the subject of close scrutiny by the Treasury and the Cabinet Office. They expect the MHS and UNISON to have reached agreement on these objectives by 1 August 2004. Implementation may be later, and may be phased, but 1 August is the deadline for agreement in principle. The pay award from 1 August 2004 has also to be factored in.

To that end, throughout 2003/04 the MHS pursued jointly with UNISON and external consultants the development of a 'bespoke' job evaluation system which included two extra factors. These were 'physical requirements' and 'working conditions', having regard to the operational environment in which many MHS employees work.

Presentations were given in York and Bristol in April 2003 to those staff involved in the role analysis interviews and their line managers, and Barry Barnett, FSA Remuneration Manager, was engaged on a part-time basis in April 2003 to help the MHS with pay and grading matters.

The fieldwork involved the analysis of 64 roles, covering all regions and departments within the MHS. From information gathered at interview, detailed role profiles were drafted and sent to role-holders and their line managers for comment and sign-off. The next stage involved the convening of scoring panels to agree the role scores and their rank order.

Having completed the fieldwork, the task then was for MHS and UNISON to review the rank order to satisfy themselves jointly that this would deliver the objectives of equity and transparency.

After agreeing that, there was a joint commitment to work together to overlay the rank order with a grading structure, incorporating pay scales and progression and – taking account of the financial implications – to hold joint discussions regarding implementation issues.

While considering the rank order, the MHS identified some concerns over equality issues and advised UNISON of these concerns at a meeting on 25 February 2004. Subsequent legal advice confirmed that the proposed 'bespoke' evaluation system contained a significant and potentially unlawful gender bias. In the view of the MHS, this made the proposed scheme unacceptable. This was explained to UNISON at a meeting of the Joint Steering Group on 26 April 2004, and confirmed in writing.

In early May, UNISON issued a newsletter to its members in which it claimed that the MHS had "unexpectedly pulled out of negotiations over the pay and grading review". In a message to all staff, the MHS Chief Executive explained that this was not true. He also rejected UNISON's assertions that the

MHS had conducted its own job evaluation re-scoring exercise, using the standard Civil Service scheme, without any UNISON involvement; that the MHS had already designed a new pay structure using its own job evaluation scores, and that the MHS would publish its own pay proposals later in the summer.

The MHS wrote to UNISON inviting them to a meeting in London on 11 June 2004 to try to resolve this impasse. UNISON indicated in advance of the meeting that they would not attend and, despite being asked to reconsider their position, did not attend on the day.

The MHS has made it clear to UNISON that it remains committed to negotiating with them to achieve a pay and grading system that is fair and equitable to all MHS employees. It might be possible to take forward the principle of the 'bespoke' scheme, but only if it results in a rank order that is seen to be fair to all staff.

In the view of the MHS, there is a need to find some middle ground with UNISON as would be expected as part of any normal negotiating process. The MHS has explained to UNISON that further work is being commissioned on possible variations to a bespoke scheme. This will be shared with them as part of the joint negotiating approach, to try to find an agreed way forward.

Recognising and Rewarding Staff Rewarding Innovative Staff Ideas (RISI)

The Rewarding Innovative Staff Ideas (RISI) Scheme is a way in which employees can make a difference and be recognised and rewarded for their ideas and suggestions. While all staff have a responsibility for ensuring that their own particular areas of work are carried out effectively, the purpose of the RISI Scheme is to encourage them to think beyond this, and look at how the MHS can refine and improve the services that it currently provides. This leads to a number of benefits, which may include improved customer service, the simplification of current procedures, cost savings, and improved staff morale.

During 2003/04, a total of 35 ideas were submitted under the scheme, of which 32 were evaluated by an evaluation panel comprising operational and administrative staff from a range of levels across the MHS. The other three ideas were evaluated at the

panel's meeting in June 2004.

Of those considered by the panel, a total of ten were recommended for implementation (for which the highest individual award paid was £240), with additional information being sought on a further eight before any such decision is made. The remainder will remain on file for the next two years, in case circumstances change sufficiently to warrant their re-evaluation.

The ten successful ideas, two of which have been fully implemented, covered areas such as training aids, amendments to existing forms and the creation of new ones, and a small design change to the day book used in licensed premises.

MHS Awards 2003

In January 2004, all staff were invited to nominate for one of the MHS annual Awards, any colleagues they felt had made a significant contribution to the success of the MHS during 2003. All nominations were considered by the Chief Executive, as a result of which the trophies for 2003 were awarded as follows:

The MHS Award for Excellence

This award, inaugurated in 2001, recognises the contribution made by a member of MHS staff to the overall success of the organisation. It was awarded for 2003 to Linda Hunt, Executive Officer in the Accounts Payable Team of the Finance Department, in recognition of her extensive efforts in organising charitable activities and engendering a feeling of team spirit within MHS HQ. Linda's enthusiasm encouraged many staff to get involved, both benefiting the charities and presenting the MHS in a very positive light.



Denise Ryan, MHI, MHS North Region, receives a cheque from Jane Downes, Director of Veterinary & Technical Services, in recognition of two ideas submitted to the RISI scheme.



Mavis Regan, OVS, MHS North Region, received a cheque from MHS Chief Executive Chris Lawson (left) and Kevin Goddard, Chairman of the RISI Panel, in recognition of her idea for improving the Plant Day Book



Linda Hunt, Executive Officer in the Accounts Payable Team, receives the MHS Award for Excellence from Chris Lawson



Tony Stock (right), a Senior Meat Hygiene Inspector in the MHS South & West Region, receives a RISI award from Robin Harbach, his Regional Director. Tony had two ideas – one for improving the recording of annual leave, and a second for recording the equipment and paperwork needed by visitors to licensed fresh meat premises



Jim Scudamore (left), who retired as the Government's Chief Veterinary Officer in March 2004, receives the MHS Merit Award for 2003 from Chris Lawson, MHS Chief Executive

The Royal College of Veterinary Surgeons Trophy

This trophy is awarded to a member of veterinary staff for exemplary work in the veterinary field. It was awarded for 2003 to Charles Robertson, RVA, Scotland Region, for the valuable support, guidance and advice he has given to those he has worked with over the years, and the contributions he has made towards ensuring that MHS staff, both contract and employed, are fully trained to deliver a first class service. In particular, Charles has been involved with the successful running of the OVS designation courses at the Universities of Glasgow and Bristol.



Charles Robertson (right) receives the RCVS Trophy for 2003 from Chris Lawson

The MHS Merit Award

This award is made in recognition of a specific contribution to meat hygiene made by a person outside the MHS. For 2003 it was awarded to Jim Scudamore, the out-going Government Chief Veterinary Officer, for his close involvement over a number of years with the MHS and in particular the advice he provided as a member of the Meat Hygiene Advisory Committee. Mr Scudamore retired in March 2004.



George Garscadden (left) receives the MHS Trophy for Meat Inspection for 2003 from Chris Lawson

The MHS Trophy for Meat Inspection

This trophy is awarded to a member of inspection staff in recognition of a special contribution to meat inspection. It was awarded for 2003 to George Garscadden, Senior MHI, Scotland Region, for the hard work and dedication he has put into delivering a first-class inspection service and ensuring that public health is safeguarded at Dingwall Abattoir, where he is based. The award also reflects the active role he has played in mentoring and coaching other members of MHS staff, allowing them to benefit from his extensive operational knowledge and experience.

State Honours and Royal Garden Parties

Angus Lowden, formerly an Area Resource Manager in the MHS Scotland Region, was awarded an MBE in the Queen's Birthday Honours published in June 2003. The award recognised the role that Angus had played in protecting public health and animal welfare for over 30 years through his work in meat inspection. Angus

attended an Investiture ceremony at Buckingham Place on 3 December 2003 and received his award from His Royal Highness the Prince of Wales.

Barry Gidman, formerly Regional Director of the MHS Central Region, attended a Royal Garden Party at Buckingham Palace on 15 July 2003.

Towards Equality and Diversity

The MHS continued in 2003/04 to work towards creating a more open and diverse organisation, in support of the Equal Opportunities Policy and the activities associated with the second year of the three-year Diversity Action Plan.

Priorities for 2003/04 within the Diversity Action Plan were aimed at developing links with external organisations with expertise in diversity and equality issues; to raise the profile of equal opportunities and equality issues by communications, training and regular briefings, and training for new managers.

The HR infrastructure to support the diversity agenda was also significantly strengthened with the introduction of the new Human Resources Adviser posts for all MHS Regional Offices, as well as at headquarters, in the latter stages of 2003/04.

Emphasis during 2003/04 was given to raising awareness of the diversity agenda within the organisation, establishing links with other government organisations and a specialist training provider in the area of diversity. The latter resulted in training events on diversity and managing inclusion attended by over 220 staff, with follow-up events planned for 2004/05.

Training was also provided for middle managers in investigating complaints of harassment. This training will be provided to new middle managers in the Operations Directorate and all new Human Resources Advisers during 2004/05.

Percentage of MHS staff by Ethnic Origin, Disability Status, and Gender (as at 31 March 2004)

	All Staff (including casual staff)	Permanent and Temporary staff only
From non-white ethnic group	3.41%	3.61%
With disability	2.14%	2.26%
Female	14.49%	14.88%

Progress was maintained towards the action plan's targets for increasing the representation of ethnic minority and female staff within the workforce. The table below shows that, out of 112 new recruits to the MHS in 2003/04, a total of seven were non-white or disabled staff.

Non-white and disabled recruits to the MHS, April 2003 to March 2004

Grade	Males		Females	
	Non-white	Disabled	Non-white	Disabled
HEO	1	-	2	-
EO	-	-	-	-
AO	3	1	-	-
AA	-	-	-	-
Total	4	1	2	-

Work continued on the creation of a new working group to succeed the Race Equality Strategy Working Group. The new group will have a broader remit and representational base, with the aim of mainstreaming diversity into day-to-day activities and processes within the MHS.

Health & Safety

The MHS Chief Executive is responsible overall for Health & Safety in the MHS. The Health and Safety Co-ordinators group is chaired by the Health and Safety Manager. This group monitors and reviews the implementation of Health & Safety policy and Generic Risk Assessments.

Generic Risk Assessments (GRAs)

The Generic Risk Assessments (GRAs) agreed by the MHS Management Board during 2003/04 were on Zoonoses, and on Lone and Remote Working. These followed the same format as previous GRAs on Personal Protective Equipment, Fire Prevention, First Aid, Safe Use of Knives, and Ergonomics.

Summary of Injuries Reported between 1st April 2003 and 31st March 2004

	Central	North	Scotland	South & West	Wales	York HQ	Total
Total Number of injury forms received	95	62	45	65	64	2	333
Total number injuries	74	47	33	37	51	2	244
of which reported to HSE	16	13	3	10	8	0	50
Number of Employees employed for the Year	432	351	190	316	281	119	1,689
Annual Incidence rate	21.9	17.7	23.7	20.6	22.8	1.7	19.7
Reportable incidence rate	3.7	3.7	1.6	3.2	2.8	0	3.0

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

(Source: H & S Manager, HR Department, MHS Headquarters)

The GRA on Zoonoses includes a list of the most common animal diseases that are transmissible to humans, and are likely to be encountered while on MHS business. The main point derived from the guidance is that the continuing use of good hygiene practice will provide the best protection for a good many of these diseases.

The GRA on Lone and Remote Working recognises the concept of an at-risk lone worker. A form is also included which is used to record contact details for the lone and remote worker. This GRA identifies control measures to be adopted by managers of lone and remote workers.

