

VETERINARY SUPERVISION ARRANGEMENTS WITHIN THE MHS

1. Introduction

- 1.1 This paper makes proposals for improving the veterinary supervision arrangements within the MHS having regard to business needs and the two major change projects that became normal business after December 2005. The change projects are the implementation of Over Thirty Month (OTM) Rule Change and the H123 Legislation changes. A number of recommendations are made relating to the provision of Official Veterinarians (OVs) at plant level, extending the functions of the newly created Area Official Veterinarian (AOV) post and consequential effects on the role of Regional Veterinary Advisers (RVAs).
- 1.2 Development of these proposals has been informed by the recommendations in the Wall Report, the Independent Advisory Group's (IAG) requirements relating to OTM Rule Change and the 2 reports commissioned by the FSA/MHS from DNV Consulting.

2. Background

- 2.1 In May 2004, MHS internal management checks identified that it had failed to ensure that all relevant 'at risk' 24-30 month bovines had been tested for BSE. As a result the Food Standards Agency (FSA) Board requested an independent inquiry to determine the reasons for the failure and why it was not recognised earlier. The Inquiry was led by Professor Patrick Wall. The subsequent report "Inquiry into the failure to comply with requirements to test all relevant 24-30 month old casualty animals for BSE" (the Wall Report) which was published in October 2004, made a number of recommendations for change in order to ensure that measures were put in place to minimise the risk of failure recurring. The report made 13 recommendations which included a number relating to improving the delivery of MHS activities at plant level. These were:-
- To develop a proper monitoring system and supervisory structure for OVs and MHIs;
 - to improve contractor accountability for technical performance or provide MHS line management for contracted staff; and
 - to develop a more integrated service by making key linkages more effective.
- 2.2 A separate group (IAG) - also chaired by Professor Wall - was set up in November 2004 to address issues associated with the identification and testing of OTM animals. IAG made a number of detailed recommendations concerning the processing controls and direct line management responsibilities that needed to be put in place to ensure that a robust testing system was established.
- 2.3 As a follow up to the initial Wall Report the FSA asked DNV Consulting to conduct a review of the management system within the MHS, taking into account the potential reintroduction of OTM bovines into the food chain.

- 2.4 DNV Consulting's report (dated 9 February 2005) 'Review of MHS Management System following the Wall Report Recommendations' recommended that a 'full assessment of the cost/benefit of the current contract arrangements is conducted together with a review of alternative options in order to deliver a rational plan for the future'. This report and the FSA/MHS response were published in June 2005.
- 2.5 In the light of this, the FSA Chief Executive asked the FSA and MHS to suggest possible options for veterinary supervision at meat plants. From these three options were identified to be examined. They were:
- An enhanced contractor system;
 - A fully employed competent authority system; and
 - A hybrid system.
- 2.6 DNV Consulting were asked to look at these and advise on the options. They submitted their report 'Review of options for provision of Veterinary Surgeons within the MHS' to the FSA and MHS Chief Executives on 1 July 2005. A copy of this report is attached.

3. Principles Applied

- 3.1 In undertaking the internal review of the veterinary supervision arrangements the following principles were applied:-
- The current workload of maintaining operational service delivery and planning for the two major operational changes prevents the MHS from making sudden changes to the organisational structure;
 - Two forms of management are required. One is the business line that ensures the statutory service is delivered on demand, and the other the technical line of ensuring the proposed application of legislation and instructions in a consistent and technically compliant manner;
 - The need to take account of the Wall Report's recommendations to strengthen monitoring arrangements and supervisory structure for OVs and MHIs, and to improve OV Contractor accountability for technical performance or provide MHS line management for contracted staff;
 - Ensuring that there is a business need for all layers of management; and
 - The need to ensure that good quality veterinarians are retained within the MHS.

