

**MINUTES OF THE MEETING OF THE FOOD STANDARDS SCOTLAND BOARD
HELD 17 JULY 2024 – 10:45 – 15:30
PILGRIM HOUSE, ABERDEEN**

Present**FSS Board**

Heather Kelman, Chair
Aileen Brown (Teams)
Carol Evans (Teams)
Phillip Couser
Kate Richards
Paula Charlesworth

FSS Executive

Geoff Ogle, Chief Executive
Ian McWatt, Deputy Chief Executive
Garry McEwan, Head of Governance and
Infrastructure
Kate Smith, Head of Marketing & Communications
Joanne Smith, Board Secretary

Apologies

Alban Denton, Deputy Chair
Christina Bichan, Board Member

1. Introduction, apologies, matters arising

1.1 The Chair welcomed everyone to the Food Standards Scotland Board meeting, she also welcomed everyone attending via Teams and in the public gallery.

1.2 Apologies were received from Alban Denton and Christina Bichan.

2. Declaration of Conflict of Interest

2.1 No conflicts of interest were declared by Board members.

3. Regulated Products – interim update – 240302

3.1 The Chair invited Stephen Hendry, Head of Labelling, Standards & Regulated Products, and Georgie Finch, Senior Policy Advisor to introduce the paper updating on the Regulated Products Service.

3.2 Stephen and Georgie drew the Board's attention to the principles agreed by the FSS Board in 2022, as per Annex A, whereby they envisage a system which upholds standards, whilst modernising it to be effective, proportionate, and transparent where products are safe by design.

3.3 Georgie ran through the proposals and vision set out in the Board paper, and explained that a more detailed proposal, which will include plans on what can be implemented in the shorter term, and legislative and financial considerations for delivery of comprehensive longer-term reform, will be presented in September. The FSA are also presenting a similar paper to their Board in September with the aim of getting joint agreement at the same time.

34 The Chair thanked Stephen and Georgie for their paper and invited questions from Board members.

35 The Board were interested to know whether there is any sense of the likely costs to modernise the system and were advised that there are a number of factors to consider and this will all be part of the detailed proposal being presented in September.

36 Due to a recent change of government there has been reports in the media of the wish to have closer alignment with the EU, and should that arise then we would need to understand the entirety of what was proposed in any such agreement and then understand the implications of what it meant here.

37 The Board asked whether stakeholders will have input into the design and creation of the system and were advised that as part of the reform a number of workshops have already taken place with industry and academia, and stakeholder engagement will continue.

38 Regarding the initial reforms that have been proposed, as per 3.4 of the paper, the Board received assurance that should non-compliances arise, sanctions are already available and exist in legislation, and businesses will also be reminded of their obligations.

39 Following discussion the Board:

- **Noted** the progress on initial reforms and were in support of the proposals outlined, and noted the close working relationship with The Food Standards Agency.

4. Scottish Food Crime and Incidents Unit (SFCIU) update and briefing on Joint FSA/FSS Food Crime Strategic Assessment – 240301

4.1 The Chair invited Ron McNaughton, Head of the Scottish Food Crime and Incidents Unit, and Ross Clark, Senior Intelligence Analyst to present a paper and presentation providing the Board with an update on the current work of the unit, and a briefing on the joint strategic assessment which is due to be published on 08 August.

4.2 The Chair thanked Ron and Ross for their detailed presentation and invited questions from Board members.

4.3 The Board asked whether businesses are put off filling in the Food Crime Risk Profiling tool due to the need to complete the business name, and how successful the tool has proven to be. Ron agreed that businesses having to provide their details before being given access to the tool might be off putting, however, that information and particularly the business type/categorisation allows the unit to identify business areas where there is low uptake and a requirement for more focus to encourage increased sign up. Ron advised that the tool has had a successful launch and initially quite a good uptake, a new campaign to re-launch the tool is scheduled and businesses are encouraged to complete it.