National Health and Safety Committee Meeting

The MHS has a National Health and Safety Committee. This is the forum for consultation with employees about health and safety matters, and is chaired by the Director of Human Resources. The Committee assesses the effectiveness of health and safety provisions that exist within the MHS, with a view to improving current practices and formulating and assessing continued improvements in long-term health and safety strategy.

HSE/Meat Trades Joint Working Party

The MHS continues to take an active role in the HSE/Meat Trades Joint Working Party on Health and Safety, which meets quarterly and is chaired by a representative of the British Meat Processors' Association (BMPPA) with the support of the Health & Safety Executive. The working party's remit is to devise and promote good practice in the meat industry by the production of guidance notes for operational plant staff and those working for the MHS.

During 2003/04, the Joint Working Party undertook a review of the Industry Guidance Notes produced by the former British Meat Manufacturers' Association (BMMA), which merged with the British Meat Federation (BMF) in October 2003 to become the British Meat Processors' Association. The results of the review are to be published on the BMPPA's website.

Accident Reports

The total number of accidents and incidents reported decreased from 406 in 2002/03 to 333 in 2003/04. Of the 333 accidents and incidents reported, 244 (or 73 per cent) involved injury. Of this number, 50 (or 15 per cent) were reported to the Health & Safety Executive. The incidence rate of reportable incidents (the more serious accidents) fell from 3.8 per 100 employees in 2002/03 to 3.0 per 100 employees in 2003/04.

Many accidents are related to the use of knives, and it has been discovered that 69 per cent of accidents occur at the Inspection Point/Slaughter Line. A Generic Risk Assessment to address this problem is under development.

Employee Relations

The MHS and UNISON have agreed a formal employee relations framework which underlines the mutual commitment to regular communications and consultation.

Employee relations business is conducted at both local and national level. National Forum meetings were held on a quarterly basis throughout 2003/04. In addition there were a total of nineteen Local Regional Forum meetings during the year within the five MHS regions.

The MHS and UNISON both acknowledge the mutual benefits of 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 Staff Attitude Survey, Pay and Grading Review and Diversity Action Plan, as well as reviewing employment policies and procedures.

A message from Ron Spellman, UNISON National Convenor

"UNISON and the MHS are committed to work in partnership to deal with certain long-standing problems in the service.

"We strongly support the MHS Chief Executive's often-stated aim of moving away from the high levels of disciplinary investigations and hearings that have historically taken place within the organisation. We in UNISON are looking for any way we can help the MHS to achieve this goal.

"We hope the moves to more empowerment of staff at all levels will create a system of employee initiative and early management intervention that will create an environment where frequent formal action against staff is not necessary.

"The MHS and UNISON introduced the Capability Policy partly to avoid using disciplinary procedures in matters of staff performance. We collectively do not seem to be able to make this work as well as we had hoped, and the target of reduction in blame culture and improved morale is one we are moving towards far more slowly than we would like.

"Improving facilities for MHS employees working in licensed premises is another area to which both UNISON and the MHS are committed. We know that some rest and meal-break facilities in licensed premises are bad, and the MHS has assured us that they want to work with us to improve the situation.

"Our biggest problem is that the employer, the MHS, does not own the premises in which operational staff work. The new Health and Safety guidance on zoonoses says that, in most circumstances, those working in an abattoir should have the opportunity to shower before they go home. We also know that, in many cases, this is not possible because showers are not available.



Ron Spellman, UNISON National Convenor.



Monica Redmond, MHS Director of Human Resources, with Brian Davies, the new Head of the Food Standards Agency's Personnel and Establishments Division, who visited MHS HQ in March 2004 shortly after his appointment.



The WELL survey undertaken by the MHS won an award from "Employee Benefits" magazine in 2003, for Most Effective Work/Life Balance category. The judging panel felt that the MHS took a strategic approach to identifying problems with the work/life balance of its managers, and addressed them by educating managers, the MHS was helping them to support other staff too.

"In many cases, owners of licensed premises will not provide facilities for showers, and there does not seem to be a way to force them to do so. Both UNISON and the MHS are jointly and individually looking for legal avenues to remedy this situation.

"One really positive advance in the last twelve months is the way in which UNISON's membership and degree of organisation has improved within the MHS headquarters and in its regional offices. We are now starting to understand the problems of these colleagues, and help to improve their life at work.

"UNISON's hard work in Europe has made the future of everyone in the MHS more secure, at least in the medium term. We will hopefully now be able to turn more of our energy towards improving more traditional employee relations issues.

"We will continue to represent the views and concerns of UNISON members to management, and work with MHS management wherever possible (and in opposition where it is not) to improve the general working life of all UNISON members."

Ron Spellman

Managing Attendance

New management reporting systems were implemented by the MHS during 2003/04. They are designed to help regional offices and line managers in managing sickness absence within their area of control. In addition, new policies and procedures are under development that will define a more proactive approach towards the management of attendance and support to staff who are absent from work due to sickness.

The overall sickness absence rate of 23 days/employee/year is an increase on previous years and long-term sickness absence, defined as 28 days or more, remains a concern for the MHS.

Work will continue during 2004/05 on the development of a Health Care Strategy to provide a co-ordinated approach towards workplace risk, support and guidance to staff and managers, as well as the establishment of sickness absence targets based on benchmarking data. A formal tender process will be undertaken during 2004/05 with the aim of identifying a strategic partner for the provision of an integrated healthcare service.

Pressure at Work – The WELL Programme

The MHS has continued its association with Businesshealth Limited as well as extending the WELL programme to include all staff at HEO level and above.

Support for the 83 staff who participated in the programme during 2002/03 has been expanded to incorporate individual support from a specialist occupational health nurse in areas such as lifestyle management.

The extension of the programme by the MHS Management Board to a further one hundred and eighty staff, including Senior Meat Hygiene Inspectors, reflects the success of the WELL programme so far, as well as ongoing concern to ensure that professional and confidential advice, support and guidance is made available to staff during a period of significant organisational change.

The summary feedback from Businesshealth to the Management Board during the summer of 2004 on the extended WELL programme will influence the development of the MHS Health Care Strategy and the contract specification for integrated health services.

Violence and Intimidation

The MHS workforce, responsible for enforcing the law in licensed premises, sometimes has to deal with difficult situations which – if not properly handled – can escalate towards open conflict. The MHS developed a policy for dealing with incidents of violence and intimidation several years ago. The scope of this policy has been reviewed to include service delivery issues, and practical advice for staff.

Managing Potential Conflicts of Interest

A new policy and procedure for managing conflicts of interest was implemented in the MHS on 1 July 2003. The policy offers advice and guidance to MHS employees on the importance of declaring interests, or activities, or relationships that conflict - or could be perceived by others to conflict - with the honest and impartial exercise of their duties.

The procedure sets out the arrangements for declaring an actual or perceived conflict of interest. When declarations are received they are placed onto a register and a management decision is taken on how they should best be managed. Since the policy was introduced, eleven declarations have been received. Most of them concern part-time employment in the meat trade or food/catering industry, interests in farming and agriculture, and family relationships.

Acceptance of Gifts and Hospitality

The Nolan Committee, which spent six months looking into standards in British public life, put forward six principles for holders of public office to abide by:

Selflessness – Holders of public office should take decisions solely in terms of the public interest. They should not seek to gain financial or other material benefits for themselves, their family or their friends.

Objectivity – In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make their choices solely on merit.

Accountability – Holders of public office are accountable for their decisions and actions to the public, and must submit to whatever scrutiny is appropriate to their office.

Openness – Holders of public office should be as open as possible about all the decisions and actions that they take and should give reasons for their decisions and restrict information only when the wider public interest demands this.

Honesty – Holders of public office have a duty to declare any private interests relating to their public duties, and should take steps to resolve any conflicts arising in a way that protects public interest.

Leadership – Holders of public office should promote and support these principles by leadership and example.

During 2003/04, 35 declarations were made relating to acceptance of basic hospitality, and small gifts around the Christmas period.

The general principles underpinning these declarations are that gifts should, in general, be refused. But in the case of gifts and benefits of a trivial or inexpensive nature (under £10), that can be distinguished from more expensive and substantial offers, public servants need to consider whether the gift is likely, or may be seen as likely, to influence the officer concerned. Those offered such gifts or hospitality need to judge whether refusal is likely to give offence, and whether it is normal business practice for the organisation offering gifts or hospitality to do so.

There is a similar division between, say, an isolated working lunch and more expensive social functions. Isolated acceptance of meals may be acceptable if attendance is justified in the interests of the MHS.

Acceptance of frequent or regular or annual invitations, particularly from the same source, would breach the standard of conduct expected. This does not apply, for example, to an annual dinner by a large trade association or similar body with which there is regular day-to-day contact and when attendance plays an important part of maintaining relations.

The MHS Register of Declarations of Gifts and Hospitality is maintained by the Business Development Unit, and is available for inspection by any member of the public at a reasonable hour.

Failure to adhere to the rules on receiving gifts and hospitality can result in disciplinary action being taken against the member of staff concerned.

'Whistle-Blowing' Policy

Mike Lillywhite was appointed as the Independent Adjudicator for the Meat Hygiene Service for three years from 1 January 2002 under the MHS Whistle-Blowing Policy, which came into effect on the same day. Mr Lillywhite is a retired senior Civil Servant who was appointed as Independent Adjudicator for the Food Standards Agency from 1 January 2001, and for the Department of Health from 1 January 2004.

Since appointment, the Independent Adjudicator has carried out four substantive investigations. Two were commissioned by MHS management, and two were initiated by MHS staff. The first commissioned investigation concerned the process for awarding contracts for veterinary services; this formal complaint was not upheld. The second commissioned investigation concerned three related complaints about the application of disciplinary procedures. The Independent Adjudicator found that there was a case for MHS management to answer, and that case remains open.

One substantive investigation was initiated by an anonymous caller who alleged the running of a business on MHS premises, fraudulent entries in an MHS Plant Day Book, and bullying. The Independent Adjudicator confirmed that there was evidence to justify disciplinary procedures, as a result of which a Senior Meat Hygiene Inspector was placed on paid suspension from work. During the course of the initial investigation, further allegations were made and these are also being investigated. Meanwhile, the SMHI remains on paid suspension from work.

In the second case, the caller agreed to be identified and alleged that there had been a lack of management action following breaches of MHS procedures. The Independent Adjudicator commissioned a report from a senior MHS manager. That report concluded that there was a basis for the complaint, and disciplinary action followed.

The Independent Adjudicator dealt with four further cases following telephone calls from MHS staff. One anonymous caller alleged that there was unacceptable behaviour in a licensed meat plant. Based on the evidence, the MHS Chief Executive has taken action. In the other cases, the Independent Adjudicator provided advice on possible options (including, for example, involving the trades unions).

The complainants chose not to take matters further.

In the judgement of the Independent Adjudicator, the introduction of the MHS Whistle-Blowing Policy seems to have been successful. The Independent Adjudicator has noted that, without exception, MHS staff have raised thoughtful and genuine concerns, often relating not to themselves but to management and animal welfare issues.

Internal Communications

2003/04 was the second full year of operation of the communications team, which is part of the Business Development Unit. This team is the focal point for all MHS communications – internal, external, upwards, downwards and lateral.

Communications in the MHS has traditionally been geared to the need to provide timely information on a regular basis to an operational workforce of nearly 2,000 people, working in almost as many licensed premises, and geographically dispersed from the Scottish Highlands and Islands to Land's End.

