

MINUTES OF THE MEETING OF THE FOOD STANDARDS SCOTLAND BOARD HELD ON 27th MARCH 2018 FROM 13.15 PM TO 15.55 PM AT HILTON EDINBURGH CARLTON, EDINBURGH, EH1 2SD

Present:

FSS Board

Ross Finnie, Chair
George Brechin (from item 7)
Marieke Dwarshuis
Carrie Ruxton
Heather Kelman
Sue Walker

FSS Executive

Geoff Ogle, Chief Executive
Ian McWatt, Director of Operations
Garry Mournian, Head of Corporate Services
Norval Strachan, Chief Scientific Advisor
Karen McCallum-Smith, Head of Private Office
Hazel Stead, Board Secretary

1 Introduction, Apologies

1.1 The Chair, Ross Finnie welcomed everyone to the Food Standards Scotland (FSS) Board meeting. He explained that the board meeting scheduled on the 28th February 2018 was cancelled due to severe weather and was rearranged to 27th March 2018.

1.2 Apologies were received from Louise Welsh, Deputy Chair, Anne Maree Wallace and Elspeth MacDonald. He advised that due to a prior engagement George Brechin would attend the meeting from approximately 15:00 pm.

2 Declaration of Conflict of Interest

2.1 The Chair asked for any conflicts of interest to be declared. None were declared.

3 Minutes of 15th November 2017 18/03/01 and Action Log – 18/03/02

3.1 There was a minor amendment required to the minutes and the Board accepted the minutes as accurate records.

3.2 The Chair noted that Action 2017/03 was complete and the action log would be amended to reflect.

4 Chair's Report

4.1 The Chair noted the meetings he had attended with the Chief Executive in the past few months. Ross referred to the letter he sent to the Minister for Public Health which expressed the view of FSS on the Scottish Government's (SG) Diet and Obesity Strategy consultation. He confirmed that a formal response had been received from the Minister for Public Health which acknowledged the positive and helpful comments by FSS in response to the consultation.

4.2 He attended the Food and Drink Federation Scotland Annual General Meeting and the media pre-launch of the updated FSS situation report "Scottish Diet it Needs to Change".

5 Chief Executive's Report – 18/03/03

5.1 The Chair invited Geoff Ogle, Chief Executive (CE) to provide an oral update on a number of topics. Geoff updated board members on the South Lanarkshire Council v Errington Cheese Ltd court case which had ended. He advised that the sheriff's judgement is

expected in the coming weeks. FSS Communications colleagues are working with South Lanarkshire Council and Health Protection Scotland to prepare for the Sheriff's judgement.

5.2 He then moved onto Brexit. The Deputy Chief Executive and Regulatory policy team had been involved in UK Government Frameworks meetings. He noted that there are 24 reserved areas which are subject to further discussions between the UK and Scottish Government. He is engaged in fortnightly SG Senior Engagement forums and the Deputy Chief Executive attends a weekly SG Brexit forum.

5.3 On the 20th March 2018, he chaired the first FSS and Food Standards Agency (FSA) programme board meeting for the review of meat cutting premises and cold stores. Ian McWatt, Director of Operations is the joint Senior Reporting Officer for the review. He advised that a joint report on the outcomes of the review would be issued to both the FSS and FSA board.

5.4 He advised that FSS would be taking a lead role in developing the eating out of home strategy and dietary guidelines as part of our contribution to supporting delivery of SG's diet and obesity strategy. This will require close working with SG officials who are leading on promotions work as there is some degree of overlap between the two.

6 Animal Feed Delivery Project – 18/03/04

6.1 The Chair invited Ian McWatt, Director of Operations to introduce this paper. Ian expressed disappointment in having to return to the board with a further paper for agreement with an alternative proposed model to that previously agreed by the board in January 2016. He summarised the significant challenges experienced throughout the project.

6.2 He explained that 8 out of 9 nominated Local Authorities (LA) were committed to deliver the regional model, subject to two key points being addressed. Firstly, liabilities and financial matters and secondly, final commitment being provided at LA Council Elected Member level.

6.3 He advised that LA's raised a number of issues on the liabilities which required FSS to seek legal opinion from Scottish Government Legal Division. A number of LA's indicated that they could not support the regional model until legal competence was transferred to FSS. The Executive had unfortunately reached a point where it could not therefore guarantee successful delivery of a key Official Control requirement and had reached the conclusion that an alternative solution would need to be considered.

6.4 He noted that the timeline for the SG procurement process would take nine months to secure suppliers to deliver animal feed controls. The market had already been tested and potential suppliers had expressed interest in delivering this work. It was important to recognise that Local Authorities would still have the option to submit bids for this work should they remain interested in continued delivery of Feed Official Controls

6.5 In discussion, board members sought and received clarification on risks associated with the proposed new model; asked more information including breakdown of feed establishments and the categorisation of the risk.

6.6 The Board :

- **agreed** that FSS should progress an alternative model of delivery through SG procurement for feed controls
- **noted** the implementation of the proposed route through a procurement exercise to deliver an effective model for feed controls

- **noted** the current timescales involved in delivering this project

7 Strategy Delivery, Business Planning and FSS Budget 2018/19 – 18/03/05

7.1 The Chair invited to Geoff Ogle, Chief Executive to introduce this paper. Geoff explained the purpose of the paper was to review where we are in delivery of the corporate plan. He advised FSS was evolving towards a programme based structure which focuses on three areas Brexit, Regulatory Strategy and Nutrition and Dietary Health. This approach would involve more cross-office working, moving staff resources and prioritising and, if and where necessary, stopping certain elements of work if required.