44 The Board heard that Ross is attending a meeting today to establish future priority areas based on intelligence.

45 The Board asked whether farm veterinary networks are utilised to gain intel and were advised that intel is gathered from any source possible which includes APHA. The general public are also able to report intel by way of the QR code recently developed. Kate Richards agreed to share information with various networks she is involved in.

46 The Board asked whether the estimated cost of food crime on the UK includes lost taxation and were advised no, lost taxation would be for HMRC to report.

47 The Board asked whether the recently established free ports have been identified as a threat and Ron advised that the SFCIU are working with Scottish Government (SG) to identify any impacts.

48 Ron explained that he would have liked to go into more detail on the Joint FSS/FSA Food Crime Strategic Assessment, however publishing of this has been delayed until 08 August at which time it will be shared with the Board.

5. Budget Update for 2024/25 – 240303

5.1 The Chair invited Elaine McLaughlin, Head of Finance and Procurement, to present the Budget Update for 2024/25.

5.2 Elaine explained that the FSS Resource allocation for the year 2024/25 is £22.6 million, with an additional £0.07 million funding for the Scottish pilot contributing to the UK Pathsafe research programme. An additional £500k is also being transferred from within SG to FSS to administer a one-off support package to the meat industry.

5.3 Elaine drew the Board's attention to Annex A which sets out the Allocation Budget 24/25 vs Budget Bids Received.

5.4 Elaine explained that the recruitment panel has been reconvened to monitor and scrutinise new and emerging vacancies across the year, bringing together business and workforce planning arrangements and ensuring senior management oversight.

5.5 Elaine drew the Board's attention to Section 5 of the report, which identifies risks and issues.

5.6 The Chair thanked Elaine for her paper and invited questions from Board members.

5.7 The Board noted the smaller over-allocation and vacancy assumption compared to last year, and asked whether there will a different approach this year to manage the budget. Elaine explained that there is an interactive process throughout the year, with reports being produced monthly to measure reality versus

assumptions, and decisions made at quarterly points, and a stocktake at the half year point.

58 Garry also explained the new governance arrangements in place, where finance and vacancies are deliberated and debated at a monthly panel meeting. Garry acknowledged that there is less resilience in this year's budget and that it is likely to be a tough financial year. The possibility of being unable to deliver our remit will need to be risk managed accordingly and, if necessary, brought to the attention of Ministers.

59 The Board asked whether there is a risk that nutrition monitoring could stop. They were advised that the current monitoring through procurement is expensive and alternative sources are being looked at. Intake24 is now in place, and FSS needs to ensure that, given the financial situation, we need to review again how we gather monitoring information. .

5.10 The Board were assured that the extra funding from SG to the meat industry is incumbent on them paying any outstanding invoices. The Board also heard that the forecasted income will not necessarily be the actual amount due to a number of factors such as lower throughput, decreased working hours (37 hour week going to a 35 hour working week from October), less agency workers etc, the Board will be kept informed.

5.11 The Board asked why the vacancy assumption has decreased from 7.5% last year to 4% this year and were advised that this is due to less personnel reaching retirement age this year. The recruitment freeze from 31 July to 01 October, due to the planned upgrade to the Oracle system, will also have an impact on numbers as FSS will be unable to progress leavers / recruitment during this period. Geoff also drew the Boards attention to the fact that the staff count needs to reduce by 20 to 275.

5.12 The Board asked whether an evaluation of licences, subscriptions etc, takes place when personnel leave the organisation. A review of memberships has been undertaken. FSS are also looking at where opportunities already available within SG for learning and development can be utilised.

ACTION : 2024/01 : Garry McEwan

5.13 Following discussion the Board:

- **Noted** that the Executive Management Team (EMT) has progressed with the 2024/25 budget allocation to deliver FSS priorities including our statutory functions for food and feed, the Food and Health Research (FHR) Programme as well as essential underpinning core business activities;
- **Noted the** allocation of the resource budget made by EMT for 2024/25; and
- **Noted** the risks and issues associated with the budget for 2024/25.