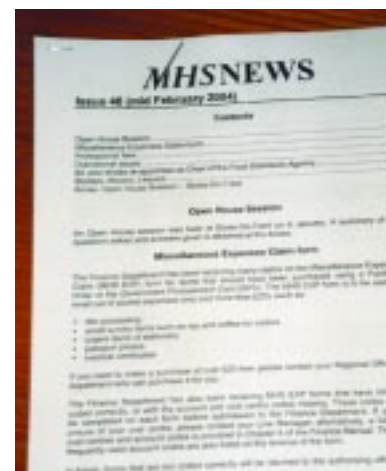
Throughout the year, regular communication with staff has been maintained by publication every two weeks of MHS News, containing news from the MHS Management Group/Board, details of questions asked and replies given at 'Open House' sessions, operational information, updates on pay, holiday entitlement, and other Human Resource policy areas, and details of those joining or leaving the MHS or moving within it.

The magazine-style MHS Update, now produced three times a year, is sent to all staff and a large number of stakeholders in central Government. It is produced in full colour with illustrations, and is very much 'people-focused', containing features on staff and their pastimes and academic achievements, and news of visitors to MHS headquarters and regional offices.

As 2003/04 drew to a close, the communications team was heavily involved in the design and population of the new MHS Portal, enabling electronic communication between headquarters, regional offices, and those licensed full-throughput premises that will benefit from roll-out of the 'IT in Meat Plants' project.

During 2003/04, the 12 ‘Open House’ sessions were held in:

Month and Year of Board meeting	Venue	Number of staff attending
April 2003	Glasgow	16
May 2003	Guildford	7
June 2003 (included HQ and North Regional Office staff)	York	27
July 2003	Cambridge	18
August 2003	Port Talbot	13
September 2003	Durham	17
October 2003 (held on 30 September)	Aberdeen	9
November 2003	Bodmin	13
December 2003 (included HQ and North Regional Office staff)	York	36
January 2004	Stoke-on-Trent	22
February 2004	Hereford	28
March 2004	Preston	51



A copy of the fortnightly MHS News, which contains important operational information and news on matters such as pay, holiday entitlements, and other terms and conditions

‘Open House’ Sessions

The ‘Open House’ sessions, held as part of the monthly meetings of the MHS Management Board, provide an opportunity for operational and office-based staff to meet Board members in an informal setting, in order to raise issues currently concerning them.

The idea of holding these sessions arose from the success of the presentation and feedback sessions, held in April and May 2002, as part of the ‘Moving Ahead’ programme of organisational development.

The sixteen ‘Open House’ sessions that have so far taken place enabled large numbers of MHS staff to raise a variety of issues face to face with Board members. Feedback from those who have taken part, both staff and Board members, has been very favourable and shows that the opportunity to meet face to face is seen as beneficial.

Topics raised at these sessions included:

- Progress on the ‘IT in Meat Plants’ Project
- The possibility of degree-level courses in meat inspection
- Managing seasonal changes in the operation of licensed premises
- Progress on the Pay & Grading Review
- New EC proposals on food hygiene and meat inspection

- Reducing levels of sickness absence
- Improvements to the system of annual appraisal
- Implementation of annual pay awards
- Career development prospects for Meat Technicians



The Spring 2004 edition of MHS Update

MORI Staff Attitude Survey

A working group consisting of a representative group of ten operational and support staff, senior management, and UNISON representatives reviewed the feedback from the Staff Attitude Survey during a one-day meeting in June 2003.

The working group produced a report containing an action plan of key improvements in the areas of:

- Managing change
- Improving co-operation across the MHS
- Making employees feeling more valued and increasing their job satisfaction

The report also offered a series of recommendations to improve the survey process. This was presented to the MHS Management Board in late summer, and endorsed for implementation in November 2003.

Work on the action plan will continue during 2004/05, and the improvements to the survey process identified in the working group's report will be incorporated in the next survey to be conducted by MORI in autumn 2004.

During 2003/04, a comprehensive IS/IT strategic review for 2003 to 2006 was completed under the title "ICT - A Vision For The Way Forward". Three key strategic activities were identified:

- The provision of single, common source corporate systems for all parts of the business,
- Modernisation, and
- The creation of an IT literate workforce .

Most of the first phase has already taken place or is underway. Best practice has been introduced into IT with recognised UK IT industry standards being applied. This has resulted in all virus and system security software being upgraded, with further regular upgrades taking place.

The MHS network has been upgraded and moved from Defra to FSA, giving increased ownership and flexibility as well as improved reliability. A programme to replace obsolete equipment in headquarters and the MHS Regional Offices was completed during 2003/04. With this increase in acquisition of IT equipment, and because of the 'IT in Meat Plants' Project, a new asset management and software tracking system was brought in, allowing identification of 'who has what, and where it is kept' at any one time, from both the point of view of security and developing an upgrading/replacement programme.

Software developments have been taking place to support the strategic vision of "Knowledge Through Sharing", which seeks to make information and knowledge available to all through commonly-accessed corporate systems via the MHS Portal on the Intranet, and through the Single Information Repository (SIR) on which work has been taking place.

All business information will be contained in one single database, updated and maintained to a defined common standard and criteria, and no longer spread over the business in disparate containers and formats. As well as work on middle to longer-term strategic activity, work has been taking place to improve the way in which the IT department delivers support to its customers through playing an integral role in the upgrade of a new payroll system, ensuring business continuity and a process for disaster recovery and through the implementation of a new Helpdesk

software, which ensures swifter response times and more effective management of customer support. It also importantly offers invaluable management information, enabling us to measure performance.

The concept of the IT Literate Workforce is an ongoing process and will be supported by current and future software developments. However, in the first instance, all plant staff have undertaken a training programme in readiness for what is to many their first use of a computer in the workplace. The training has covered basic IT skills and guidance on proper usage and compliance. The team is now working on an ongoing IT training assessment and delivery programme for the entire organisation which will ensure, that both new and current members of staff have the degree of IT literacy necessary to perform their duties.

IT in Meat Plants Project (ITM)

The business case for this project was agreed in September 2001, for implementation during 2003/04, with a capital provision of £2 million which was made available through the Government's Spending Review 2002. The aim of the project is to provide:

- Electronic versions of the MHS Operations Manual and Finance Manual, with associated timesheet and throughput forms;
- Two-way electronic communication through e-mail;
- A corporate Intranet for electronic access to a 'who does what' in HQ and regional offices, with contact telephone numbers; and
- An electronic version of the fortnightly staff newsletter, MHS News.

Of the £2 million capital sum provided, £1.7 million was spent during 2003/04 - the year that full roll-out of the project started to some 270 full-throughput licensed premises.

Agreement was reached in Spring 2003 to implement a comprehensive content management system and internet portal, so ensuring a single point of access to all MHS resources and systems. The development for this was completed in-house with a software partner, Phoenix Software. A contract for the PC



FSA Board member Chrissie Dunn (left) views the new MHS Portal with Jenny Sergeant, MHS Director of IT.



The MHS mouse mat offers staff details of how to contact the IT Helpdesk



Members of the Meat Hygiene Advisory Committee (MHAC) at a demonstration of the IT equipment being installed in licensed premises around Britain. (L – R) Miriam Parker of MHAC; Jenny Sergeant, MHS Director of IT; David Collins (seated) of MHAC; Anne Wilson of MHAC, and Dave Holgate, MHS Project Manager for Portal Development

equipment and its support was awarded to PC World Business, paving the way for initial roll-out to five licensed premises – three in the MHS North Region, and two in the Central Region.

A total of 262 laptops and 143 desk-based PCs were required to deliver the project. By the end of March 2004, there were installation dates for 151 sites and a further 124 awaiting installation dates. Progress was slower than anticipated due to a combination of technical network and telecom problems, unexpected challenges arising as a result of site surveys, and physical/geographical handicaps in installing the necessary equipment. In order to achieve fully functioning status, each site required six visits which were co-ordinated by the Project Office. The purpose of each visit was:

1. Completion of a site survey for equipment
2. BT site survey
3. BT installation of communication lines
4. BT line check and connection
5. Delivery of equipment
6. Final engineer installation.

This equates to more than a thousand opportunities for things to go wrong, putting into perspective the huge challenge facing those involved and the effort and commitment they have shown.

Training Needs Analysis forms were sent to all ITM sites and to HQ and regional office staff to ascertain requirements for IT training. An initial analysis of the returns confirmed that only a small proportion of operational staff had the necessary skills to fully utilise IT in Plants.

A formal training strategy, and the use of peer trainers, enabled around 75 per cent of the required training to be delivered between January and March 2004. Twenty-eight peer trainers undertook an intensive six-day training programme over a two-week period in December 2003 and January 2004. Due to the operational difficulties of releasing staff, the training of the entire MHS workforce will not be completed before the middle of 2004. This will account for much of the £300,000 remaining of the £2 million capital sum.

Work continued during 2003/04 on the development of the MHS Portal which is now in its second updated (Beta 2) version. The core infrastructure for the Portal was installed in York in early 2004, and staff from all areas of the business took part in user testing the Portal from 12 – 19 January 2004. Further user acceptance testing was held in May 2004. Both events were attended by a mixture of between 30 and 40 HQ and operational staff.

Everyone who attended was able to access a laptop where they could explore the Portal, and test those areas relevant to their roles. Members of the IT team were on hand throughout to help with queries and provide support. The user testing was one of many opportunities given to staff to participate in the development of the Portal and its content. Throughout 2003 and 2004, numerous workshops up and down the country took place. These were facilitated by the Director of IT, Jenny Sergeant, and attended by a total of almost 150 regional and HQ staff.

Feedback from testing was extremely positive. Version 1 of the MHS Portal will go live during 2004/05, but only when all testing has been successfully completed and users are satisfied with the end-product. Version 1 will include electronic timesheets, throughput forms, and the MHS Operations and Finance Manuals.

The Portal will continue to evolve to meet its users' needs. Version 2 will be underpinned by the feedback received from those who have been involved in the testing programme. Additionally, there will be opportunities via the Portal itself to provide feedback, with particular attention being paid to enhancing the user experience.

Finance Operations

MHS Charging Policy

The MHS provides a range of hygiene and inspection services in licensed meat premises for which it charges either plant operators or Government customers.

Charges for hygiene and inspection work in slaughterhouses and cutting plants, carried out under the Fresh Meat Regulations, are based on the lower of the standard (headage/throughput) charges or actual inspection time costs. This charging structure was implemented as an amendment to the Charges Regulations in April 2001, which came about as a result of recommendations made by the Meat Inspection Charges Task Force (the Maclean Group).

The MHS charges cold stores a fixed fee per visit, depending on their storage capacity.

The MHS also charges for work done outside the Fresh Meat Regulations, for example, for export certification. These charges are based on the actual time cost.

Each year the MHS and the FSA review the hourly charge rates, and the MHS consults with all stakeholders on any proposed changes. In 2003/04, the hourly charge rates for licensed plant operators paying actual rates were increased by 6.5 per cent, following consultation. The consultation exercise for a proposed increase in charges of 6 per cent for 2004/05 began in spring 2004.

From 1 January 2004, headage charges were increased by approximately nine per cent in line with changes in the Euro/sterling exchange rates, as required by the Fresh Meat (Hygiene & Inspection) Regulations 1995, as amended, and EU law.

The MHS Charging Policy is set out in the Charges Guide, available on the FSA website at www.food.gov.uk.mhsservice. The Charges Guide is issued periodically to all licensed plant operators.

