



Official Control Charge Rates 2024-25

March 2024

Presentation 2024-25

- Official Control hourly rates
- How the rates are calculated
- Increases for 2024-25
- Review

Purpose of the Presentation

- The presentation is of the cost data for meat industry hourly charge rates for 2024-25.
- The presentation covers Scotland only.
- To clarify and provide transparency on:
 - direct and indirect essential support costs of Meat Official Controls.
 - process to calculate hourly rates.
 - FSS application of retained EU law and SSI relating to charging for Scotland.
- All figures displayed in these slides are budget costs, along with estimated hours on previous years requirements with any major changes for 2024-25

The Annual Process

- November: The FSS actuals/forecast for direct and indirect costs, throughput and hours for current financial year are calculated
- December: Internal meetings to discuss findings and to sense check figures
- January/February: The FSS budget for direct and indirect costs are inserted into the model to reflect a more accurate calculation for 2024-25
- February/March: The calculations for the hourly rate is verified by internal colleagues
- February/March: The discount amount is determined.
- March: Rates and discount are agreed with Senior Leadership Team (SLT)
- March: FSS Finance and Business Committee informed of the rates, along with Ministers being informed of the rates and give agreement to the discount amount
- March: Meeting with industry to share rates and cost data analysis
- 7th March 2024: Meeting with SAMW.
- W/C 4 March 2024 submission to Scottish Ministers.
- 1st April 2024: New charge rates and discount implemented for FSS customers

Background to Calculation

- The meat industry is charged under Article 81 of Regulation (EU) No. 2017/625 which now forms parts of retained EU law.

This comprises:

- (a) the salaries of the staff, including support and administrative staff, involved in the performance of official controls, their social security, pension and insurance costs;
- (b) the cost of facilities and equipment, including maintenance and insurance costs and other associated costs;
- (c) the cost of consumables and tools;
- (d) the cost of services charged to the competent authorities by delegated bodies for official controls delegated to these delegated bodies;
- (e) the cost of training of the staff referred to in point (a), with the exclusion of the training necessary to obtain the qualification necessary to be employed by the competent authorities;
- (f) the cost of travel of the staff referred to in point (a), and associated subsistence costs;
- (g) the cost of sampling and of laboratory analysis, testing and diagnosis charged by official laboratories for those tasks

What information is used?

- All cost figures used are from the 2024-25 forecasted budget
- Hours figures are the plussed up hours* from 2nd January 2023 to 30th December 2023 with consideration being taken for any material changes in the forecasted hours

*Plussed up hours - 1 hour equals:

Hours	Rate
Single	1
Overtime	1
Double time	2
Public Holiday	3

Total Costs

- **Totals costs have increased by 15% for 2024-25 = £995,551.**
- By comparison total costs decreased in 2023-24 by 0.2%.
 - Direct costs have increased by 15.2%
 - Indirect costs have increased by 17.2%
 - Average hours have decreased by 2.37%
 - Chargeable hours.
 - OV up by 0.9% (477 hours)
 - MHI down by 3.9% (4,212 hours)

Total Costs Breakdown

Cost description	Costs 2023-24	Costs 2024-2025	Variance
Employed staff costs	4,670,173	5,094,221	424,048
Locums/ agency	296,460	703,140	406,680
Laundry/ equipment costs	101,454	109,598	8,144
Front-line travel costs	186,762	200,789	14,027
Sampling and testing	36,063	49,421	13,359
Direct support costs	160,773	140,603	-20,170
Other Direct costs	76,688	70,367	-6,321
Subtotal direct costs	5,528,373	6,368,140	839,767
Operations support	574,631	740,350	165,719
Corporate Services (including IT)	230,646	218,050	-12,596
Human Resources	83,166	85,120	1,954
Depreciation	19,532	20,239	708
Subtotal indirect costs	907,974	1,063,758	155,784
Total costs	6,436,347	7,431,898	995,551

Rationale for Increases in 2024/25

- Increase in forecast for agency costs as backfill for OV and MHI vacancies.
- Agreed pay award of a 3% increase for 2024-25 charge rate, on top of the 7% salary increases for 2023/24.
- Salary progression of direct and indirect staff in 2024/25.
- Overall inflation and cost increases.
- Proposed increase in OV pay supplement c £30K, to accommodate increase from £4K to £5K from September 2024.
- Increase in flat rate overtime to accommodate the introduction of the Scottish Government, 35 hour working week from 1 October 2024. estimated c. £170K.
- Variations to hours in model i.e. decreases in MHI hours.