4. The Current Structure

- 4.1 The current structure is shown in Annex 1.
- 4.2 Area Managers (AMs) manage the business operations within a defined geographical area in which there are 20-35 licensed premises. They are responsible for compliance management, budget and resource management, contractor management, relationships with plant operators and the current line management of employed OVs and Senior Meat Hygiene Inspectors (SMHIs).

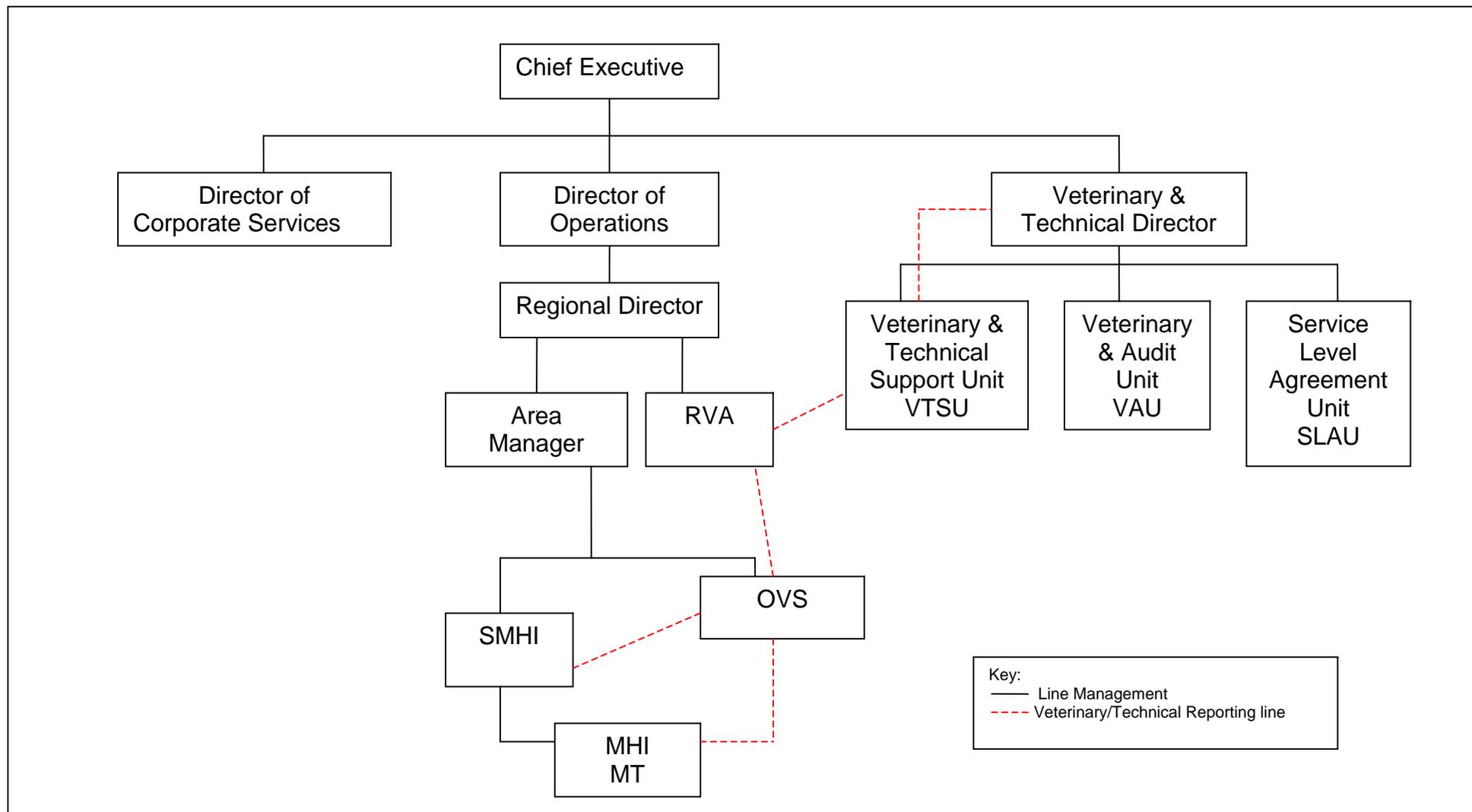
- 4.3 RVAs provide veterinary and technical advice and support to Regional Directors, AMs and employed OVs, undertake targeted interventions and investigations and deliver technical training.
- 4.4 OVs are statutorily responsible for ensuring compliance with the relevant legislation and ensuring the inspections are undertaken in compliance with the legislation and instructions. The majority (92% based on full time equivalents) of OVs are currently supplied by veterinary contractors. The MHS directly employs 27 OVs out of a total of 364 full time equivalents.
- 4.5 SMHIs are responsible for the planning and deployment of inspectorate staff at up to 8 licensed plants on a daily basis and ensuring that they are properly equipped and working within written statutory and MHS policy requirements.
- 4.6 The MHS has identified that the following areas of the current veterinary supervision arrangements also need to be reviewed as part of the consideration of the Wall/IAG/DNV recommendations:
- The role of the RVA;
 - The provision of advice and support by the Veterinary Technical & Support Unit (VTSU);
 - The identification and development of new corporate training packages, the upgrading of existing training packages and the delivery of technical training;
 - The Veterinary/Technical reporting line from MHS plant-based staff to the Veterinary & Technical Director; and
 - The development of a more integrated MHS plant team.

