

**MINUTES OF THE MEETING OF THE FOOD STANDARDS SCOTLAND BOARD
HELD 17 FEBRUARY 2021 FROM 10:30 TO 14:25 VIA VIDEO CONFERENCE**

Present

FSS Board

Ross Finnie, Chair
Louise Walsh, Deputy Chair
Sue Walker
Carrie Ruxton
Heather Kelman
Marieke Dwarshuis

FSS Executive

Geoff Ogle, Chief Executive
Julie Hesketh-Laird, Deputy Chief Executive and Director of Strategy, Communications and Programmes
Ian McWatt, Deputy Chief Executive and Director of Policy, Science and Operations
David Gally, Chief Scientific Adviser
Diane Strachan, Head of Private Office
Joanne Smith, Board Secretary

1. Introduction, apologies, matters arising

- 1.1 Due to some technical issues the Chair was experiencing, Louise Walsh, Deputy Chair, took over as Chair and welcomed everyone to the Food Standards Scotland meeting.
- 1.2 Apologies were received from Anne Maree Wallace.
- 1.3 Observers, Christine Fraser, from Food Training Scotland, and Uel Morton were welcomed to the meeting. Jim Rundell, Audit Scotland, joined the meeting at a later stage.

2. Declaration of Conflict of Interest

- 2.1 No conflicts of interest were declared by Board members.

3. Minutes of meetings from 21 October, 18 November and 2 December 2020 and Action Log

- 3.1 There were no amendments to the minutes of 21 October 2020 and these were accepted as an accurate record.
- 3.2 The minutes of 18 November 2020 at 3.1 Chair's Report are to be amended to read that Marieke Dwarshuis and Anne Maree Wallace's "terms of office" have been extended.
- 3.3 There were no amendments to the minutes of 02 December 2020 and these were accepted as an accurate record.
- 3.4 On Action Log number 2019/03 a range of updated governance documents, including the Statement of Performance of Functions, which legally needs to be reviewed, will be brought to the May Board meeting.

4. Chair's Report

- 4.1 The Chair continued to encounter issues with IT; however, when he re-joined the meeting he advised that 24 applications had been received for the Board Member Appointment round. There was a reasonable spread of applicants which would be sifted the following week with interviews taking place in April.

5. Chief Executive's Report

- 5.1 The Deputy Chair invited Geoff to provide an oral update to supplement his written report.
- 5.2 FSS was currently working with Scottish Government (SG) on rolling out Covid-19 testing for food processors and distribution centres to ensure food supplies are maintained. Our own Meat Hygiene Inspectors and Official Veterinarians might be utilised to conduct testing in smaller meat plants and abattoirs.
- 5.3 The Winter Planning and daily Bird Table meetings were decreasing from 3 to 2 days a week, with the frequency being kept under review. This reflects the fact that the tempo of reactive work has slowed down.
- 5.4 Geoff updated on the good progress being made with recruitment: 45 applications were received for the C2 Head of Communications, with 8 people being interviewed; 8 people were being interviewed for the C2 Head of LA and Enforcement; C1 recruitment was continuing well; we had gone external to recruit B1 and B2 policy vacancies and Sue Bond had recently joined FSS as a Social Researcher.
- 5.5 Geoff highlighted that although we have left the EU, we were now having to focus on the implications of import controls due to be introduced in April: some areas FSS were leading on and some we were supporting SG.
- 5.6 Geoff advised he had agreed to FSS taking part in a Pulse Survey related to staff wellbeing issues.
- 5.7 Geoff invited Ian to update on the current situation with regards Export Health Certification (EHC).
- 5.8 Ian advised there had been intense media attention around seafood exports, and some media criticism aimed at FSS in terms of how we had resourced and prepared for the hubs. As a result of Brexit and the volume of certification required, circa two hundred thousand, it was recognised that it was not going to be possible for Local Authorities (LA's) to fulfil this requirement owing to operating costs, and in September 2020 FSS stepped in to support SG develop a groupage scheme at 3 export hubs.
- 5.9 The hubs had been experiencing a number of problems but a significant issue was missing and incorrect detail on paperwork. Given the perishability

of seafood product these need to be delivered by day two, with every error creating a delay. The Scottish Manufacturing Advisory Service had been commissioned to help identify process improvements within hubs.

