

**MINUTES OF THE INTERSESSIONAL FSS BOARD MEETING HELD VIA TEAMS
ON THE 01 JULY 2021 FROM 10:15 TO 11:00**

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| Present: | |
| FSS Board | FSS Executive |
| Ross Finnie, Chair | Geoff Ogle, Chief Executive |
| Louise Welsh, Deputy Chair | Ian McWatt, Deputy Chief Executive |
| Heather Kelman Carrie Ruxton | Elaine McLaughlin, Senior Finance Manager |
| Sue Walker | Philip Mckibben, Financial Accountant |
| | Diane Strachan, Head of Private Office |
| | Joanne Smith, Board Secretary |

1. Introduction and Apologies

- 1.1 The Chair welcomed everyone to the Teams meeting.
- 1.2 Apologies were received from Marieke Dwarshuis.
- 1.3 Louise Welsh, Deputy Chair declared a conflict of interest given her Membership of the Quality Meat Scotland Board, and did not participate in the decision.

2. 2021/22 Meat Hygiene Charge (MHC) Rates

- 2.1 The Chair advised the Board that while decisions on charging were for the Executive, there was nonetheless reputational risks with this issue, and it was important that the Organisation is in agreement. The Chair invited Ian McWatt to introduce the paper. Ian thanked everyone for their time to convene intersessionally. He explained the purpose of the paper was to seek Board support on the proposal to issue a letter to the meat industry confirming that no changes will be made to meat hygiene charges currently applied for the year ending 31 March 2022. Ian and Phil Mckibben went on to explain the rationale behind FSS decision.
- 2.2 Following the 2021/22 review process and against a backdrop of Scottish Government (SG) assisting industry to maintain food supply chains during a challenging operating period it became clear that were the model strictly applied there would be a decrease in the charge rate for Meat Hygiene Inspectors (MHI) and an increase in the rate for Official Veterinarians (OV). Throughout the pandemic all government bodies have been sensitive to any potential increase to charges and the Executive Leadership Team (ELT) agreed not to seek recovery for the additional Covid related costs (£313k). ELT will continue this approach of not recovering Covid costs in 21/22.

2.3 In discussion, Board members sought and received clarification on these points:

- Had the model been followed smaller businesses would be disproportionately affected owing to larger establishments having permanent Official Veterinarians (OV) and Meat Hygiene Inspectors (MHI) presence, keeping the discount as is invites a greater level of stability and will hopefully be welcomed by the industry;
- Robust communication with the meat industry will ensure they understand that the challenges and exceptional circumstances during the past year has led to this decision being taken and
- A six monthly review of hours is undertaken mid-way through the year, however the relationship between Operations Managers (OM) and Food Business Operators (FBO) gives confidence in the chargeable forecast hours input to their Business Agreements

2.4 The Board were content with the proposals in the paper:

- FSS will continue with a collaborative and transparent approach to charging and will work with industry representatives to increase awareness and understanding of the current model for charging. It is expected that this partnership will continue in line with the strategic principles jointly agreed between FSS and SAMW.
- To endorse retaining the charge out rate at current levels the Board recognised that FSS are not strictly applying the model as discussed, however the Executive Leadership Team (ELT) consider this approach is in the interests and benefit of the industry during this challenging period. That being said, communication with the industry will be transparent and it will be clearly explained that this approach will not create a precedent, and that whilst FSS has taken into account the current challenges, they will revert fully to the model in our review in January 2022, and industry should expect to see rate increases from April 2022.
- The agreed £1.1m subsidy (formerly £1.3m subject to the reduction of discount following plant closures) has been maintained for a sixth year and FSS will continue to work with the industry to identify areas for cost reduction during 2021/22. FSS will continue to subsidise the 'corporate activities' of the staff which represents a further c. £750k of costs not recovered, however a further review of this will take place in January 2022.
- In view of the challenges detailed above the Board endorsed retaining the current charge out rate until 31 March 2022.

2.5 There were no further questions and the Chair closed the meeting.