The transfer of responsibility for plant approvals from the FSA in 2007 also needs to be taken into account.

5. Business Management

- 5.1 The MHS has a statutory duty to provide a service on demand. As a consequence operational staff start and finish work at different times during a 24 hour period. In order to ensure that all the inspection points are covered and duties are undertaken, plants have to be consistently staffed every day and 'cover staff' have to be deployed to allow for holidays, sickness and authorised absences from line duties eg for training. The logistics of managing the business by ensuring that the right number of staff are in the right place at the right time is therefore complex and dynamic. In effect managers have to plan for and manage the staffing resource on a daily basis. This is clearly a business management role rather than a technical one and would not be a cost effective use of OV time.
- 5.2 It is critical to the business that this continues to be managed by the management at an area level ensuring the resource is available in concert with the SMHIs who are responsible for the resourcing in plant on a daily basis. Another responsibility of the AM role is that of contract management for OV contractors. This is referred to later in this report.

CURRENT STRUCTURE



5.3 Communication at all levels within the MHS, particularly with the operational staff based in small teams in meat plants throughout Great Britain, is a complex issue and is one that the MHS is continually trying to improve. Currently an 'operating framework' is being developed which will formalise many of the activities that operational managers currently undertake and will ensure that the OV and SMHI work closely together in supervising and integrating the slaughterhouse teams. This is building on the good practice that already exists in many MHS plant teams. The operating framework will include actions to improve partnership working with OV contractors by establishing a series of national, regional and area meetings/workshops in addition to the 'contract management' meetings. The 'IT in Plants' project for the first time will deliver IT to the MHS plant-based staff and will provide for quicker two way communication as well as a number of business benefits. The first phase of this project was completed on 31 December 2005.

6. Current Change Projects

6.1 The two change projects currently being implemented require a major change to veterinary supervision.

6.2 **OTM Rule Change** - Having regard to the principles detailed in paragraph 3.1, changes to veterinary supervision have already been made to meet the requirements of the Wall Report and IAG recommendations as a first phase of change to veterinary supervision.

6.3 A new post of AOV has been created. Currently 10 posts have been established and filled by MHS direct employees following open competition. The AOV is directly responsible for ensuring that all the requirements at plants approved to process OTM animals for human consumption are fully complied with. This accountability will be discharged through the plant OV, MHIs and MTs.