- 5.10 Expectation from the industry was variable. Some believe it is simply a bad deal and that it should be renegotiated and industry concern was significant. The fact is, the UK is now a Third Country to the EU, and with this comes significant burden, reflective of the deal negotiated, and that there are no separate agreements within the deal to ease the SPS burden on Scottish businesses. Certification Officers were, for instance, having to sign and stamp up to 20 pages manually. FSS was also aware of wide ranging costs to industry, with anything from £150 to £800 being charged for EHC by the private sector.
- 5.11 A taskforce, which includes FSS, had been set up comprising David Duguid, PUS Scottish Office, Fergus Ewing Cab Sec Rural Economy, and George Eustice SoS Defra to address the issues that have been raised since the end of the transition period.
- 5.12 The Board made a number of points; praising the recent Vitamin D campaign and were looking forward to seeing the results of evaluation work which would be carried out at a later stage.
- 5.13 The Board asked whether the CEO had any feel for resource implications come the April and July import control changes. Geoff advised that Julie Hesketh-Laird was leading the FSS programme, but the main impact was likely to be on Feed, but this would be dependent on where we are with LA's. Products of Animal Origin was a SG lead.
- 5.14 The Board noted the excellent response to the People Survey, particularly from Field Operations staff post TUPE exercise.
- 5.15 The Board asked the Executive to articulate the current relationship with stakeholders post-Brexit. Ian explained that some relationships had been challenging. With certain stakeholders such as SAMW there was regular weekly meetings. Julie also advised that FSS had moved quickly to address criticism of the hubs in the media and communications had worked hard with media outlets and MSP's on EHC, providing written and verbal briefing, which had a very positive impact. We were now having open dialogue with David Duguid in the Scotland Office, and media outlets such as Reuters now know to come to us direct.
- 5.16 The Chair and CEO had a very positive meeting with Mairi Gougeon, the new Minister for Public Health. The Minister spoke with enthusiasm in terms of her portfolio and FSS was not a new organisation to her as she had worked with FSS with her previous agriculture portfolio.

6. Annual Review of Strategic Risk Register

- 6.1 The Chair invited Ruth Dewar to introduce her paper and invited questions and comments.
- 6.2 Sue Walker confirmed that the Risk Register had been discussed at the recent Audit and Risk Committee (ARC) and recommended to the Board that Risks 16 and 19 be removed and replaced by a new risk.
- 6.3 The Risk Register was discussed in more detail, the Board asked for justification for the risk score of 200 for the new risk 'Constitution, Devolution & UK Frameworks'. Geoff explained that because of the Internal Market Act there could be risks relating to Scotland specifically in terms of labelling and diet and nutrition.
- 6.4 The Board asked whether Risks 8 and 10 were essentially related to the same issue and that going forward they should be captured as one. Regarding Risk 18, Geoff explained that SG was looking at the sustainability of labs going forward.

Following discussion the Board:

- **Noted** the current risks to FSS delivering our strategic outcomes, in particular those rated VERY HIGH/RED, and confirmed they were appropriate;
- **Agreed** the addition of a new risk to the register;
- **Agreed** that the existing process for reviewing, reporting and escalation of risk should continue through the Audit and Risk Committee (quarterly) and the Board (annually);
- **Noted** the continued application of the Risk Policy and Guidance; and
- **Noted** the proposals for development of the Strategic Risk Register which will be reviewed to align with risks to successful delivery of the new strategy.