Supplier Payment Performance

Government Departments and their agencies are committed to paying suppliers promptly. In line with all departments and agencies, the MHS aims to meet the target of paying all invoices that are not in dispute within 30 days of receipt, or within agreed payment terms if these are different. The table below shows the Agency's performance over the last five years.

Year	Percentage paid by due date
1999/2000	95%
2000/01	97%
2001/02	97%
2002/03	98%
2003/04	97%

Debt Recovery

The MHS remains focused on the prompt collection of all debts. In England and Wales the Agency continues to use Drydens, a commercial law firm, to provide debt recovery services. In Scotland the Office of the Solicitor to the Scottish Executive continues to provide debt recovery services to the MHS but it now does this through a commercial law firm based in Glasgow, Harper Macleod.

The overall debt recovery position remains generally positive. In those cases where it is necessary to take civil proceedings, the MHS makes full use of the range of available enforcement options to collect unpaid charges, and costs and interest. After successful action in the county courts, the MHS uses bailiffs and Sheriffs' officers, third party debt orders (where the debt is taken directly from a bank account), and - in particularly serious cases - insolvency proceedings and withdrawal of the meat inspection service.

During 2003/04, no insolvency proceedings were instituted by the MHS and there were no cases where the inspection service was withdrawn.

Additional Charges for Meat Inspection Services

Under the current charging regulations, the MHS is able to make additional charges to occupiers of licensed premises in cases where the MHS has incurred additional costs due to inefficiency that can be attributed to the occupier of those premises. Additional charges are charged for on a time-cost basis, and are levied in a number of circumstances – the most common being when an occupier has worked outside the operating hours that have been previously agreed by both the MHS and the occupier of the licensed premises.

The charges regulations also include a mechanism that allows the occupier of the licensed premises to appeal against additional charges levied when he/she believes that the MHS has not incurred additional cost, or that there has been no inefficiency attributable to the occupier of the premises. When an appeal is made, the FSA is notified and allocates an independent assessor who investigates the circumstances surrounding the appeal. The assessor decides whether the appeal should be upheld (in which case the MHS will cancel the additional charge), or dismissed (in which case the occupier of the premises will be expected to pay the additional charges).

During 2003/2004, the MHS levied around £700,000 in additional charges. In 46 cases (worth around £8,000 in total) appeals were insigated. Thirty-one of the appeals were upheld (worth around £6,000 in total charges).

Financial Management

Improving Devolved Budgeting to Area Managers

The process of delegating responsibility for budgets from five Regional Directors to 30 Area Managers was initiated during 2003/04, as part of a significant move to improve the management of resources and costs within the MHS by empowering managers at the operational end of the business.

A cost centre for each area was established from April 2003, and actual costs captured for the year. When appointed, Area Managers were given initial financial management training. They were also offered guidance on interpretation of the monthly

budget holder reports, and understanding the cost drivers affecting their area of responsibility.

They participated in forecasting the financial outcome for 2003/04 and preparing budget bids for 2004/05, which were incorporated into consolidated bids from each MHS region.

From April 2004, each Area Manager will be given a delegated, profiled budget together with cost driver information in order to monitor actual costs and revenue, report on variances, and apply corrective action where required.

Finance Training for Senior Meat Inspectors

As part of the 'Moving Ahead' initiatives to devolve decision-making, Senior Meat Hygiene Inspectors (SMHI's) were empowered during 2003/04 to authorise staff timesheets and expenses.

Members of the HQ Finance Department held training sessions across England, Scotland and Wales to provide all the SMHI's with an understanding of their financial responsibilities, the need for controls, and an awareness of the relevant finance procedures.

SMHI's in the North, Scotland and Wales Regions (which formed the first implementation phase) began authorising timesheets and expenses in May and June 2003.

Training for the Central and South & West Regions (second implementation phase) is expected to start in May 2004.

Finance Manual Project

In order to contribute towards sound financial management and consistency of operations, financial policies and best practice are documented in MHS procedures. These are made available in the Finance Manual which can now be accessed via PCs by MHS staff. This electronic Finance Manual offers MHS employees easy on-line access to the MHS financial policies. The Manual developed significantly during 2003/04, with the inclusion of many new procedures and the revision of a number of others.

An MHS procurement team of four people was established during the last quarter of 2002/03, as part of the Finance Department, to contribute to the Government's target of two per cent, year on year, efficiency savings.

In March 2003, the then MHS Management Group gave its approval for the MHS Procurement Strategy. This strategy supports the MHS in delivering and sustaining a programme of effective and efficient procurement through a pro-active and supportive service, culminating in delivering essential quality while maximising value for money. During 2003/04, the procurement team has been working on implementation of the strategy.

Progress against implementation targets has been encouraging with several contracts let, such as those for HACCP training, car hire, the hiring of employment agency staff, and IT equipment for meat plants. In addition, a number of service contracts have been brought forward, including those for rail travel and hotel bookings.

Overall, the procurement team has achieved more than £350,000 in value for money savings in 2003/04, which is ahead of the target that was set at the beginning of the financial year. A pilot scheme is to be introduced for an e-procurement system to be implemented during 2004/05, with the objective of improving the procurement process for operational managers.

OVS Contract Management

The MHS spends some £20 million a year on procuring the services of OVSs who are employed by veterinary contractors throughout Great Britain.

As the result of a major re-tendering exercise in 2002/03, OVS contractors throughout all MHS regions are now providing services under new contracts which standardise the operating terms and conditions. The final region to roll-out the new contracts was the Wales Region in July 2003.

The key aims in letting the new contracts included a standardised specification of the service required, and consistency in contract management. In order to assist in measuring and managing contractor performance, a number of Key Performance Indicators (KPIs) have been determined. These are assessed on a monthly basis and red, amber, or green

'traffic lights' are awarded for each one. These are monitored and discussed with the contractor where appropriate.

The contracts are managed on a day-to-day basis by Area Managers with advice from RVAs and, in addition, MHS senior managers meet with contractors at least twice a year. This gives both parties an opportunity to discuss contractor performance, as well as any other issues. Problem areas that have arisen with some contractors include the general quality of the service provided, and the training needs of some OVSs. These are being addressed.

Provision of workwear and laundry services

From 31 March 2003, a new contract came into effect to provide MHS operational staff with work wear and laundry services. This is essential in ensuring that MHS staff working in licensed meat premises always have clean work wear.

The change-over of contracts involved the delivery of new garments to more than 1,400 staff within one week. In order to meet this demand, the laundry contractor, Johnson Apparelmaster, collects, cleans, repairs and re-delivers more than 10,000 garments a week to around 250 pick-up points throughout Great Britain. Barcodes on the garments ensure that each one is tracked through the laundry process, and returned to the wearer after cleaning. The barcode also enables the history of each garment to be monitored.

An MHS laundry working group, consisting of representatives from each MHS Region, the HQ Finance Department, and the Operations Support Unit held regular meetings during the first six months of the contract. This provided opportunities for regional co-ordinators to share information about contract performance in individual regions, and allowed the contract to be monitored at national level.

A three-tier contract management system was put in place to manage the provision of work wear, and laundry services:

- At local level, laundry depot staff make monthly telephone contact with nominated contacts in licensed premises and arrange face-to-face

meetings if required. SMHIs (or nominated individuals) complete monthly returns and submit these to MHS Regional Offices.

- Regional co-ordinators monitor the monthly returns from plant staff to; ensure that wearer lists are kept up-to-date and are accurate, check that invoices are correctly validated, and pass on any local problems to the contractor's national accounts team. Regional co-ordinators also hold regular meetings with managers from local laundry depots.
- Nationally, regular meetings are held with the contractor's national accounts team to ensure that the contract is managed consistently between regions, and to monitor the overall service provided.

There were two major problems with the laundry process under the new contract. Initially the cleanliness of some garments was not of the standard required. The contractor targeted two of its depots, putting in new washing processes and - in one case - a new soap supplier. This proved successful and was introduced at three other laundry depots.

The second problem experienced by a small number of staff was seepage of liquid through the polycotton garments onto undergarments or skin. A fabric trial was undertaken in three licensed meat premises in the MHS Central and South & West Regions to test the suitability of these garments, as compared with a more cotton rich fabric. These showed that in circumstances where garments are likely to be come into contact with a high level of liquid, then cotton rich fabric is more successful at preventing the absorption of liquids on to under garments than polycotton fabric. However for the majority of staff, polycotton fabric was acceptable. Cotton rich garments have now been offered to those staff who experience a high level of liquid seepage during the course of their duties.

During the first year of the new contract - 2003/04 - the MHS has achieved savings of more than £300,000, compared with costs in 2002/03. These savings have been achieved by improved contractual terms and enhanced MHS contract management.

The proposed EU Hygiene Regulations

In 2000, the European Commission put forward proposals to simplify and consolidate 17 food hygiene directives into five Regulations. The aim of the package was to establish a modern, risk-based, farm to fork system for improved public health protection. The new legislation was adopted on 29 April 2004 and will apply in all 25 EU Member States from 1 January 2006.

Under the new regulations, food business operators (including farmers) will have a general obligation to ensure that all stages of the production, processing and distribution of food under their control satisfy the relevant hygiene requirements.

The five hygiene (H) regulations are:

H1 - covers general hygiene rules, and applies to all food businesses including farmers.

H2 - covers specific hygiene rules for products of animal origin, setting out licensing requirements and operators' duties.

H3 - covers the organisation of official controls on products of animal origin, and sets out the roles and responsibilities of the competent authority (in the case of the UK, the Food Standards Agency). The bulk of the regulation deals with the role of officials in fresh meat, poultry meat and game meat plants.

H4 - consolidates existing animal health provisions and will apply from 1 January 2005.

H5 - repeals and amends current EU legislation.

The MHS Veterinary & Technical Directorate is leading preparatory work on issues relating to the operation and enforcement of the new regulations. The work is being run on PRINCE 2 project management methodology. All MHS Directorates (and the FSA) are represented on the MHS Project Board, which is chaired by the MHS Chief Executive.

The new Regulations will change the role of MHS operational staff from one of constant supervision of hygiene, to the audit and verification of operators' systems and procedures. The introduction of a mandatory HACCP system in all licensed premises in 2002 (for 'large' plants) and 2003 (for 'small' plants) set the tone for the approach, under the new

Regulations, of the operator taking responsibility for the production of meat in accordance with the Regulations. However, inspection of individual carcasses and offals will continue to be carried out.

Many of the practical details of the new regime are subject to Member States' discretion. They are being discussed with the MHS, the FSA, industry bodies, and other stakeholder representatives, and will be subject to decisions by the FSA Board.

Review of the Over Thirty Months (OTM) Rule

Within the EU, only Sweden remains officially BSE free. The testing of healthy adult cattle aged over 30 months before entering the food chain, or simply for surveillance purposes, is required by EU legislation. EU countries have different age criteria for testing animals, with some countries testing some categories of animals from age 24 months.

Since 1996, the UK has – under the Over Thirty Months (OTM) Rule - not permitted bovine animals over 30 months of age to enter the food chain, with the exception of a minimal number of animals slaughtered under the Beef Assurance Scheme (BAS) up to the age of 42 months, and after having been tested negative for BSE.

UK cattle should not have been fed any meat and bone meal (MBM) since August 1996, whereas the rules on MBM in feed were less severe in many other EU countries until January 2001. Thus, younger cattle in the UK should be relatively free of BSE compared with similarly-aged cattle in many EU Member States.

