

**MINUTES OF THE MEETING OF THE FOOD STANDARDS SCOTLAND BOARD HELD ON 17 AUGUST 2016 FROM 11.30 TO 14.55 AT PILGRIM HOUSE, ABERDEEN****Present:****FSS Board**

Ross Finnie, Chair  
George Brechin  
Marieke Dwarshuis  
Heather Kelman  
Carrie Ruxton  
Sue Walker  
Louise Welsh  
Anne Maree Wallace

**FSS Executive**

Geoff Ogle, Chief Executive  
Elspeth MacDonald, Deputy Chief Executive  
Peter Midgley, Director of Policy and Evidence  
Ian McWatt, Director of Operations  
Norval Strachan, Chief Scientific Advisor  
Garry Mournian, Head of Corporate Services  
Karen McCallum-Smith, Head of Private Office  
Hazel Stead, Board Secretary

**External**

Stephen Boyle, Audit Scotland, Audit Director

**1 Introduction, Apologies**

- 1.1 The Chair welcomed everyone to the Food Standards Scotland (FSS) Board meeting.
- 1.2 There were no apologies received.

**2 Minutes and Actions arising - 16/08/01 & 16/08/02**

- 2.1 Board members requested two amendments to the minutes were to be made; at paragraphs 4.1 and 4.5. It was agreed that the minutes were to be amended, and the Board agreed that the amended version then would be accepted as an accurate record of the meeting held on 15 June 2016.

**ACTION 2016/05 : EXECUTIVE**

- 2.2 The Chair moved onto the Action log. On Action point 2016/01, he noted the positive response received from most of the major retailers in publishing campylobacter data and good progress was being made; however two retailers were finding some difficulty. The next round of campylobacter surveillance is due to begin this month. The Chair will keep Board members updated on progress.
- 2.3 On Action point 2016/04, Garry Mournian, Head of Corporate Services (HCS) explained the detail of the staff headcount which comprised of 168 permanent staff; 165.19 full-time equivalents; 6.5 fixed term appointments; 7 contingent workers; and 6 vacancies.

**3 Chair's Report**

- 3.1 The Chair had no items to report.

**4 Chief Executive's Report – 16/06/03**

- 4.1 In addition to his report, the Chief Executive (CE) updated the Board on a number of topics. At the Royal Highland Show, he felt that the new improved stand had increased the number of visitors. He wanted to thank Alix Rollo, FSS Communications and Events Manager for her efforts in planning and managing FSS participation in this event and he also thanked all staff and Board members who had volunteered to participate.

- 4.2 He advised that on the UK exit from the European Union, FSS remains fully engaged with Scottish Government (SG) and Food Standards Agency. Some risks to FSS have already been identified e.g. the dependence on European Union veterinary staff and that any risks that become significant will be brought to the attention of the Board via the Audit and Risk committee.
- 4.3 The CE noted that the launch of the FSS strategy had received good press coverage by the national media, mainly focussing on diet and nutrition. To allow Board members to be kept informed on relevant FSS items in the media it was agreed to circulate a daily press summary. This would enable Board members to see current levels of coverage as well as ask for particular articles if they wished.
- 4.4 The CE gave a brief update on a current E. coli 0157 incident. He explained that a multi-agency response is being led by Health Protection Scotland and FSS are working in collaboration with a range of agencies including local authorities and the food business operator itself. He noted that an incident involving E. coli is always a major concern given the potential impact on public health.
- 4.5 On funding for animal feed controls, he held a meeting on 15<sup>th</sup> August 2016, with a senior SG Finance official. He explained that SG Finance officials and Scottish Ministers have a clear understanding of the risks and issues involved.
- 4.6 In discussion, the Board raised a number of points. A Board member noted that the figures on awareness and trust of FSS in the Food in Scotland Consumer Tracking Survey were impressive. On the outcome from the recent Chinese audit of the UK Salmon and Trout industry, the CE confirmed that the initial response from the Chinese delegation had been positive, however some further work is required before the report is finalised.
- 4.7 The Board sought assurance from the Executive on the timeline for delivery of the new animal feed controls in 2017/18. Ian McWatt, Director of Operations confirmed the timeline was still on track and a number of delivery models were being developed. The CE noted that delivery of effective animal feed controls is essential and recognised that Local Authorities are facing challenges in resourcing. He and four Board members visited Norvite Animal Nutrition, Aberdeenshire on the 16<sup>th</sup> August 2016 and he wanted to thank Ed Smith, Managing Director of Norvite and his team for hosting this visit.