6.4 The AOV has technical management responsibility for these grades whilst the AM continues to manage business issues including deployment and personnel issues and contract management. The technical assessment part of contract management is enhanced by the AOV working with and supporting the AM. The AOV is line managed by the AM who ensures that work schedules are set and achieved. Technical guidance on the slaughter of OTM cattle is being obtained initially from the Veterinary Adviser for OTM based in the VTSU. Non OTM technical guidance is currently provided through the RVA/VTSU.

6.5 **H123 Legislative Changes** - The new EU requirements divide the veterinary tasks into 'inspection tasks' for which clinical skills are required, and 'audit tasks' for which meat hygiene experience and audit skills are required.

6.6 Better use of OVs could be achieved by restricting newly qualified and other veterinarians who have not developed audit and enforcement skills to 'inspection tasks' and by concentrating audit responsibilities on a smaller number of experienced OVs needed to carry out audit of operator procedures. This approach would be supported by the proposed OV training schemes under H3 requirements.

6.7 Other factors that need to be taken into consideration in considering future veterinary supervision arrangements include:

- Current audit trend reports are showing good MHS compliance with instructions by contract OVs and inspection staff working at plant level;
- Changes have been made to veterinary supervision through the direct employment of AOVs. These arrangements have been supported by the industry to ensure compliance with the requirements of the OTM rule change;
- Changes will need to be made to the future attendance of OVs at meat plants in response to the requirements of H123 legislation, ie the need to move to a risk-based system of attendance and audit schedules, which will lead to reduced veterinary attendance;
- Current OV contracts have been extended to April 2007 with contract variations to reflect H123 and OTM rule changes;
- New key performance indicators for OV contractors have been developed in response to the Wall recommendation and introduced from 1st December 2005; and
- Preparation of a new enhanced contract for OV services will commence in 2006 and be effective from 1 April 2007.

7. Options for Veterinary Supervision

7.1 Against that background the following options for future veterinary supervision have been identified:

1. Maintaining the existing arrangements using large or local OV contractors providing a managed service;
2. An Enhanced Contractor System using OV contractors - this closely resembles the existing system, enhanced by more robust contract management utilising RVAs or equivalents to regularly monitor technical compliance through site visits;
3. An Enhanced Contractor System but involving more local veterinarians - this is very similar to the second option but would use more local veterinarians from local veterinary practices;
4. A Largely Employed OV workforce - a substantial number of OVs would be directly employed by the MHS, but not 100%; and
5. An Enhanced Hybrid System - this incorporates many of the advantages of the 'Largely Employed' option but would see the majority of Inspecting OVs being supplied on a contract basis but technically managed by MHS employed veterinarians.

7.2 The options have been considered having regard to changes that have already been made to the veterinary structure as a pre-requisite to the OTM Rule Change Project.

Option 1 – The Existing Structure

- 7.3 The maintenance of the existing structure using large or local OV contractors providing a managed service would do nothing to address the Wall Report recommendations relating to improving the delivery of MHS activities at plant level, nor the recommendations of IAG relating to the direct line management responsibilities that need to be in place prior to the OTM Rule Change being implemented.
- 7.4 Maintaining the existing structure also does not address the principles identified in paragraph 3.1 and the additional areas requiring review and improvement detailed in paragraph 4.6. It is not therefore further considered.

Option 2 – An Enhanced Contractor System using OV contractors

- 7.5 This option envisages a revised contract with improved key performance indicators designed to measure output, not activity, with additional penalty/reward clauses. It would also include a more robust contract management system with greater technical input from RVAs or an equivalent type post. This system would require sufficient RVA resource to undertake regular site visits to approved meat plants. OVs would continue to be sourced from large or local contractors who would continue to be responsible for line management and initial technical support.
- 7.6 The factors in favour of this option include:
- It requires the lowest investment in resources to implement;
 - It limits the MHS requirement to directly manage large numbers of veterinarians; and
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 - It provides a high level of flexibility in a period of considerable change.
- 7.7 The factors against this option include:
- It does not address the recommendations of the Wall Report and the IAG in that no direct veterinary/technical supervision is provided by the MHS;
 - It does not address the issue of integrating the OV and MHIs into an effective team;
 - A veterinary/technical reporting line is not clearly achieved
 - Additional RVAs would need to be recruited;
 - RVA role is not best utilised having regard to the provision of instructions, advice, training and support that is needed;
 - OV contractors may not agree to any revised contract terms in the short term; and
 - MHS has no direct control/influence in the provision of appropriately competent OVs.