6. Financial Management Plan for 2024-26 – 240304

6.1 The Chair invited Elaine McLaughlin Head of Finance and Procurement to present her paper on the Financial Management Plan (FMP) for 2024-26.

62 Elaine explained that this is the first occasion the FMP has been brought before the Board, it was previously presented to the Finance and Business Committee (FBC) in May, and their comments taken on board.

63 Garry explained that the FMP will be included as part of an integrated plan, which will also include a new workforce plan, financial management plan and business planning for the duration of the strategy.

64 The Chair thanked Elaine for her paper and invited questions from the Board.

65 The Board asked whether the plan presented today is consistent with the reprioritisation exercise carried out and were advised yes, more or less, with the exception of the Scottish Veterinary Service (SVS) and retained EU Law not being factored in.

66 The Board asked why agency staff costs have decreased by £700k. Elaine explained this is due to FSS successfully recruiting Veterinarians and Meat Hygiene Inspectors in this financial year there would be less reliance on Agency staff, however this increases the costs for permanent staff, which can be seen in the staff costs table.

67 The Board asked whether SAFER would change the budget model and were advised that it could provide opportunity to address funding challenges, although it is unlikely to change significantly over the course of the 2024-26 plan.

68 The Board asked whether there had been any new ministerial direction for public bodies to deliver further efficiencies, and Geoff responded that while he was aware some public bodies had been asked to deliver further efficiencies, non-ministerial bodies are not part of that.

69 The Board asked whether there are any new opportunities for shared services efficiencies and Garry advised that FSS are linked in with Marine Scotland to look at ways of saving with regards to learning and development, staff resource etc. HR and procurement services would also be looked at going forward.

6.10 The Board asked why the programme spend for Comms and Marketing has increased to £247k, from £107k the previous year, and were advised that this is in relation to the website upgrade.

The Board:

- **Noted** the plan provided for information purposes

Lunch

7. Finance and Business Committee (FBC) Annual Report 01 April 2023–31 March 2024 – 240705

7.1 The Chair invited Paula Charlesworth, FBC Committee Member, in the FBC Chair's absence, to present the first Annual Report to the Board from FBC for the period April 2023 to March 2024.

- 72 Some highlights from the report included:
- FBC heard that FSS are legally tied into a contract to lease Pilgrim House until 2029, and are liable for the remaining amount left on the contract
 - FBC agreed the current Charge Out Model and Rates to the meat industry for audit and health certification, and continued to receive updates around the challenges presented by difficulties to recruit and retain vets and Meat Hygiene Inspectors (MHIs)
 - FBC received consumer tracking survey responses, and given the influence this has on setting FSS priorities requested that this area be elevated to the FSS Board agenda
 - Throughout the year significant attention and importance was attached to the Performance against Corporate Plan to ensure the organisation remains on track in terms of strategy delivery, as well as effective resource allocation and management
 - FSS, in line with SG, will continue to examine its ways of working and potential opportunities to generate revenue
 - The FBC found it useful to see an overview of the forward plan within the Annual report

73 The Chair thanked the FBC for their excellent work and continued diligence throughout the year.

FBC Oral Update

74 The Chair invited Paula Charlesworth, FBC Committee Member, to provide an oral update on the FBC meeting which took place on 29 May 2024 via Teams.

75 The FBC received an update regarding the SAFER programme. Geoff has been discussing this with Ministers and has emphasised that FSS will be unable to progress with the programme without additional funding.

76 The FBC received the Q4 financial performance report and heard that FSS had come in at £0.2m under budget, some of this related to staff taking annual leave, and therefore reduced accrual, in this period. The FBC asked about assumptions which had/had not materialised throughout the year and were told that the increase in pay costs had had a significant impact mid-way through the year, which had led to scaling back on some activities, however due to it being a 2-year deal there would be no impact next year.

