

MINUTES OF THE INTERSESSIONAL FSS BOARD MEETING HELD VIA VIDEOCONFERENCE ON THE 28TH JULY 2020 FROM 14:00 PM TO 14:55 PM**Present:****FSS Board**

Ross Finnie, Chair
George Brechin
Marieke Dwarshius
Carrie Ruxton
Sue Walker

FSS Executive

Geoff Ogle, Chief Executive
Ian McWatt, Deputy Chief Executive
Garry Mournian, Director of Policy, Science
Finance and Human Resources
Diane Strachan, Head of Private Office
Hazel Stead, Board Secretary

1 Introduction, Apologies

1.1 The Chair welcomed everyone to the videoconference meeting.

1.2 Apologies were received from Heather Kelman, Anne Maree Wallace.

1.3 Louise Welsh, Deputy Chair had informed the Chair that she felt it would not be appropriate to attend this session because of the risk of an actual or perceived conflict of interest given her membership of the Quality Meat Scotland Board too. The Chair agreed with Ms Welsh's assessment of the conflict of interest risk and that it was therefore appropriate for Ms Welsh to recuse herself.

2 2020/21 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 associated with this issue, particularly in the current climate of COVID-19. The Chair invited Ian McWatt, Deputy Chair to introduce the paper. Ian explained the purpose of the paper was seek Board support on the proposed increases to 2020/21 Meat Hygiene Charge rates. He explained that rationale for the proposed increases and confirmed he would be meeting with the meat industry stakeholders on the 29th July 2020 to inform them of the increases to meat hygiene charge rates which are to be implemented from 1st October 2020.

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

- there are two reasons to explain the uplift (inflation and bringing Official Veterinarian (OV) and Meat Hygiene Inspectors (MHI) in-house to FSS), these figures can be separated out
- the uplift for Meat Hygiene Inspectors rate (MHI) is higher than for Official Veterinarians (OV) and is due to the nature of the shared delivery model. The number of hours recorded for each component of staff, heavily influences the outturn rate. The largest increase in working hours is for OV staff which has the effect of depressing the OV rate.
- An increase in exports has also skewed the model with additional hours by OVs on issuing Export Health Certificates (e.g. export to China),. A further rebalance of work may be necessary to focus on EU and UK internal markets if export tariffs are high.
- the cost variance – (increase of £2m when compared to last year, including the additional £316k extra to bring staff in-house). It was noted that the business case submitted by the previous contractor was significantly more than this figure
- Live animal exports to the European Union are expected to continue, but it is unclear what effect a trade deal may have on tariffs

- The meat hygiene charge rates for each individual business are commercially sensitive and won't be discussed at the meeting on 29th July 2020. The next steps are to advise ministers and then individual businesses of the increases
- it was noted that £100k of OV and MHI staff hours for official controls were bid for by the meat industry, but were not utilised and were included to build in flexibility, therefore there is scope for industry to mitigate the increases
- the carcass balance issue (prime cuts being minced) which arose at the start of the COVID-19 pandemic has reduced, with meat plant throughput broadly the same as previous years

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

- that the FSS charge-out rates are raised in line with cost increases incurred by normal meat Official Control (OC) operations and the in-sourcing of veterinary and inspection personnel from Quarter 3, 2019 – 20.
- to increase the Official Veterinarian (OV) rate by 3.3% from £41.06/hr to £42.42/hr.
- to increase the Meat Hygiene Inspector (MHI) rate by 5% from £30.62/hr to £32.16/hr.
- that additional COVID-19 costs associated with the delivery of meat OCs are met by FSS and not recharged to industry or included in any adjusted charge rate.

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