7. Review of Risk Appetite post EU transition

- 7.1 The Chair invited Diane to introduce her paper and asked for comments and feedback.
- 7.2 The Board thanked Diane for the clear paper and summary.
- 7.3 The Board asked why in the Policy/Legal/Regulation/Enforcement section, two of the risks were open while the one relating to inequalities was hungry. Geoff explained that from a policy perspective we would always need to have an evidence base and the hungry rating is more to do with issues around pace and priority; inequalities would have a higher rating than other socio-economic groups.
- 7.4 Following discussion the Board and Executive agreed to change the risk rating from adverse to **minimalist** in the External Factors category and to the

removal of the word **strong** in the Reputation/Authority/Public Confidence section on the risk relating to advocacy on behalf of consumers.

Following discussion the Board:

- **Noted** the content and coverage of the updated statement of risk appetite; and
- **Agreed** the updated statement of risk appetite effectively aligns with the new strategy, subject to agreement to item 21/02/07 on the agenda, and is fit for purpose.

8. FSS Strategy

- 8.1 The Chair invited Julie Hesketh-Laird to introduce the new FSS Strategy. Julie thanked Jacqui McElhiney who had led the development of the Strategy and paid credit to all those in the wider team involved in this important piece of work.
- 8.2 The Board echoed this and thanked the whole team for its timely and well-managed work. There were a number of small amendments requested; at Page 20 include 'opportunities'; at Page 25 a paragraph was to be added about inclusiveness, and throughout the document ensuring the photos reflect diversity.
- 8.3 The Board suggested that stakeholders who contributed to the consultation be notified of the date the new strategy goes live.
- 8.4 The Executive advised that a communications plan was being developed to support the launch in a targeted way and in particular to reach out to new and younger audiences to build our reputation.
- 8.5 Jacqui passed on her thanks to the Comms team for all their support.
- 8.6 The Chair agreed he should write to the Minister with a copy of the Strategy now it had been agreed by the Board..

Following discussion the Board:

- **Noted** that there were 89 written responses to the consultation on the draft strategy, with 11 key themes identified from the feedback;
- **Noted** the changes made to the draft strategy document based on the consultation feedback and subsequent discussions with the Board;
- **Noted** the agreed title "**Healthy, Safe, Sustainable: Driving Scotland's Food Future**" which had unanimous support from the FSS Board members;
- **Approved** the finalised document and the proposal to launch the new strategy in May 2021;

- **Agreed** to the proposed timetable for finalising the 3-year corporate plan and corporate governance documents which will support the delivery of our new strategy; and
- **Noted** plans to promote and implement the new FSS strategy during 2021 and beyond.

LUNCH – 12:15

9. Financial Performance Report Quarter 3

- 9.1 The Chair invited Elaine McLaughlin to introduce her paper on the financial performance of FSS up to 31 December 2020. For Quarter 3 FSS is reporting a provisional outturn of £17.4m against the internally allocated resource budget of £18.4m, representing a 5% underspend against budget.
- 9.2 In discussion the Board sought and received clarification that FSS regularly update SG on budget forecast and any underspend will be utilised elsewhere within SG. A further increase in underspend is likely as a consequence of moving programme spend and delays with recruitment, and could potentially be a few hundred thousand pounds. The Board noted the good work in getting supplier payments to 100%.
- 9.3 The Board received assurance that staff are being remunerated for any additional equipment required for working from home, staff are also able to claim tax relief for working from home.
- 9.4 The Board sought assurance that planned IT development will go ahead. Elaine confirmed that work is already underway on the Scottish National Database and the Scottish Food Sampling Database, however work on the Shellfish Monitoring and Control System has been delayed.
- 9.5 The Chair noted decreased depreciation and asked for clarification as to what elements make up for this. Elaine clarified that a depreciation amount was rolled over based on the previous year and for the year's 20/21 we budgeted for more than had been required. Having carried out a review of the asset register, capital expenditure had not been as high.