Data for all BSE reported cases in 2002 was published in June 2003 describing the year of birth of each case: these data show strong differences between the UK and the rest of Europe - in the UK, only five per cent of BSE cases in 2002 were born in 1996 or later, whereas for the rest of the EU, 42 per cent were born in 1996 or later.

This data, and the clear decline of the BSE epidemic in the UK, opened the possibility of OTM cattle (born after 1 August 1996) entering the food chain after having been tested negative for BSE.

The FSA's Review of BSE Controls, published in December 2000, suggested that 2003 was the earliest date at which the OTM Rule might be changed or

removed altogether, without increasing the risk to consumers (as assessed at the time of publication of the report of the review). In 2003, the FSA therefore undertook a review of the OTM Rule to see whether a ban on the sale for consumption of meat from OTM bovines was still appropriate, in the light of the decline in the BSE epidemic.

The FSA was assisted in the review by two committees – a joint Spongiform Encephalopathy Advisory Committee/FSA risk assessment group, and a core stakeholder group representing a range of stakeholders, including consumers and the farming and meat industries.

Following consideration of the review, the FSA Board agreed at its meeting in July 2003 to recommend to Ministers that it would be acceptable on public health grounds to replace, in two stages, the OTM Rule with BSE testing of cattle older than 30 months.

Decisions by Ministers on these recommendations had not – at the time of writing – been taken. Meanwhile, the MHS has been working during 2003/04 on a contingency basis, in case Ministers' decisions will lead to a need for much more widespread BSE testing of cattle.

The MHS Veterinary & Technical Directorate has produced more than 300 CD- ROMS for MHS staff and contractors, containing instructions on how to implement procedures to carry out the brain stem sampling of cattle. The training material also contains instructions on the processing of tested cattle using a robust system, to ensure that only meat from animals that have tested negative for BSE can be released for human consumption.

The VLA, in collaboration with the MHS and Defra, has conducted training in more than 150 licensed premises. The MHS has also had the opportunity of first-hand training in how the brain stem should be removed, to ensure that the sample taken is of sufficient quality for the test to be carried out.

Legislation

As at 31 March 2004, the MHS was responsible for enforcing aspects of the legislation listed below. Secondary legislation of domestic (UK) origin has its roots mainly in the Food Safety Act 1990 and the Animal Health Act 1981.

The Fresh Meat (Hygiene and Inspection) Regulations 1995 (SI No. 539), as amended

The Poultry Meat, Farmed Game Bird Meat and Rabbit Meat (Hygiene and Inspection) Regulations 1995 (SI No 540), as amended

The Wild Game Meat (Hygiene and Inspection) Regulations 1995 (SI No. 2148), as amended

The Specified Risk Material Regulations 1997 (SI No. 2965), as amended

The TSE (England) Regulations 2002 (SI No. 843)

The TSE (Scotland) Regulations 2002 (SSI No. 255)

The TSE (Wales) Regulations 2002 (SI No. 1416 (W.142))

The Fresh Meat (Beef Controls) (No.2) Regulations 1996 (SI No. 2097), as amended

Food Safety Act 1990

The Welfare of Animals (Slaughter or Killing) Regulations 1995 (SI No. 731), as amended

The Minced Meat and Meat Preparations (Hygiene) Regulations 1995 (SI No. 3205), as amended

The Animal By-Products Regulations 2003 (SI No. 1482)

The Animal By-Products (Scotland) Regulations 2003 (SSI No. 411)

The Animal By-Products (Wales) 2003 (SI No. 2756 (W.267))

The Animal By-Products (Identification) Regulations 1995 (SI No. 614), as amended

The Meat Products (Hygiene) Regulations 1994 (SI No. 3082), as amended

The Bovines and Bovine Products (Trade) Regulations 1999 (SI No. 1103), as amended

The Products of Animal Origin (Import and Export) Regulations 1996 (SI No. 3124), as amended

The Cattle Identification Regulations 1998 (SI No. 871)

The Animals and Animal Products (Examination for Residues and Maximum Residue Limits) Regulations 1997 (SI No. 1729)

The Animals and Animal Products (Import and Export) (Scotland) Regulations 2000 (SI No. 216)

The Meat (Disease Control) (England) Regulations 2000 (SI No. 2215)

The Meat (Disease Control) (Wales) Regulations 2000 (SI No. 2257)

The Meat (Disease Control) (Scotland) Regulations 2000 (SSI No. 288)

The Disease Control (England) Order 2003 (SI No. 1729)

The Disease Control (Wales) Order 2003 (SI No. 1966 (W.211))

The Transport of Animals (Cleansing & Disinfection) (England) (No.3) Order 2003 (SI No. 1724)

The Transport of Animals (Cleansing & Disinfection) (Wales)(No.3) Order 2003 (SI No. 1968 (W. 213))

The Restriction on Pithing (England) Regulations 2001 (SI No. 447)

The Restriction on Pithing (Wales) Regulations 2001 (SI No. 1303)

The Meat (Hazard Analysis and Critical Control Point) (England) Regulations 2002 (SI No. 889)

The Meat (Hazard Analysis and Critical Control Point) (Scotland) Regulations 2002 (SSI No. 234)

The Meat (Hazard Analysis and Critical Control Point) (Wales) Regulations 2002 (SI No. 1476 (W. 148))

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 (2002/03)
FSA Report on the Audit of the MHS (2001/02)
FSA Report on the Audit of the MHS (2000/01)
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:

MLC 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, Kings Pool, Peasholme Green, York YO1 7PR
Tel: 01904 455450

Reports:

MHS Animal Welfare Survey 2003/04
MHS Animal Welfare Survey 2001/02
MHS Animal Welfare Survey 1999/2000
MHS Animal Welfare Survey 1997/98

Available from:

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

Publication:

MHS Annual Report & Accounts 2003/04 (Price: £XX.YY) (English version)
MHS Annual Report & Accounts 2003/04 (Price: £XX.YY) (Welsh version)
MHS Annual Report & Accounts 2002/03 (Price: £16.35) (English version)
MHS Annual Report & Accounts 2002/03 (Price: £16.35) (Welsh version)
MHS Annual Report & Accounts 2001/02 (Price: £19.00) (English version)
MHS Annual Report & Accounts 2001/02 (Price: £19.00) (Welsh version)
MHS Annual Report & Accounts 2000/01 (Price: £16.50) (English version)
MHS Annual Report & Accounts 2000/01

Available from:

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

(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,
October 2002 – April 2003

MHS Customer Satisfaction Survey,
April - October 2002

MHS Customer Satisfaction Survey,
October 2001 – April 2002

MHS Customer Satisfaction Survey,
April - October 2001

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 I (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,
Kings Pool, Peasholme Green, York YO1 7PR
Tel: 01904 455238

GLOSSARY

AA	Administrative Assistant	EC	European Commission
ABP	Animal By-Product(s)	EFQM	European Foundation for Quality Management
ABP(I)	Animal By-Products (Identification) Regulations	EHO	Environmental Health Officer
AM	Area Manager	EO	Executive Officer
AMI	Association of Meat Inspectors	EOVS	Employed OVS
AO	Administrative Officer	EU	European Union
ARAD	the former Agriculture and Rural Affairs Department of the National Assembly for Wales	FMD	Foot and Mouth Disease
ARM	Area Resource Manager	FSA	Food Standards Agency
AWD	Animal Welfare Division of Defra	FVO	Food and Veterinary Office of the EC
BAS	Beef Assurance Scheme	GB	Great Britain
BCMS	British Cattle Movement Service	Grade 7	Civil Service unified grade immediately above SEO
BDU	Business Development Unit (part of MHS HQ)	Grade 6	Civil Service unified grade immediately above Grade 7
BPM	Business Project Manager	HACCP	Hazard Analysis and Critical Control Point
BSE	Bovine Spongiform Encephalopathy	HAS	Hygiene Assessment System
BSI	British Standards Institution	HEO	Higher Executive Officer
BSS	Brain Stem Sampling	HQ	Headquarters
BVA	British Veterinary Association	HRA	Human Resources Adviser
CCP	Critical Control Point	HRM	Human Resources Management
CIEH	Chartered Institute for Environmental Health	HSE	Health & Safety Executive
CLO	Customer Liaison Officer	IT	Information Technology
CLP	Clean Livestock Policy	ISO	International Standards Organisation
COVS	Contract OVS	JEGS	Job Evaluation and Grading Support System
CPD	Continuing Professional Development	LVI	Local Veterinary Inspector (Defra)
CTS	Cattle Tracing System	KPIs	Key Performance Indicators
CVO	Chief Veterinary Officer	LGPS	Local Government Pension Scheme
DARD	Department of Agriculture and Rural Development (NI)	LPFA	London Pensions Fund Authority
DBES	Date Based Export Scheme	MAFF	the former Ministry of Agriculture, Fisheries and Food
Defra	Department for Environment, Food and Rural Affairs	MHAC	Meat Hygiene Advisory Committee
DMHI	Dual-qualified Meat Hygiene Inspector (in red and white meat)	MHI	Meat Hygiene Inspector
DSMHI	Dual-qualified Senior Meat Hygiene Inspector (in red and white meat)	MHS	Meat Hygiene Service
DVM	Divisional Veterinary Manager (Defra employees)	MLC	Meat and Livestock Commission
		MORI	Market Opinion Research International
		MT	Meat Technician
		NAO	National Audit Office
		NC	Non-compliance

NSS	National Surveillance Scheme	VMHA	Veterinary Meat Hygiene Adviser
OM	Office Manager	VPHA	Veterinary Public Health Association
OSU	Operations Support Unit	VPHOD	Veterinary Public Health Operations Division (of the FSA)
OTM	Over Thirty Months		
OTMS	Over Thirty Months Scheme	VTSU	Veterinary & Technical Support Unit (part of the MHS Veterinary & Technical Directorate)
OVS	Official Veterinary Surgeon		
PGO	Paymaster General Office	WAG	Welsh Assembly Government
PCSPS	Principal Civil Service Pension Scheme	WASK	Welfare of Animals (Slaughter or Killing) Regulations
PIA	Plant Inspection Assistant		
PMHI	Poultry Meat Hygiene Inspector	WATO	Welfare of Animals (Transport) Order
POVS	Principal Official Veterinary Surgeon	WHO	World Health Organisation
PQ	Parliamentary Question	WYMAS	West Yorkshire Metropolitan Ambulance Service
PRP	Performance Related Pay		
RCVS	Royal College of Veterinary Surgeons		
RD	Regional Director		
RPA	Rural Payments Agency		
RVA	Regional Veterinary Adviser		
SEAC	Spongiform Encephalopathy Advisory Committee		
SEERAD	Scottish Executive Environment and Rural Affairs Department		
SEO	Senior Executive Officer		
SCS	Senior Civil Service		
SIR	Single Information Repository		
SLA	Service Level Agreement		
SMHI	Senior Meat Hygiene Inspector		
SPMI	Senior Poultry Meat Inspector		
SRM	Specified Risk Material		
SVC	Standing Veterinary Committee		
SVS	State Veterinary Service		
TB	Tuberculosis		
TSE	Transmissible Spongiform Encephalopathy		
TSO	Trading Standards Officer		
UK	United Kingdom		
VAU	Verification & Audit Unit (part of the MHS Veterinary & Technical Directorate)		
VetTec	The Veterinary and Technical Directorate of the MHS		
VLA	Veterinary Laboratories Agency		
VO	Veterinary Officer (Defra)		
VMD	Veterinary Medicines Directorate		

Accounts

For the year ended 31 March 2004

Contents

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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 - Defra) on 1 April 1995. Under powers conferred by the Food Standards Act 1999 the MHS transferred as an executive agency to the Food Standards Agency (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 its 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 in 2003/04

The principal functions of the MHS discharged on behalf of the FSA 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 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 Defra, the Department for Environment, Planning and Countryside of the Welsh Assembly

Government (formerly the Agriculture and Rural Affairs Department of the National Assembly for Wales), and the Scottish Executive Environment and Rural Affairs Department (SEERAD) under Service Level Agreements (SLAs):

- 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 for the British Cattle Movement Service (BCMS).
- 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 supervision, inspection and monitoring of the provision of services for the Over Thirty Months Scheme (OTMS), on behalf of the Rural Payments Agency (RPA).