Option 3 – An Enhanced Contractor System using local veterinarians

7.8 This option is very similar to Option 2 and would require a revised contract with key performance indicators designed to measure output, not activity, with additional penalty/reward clauses. It would require a more robust contract management system with greater technical input from RVAs or equivalent type posts. This system would require sufficient RVA resource to undertake regular site visits to approved meat plants. The focus however, would be on sourcing OVs from local veterinary practices.

7.9 The factors in favour of this option include:

- It limits the MHS requirement to directly manage large numbers of veterinarians;
- It provides a potential higher level of flexibility in a period of change;
- Local availability of veterinarians; and
- Greater clinical experience.

7.10 The factors against this option include:

- It does not address the recommendations of the Wall Report and the IAG in that no direct veterinary/technical supervision is provided by the MHS;
- It does not address the issue of integrating the OV and MHIs into an effective team;
- A veterinary/technical reporting line is not clearly achieved;
- Additional RVAs or equivalent grade would need to be recruited;
- RVA role is not best utilised having regard to the provisions of advice, training and support that is needed;
- MHS has no direct control/influence in the provision of appropriately competent OVs;
- Potential conflict of interest if local veterinarian used by local primary producers;
- Risk of greater inconsistency in applying operational instructions
- Increased workload in terms of contract management as there would be considerably more contractors; and
- Questions over the willingness of local veterinary practices to get involved in OV work.

Option 4 – Largely Employed OV Workforce

7.11 This option of moving to a 'largely employed' model is one that would require the greatest change to the status quo with the need to employ and, more importantly, directly manage the majority of the OV provision. It is envisaged that the AOV role would be extended to take on this role and further AOVs recruited. The current RVA role would be abolished and resource transferred to the Veterinary and Technical Directorate to give better technical support for business needs. The posts would largely remain regionally based. However, there would be a need to retain some contractor arrangements for those plants that operate on a limited time basis and/or are situated in remote areas of Great Britain.

7.12 The factors in favour of this option include:

- It meets the recommendations of the Wall Report and the requirement of the IAG by providing direct veterinary/technical supervision;
- MHS is able to directly select and recruit OVs with appropriate competencies;
- Greater ability to integrate MHS teams at plant level through direct line; management of fully employed team;
- Provides a career structure for veterinarians;
- Provides an identifiable veterinary/technical reporting line;
- RVA role could be realigned having regard to business needs into enhanced provision of instruction, advice, training and support; and
- Contract management is greatly reduced.

7.13 The factors against this option include:

- Introducing this change poses a high risk to the MHS in terms of business continuity;
- The flexibility of OV resource is reduced;
- Availability of sufficient numbers of appropriately qualified OVs to employ;
- Major challenge to the MHS to manage such a change in the short term, having regard to the other major change projects currently being planned for and implemented;
- A high risk of service delivery failure when making changes;
- A fundamental change to the direct and indirect management structure needed to make the change in the short term;
- Potential loss of competition in the market for OV resource.

Option 5 – Enhanced Hybrid System

7.14 The majority of Inspecting OVs would be supplied on a contract basis but would be technically managed by MHS employed veterinarians who would carry out the audit of operator procedures. It is envisaged that the AOV role would be extended to take on this role and further AOVs recruited. It is less radical than the largely employed option but includes many of the key requirements that would meet the recommendations of the Wall Report and IAG requirements. This option still requires a revised OV contract with KPIs designed to focus on outcomes. OVs would continue to be sourced from large or local contractors.