## **5 Annual Report and Accounts 2015/16 – 16/08/05**

### **5.1 Annual Audit Report– 16/08/04**

- 5.1.1 The Chair introduced the legislative requirements of the Food Scotland Act 2015 which requires the laying of the Annual Report and Accounts in the Scottish Parliament. He explained that discussion of the Annual Report and Accounts in public at today's meeting was constrained by this requirement; and are bound to this legislative process. He wanted to assure the public that a full review of Annual Reports and Accounts had already been undertaken by the Audit and Risk committee and the Board prior to the meeting today.
- 5.1.2 The Chair invited Stephen Boyle from Audit Scotland to address the Board. He explained that he was also constrained in his discussions of the Annual Audit Report by the requirement to lay the Annual Reports and Accounts in the Scottish Parliament. In respect of the audit of the 2015/16 Annual Report and Accounts, he confirmed that the audit was complete and there were no outstanding matters. He confirmed that the independent auditors report was unqualified and unmodified; and that the Annual Report and Accounts

provided a true and fair view of income and expenditure and an explanation of the financial position as at the 31<sup>st</sup> March 2016.

5.1.3 He explained that subject to the Board's approval at today's meeting, the Annual Audit Report would be sent to the Auditor General and published on the Audit Scotland website.

5.1.4 There were no questions raised by the Board.

5.1.5 The CE was pleased with the unqualified opinion which FSS had received from Audit Scotland. He confirmed all recommendations issued by Audit Scotland had been accepted and actioned. The CE was content as Accountable Officer to suggest approval of the Annual Reports and Accounts to the Board.

5.1.6 The Chair thanked Stephen Boyle and Audit Scotland for their work.

## 5.2 Audit and Risk Committee Update

5.2.1 The Chair invited Sue Walker, Audit and Risk Committee (ARC) Chair, to give an oral update on the ARC meeting held on 11<sup>th</sup> August 2016. She explained that the main purpose of that meeting was to consider the draft FSS Annual Report and Accounts 2015/16. The ARC undertook detailed scrutiny of the documents and asked for clarification and discussed a number of points and was assured by the Executive's responses. As a result, a number of further modifications were made to make the documents clearer and easier to understand.

5.2.2 The ARC also received Audit Scotland's draft annual audit report and discussed a number of points therein. The ARC was particularly pleased to see the unqualified opinion and noted the comments made by Audit Scotland regarding financial reporting and governance.

5.2.3 The ARC were pleased to hear that a lessons learned exercise will be carried out by the executive on the preparation of the Annual Report and Accounts and have been ARC members have been asked to contribute to this process. The ARC thanked both Audit Scotland and FSS staff for their efforts in conducting the preparation and audit of the Annual Report and Accounts 2015/16.

5.2.4 Following discussions and the annual assurance reports received from Scottish Government Internal Audit Division, FSA and Audit Scotland, the ARC was content to recommend approval of the Annual Report and Accounts 2015/16 to the Board.

## 5.3 Approval of Annual Report and Accounts

5.3.1 There were no questions raised by the Board.

5.3.2 The Board:

- **agreed** to approve the FSS Annual Report and Accounts 2015/16 to be signed off by the Accountable Officer

## 6 Strategy to 2021

6.1 The Chair invited Elspeth MacDonald, Deputy Chief Executive (DCE) to introduce the Strategy to 2021 and Corporate Plan for 2016-2019 which had been published today. She thanked Katherine Goodwin, Head of Communications and Marketing and her team for

translating the documents into a more engaging form. The Strategy is now available in hard copy and also on the FSS website. She introduced a short animated video and infographic summarising the Strategy.

6.2 The Board welcomed the publication of the strategy document.

## 7 Strategic Risk Register Development – 16/08/06

7.1 The Chair invited Garry Mournian (HCS) to introduce the paper. He explained that the purpose of the paper was to provide the Board with the draft Strategic Risks for consideration and agreement; a high level overview of the FSS risk management policy and the context on the process of developing and finalising the new Strategic Risk Register, which is owned jointly by the Board and the Executive. He then moved onto explain that the paper outlines the next steps following the Board agreement of the draft risks.

7.2 In discussion, the Board noted that foodborne illness was a significant risk and that FSS is part of the mitigation, through the need to deliver effective controls. The CE explained it was important to reflect FSS is working with others including Scottish Government, Local Authorities, stakeholders and maintaining trust in the organisation. The CE explained that “managing major outbreak of foodborne illness” is not solely within control of FSS so it was important to recognise the importance of working with others to achieve results which in risk management terms, means we are not always in control of appropriate risk mitigation.