77 The FBC received a draft of the Financial Management Plan and were given the opportunity to make some suggestions on the content. It was agreed to add some text to the adverse scenario settings to demonstrate what a 10, 20 or 30 percent budget cut could look like. It was also agreed that adding fixed and non-fixed costs would help context, and adding variance graphs would help demonstrate how well budget challenges are being managed.

78 The FBC heard that in order to make savings staffing costs need to reduce from the current 290 to 275, and this will be challenging as the only lever we have is staff turnover which we don't control.

7.9 The FBC received a synopsis of the Civil Service People Survey for 2023 and heard that some scores have reduced, others have increased and this is from a high baseline of satisfaction.

7.10 The FBC received a summary on Risk Analysis and Regulated Products, and heard that FSS continue to work with FSA to agree joint priorities.

7.11 The charge out rates to the meat industry were presented and the FBC noted the biggest increases in employment costs are the use of agency staff.

7.12 The FBC received the performance against corporate plan which demonstrated the final year of the 3 year plan showed positive output delivered towards 5 outcomes / goals. The FBC heard that 53% had been delivered for this year, with 41% being carried over to the following year.

7.13 The Chair thanked the Finance and Business Committee for their work on this important committee.

8. Audit and Risk Committee (ARC) Annual Report 01 April 2023 – 31 March 2024 – 240706

8.1 The Chair invited Aileen Brown, Chair of ARC to present the Annual Report to the Board from ARC for the period April 2023 to March 2024.

8.2 Some highlights from the report included:

- Deloitte replaced Audit Scotland as the external auditor
- FSS again received a 'substantial' audit assurance rating from SGIA for 2022-23
- There will again be 3 Official Controls Audits taking place in 2024-25
- FSS Environmental Performance showed a significant increase in emissions in 2022-23, but this was unable to be measured against a steady baseline due to change in working patterns since Covid-19
- Regarding Health and Safety FSS maintained its positive safety culture
- The Annual Report on Cases of Fraud and Significant Losses showed no cases of fraud having been reported during the year
- The report into non-competitive actions (NCA) showed the majority of these being related to the provision of veterinary services

8.3 The Chair thanked the ARC for their excellent work and continued diligence throughout the year.

ARC Oral Update

8.4 The Chair invited Aileen Brown, Chair of ARC to provide an oral update on the ARC meeting which took place on 05 June 2024.

8.5 The ARC received a verbal update from Geoff Ogle, who advised that there are currently pre-election limitations on activity, however it was still possible to give advice on some matters publicly, such as BBQ hygiene.

8.6 The ARC heard that the decision on the Scottish Veterinary Service had been communicated by Ministers, SAFER deliberations continue, as well as meat charging challenges, with SG indicating there may be some further subsidy.

8.7 Garry McEwen presented a decision made by management to reduce internal audit costs by 10%, which SGIA has agreed can be accommodated without detriment to the level of assurance provided, and further detail will be provided at the September meeting.

8.8 Dougie Shepherd presented the internal audit progress report from SGIA and ARC noted the good start on the first assignment of field work. The annual assurance report was also presented and ARC were delighted to note the substantial assurance rating given.

8.9 Marion McArthur presented the official control audit programme, concluding the progress for 2023/24.

8.10 Marion presented the annual assurance statement for 2023/24, which summarised the year's activity with three audits being completed. The ARC heard that Allergens received a limited assurance rating, Internal Monitoring received a substantial assurance rating and Egg Hygiene received an insufficient assurance rating.

8.11 The ARC were presented with the draft report for the Egg Hygiene audit and were concerned to learn that it was proving difficult to progress the action plan due to resource constraints, they noted there are five technical actions required. However Ian McWatt explained that he was satisfied that there is no risk to public health as a result of the matters raised in the audit. Further discussion took place regarding carrying the risk meantime and potential risks.

8.12 The ARC noted the substantial assurance rating allocated to the systems verification visit report.

8.13 Regarding risk management and assurance Garry advised that there are currently 5 high level risks and three live issues that are consistently being reported across the corporate plan and annual report and accounts.