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. It does not currently deliver any such services.

Planned Future Developments

The European Parliament decision in April 2004 to implement new food hygiene legislation from January 2006 is likely to change the requirements on the MHS for inspection in licensed premises. There will be changes in the category of premises inspected by the MHS. Joint FSA and MHS project teams have been set up to manage the process of change.

Financial results

Net operating cost decreased from £25.1m in 2002/03 to £24.4m in 2003/04. Total income increased by £1.4m to £57.6m primarily due to an increase of £1.2m in Government income. FSA income increased by £2.1m, due to higher chargeout rates and additional animal by product work, but Defra income reduced by (£0.5m) as a result of changes to cleansing and disinfection requirements applicable to Foot and Mouth controls and reduced activity for TSE testing and residue sampling. Income from the RPA showed a reduction of (£0.4m) due to lower levels of activity applicable to the Over Thirty Months Scheme. Industry income increased by £0.2m due to a rise in chargeout rates and throughput charges, although throughput generally decreased during the year, and the consistent application of additional charges from working outside of agreed plant operating hours. Overall costs increased by (£0.9m) inclusive of higher staff costs (£2.8m), which resulted from pay inflation for 2003/04 and additional administrative staff to improve audit and consistency of enforcement in line with the Deloitte and Touche recommendations. Other administration costs decreased by £1.9m, due mainly to lower contractor costs, £2.0m from retendering savings and lower activity levels, and operational costs £1.0m, largely from retendering savings from the laundry contract. However, exceptional early retirement and redundancy costs were (£1.2m) higher arising from changes in the operational organisation structure.

The MHS was set a financial target to operate within the delegated resource budget and within Treasury parameters for cash forecasting accuracy.

Performance against target 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 2003, assets with a value of £564,000 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 2004, £1,897,000 was spent on tangible and intangible assets, including £1,437,000 for the IT in Meat Plants project. After depreciation and disposals, the net book value of fixed assets increased to £1,998,000.

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 2003/04, 97% of all invoices were paid by their due date, against a performance of 98% in 2002/03.

MHS Management Board

Management control of the MHS is exercised through the MHS Management Board, which was established in September 2004 to concentrate on high-level strategic and corporate issues. The Board will ultimately comprise the Chief Executive, Director of Operations, Veterinary and Technical Director, Corporate Services Director and Director of Finance. In the short term, pending the appointment of a Corporate Services Director during 2004/05, the Directors of Human Resources and Information Technology, and the Head of the Business Development Unit, are also members of the Board. Board meetings are also attended by the Regional Director for the region in which the meeting is being held. To complement the Board, three Directorate Management Teams (Operations, Veterinary & Technical, and Corporate Services) focus on more detailed issues.

Following an open competition, Michael Greaves was appointed Director of Operations in April 2003, having previously held the position of Acting Director of Operations since January 2003. Michael McEvoy was appointed Director of Finance in June 2003, having held the position of Acting Director of Finance from June 2001.

The members of the Management Board at 31 March 2004 were as follows:

Christopher Lawson Chief Executive

Michael Greaves Director of Operations
and Deputy Chief Executive

Jane Downes Veterinary and Technical
Director

Michael McEvoy Director of Finance

Monica Redmond Director of Human Resources

Jenny Sergeant Director of Information
Technology

Kevin Goddard Head of Business Development
(and Secretary to the Board from
April 2004)

It is intended to appoint at least one external non-executive Board member during 2004/05 to bring external perspective and experience to Board discussions and decisions.

Until August 2003, the MHS Management Group, comprising the members of the new Board together with the Project Director (Organisational Development) and five Regional Directors, had provided the strategic forum. Paul Jackson, Regional Director (South and West), left in April 2003 and subsequently Paul Wandless was appointed as Acting Regional Director until August 2003, when Robin Harbach was appointed as Regional Director. Barry Gidman, Regional Director (Central), left the MHS in July 2003, to be replaced by Paul Thomas in August 2003. Penny Howarth was appointed as Regional Director (North) in June 2003, having previously held the position of Acting Regional Director (North). Ivor Pumfrey, Project Director (Organisational Development), left the MHS in September 2003. Adrian Thorne, Acting Regional Director (Wales), held this position until January 2004, when Stephen Mulholland was appointed as Regional Director.

The recruitment of members of the MHS Management Board, and formerly the 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 salary of the Chief Executive and Management Board and former Management Group members are shown at note 6 to the Accounts.

Equal Opportunities

The MHS continues to work towards creating a more open and diverse organisation in support of its Equal Opportunities Policy and Race Equality Scheme, and to achieve consistency with Civil Service reforms. Prioritising on the implementation of the Race Relations (Amendment) Act 2000, it has delivered diversity training focussed on managing inclusion and also addressed ethnicity and disability issues through quarterly meetings of its Race Equality Working Group.

Staff Relations

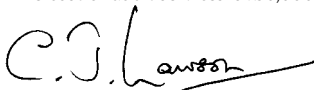
The period of significant organisational change has continued throughout 2003/04, embracing cultural change. Learning and development alongside consultation with employees has resulted in the release of creativity in a participative manner. In particular, consensual agreement has provided operational management lines of accountability and management by outcomes. The MHS and UNISON have continued to work on issues such as pay and grading, policy renewal, organisational change and terms and conditions, as well as establishing regular communications and consultation at national and regional levels. Two regular publications, MHS News and MHS Update, provide staff with a steady stream of information on current and future developments. Electronic communications with staff at Head Office, Regions and those linked up via the implementation of IT equipment in plants by means of an MHS Portal has been established and will be progressed during the 2004/05. 'Open House' sessions have been held at twelve venues across the country during the year, providing the opportunity for staff from the localities to meet the Management Board and take part in question and answer sessions. A further MHS/UNISON Staff Attitudes Survey is planned for 2004/05.

Auditors

The accounts have been audited by the Comptroller and Auditor General.

The audit certificate is on page 80 and 81.

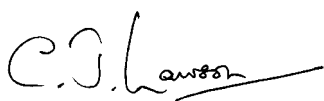
The cost of audit services is £30,000.



CJ Lawson
Chief Executive

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;
 - d. 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
22 June 2003

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports achievement of the Meat Hygiene Service's policies, aims and objectives, whilst safeguarding the public funds and agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The MHS is an Executive Agency of the Food Standards Agency (FSA), which is a non-Ministerial Government Department, accountable to Parliament, and the devolved administrations in Scotland, Wales and Northern Ireland, through Health Ministers. As such, I am accountable to the Chairman and the (non-executive) Board of the FSA, which sets corporate performance targets for the MHS annually. I report regularly to the FSA Board on progress towards achieving these targets. The Meat Hygiene Advisory Committee (MHAC), whose terms of reference include strategic oversight of the MHS, advises the FSA Board on their governance responsibilities for the MHS. I provide reports to MHAC on issues relating to our core work of meat inspection and supervision, our management systems and resources, as well as regular updates on our progress towards achieving the corporate performance targets. The FSA Chief Executive is the Principal Accounting Officer for the FSA and has personal responsibility for the overall operation, organisation, management, staffing, and financial (and other) procedures of the FSA including the MHS. The Principal Accounting Officer designates the MHS Chief Executive as MHS Agency Accounting Officer by formal letter of appointment. I report for line management purposes to the FSA's Director of Enforcement & Food Safety, and am a member of the FSA's Executive Management Board. This body manages and regularly reviews the FSA's strategic risks, including risks specifically related to the MHS.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 and prioritise the risks to the achievement of the Meat Hygiene Service's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Meat Hygiene Service for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The 2001/02 Statement on Internal Control identified a number of actions necessary for the continued development of the MHS risk management system. In November 2002 the MHS Management Group approved a risk management plan designed to improve the MHS's risk management process, and in particular to broaden risk ownership throughout the organisation. This plan, and a number of actions identified in the 2002/03 Statement on Internal Control, have been implemented throughout 2003/04. The plan was presented to the MHS Audit & Risk Committee and an update on the plan's implementation was reported to each meeting of the Committee. Implementation of all these actions has significantly improved the understanding of risk management within the MHS and has resulted in a system of internal control which accords with Treasury guidance. The MHS intends to continue to implement best practice approaches to risk management in pursuit of continuous improvement.

A comprehensive risk management policy and procedure designed to implement a best practice approach to risk management was approved by the MHS Management Board during 2003/04 and is being

embedded at all levels in the organisation. Training is being provided to all those MHS managers with authority to make decisions about risk treatment, recognising that some risks will need to be referred upwards to more senior management for treatment (a top 'X' approach). The training follows an IOSH/IRM syllabus, and attendees are required to complete a test as part of the course to demonstrate their understanding of the subject. In the first instance, training has been provided to all administrative middle and senior managers, including MHS Management Board members. Training for frontline operational managers will be delivered in 2004/05. A risk management focal point has been identified in each department/ region. All team leaders are encouraged to discuss risk management issues, including identification, evaluation and controls, with their staff at their regular team meetings, including at MHS Management Board meetings.

As a member of the FSA's Executive Management Board, the MHS Chief Executive liaises with the FSA on the MHS approach to risk management and learns from their experience. The FSA were provided with access to the MHS risk management training programme. HQ directors and managers are encouraged to meet regularly with their FSA counterparts, to discuss issues of concern and mutual benefit, including risk issues.

4. The risk and control framework

As mentioned in section 3, a best practice approach to risk management is being implemented across the MHS. Managers at four levels (frontline, middle management, directorate, Board) are all implementing the following process in populating risk registers:

- identification and definition
- evaluation and control measures
- top 'X' and significant retained risk reporting

An implementation plan requiring each stage to be completed at a four monthly interval is being followed. Once implementation is complete, risk registers will be reviewed and updated every four months, or sooner if the facets of a specific risk change.

The MHS Management Board has discussed its risk appetite with due regard to the strategic context of its work and the expectations of its stakeholders, and has concluded that the organisation's risk appetite is low. The MHS Management Board aims to review its risk appetite on an annual basis. Minutes of MHS Audit & Risk Committee meetings are copied to MHS Management Board members to note and follow up any specific issues raised by the Committee.

The MHS embeds risk management in its activities by requiring managers from the frontline up to the MHS Management Board to populate risk registers by identifying and defining their risks, prioritising risks by evaluating and their impact and likelihood in preventing achievement of MHS business objectives, identifying control measures to eliminate or reduce risk impact and to pass upwards significant risks which need to be managed at that level or notify of significant retained risks which will remain and be managed at the lower level. The Business Development Unit of the MHS takes an overview of all the risk registers to encourage and promote the sharing of best practice across the MHS. The MHS Management Board frequently discuss risk management issues at their meetings, and similarly, all leaders are encouraged to discuss risk management issues at their team meetings.