7.3 The CE highlighted that the UK exit from the European Union (EU) may have a significant risk on FSS capacity to deliver, and he agreed to take these points away for further thought. The CE explained the risk register hierarchy which involves the Strategic Level 1 Risk Register owned by the Board and the Executive and is in the public domain, the next level is the Level 2 Risk Register owned by FSS Senior Management Team (SMT); then finally the Level 3 Risk Registers sits below SMT at Director Level. He confirmed that risk registers were being reviewed to identify what should be on the Strategic Risk Register and will be shared with ARC at a later stage this year.

7.4 The Board:

- **noted** the information provided
- **agreed** the Executive should consider possible amendments to the draft strategic risks
- **noted** the Executive will develop the mitigations and controls appropriate for each risk
- **agreed** the recommendation that the existing process for reviewing, reporting and escalation of risk should continue through the ARC and the Board

## 8 Financial Performance Report – 16/08/07

8.1 The Chair invited the HCS to introduce this paper. He explained the purpose of the paper is to provide the financial position for the period 1<sup>st</sup> April to 31<sup>st</sup> July 2016.

8.2 He highlighted the key figures in terms of financial performance. As at 31<sup>st</sup> July, a variance of 3% or £163k was being reported year to date when compared to the original budget profile set prior to the start of the financial year. At the same point in time, a full year forecast of £15.06m is currently projected, which represents a variance of just over £200k or 1.6%.

8.3 He explained the revised format of the report; which focusses on the year to date financial performance whilst still providing an insight into the full-year projection; provides comparative information for the current financial year and previous financial years and month-end figures

closest to the scheduled Board meeting, in order to provide the Board with timely financial information.

8.4 The Board welcomed the changes that the short life working group had made to the format of financial reports; were assured that systems are in place to manage expenditure; noted the challenging timing of producing month end financial reports to align with Board meetings and that the Executive had no opportunity to consider or analyse the figures in this report prior to issue. The CE suggested that rescheduling the timing of financial reports and/or Board meetings may help to reduce the delay in the Board receiving financial information in future.

8.5 The Board:

- **noted** the financial information provided
- **agreed** the information presented provided the required level of assurance to the Board on financial reporting and management in place within the organisation
- **noted** that in future reports, the explanatory narrative regarding the financial charts will be included as an annex
- **noted** that further consideration would be given to ensuring the timely presentation of the financial performance report

## 9 Effective and Sustainable Official Controls – 16/08/08

9.1 The Chair invited the CE and DCE present this paper to the Board. The CE thanked Sandy McDougall for the work he had done on this paper. He explained that this paper was the third paper in a set of three, following the regulatory strategy paper and principles of official controls paper which were tabled at Board meetings held in April and June 2016 respectively.

9.2 The DCE explained that the regulatory strategy paper had previously set the out the framework to give direction for our regulatory activity, and to lay the groundwork for future thinking about how we want to shape the food and feed regulatory landscape for the benefit of consumers. The paper tabled today sets out the Executive's initial thinking against one of the five regulatory outcomes contained within the draft regulatory strategy - *that food and feed official controls are sustainable and robust*. The paper outlines some challenges of the current system, alongside key features of what the Executive considers to be an effective and sustainable regulatory oversight system for the future for Scotland.

9.3 In discussion, the Board asked for clarification on a number of points. The CE explained that whilst funding is linked with changing the regulatory system; it was necessary to come first to an understanding of an effective and sustainable system. In response to a question from a Board member on who is responsible for the Multi-Annual National Control Plan (MANCP), the CE explained that it is a UK Government report which is produced jointly by the FSA and Defra, with contributions provided by Food Standards Scotland and other UK government departments. The Board recognised it was important to listen to stakeholders and industry and to reflect and minimise the regulatory burden. The CE agreed with this point and recognised that some of the cost-burden on businesses may stem from the number of industry certification bodies a business might need to belong to.

#### 9.4 The Board:

- **agreed** that an effective and sustainable system of regulatory oversight system for Scotland aligns with FSS's strategic direction; as in our regulatory strategy
- **noted** that Official Controls (OC) are currently largely drawn from EU food and feed law, so the outcome of the EU referendum and Scotland's future relationship with the EU is highly relevant to our future direction;
- **noted** that there are challenges facing the current system, including resource pressures that may impact on OC delivery; balancing cost to industry against cost effective systems
- **agreed** to the six points outlined in Section 6.2 with amendments to bullet points 5 and 6 to make these more explicit relating to transparency and confidence in regulatory systems and also to encompass scientific capacity
- **agreed** that FSS should engage in dialogue with consumers and stakeholders

## 10 Questions and Answers

10.1 The Chair invited questions from members of the public in the audience. No questions were raised and the Chair closed the meeting.