Hours

	2022-23	2023-24	Variance	%
MHI	106,977	102,765	-4,212	-3.94%
OV	50,843	51,320	477	0.94%

- The decrease in the MHI hours (4,212) due to reduced requirement from establishments
- There has been a slight increase in OV hours (477)

Meat Official Controls Hourly Rate - FSS

FSS Charge Rate 2024-25

	2023-24	2024-25	Variance	%
MHI	37.08	43.28	6.20	16.72%
OV	48.58	58.15	9.57	19.70%

Meat Official Controls Hourly Rate -FSA

FSA Charge Rate 2024-25

	2023-24	2024-25	Variance	%
MHI	35.30	38.80	3.50	9.92%
OV	53.90	56.00	2.10	3.90%

Note: FSA use a different charging, delivery and costing model to FSS.

Direct Costs and Breakdown

2023-24	2024-25	Variance	%
5,528,373	6,368,140	839,767	15%

- Direct costs increases – Key highlights :
 - During 2023-24 salaries increased by 7% on pay range values, the cost of which was absorbed by FSS.
 - We have included the agreed pay award of a 3% increase in the 2024-25 charge rate, on top of the 7% salary increases for 2023/24.
 - Total increase in employed staff equates to £424K, (includes increase in flat rate overtime costs for Scottish Government 35 hr working week from 1 October 2024).
 - Increase in Agency and Locum staff backfill equates to £407K, however Locum costs have reduced by £30K.
 - Other costs incurred to support direct delivery of Official Controls have increased also.

Indirect Costs

2023-24	2024-25	Variance	%
907,974	1,063,758	155,784	17%

- 2024-25 overheads includes a review of the indirect FTE, resulting in an increase in the staffing costs of 1.74 FTE = £188K.
 - FOC = + 1.8 FTE, however this is partially off-set by removal of this role from direct costs for 2024/25.
 - Finance = -0.06 FTE.
 - All costs associated with FSS HQ have been removed from the model due to the reduced occupancy levels staff that is predicted for 2024/25 = £42K.
 - No costs have been included for legal support.
 - Other costs incurred to support indirect delivery of Official Controls have increased also.

Breakdown Indirect FTE

Category	Details/Comments	Total FTE Staffing	FTE Meat Essential Support %	FTE Meat Essential Support
Operations support	Head of Ops Delivery	1	20%	0.20
Operations support	Head of Field Ops	1	50%	0.50
Operations support	Head Veterinarian	1	50%	0.50
Operations support	Vet Advisors	3	75%	2.25
Operations support	Field Vet Coordinator	1	25%	0.25
Operations support	Vet Branch admin	1	25%	0.25
Operations support	Operations Manager	3	75%	2.25
Operations support	FOC	6	80%	4.80
Corporate services (inc IT)	Head of Finance	1	20%	0.20
Corporate services (inc IT)	Charging Manager	0.8	100%	0.80
Corporate services (inc IT)	Financial Accountant	0.8	20%	0.16
Corporate services (inc IT)	Assistant Financial Accountant	0.8	10%	0.08
Corporate services (inc IT)	Finance Business Partner	1	70%	0.70
Corporate services (inc IT)	Finance Assistant	1	60%	0.60
Corporate services (inc IT)	Facilities, Health & Safety Manager	1	20%	0.20
Corporate services (inc IT)	Admin Support	1	50%	0.50
Corporate services (inc IT)	Records Mangement	1	2%	0.02
Corporate services (inc IT)	IT Support	1	20%	0.20
Corporate services (inc IT)	IT Assistant	1	20%	0.20
Human resosurces	HR Advisor	1	50%	0.50
Human resosurces	HR Manager	1	10%	0.10