7.2 He noted the difficulty in delivering a strategy when working with a one-year financial statement and that the budget remains static at £15.3 million which was, in real terms, a decrease.

7.3. In discussion, board members sought and received clarification on delivery of the digital strategy; on-going collaboration with NHS Health Scotland is continuing; the CE confirmed that programme scoping documents are to be finalised and brought to the board for discussion.

7.4 The Board :

- **Agreed** that FSS's six strategic outcomes remain relevant
- **Noted** the progress with delivering the activities described in the Corporate Plan
- **Noted** that leaving the EU will have a material impact on FSS's activities, and that our priorities for 2018-19 need to be framed within this context
- **Noted** that work for 2018-19 will be delivered through three programmes, alongside our essential core activities, with the budget split of approximately 30% on the programmes and 70% on essential core activities
- **Agreed** the allocation of resources should be reviewed as the details concerning the UK's departure from the EU become clearer
- **Agreed** the budget allocation for 2018-19 and were content with the financial monitoring and revised reporting arrangements.

8 Independent Scrutiny of Food Standards Scotland Audit of the delivery of Official Controls by Local Authorities

8.1 At the request of the Chair, the Board agreed that this paper was deferred to the next Board meeting on 16th May 2018.

9 Financial Performance Update and Financial Management Plan – 18/03/06

9.1 The Chair invited Garry Mournian, Head of Corporate Services to introduce this paper. Garry explained the financial report was as at 31st December 2017. In addition, he provided a verbal update on the current financial position for 2017/18.

9.2 The report provides a high level overview of the financial position and at the end of Quarter 3, an underspend of £400k was being forecast. This was primarily due to increased income, which had not been forecast, as a result of: the delay in the poultry industry implementing Poultry Inspection Assistants; the delay in implementing a new model for delivering feed official controls as well as realising savings through revisions to the delivery of Official Control sampling contracts for Shellfish and a reduction in legal fees for the year.

- 9.3 He drew attention to the risks, issues and highlights explained that the forecast underspend at the end of February 2018 was now £100K as we have been able to bring forward spend from a number of areas. He also explained that the budget for 18/19 has been confirmed as £15.3 million (which is a £200k reduction in real terms).
- 9.4 He then moved onto the financial management plan which had been developed following Audit Scotland recommendations during the audit of the annual report and accounts in 2017. He noted the production of a long term financial planning document is a challenge given the continuation of a one year budget settlement and the uncertainty surrounding Brexit. He advised that the Financial Management plan was based on a set of assumptions correct at the time of writing. The plan will be updated to reflect the 2018/19 budget allocation and revised assumptions, particularly in relation to staff costs and administration spend. The intention in future will be to review the plan bi-annually with Board approval sought annually.
- 9.5 The Board:
- **Noted** the financial information reported as at 31 December 2017
 - **Noted** the steps being taken to utilise the forecast underspend
 - **Noted** the work to develop a FSS Financial Management Plan in line with Audit Scotland recommendations and were content with the content of the plan

10 Audit and Risk Committee Oral Update

10.1 The Chair invited Sue Walker, Audit and Risk Committee Chair to introduce the amendment to the terms of reference and provide an oral update.

10.2 Sue explained that there had been two meetings of the ARC, 22nd November 2017 and 07th February 2018. As she was unable to attend the February 2018 meeting due to a family emergency, George Brechin, who acted as Chair at that meeting would provide the oral update of that meeting.

10.3 At the November meeting, ARC members completed their annual effectiveness review, which for the first time had involved input from the Chief Executive and the Head of Corporate Services. She thanked the Board Secretary for collating the results. The overall conclusion is that ARC works well and continues to mature and has developed effective working relations with the Executive. The ARC feels that engagement on risk matters in which we can further evolve and we are trialling “deep dives” to help us better understand risks in different aspects of FSS business.

10.4 The ARC Terms of Reference were reviewed and a minor modification was recommended to the Board. The ARC received a report on the Animal By-products follow up audit which followed a limited assurance in the original audit in October 2016. This indicated satisfactory progress in implementing the recommendations in the original audit report.

10.5 She then invited George to provide the oral report from the ARC meeting on 7th February 2018. George explained that ARC members had agreed the draft Scottish Government Internal Audit Directorate plan for 2018/19; noted the interim draft of the FSA Official Controls Audit plan and that the final draft would be circulated to ARC for agreement. He noted that ARC members were content with the Audit Scotland Annual Audit Plan 2017/18.

10.5 In summary, he advised that ARC members had discussed and were content with the following Reports - Strategic, Brexit, Audit, Food Fraud and Operations Risk Registers; Audit Implementation Group Report; Cases of Fraud and Significant Losses Report and the Health, Safety and Environment Annual Summary.

10.6 As the ARC Chair was unable to attend the 7th February 2018 meeting, the preparation of the draft Annual Report from ARC to the Board had not been discussed. Sue Walker confirmed that this matter was in hand. He noted that Carrie Ruxton had attended the ARC meeting as an observer.

11 Audit and Risk Committee Terms of Reference – 18/03/07

11.1 The Chair invited Sue to introduce the amendments to the Audit and Risk Committee Terms of Reference. She advised that the changes were in the 'Purpose' section to clarify the substantive role of the ARC to not only support the Board but to also provide advice to the Accountable Officer.

11.2 The Board:

- **Agreed** the amendment to the Terms of Reference for the Audit and Risk Committee

11 Question and Answers

11.1 There were no questions from members of the audience. The Chair closed the meeting.