Whilst implementation of the risk management best practice approach is progressing, the MHS Management Board has continued to manage, review and update the MHS strategic risk register, informing the MHS Audit & Risk Committee of the outcome of its review. Risk registers have also been maintained for major change projects, which generally follow PRINCE 2 methodology, depending on the size, scale, or complexity of the project.

5. Review of effectiveness

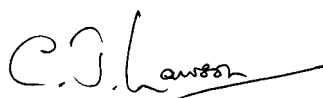
As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Meat Hygiene Service who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of internal control by the MHS Management Board, the Audit & Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

As part of my review of the effectiveness of the system of internal control, I require an assurance statement to be prepared by all Directors (including MHS Management Board members) covering scope of responsibility; capacity to handle risk; review of effectiveness; and significant control problems. The MHS Audit & Risk Committee, which is entirely non-executive in its composition, also provides me with an annual statement giving its opinion on the effectiveness of the system of internal control based on the issues considered throughout the year, including risk management updates received at every meeting. I ensure that the MHS Management Board and MHS Audit & Risk Committee see all internal and external business audit reports, including key controls testing and the annual internal business audit report. A monitoring system is in place to ensure that all internal and external business audit report recommendations are implemented. A commitment has been given to the MHS Audit & Risk Committee that, as far as is practicable, each business audit report's recommendations will be completed within 12 months of issue of the final audit report. A progress report on internal and external business audit recommendations is prepared for each MHS Audit & Risk Committee meeting, and is also issued to the MHS Management Board. This progress report ensures that weaknesses are addressed and ensures continuous improvement. All external and internal technical audit reports are seen by the relevant Regional Director, who ensures that OVSS (and their contractor, where applicable) and Area Managers agree and implement appropriate corrective action. The Operations Directorate is developing a formal monitoring and reporting system to assist with ensuring that all corrective actions are implemented. Annual external and internal technical audit reports are issued to the MHS Management Board and MHS Audit & Risk Committee. A programme of internal audit work (business and technical), informed by the MHS corporate risk register, is developed and discussed with the MHS Audit & Risk Committee prior to the commencement of each financial year. An initial desk audit has been carried out on disaster recovery and business continuity plans prepared by each Regional Office.

6. Significant internal control problems

A failure to test a small percentage of 'at risk' bovines during 2003/04 came to light in April/May 2004. The reason for this failure will be established by an external inquiry set up by the FSA, and it is therefore not yet known whether the failure was caused by an internal control problem. The FSA have however concluded that the failure indicated that the MHS had not achieved its corporate performance target on training and development.

Signed:



C J Lawson

MHS Chief Executive and Accounting Officer

22 June 2004

The Meat Hygiene Service

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 82 to 96 under the Government Resources 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 14 and 15.

Respective responsibilities of the Directors, the Chief Executive and Auditor

As described on page 76, the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Agency 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 I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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 Resources 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 Agency 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 page 77 to 79 reflects the Agency's compliance with Treasury's guidance on the Statement on 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. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures

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 Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency'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 2004 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 Resources 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

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

5 July 2004

Operating Cost Statement for the year ended 31 March 2004

	Note	2003/2004 £'000	2002/2003 £'000
Administration Costs			
Staff costs	5	47,554	44,841
Other administration costs	7	34,504	36,375
Gross administration Costs		82,058	81,216
Operating income	4	(57,616)	(56,
Net operating cost		24,442	<u>25,054</u>
Grant funding received from FSA	*	(25,000)	(19,500)
Net (surplus)/deficit		(558)	<u>5,554</u>

All activities are continuing activities.

* The allocation from the FSA to meet resources for 2003/04 amounted to £27.6m, of which £25.0m cash was drawn down by the MHS.

Statement of Recognised Gains and Losses for the year ended 31 March 2004

	Note	2003/2004 £'000	2002/2003 £'000
Net (surplus)/deficit		(558)	5,554
Unrealised surplus on the revaluation of tangible fixed assets	9	(3)	(1)
Total recognised (surplus)/loss relating to the year		<u>(561)</u>	<u>5,553</u>

The notes on pages 85 to 96 form part of these accounts.

Balance Sheet

as at 31st March 2004

	Note	31 March 2004 £'000	31 March 2003 £'000
Fixed assets			
Tangible assets	9	1,812	544
Intangible assets	10	186	20
		<u>1,998</u>	<u>564</u>
Current assets			
Debtors	12	6,219	6,260
Cash at bank and in hand	17	4,389	4,946
Total current assets		<u>10,608</u>	<u>11,206</u>
Current Liabilities			
Creditors: amounts falling due within one year	13	(6,721)	(7,121)
Total current liabilities		<u>(6,721)</u>	<u>(7,121)</u>
Net current assets		<u>3,887</u>	<u>4,085</u>
Total assets less current liabilities		5,885	4,649
Provisions for liabilities and charges	15	(850)	(235)
Total assets less total liabilities		<u>5,035</u>	<u>4,414</u>
Taxpayers Equity			
Reserves			
General fund	16	5,005	4,387
Revaluation reserve	16	30	27
		<u>5,035</u>	<u>4,414</u>

C J Lawson
Chief Executive
22 June 2004

The notes on pages 85 to 96 form part of these accounts.

Cash Flow Statement

for the year ended 31 March 2004

	Note	31 March 2004 £'000	31 March 2003 £'000
Net cash outflow/(inflow) from operating activities	14	1,300	(1,486)
Capital expenditure and financial investment		(1,857)	(230)
Increase / (decrease) in cash	17	<u>(557)</u>	<u>(1,716)</u>
Reconciliation of operating cost to operating cash flows			
Net surplus/(deficit)		558	(5,554)
Adjustment for non cash transactions		486	538
Adjustments for movement in working capital other than cash		(359)	3,605
Adjust for transfer from provisions		615	(97)
Net cash inflow / (outflow) from operating activities		<u>1,300</u>	<u>(1,508)</u>
Analysis of capital expenditure and financial investment			
Purchases of fixed assets	9 & 10	(1,897)	(282)
Proceeds of disposal of fixed assets	9 & 7	40	74
Net cash outflow from investing activities		<u>(1,857)</u>	<u>(208)</u>
Analysis of financing			
Increase / (decrease) in cash		<u>(557)</u>	<u>(1,716)</u>
Net cash requirement		<u>(557)</u>	<u>(1,716)</u>

The notes on pages 85 to 96 form part of these accounts.

Notes to the accounts

for the year ended 31 March 2004

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 computer's 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
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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 and external audit 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 2003/2004 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

Provisions are recognised where there is a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount.

2 Key Performance Targets

The MHS was set the following financial performance target by the FSA :-

To operate within the delegated resource budget and within Treasury parameters for cash forecasting accuracy in 2003/04.

(i) Resource Target

	Budget £'000	Actual £'000
Administration Costs	(84,519)	(82,058)
Operating Receipts	<u>57,259</u>	<u>57,616</u>
Net Operating Cost	(27,260)	(24,442)
Notional Insurance	<u>(360)</u>	<u>(359)</u>
	<u>(27,620)</u>	<u>(24,801)</u>
Capital	(2,530)	(1,897)

The target to operate within the resource budget has been met.

(ii) Cash Target:

	Budget £'000	Actual £'000
Net Operating cost	(27,260)	(24,442)
Capital	(2,530)	(1,897)
Fixed Asset Disposals	-	40
Non cash transactions	1,040	486
Movement in Working Capital	-	(359)
Transfer to Provisions	-	615
Net	<u>(28,750)</u>	<u>(25,557)</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 Board, 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:

	2003/2004		2002/2003	
	£'000	£'000	£'000	£'000
Industry Income		21,734		21,517
Government Income				
FSA Income	23,386		21,311	
Defra Income	5,907		6,392	
RPA Income	<u>6,297</u>	35,590	<u>6,684</u>	34,387
Other Income		292		258
TOTAL INCOME		<u>57,616</u>		<u>56,162</u>
Segmental Analysis :				
		45,397		44,283
England		7,828		7,649
Scotland		4,391		4,230
Wales		<u>57,616</u>		<u>56,162</u>

5 Staff Costs

	2003/2004	2002/2003
(a) Staff costs for the year comprised:	£'000	£'000
Wages and salaries	39,656	37,833
Social security costs	3,227	2,716
Other pension costs (note 18)	4,671	4,292
	47,554	44,841

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

	2003/2004	2002/2003
Meat Hygiene Inspectors and Meat Technicians	1,354	1,343
Official Veterinary Surgeons	48	56
Managerial and administrative staff	213	198
	1,615	1,597

In addition, an average full time equivalent of 54 Contract Meat Hygiene Inspectors and 350 Official Veterinary Surgeons were used during the year, compared with 65 and 349 respectively for 2002/2003 (Costs shown in Note 7).

(c) Staff costs analysed by function comprise:

	2003/2004	2002/2003
	£'000	£'000
Administrative staff costs	6,374	5,582
Inspection and veterinary staff costs	41,180	39,259
	47,554	44,841

One person retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £5,834.

6 Senior Employees Remuneration

	Salary (as defined below)	Real increase in pension at age 60	Total accrued pension at age 60 at 31/3/04	Cash Equivalent Transfer Value at 31/3/03	CETV at 31/3/04	Real increase in CETV as funded by employer
	£'000	£'000	£'000	£'000	£'000	£'000
Management Board (from September 2003)						
Chris Lawson Chief Executive	90 - 95	0 - 2.5	35 - 40	657	698	12
Jane Downes	60 - 65	0 - 2.5	5-10	108	116	0
Michael Greaves	60 - 65	0 - 2.5	20 - 25	unavailable due to delays by the pension fund		
Michael McEvoy	55 - 60	2.5 - 5	15 - 20	124	169	36
Jenny Sergeant	50 - 55	0 - 2.5	0 - 5	3	17	12
Monica Redmond				consent to disclosure withheld		
Kevin Goddard				consent to disclosure withheld		
Management Group (to August 2003)						
Penny Howarth	50 - 55	0 - 2.5	5-10	41	70	unavailable
Adrian Thorne	55 - 60	0 - 2.5	5-10	76	90	unavailable
Spencer Dawson				consent to disclosure withheld		
Paul Wandless				consent to disclosure withheld		
Barry Gidman				consent to disclosure withheld		
Paul Jackson				consent to disclosure withheld		
Ivor Pumfrey				consent to disclosure withheld		

Information relating to Cash Equivalent Transfer Values was unavailable due to delays with the calculations by the Local Government Pension Scheme.

The salaries of the Management Board or Management Group, including the Chief Executive, includes gross salary and bonus. None of the Management Board or Management Group who consented to the disclosure of their salary received benefits in kind. 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%. Jane Downes, Michael McEvoy, Jenny Sergeant and Barry Gidman are also members of the Principal Civil Service Pension Scheme but all other members of the Management Board or Management Group are members of the Local Government Pension Scheme to which the MHS makes contributions at the rate of 14.3%.

(b) The remuneration (excluding employer pension fund contributions) of the Management Board and Management Group fell within the following ranges:

	2003/2004	2002/2003
£5,001 to £10,000	1	-
£10,001 to £15,000	-	1
£30,001 to £35,000	2	1
£45,001 to £50,000	-	1
£50,001 to £55,000	4	1
£55,001 to £60,000	3	3
£60,001 to £65,000	2	2
£65,001 to £70,000	1	2
£70,000 to £75,000	-	1
£90,001 to £95,000	1	1

The Management Board comprises seven members and includes the Chief Executive.