Total FTE = 15.26

Indirect Costs - Additional Costs

Category	Additional specific cost	% Meat essential support	Total £	Meat related costs
Operations support	Subsistence	50%	1,100	550
Operations support	Travel & hotels	50%	8,750	4,375
Operations support	On call costs	75%	24,996	18,747
Corporate services (inc IT)	Procurement shared service	5.19%	150,000	7,784
Corporate services (inc IT)	Rent	5.19%	474,725	-
Corporate services (inc IT)	Rates	5.19%	119,982	-
Corporate services (inc IT)	Accommodation charge	5.19%	141,613	-
Corporate services (inc IT)	Fuel & utilities	5.19%	69,378	-
Corporate services (inc IT)	Buildings insurance	5.19%	6,944	-
Corporate services (inc IT)	Maintenance contracts	5.19%	40,629	-
Corporate services (inc IT)	Printing	5.19%	6,787	352
Corporate services (inc IT)	Software/hardware	5.19%	99,450	5,161
Human resosurces	SG HR service	30%	163,000	48,900
Human resosurces	Staff medicals - occupational H & S	30%	6,440	1,932
Human resosurces	Employeed assisted programme	30%	3,440	1,032
Depreciation	Depreciation	5.19%	390,000	20,239

Audit & Veterinary Approvals Charge

2023-24	2024-25	Variance	%
97.65	100.98	3.33	3%

Costs	Total
Chargeable Hours	1,483
Direct Costs	106,623
Indirect Costs	43,134
Total Costs	149,758
Charge Rate	100.98

- Hours are those collected from OWS directly relating to Audit and Approvals
- Direct Costs are for equivalent of 1.17 auditor and the other direct costs to support their work
- Indirect costs – 5% Head Vet, 75% of administration staff along with 0.27% of overhead costs (£2.15K)

Ministerial Discount

£1.07m – 2024-25

£1.07m – 2023-24

Discount

- Calculated using
 - Throughput data.
 - Full costs using data previously stated (using chargeable hours from 2023-24 plus/minus any known changes for 2024-25).
 - For 2024/25 we have received notification of one plant's intention to cease trading. This closure has not impacted on the total value of the discount pot.

Ministerial Discount - Breakdown

Where each establishment falls for overall discount

% Discount	Number of Establishments
75.5%	13
60.1-70%	2
50.1-60%	0
40.1-50%	1
30.1-40%	3
20.1-30%	0
10.1-20%	5
0-10%	6
Total Establishments	30

FSS Total Costs 2024-25

	MHI	OV	Total
Direct Costs	3, 738,147	2,629,993	6,368,140
Indirect Costs	709,460	354,298	1,063,758
Total Costs to FSS	4,447,607	2,984,291	7,431,898
Total Hours	102,765	51,320	154,085
Charge Rate before Discount	43.28	58.15	

Total cost to Industry and costs absorbed by FSS for 2024/25.

- Total amount of full cost charged to industry
 - Full Cost = £6 million
 - Discount = £1.07 million
 - **Total cost to industry = £4.9 million**

- Total amount of full costs not charged to industry
 - Discount = £1.07 million.
 - Corporate Activity (non-chargeable activities, corporate training team meetings) = c. £989K.
 - Costs recovered for SLA work, Unannounced Inspection, Export work and additional Official Control activity = c. £443k.
 - **Total costs absorbed by FSS - £2.5 million.**

- **No Meat Food Business Establishment will pay full cost recovery in 2024/25**

Review

- FSS are committed to ensuring effective and efficient controls are in place to protect the consumer and are committed to work with all industry partners and other agencies to explore new methods and ways of working to drive efficiencies.
- A biannual review will be undertaken of the official control charge rates.
- For 2024/25 this will include a specific focus on the impacts of the 35hr working week and a review of the attributable FTE levels for all indirect staff.