



Minutes Steering Group on Meat Charging

Tuesday 6 May 2014
11:00-15:00
Conference Room 5, 4th Floor
Aviation House, 125 Kingsway, LONDON WC2B 6NH

Attendees:

Bill Stow	(Chair)		
Ian Anderson	(IA)	(SAMW)	Via TC
Mike Bailey	(MB)	(NFU Poultry Board)	
Richard Stevenson	(RS)	(NFMFT)	
Stephen Rossides	(SR)	(BMPA)	
Peter Hewson	(PH)	(AIMS)	
Richard Griffiths	(RG)	(BPC)	
Helen Ovens	(HO)	(FUW)	Via TC
Gillian Gallagher	(GG)	(Ulster Farmers' Union)	
Phelim O'Neill	(PO)	(NIMEA)	Via VC
Jeff Halliwell	(JH)	(FSA Board Member)	
Martin Evans	(ME)	(FSA)	
Chris Edwards	(CE)	(FSA Observer)	
Richard Collier	(RC)	(FSA Observer)	
Gary Welsh	(GW)	(FSA Observer)	
Shyam Desai	(SD)	(FSA Observer)	
Stephen Crookes	(SC)	(Secretariat)	
Azizza Townsend	(AT)	(Capita IT Specialist)	

Apologies:	Uel Morton	Quality Meat Scotland
	Karen Bellis	Women's Food & Farming
	Peter Coleman	Creedy Carver Ltd
	Mick Sloyan	BPEX/AHDB
	William Lloyd Williams	NFMFT
	Roger Kelsey	NFMFT
	Hazel Wright	Farmers Union of Wales
	Chris Edwards	FSA
	Nicholas Daniel	FSA
	Norman Bagley	AIMS
	Phil Hadley	EBLEX

1. Welcome

1.1 The Chair welcomed the Steering Group and explained his aims for the meeting, the Chair also highlighted that a meeting regarding PIAs had taken place (30 April) between FSA and Industry representatives.

1.2 Azizza Townsend was introduced to the group as Business Analyst for the systems development work.

1.3 The Chair confirmed that to date 81 FBOs had requested detailed data for their establishment.

2. Industry representative feedback from members

2.1 SR:

- $\frac{2}{3}$ of members responded, generally mixed response.
- Larger pig plants mainly unhappy about the whole system (not the proposed option).
- Overall general understanding from members is that the proposal seems a fairer system than the present one.
- Attending management council on 7th May and will take a steer from that.

2.2 RS:

- Represent smaller establishments.
- Small response back from members, however, majority have indicated that the costs will stay roughly the same or slightly less.
- 1 business has indicated that their costs will be increasing by 45%, this has raised concerns that there may be other FBOs facing similar cost increase. Would it be possible to have data analysis of other smaller FBOs data for comparison? The Chair asked for the FSA to look into this to see what might be behind the increase.

Action RC.

2.3 MB:

- Few responses received.
- Responses generally indicate that this option is a fairer system.
- Concerns expressed about PIA system, this could be a major obstacle in getting agreement with members.

2.4 PH:

- Response from members show small/medium FBOs do reasonably ok, however, there are 3 sectors that suffer.
- 1st Sector that suffers: large efficient pig producers, they gain nothing. Only way to help these FBOs is by doing something to the indirect costs and EU minima.
- 2nd Sector that suffers: medium/large plants due to current FSA costs in these plants are substantially greater than the EU minima. PH raised concerns that some plants have responded that some of the plants have extra MHIs on various days because they are surplus from other plants.
- 3rd Sector that suffers: all of AIMS responses from poultry FBOs has shown that they all lose out with the proposed option with those using a PIA system suffering more.

- The proposal has the basis of an option that could be acceptable but for AIMS to support the proposal, something needs to be done for the large FBOs and for the ones that are going to be the largest losers.
- The Chair asked FSA to respond following all responses. The Chair also pointed out that there are winners and losers in all categories including the poultry sector.

2.5 RG:

- Mixed response from members.
- Members that gain are seeing moderate gains (£20k - £30k) compared to the losers losing substantial amounts (£150k). This results in the losers being more vocal with their opinions.
- No incentive with proposal for plants using PIA systems or for plants to move to PIA systems.
- Lack of clarity/understanding of PIA situation, concerns that PIAs become just a bolt on to the proposal rather than part of the proposal.
- At the present time not in a position to support the proposed option until further work has been carried out to address concerns.

2.6 Po:

- Member's mainly larger red meat premises.
- Members feel they should get a greater share of the pot.
- If consensus from other industry representatives for the proposal then they would be happy to go with that consensus.

2.7 IA:

- Little response from members.
- Response from the members has indicated that there is little change in winners / losers.
- Overall not adverse to or favourable for the proposal.

3. Discussions following feedback

3.1 ME raised concerns regarding PH comments about the staffing levels at individual plants, the FSA follow SORs for each FBO establishment regarding MHI numbers. The SORs can be reviewed at any time. From the outset we all knew that there would be winners and losers in all sectors of the meat industry.

3.2 Following group discussion it was agreed for anonymised data analysis of all FBO establishments to be carried out to see the bigger picture of winners and losers. It was also agreed for case studies of individual FBO premises to show possible reasons for winners / losers. It was agreed that the FSA would require consent from individual FBOs for their data to be used as part of the case study data analysis exercise. Any case studies will need to be looked at under a controlled environment due to commercial sensitivity of data.

3.3 SR raised the concern that the discount system is just one concern for the industry and that it is the whole charging system that is of concern. JH assured the group that the Board are aware of industry concerns, he also pointed out that with human nature it is usually the people that are losing out that are more vocal with their opinions.

3.4 Following group discussion regarding various issues (number of MHIs at plant, OV hours etc) it was agreed the group needs to remember its remit. The group is not here to

solve all problems. If FBOs feel the SOR is wrong they can ask for it to be reviewed at any time, ME reiterated that he is happy to discuss any issues at plant level away from the Steering Group.

3.5 The group concluded that we are moving in the right direction and that the proposed option is a fairer option than the present system.

4 Moving Forward

4.1 The Chair made the following summarise:

- More time to carry out further data analysis is required. This will impact on the original date for reporting to the FSA Board, possibly pushing it back to the September Board meeting.
- The system devised is a fairer option which drives greater efficiencies for FSA and FBOs.
- Further data analysis of anonymised FBO data will be produced, as well as case studies for individual FBOs to look at reasons for increase/decrease in costs.
- The Chair recommended any Implementation of a new system to start from April 2016; this will allow time for IT systems to be in place, as well as allowing time for any technical issues to be ironed out.
- Further Sub Steering Group to take place early June to look at data analysis followed by a Steering Group Meeting early July.

5 AOB

5.1 Group discussion regarding case studies and anonymised data, RC requested that steering group members identify winners and losers, from their members, that they would like further data analysis to be carried out on (consent from each FBO identified would be required prior to data analysis being carried out). RC will email correspondence detailing what the data analysis will be used for to Steering Group Members.

5.2 JH requested that it goes on record admiration to the Chairs tenacity in driving this work forward.

Meeting closed