8.14 The ARC received an oral update from Sandy Denholm who was pleased to report that all Deloitte's work and activity is ahead of where it was at the same time last year, although there is no update yet from Ernst Young on the pension administration activity. However Deloitte committed to agreeing a cut-off date with management after which no changes to the accounts would be requested unless deemed absolutely necessary.

8.15 In the absence of a Health and Safety Manager following Mike Houston's departure, Garry presented the Health and Safety Annual Report and updated where FSS are with filling the post. The report showed good position in relation to all 8 metrics and ARC were advised that there had been an overhaul of the HSE procedures which had resulted in good staff feedback. There was a high level of

training undertaken through the year, and one accident reported due to a fall by a colleague in their home office environment.

8.16 Elaine McLaughlin introduced the draft Annual Report and Accounts which showed a £200k underspend in the year to March 2024 and following discussion there was nothing that merited escalation to the Board.

8.17 The ARC received the annual report on cases of fraud and significant losses and noted the attention being paid to awareness raising. They heard about the one case of fraud identified by the bank and the remediation of £5000 to FSS.

8.18 The ARC reviewed the non-competitive actions report and noted the £1.4 million spend, a significant increase on the previous year, with roughly half the spend relating to veterinary services.

8.19 The ARC finalised their meeting by thanking Elaine for her excellent contribution over the years and wished her well in her retirement.

8.20 The Chair thanked ARC for the important work of the committee.

9. Minutes of 20 March 2024 meeting and matters arising – 240307

9.1 The Minutes of the meeting held 20 March 2024 were agreed as an accurate record.

10. Action Log – 240708

10.1 There are currently no actions open.

11. Chair and Chief Executive Reports – 240709

11.1 In the period between 20 March 2024 to present day the Chair attended meetings and events as per the [Chairs Report](#).

11.2 The FSS Chair invited Geoff Ogle to provide an oral update to supplement his written report.

11.3 Geoff advised on changes taking place in the Food Standards Agency, Emily Miles, current CEO is leaving to take up a role with Defra, and Katie Pettifer, their Director of Strategy and Regulatory Compliance will step up in the interim.

11.4 Geoff updated the Board with regards SAFER saying that a note had gone up to Ministers and that he had met with Joe Fitzpatrick and Jenni Minto and they had both been supportive.

11.5 Geoff advised that a reasonable solution for this year had been found with regards meat hygiene charge out rates, but given this is a yearly challenge FSS would be exploring solutions to decouple our charges from the Scottish Government discount.

11.6 Geoff updated on the e-Coli incident, which is known to have affected 268 people across the UK, 62 of these being in Scotland. It has been traced to a lettuce supplier. Given the time now lapsed, further cases are not expected.

11.7 Geoff and Heather are meeting with Mhairi Gougeon after today's meeting to discuss the Scottish Food Commission and will update the Board at a later stage.

11.8 Given the large increase in new MPs, particularly for Labour, a note will be drafted to all Westminster Scottish MPs introducing FSS and explaining our role and remit, and advising that Geoff should be contacted for constituency food safety and standards issues, rather than FSA. Geoff and Heather will also seek to have an introductory meeting with Ian Murray MP, the new Secretary of State for Scotland.

11.9 Whilst in Canada, Geoff had very useful meetings with a number of organisations and was reassured to hear everyone reporting the same issues with regards veterinary use and provision. A fuller update on overseas meetings will be provided to the Board at the August seminar.

11.10 The Board noted the additional support being provided to industry and asked whether payment of this is incumbent on their debts being paid and Ian explained that until payment is received they will not receive their proportion of the subsidy. Industry also expressed their wish to have the discount rate changed, but this would leave FSS in an unstable position for next year and the rates and discount approach will remain the same meantime.

11.11 The Board noted the oral reports.

12. Questions from Public

12.1 There were no public in attendance and therefore no questions.

13. Q&A

13.1 No other business was discussed and the meeting was closed.