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

	2003/2004	2002/2003
£40,001 to £50,000	53	35
£50,001 to £60,000	8	-
£60,001 to £70,000	2	1

(d) The members of the Meat Hygiene Advisory Committee as at 31 March 2004 received no remuneration from the MHS.

7 Other Administration Costs

	2003/2004	2002/2003	
	£'000	£'000	£'000
Rentals under operating leases:			
Other operating leases	38		44
Non-cash items:			
Depreciation	421	308	
Loss/(Profit) on disposal of fixed assets	5	(22)	
Cost of capital charge	30	214	
Rent and management services	0	8	
Auditors remuneration and expenses	30	30	
Provision for early retirement costs	965	<u>14</u>	552
Operational costs	893		1,897
OVS and MHI contract costs	24,197		26,151
Accommodation costs	1,103		1,167
Staff overheads	4,396		4,115
Administration costs	1,626		1,901
I T costs	676		565
Provision for bad debts	140		2
Bad debts (recovered) / written off	(14)		(14)
Interest received	(2)		(5)
Total Other Administration Costs	<u>34,504</u>		<u>36,375</u>

Auditors remuneration and expenses does not include any amounts for non audit work.

8 Analysis of Notional Charges

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

	2003/2004	2002/2003
	£'000	£'000
Rent and management services	0	8
External audit fee	30	30
Cost of capital charge	30	<u>214</u>
	<u>60</u>	<u>252</u>

The cost of capital charge is calculated in accordance with the Treasury guidelines at a rate of 3.5 per cent per annum on the monthly average net assets employed. There are no longer any notional rent charges.

9 Tangible Fixed Assets

	Computer equipment & Software £'000	Office equipment £'000	Furniture & fittings £'000	Motor vehicles £'000	Total £'000
<u>Cost or valuation</u>					
At 1 April 2003	695	132	134	367	1,328
Additions in Year	1,568	6	-	96	1,670
Surplus (deficit) on revaluation	(103)	(2)	(3)	6	(102)
Disposals in the year	(91)	-	-	(87)	(178)
At 31 March 2004	<u>2,069</u>	<u>136</u>	<u>131</u>	<u>382</u>	<u>2,718</u>
<u>Accumulated depreciation</u>					
At 1 April 2003	409	92	130	153	784
Charge for the year	224	11	1	76	312
Adjustment on revaluation	(55)	(2)	(3)	3	(57)
Disposals in the year	(91)	-	-	(42)	(133)
At 31 March 2004	<u>487</u>	<u>101</u>	<u>128</u>	<u>190</u>	<u>906</u>
<u>Net book value</u>					
At 1 April 2003	286	40	4	214	544
At 31 March 2004	<u>1,582</u>	<u>35</u>	<u>3</u>	<u>192</u>	<u>1,812</u>

10 Intangible Fixed Assets

	Software Licences £'000
Cost or valuation	
At 1 April 2003	165
Additions in the year	227
Deficit on revaluation	(40)
At 31 March 2004	352
Accumulated amortisation	
At 1 April 2003	145
Charge for the year	41
Adjustment on revaluation	(20)
At 31 March 2004	166
Net book value	
At 1 April 2003	20
At 31 March 2004	186

11 Depreciation

	2003/2004 £'000	2002/2003 £'000
Depreciation charge for the year	353	284
Permanent diminution in value on computer and office equipment, furniture and software licences	148	45
Revaluation adjustment	(80)	(21)
	<u>421</u>	<u>308</u>

12 Debtors

	31-Mar 2004 £'000	31-Mar 2003 £'000
Amounts falling due within one year:		
Trade debtors net of provision for bad and doubtful debts	4,720	4,309
Owed by Government	390	748
VAT recoverable (net)	839	820
Other debtors	66	93
Prepayments	56	52
	<u>6,071</u>	<u>6,022</u>

Amounts falling due beyond one year:

	31-Mar 2004 £'000	31-Mar 2003 £'000
Other debtors	15	28
Trade debtors	120	185
Prepayments	13	25
	<u>6,219</u>	<u>6,260</u>

Other debtors falling due beyond one year relate to employee car loans. These loans are repayable within five years. Prepayments falling due beyond one year relate to software maintenance covering the next three years. Trade debtors have agreed to settle over the next four years.

13 Creditors: Amounts Falling Due Within One Year

	31-Mar 2004 £'000	31-Mar 2003 £'000
Amounts owed to contractors providing veterinary and inspection services	1,778	2,309
Overtime payments to staff	445	580
Trade creditors	342	558
Accruals	1,892	1,604
Other creditors	2,264	2,070
	<u>6,721</u>	<u>7,121</u>

14 Reconciliation of Operating Result to Net Cash Outflow from Operating Activities

	31-March 2004 £'000	31-March 2003 £'000
Net surplus/(deficit)	558	(5,554)
Depreciation charge for the year (note 11)	421	308
Loss / (Profit) on disposal of fixed assets	5	(22)
Notional charges (note 8)	60	25)
Foot and Mouth provision	0	(48)
Early retirement provision	615	(49)
Decrease in debtors	41	1,351
Increase/(decrease) in creditors	(400)	2,254
Net cash inflow/(outflow) from operating activities	<u>1,300</u>	<u>(1,508)</u>

15 Reconciliation of the Movement in Provisions

	Early Retirement Provision £'000	Total £'000
As at 1 April 2003	235	235
Arising during year	965	965
Utilised during year	(350)	(350)
As at 31 March 2004	<u>850</u>	<u>850</u>

The Early Retirement Provision represents the full additional costs of benefits beyond the normal benefits provided by the LPGS and PCSPS (Note 18) in respect of employees who retire early by paying the required amounts annually to the pension funds over the period between early retirement and normal retirement date. The MHS provides in full when the early retirement programme becomes binding.

16 Reconciliation of the Movement in Reserves

	General Fund £'000	Revaluation reserve £'000	Total £'000
Arising at 1 April 2003	4,387	27	4,414
Funding movement in the year	60	-	60
Net surplus	558	-	558
Surplus on revaluation	-	3	3
As at 31 March 2004	<u>5,005</u>	<u>30</u>	<u>5,035</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 2003	Cashflow	31 March 2004
	£'000	£'000	£'000
Balances held with OPG	7,980	2,508	10,488
Balances with other financial institutions and in hand	3,034	3,065	6,099
	<u>4,946</u>	<u>557</u>	<u>4,389</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 London Pensions Fund Authority. For the year ended 31 March 2004, contributions of £3.3m were paid to the fund at rates determined by the Actuary appointed to the fund. For the year ended 31 March 2004, this rate was 14.3% of pensionable remuneration.

As a multi employer scheme, the MHS is unable to identify its share of the underlying assets and liabilities. 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 was 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 was increased to 14.3%.

The total fund's deficit at 31 March 2003 was £2,906,000.

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 2004, contributions of £1.4m 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 2004, these rates varied between 12% and 18.5% depending on the grade of the relevant employee.

In total £4,700,000 (£3,300,000 and £1,400,000 above) was paid out in 2003/2004 for pension costs. In 2002/2003, £4,250,000 (£3,260,000 and £990,000) was paid out as pension costs.

19 Capital Commitments

At the end of the year, there were commitments to the value of £44,000 for the purchase of capital items. There were no commitments 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.

	2003/2004
	£'000
Other	
Expiry within one year	20
Expiry within two to five years	16
Expiry thereafter	-
	<u>36</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 £157,000. No provision has been made in the accounts this year. There was no provision at the end of the prior year

22 Losses and Special Payments

Total Losses and Special Payments amounted to £29,000 relating to 28 cases (£102,000 relating to 23 cases in 2002/03). The majority of the cases refer to compensation and personal injury claims.

23 Post Balance Sheet Events

There were no post balance sheet events.

24 Financial Instruments and Associated Risks

MHS has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. MHS also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency rate risk.

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 2003 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

Headquarters

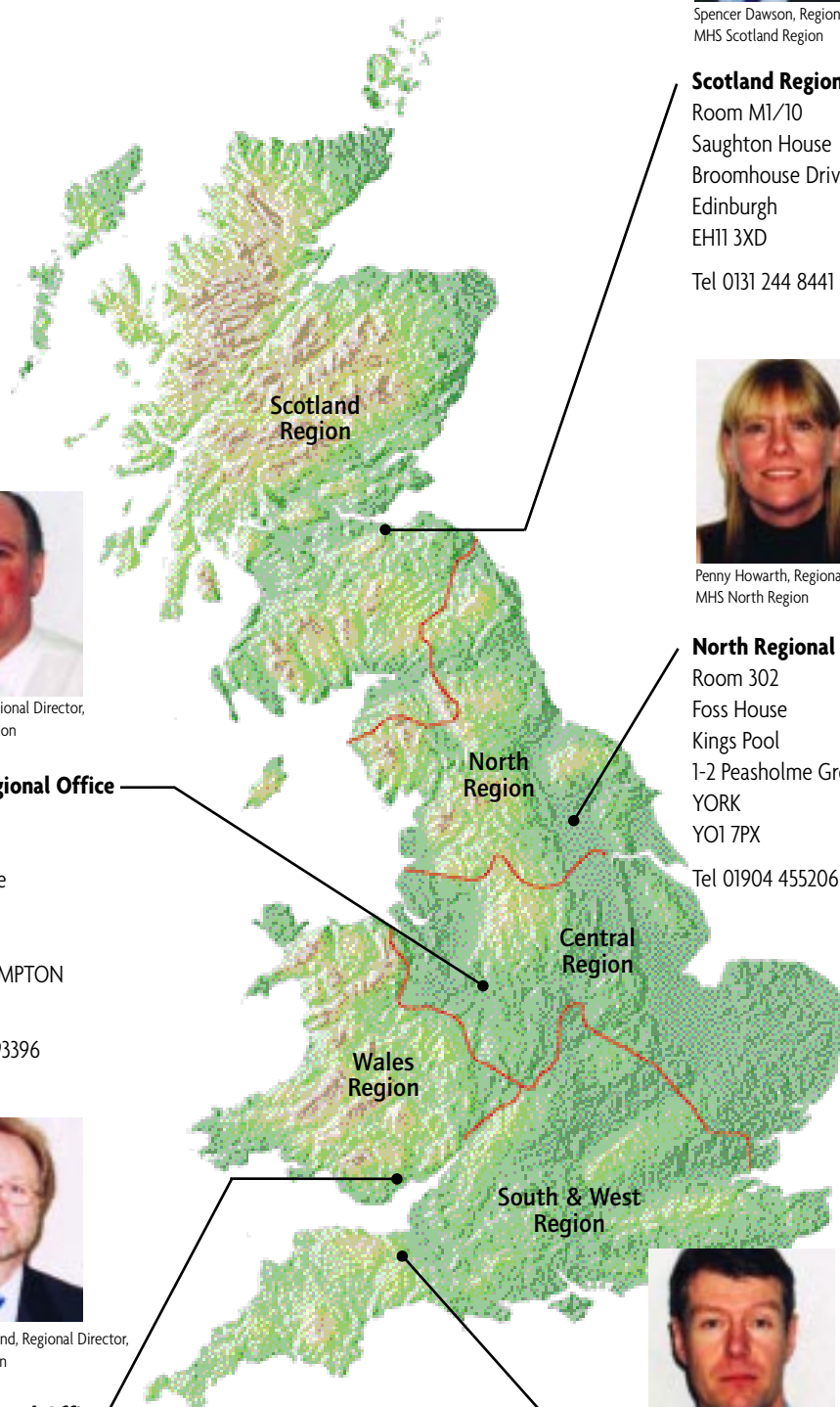
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