7.15 The current RVA role would be abolished and resource transferred to the Veterinary and Technical Directorate to give better support for business needs. The additional posts in the Veterinary and Technical Directorate that would be created as a result would largely remain regionally based.

7.16 The factors in favour of this option include:

- It meets the recommendations of the Wall Report and the requirements of the IAG by providing direct veterinary/technical supervision;
- Retains flexibility necessary for an on demand business subject to continuing change;

- MHS would select veterinarians with appropriate competences to provide direct technical management of plant teams including the OV;
- Improved ability to integrate MHS teams at plant level;
- Improved career structure for veterinarians;
- Simplified veterinary/technical reporting lines;
- RVA role would be changed having regard to business needs to provide additional resources for the provision of instructions, advice, training and support;
- Change management process more manageable preventing less risk to business continuity and service delivery failure; and
- Less direct management input for all the veterinary resource.

7.17 The factors against this option include:

- Potential inability to recruit additional AOVs with appropriate competences;
- Management model required to retain contract management and technical supervision could be seen as duplication;
- MHS has no direct influence over initial recruitment of Inspecting OVs;
- Risk of contractors not wanting to provide service to MHS.

8. Discussion

8.1 The MHS Management Board has considered all the options and agreed that, as a matter of principle, the MHS should move to a largely employed OV workforce (Option 4).

8.2 As indicated in para 7.11 such a change would not be to a 100% employed workforce as there will always be a need to retain contractor arrangements for those plants that operate on a limited time basis and/or are situated in remote areas of Great Britain and for possible locum cover. Our current judgement, taking account of these factors, is that the MHS should move to an OV employed level of around 40 – 50% (based on full time equivalents) as compared to the current level of 8%, in order to maintain the balance of having both stability and flexibility within the organisation. Such a change would also require a change to the MHS support infrastructure as the change to directly employing OVs would require a switch from 'contract management' to one of daily resource planning, dealing with direct staffing issues, training etc.

8.3 However, in spite of the adoption of this principle, because of the current demands being made by implementation of the two major change projects, the recommendations of the Wall Report and the IAG and the need to maintain continuing service delivery, it is not considered practicable to make this move in the immediate future. The position will be kept under continuing review as the various current change projects are implemented, but it is expected to be some 12-18 months before any significant change could be made. In the interim, as and when opportunities arise, and it is justified in business terms, contract OVs will be replaced by directly employed staff.

- 8.4 Of the other options, numbers 2 and 3 are very similar, in requiring an enhanced contract management system and some additional RVA resource. The existing contract arrangements do allow for local veterinary practices to tender but they have not been very successful to date in competing against national contractors. To attract more interest the contract approach would have to be revised, but it is likely that cost and service provision would rise as would contract management costs from a larger number of contracts to handle. There also remains significant concern over potential conflicts of interest. In any event, neither option would meet the Wall/DNV recommendations for direct MHS veterinary supervision and improving integration of the OV and the rest of the plant team.
- 8.5 In contrast, Option 5 would ensure that the business line of management is strengthened to ensure continuity of service delivery and the management of change, as would the direct veterinary/technical management of the OVs and the inspection teams. This would see contractors continuing to employ and provide the bulk of OVs, who would be responsible for inspection tasks and would not therefore necessarily require the skills and experience necessary for audit of plant operators. This would be the responsibility of MHS employed OVs and would be a natural extension of the recently introduced AOV role, currently confined to OTM work. The AOV would therefore have direct veterinary/technical management responsibility for the OV and MHIs working in the plants and be accountable for technical delivery. The AM would continue to be responsible for business management, deployment and personnel issues and budgetary control. They would also be responsible for agreeing work schedules with the AOV. Any technical and veterinary advice will be provided by the AOV or the VTSU.
- 8.6 The OV is responsible and accountable in approved premises for ensuring compliance with the relevant legislation by the Food Business Operator, and that tasks required to be undertaken by the competent authority are carried out. The OV is the team leader of the MHS staff operating at plant level. The OV role as team leader would be emphasised and the partnership of OV working with the SMHI will be developed to ensure that the correct standard of technical service delivery is being provided and the business needs of the organisation are achieved. An operating framework would also be implemented to ensure that regular plant team meetings take place at which MHS cascade briefings will be delivered and specific plant issues relating to compliance with legal standards by the Food Business Operator, veterinary and technical issues, and resource and personnel issues would be discussed. These meetings would be led by the OV and the SMHI with attendance by the AOV or AM.
- 8.7 The provision of OV services would remain using a contractor base in order to give greater flexibility in OV provision to meet business requirements and best manage the changes to the OTM rule change and implementation of H123 legislation. This needs to be linked to the development of new key performance indicators and of an enhanced OV contract to be effective from April 2007.