Following discussion the Board:

- **Noted** the financial information and expected end year position reported as at 31 December 2020; and
- **Noted** the final Resource and AME budget amounts for 2020/21

10. Financial Approach 2021/22

- 10.1 Elaine explained the purpose of the paper was for discussion and to provide the Board with an overview of the process undertaken by the Executive with regards to our budget allocation for 2021/22.
- 10.2 The Board sought clarification of how FSS intend to prepare for growth in terms of support, including IT systems, particularly as this coming year was unlikely to be any easier than the previous one. Geoff explained there was flexibility with SG with regards spending the extra £3.5 million allocation, which was in addition to the £19.5 million budget for the year. It was recognised it was an unusual approach, however as the Accountable Officer Geoff has been given written confirmation that the extra funding was there for FSS to spend should it be required. Formal reviews were taking place with SG at spring and autumn, and Elaine also has regular catch ups regarding expenditure.
- 10.3 The Board asked, with regard moving back towards normal, what the assumptions were in the budget. Geoff explained that the biggest issue was the taking on of staff, we would need to look at vacancy assumptions and make sure they were being progressed. On programme expenditure it depended on where we were with Covid. One thing FSS was looking at was to set a research allocation budget for a 3 year period, rather than bidding per year. A lot of underspend this year had been caused by lack of travel and subsistence costs which could be put back into the forecast when we were able to start up again.
- 10.4 The Board asked how much of the capital budget is associated with working in the office and Geoff explained that our capital budget isn't capital at an SG level. SG assign FSS the money and we apply it to our budget, there was no pressure on capital other than what we put on ourselves.
- 10.5 The Chair asked about what processes are in place for ensuring that we do spend the budget given there has been an underspend for last 3 years. Geoff advised that SMT had discussed the need for appropriate use of schemes of delegation now that the C2 cohort have been recruited. Allocations were being looked at over a 3 year period which would give us a better idea about programme money.
- 10.6 The Board highlighted that the budget had increased by 40% since FSS started and enquired as to whether we are we keeping track of the evidence for expansions to show delivering a cost effective solutions. Geoff said that in terms of where we sat as an organisation, and our relationships with SG, there are no concerns raised when discussing our expenditure with them and of course the annual reporting process verifies how the budget was spent. The fact that SG were assigning FSS with increased workload in itself proves they trust us to work efficiently and provide value for money.

Following discussion the Board:

- **Noted** the indicative budget allocation of the resource budget made by the Executive for 2021/22;

- **Noted** the assurance that further funding of up to £3.5m, as detailed in our EU Exit business case, will be transferred in year as part of the Spring Budget Review (SBR) budget; and
- **Noted** the risk and issues being considered as part of the final budget allocation for 2021/22.

11. Audit and Risk Committee (ARC) Report

- 11.1 The Chair invited Sue Walker to give an oral update on the Audit and Risk Committee Meeting which took place on 10 February.
- 11.2 Regarding the Internal Audit Policy Framework Audit the auditors highlighted strong alignment and better regulation to the FSS strategy, two medium priorities were emphasised: training and evaluation.
- 11.3 Both SG and FSS audit plans remained on track for this financial year and were proportionate. FSS had made good progress in implementing audit recommendations.
- 11.4 The external annual audit plan should revert back to normal in August but this was a fluid situation and may change.
- 11.5 The Board were asked to note that the ARC agreed to extend Scottish Governments term as internal auditors for the next 3 years, with the option to terminate with 6 months' notice. Previous concerns had been raised relating to auditors performance, however there had been significant improvement in performance and continuity of staff.
- 11.6 The Chair welcomed Jim Rundell back from a spell of absence.

12. ARC Terms of Reference update

- 12.1 ARC Terms of Reference were in the process of being updated, with the changes mainly relating to the new FSS structure, the revised version would be presented at the next Board meeting.

13. Any Other Business

- 13.1 Uel Morton thanked the Board and Executive for the opportunity to attend the meeting to understand further the work of FSS.
- 13.2 No other business was discussed. The meeting closed at 14:25