- 8.8 There are possible employment rights issues arising from this option, as well as others, but these are similar to those currently being managed through the existing OV contract arrangements, and with the use of other contract or Agency staff more generally. They are not seen as barriers to proceeding with this option but will need to be carefully managed, as is currently the case.
- 8.9 As a consequence of the introduction of AOVs, the current role of the RVA would be abolished. Functions and resource would be transferred to the VTSU in order to improve the provision of instructions, training, advice and support. This role includes identifying and developing national training packages and the delivery of training to operational staff. Future roles to be developed include the assessment of competence of new OVs and the approval of meat premises from 2007 when the function is expected to be transferred from the FSA.
- 8.10 The Veterinary and Technical Director's responsibility for ensuring satisfactory veterinary performance would be provided through the VTSU by technical direction to, and by monitoring of technical performance and competence of, the plant based operational delivery teams, i.e. AOV, OV, SMHI, MHI and MT. Any veterinary and technical guidance needed would be provided through the VTSU. In addition, the MHS would be committed to providing management development training to all staff, and to developing the technical knowledge of management staff in order to increase both sets of skills throughout the organisation.
- 8.11 Details of staff numbers required having regard to the change projects still need to be fully assessed. As a consequence details of costings have yet to be considered and developed. It is anticipated that in line with the evaluation in the second DNV report, this option is likely to result in a saving against current MHS operational costs. This would be through reduced OV contractor costs. A possible revised structure under this option is attached at Annex 2.

9. Conclusion

- 9.1 Of the options identified, Option 5 is preferred by the MHS Management Board as the most suitable for the immediate future, and as a step to the longer term aim of a largely employed OV workforce. It would enhance veterinary supervision within the MHS but also ensure that service delivery can be fully maintained during the current period of considerable change. The operational business line would be strengthened by introducing the AOV who would provide direct technical management of the OV and plant teams and will support the AM in OV contract management. The AOV, overseeing the OV, would ultimately be responsible and accountable for ensuring technical compliance by the Food Business Operators.
- 9.2 In addition:
- The developing operating framework would ensure that operational managers fully understand what they are responsible and accountable for, and the essential link at plant level between the OV, the SMHI and the inspection team would be strengthened;
 - Advice and technical support would be provided by the VTSU, some members of which may not be based centrally in MHS Headquarters;

- In order to ensure continuity of business and service delivery, the use of a contractor base for the provision of OV services will be continued so as to retain both stability and flexibility in the system during this change period;
- A veterinary/technical reporting line is clearly demonstrated; and
- The proposed veterinary supervision arrangements provide options for veterinarians to gain experience at various levels in the organisation.

10. Recommendation

10.1 The MHS Management Board recommends as its preferred approach

- For the immediate future, and as a first step, veterinary supervision arrangements in the MHS should be based on the Enhanced Hybrid System (Option 5);
- In the longer term the MHS should move to a largely employed (as defined in paragraph 8.2) OV workforce;
- With that longer term aim in mind, the MHS should review its veterinary supervision arrangements no later than the end of 2007.

**MHS Management Board
April 2006**

PROPOSED FUTURE STRUCTURE

