

SEA FISH INDUSTRY AUTHORITY

Minutes of a Board meeting

Held on Thursday 14 January 2010

Present: *Charles Howeson (Chairman)*
John Whitehead (Deputy Chairman)
Mr Quentin Clark
Ms Linda Cross
Prof Mike Kaiser
Mr Paul Kerr
Mr Iain MacSween
Mr Ole Norgaard (via conference call, item E onwards)
Mr Mike Parker
Mr Alex West
Mr James Wilson (via conference call, item E onwards)

Executive: *Mr John Rutherford*
Mr John Campbell
Dr Jon Harman
Dr Paul Williams

In attendance:
Mrs Pauline Cox
Mr John Wright, Hymans Robertson (item E)

A. APOLOGIES

Apologies from Mike Park were received.

B. CHAIRMAN'S INTRODUCTION

The Chairman thanked the Board for a useful and interesting discussion the evening before.

Mr Clark briefed the Board on the retailer's forum which had recently been held. There was questions raised over the structure of the group, but that aside, there was an appetite between those present for working together and dates were being agreed for their second meeting.

Mr Clark advised that Seafish may be able to assist the group in the areas of standardised portion sizes, how to cook seafood and issues around fish bones.

Dr Harman explained that a meeting between NEODA, NFFF and representatives of the Fish & Chip shop industry had been held to refresh the Fish & Chip Shop competition for the years 2011 – 2013. The Board noted that new categories were being introduced to broaden the scope with good engagement from the industry being received.

Dr Williams reported on a FASFA meeting which included Polarfrost, Smales, Fastnet Fish. The group fed back to Dr Williams four issues which they would like assistance with. These were promote the 'eat more fish' message, sustainability (particularly cod ~ it does not all come from the North Sea), quality issues (frozen at sea) and Seafish to explore the possibility of a voluntary system to use levy returns to gather more industry data.

Mr Clark commented that there was quality concern amongst retailers and suggested that some quality comparison work could be undertaken.

C. MINUTES FROM PREVIOUS MEETING

(i) 9 December 2009

Mr Kerr inserted a small addition to the Northern Ireland minute which the Board approved. The minutes were agreed and the Chairman was authorised to sign them.

D. MATTERS ARISING

(i) Marine Services ~ feedback from strategy session

Mr Whitehead advised that a meeting had been held to discuss the future plans for Marine Services / Kingfisher. A business plan would be submitted at a later meeting for review.

The Board noted that a chain of authority had been established to ensure that no new contracts were entered into without Dr William's approval. Two marine surveyors would be retiring within the next 12 months and it was likely that the vessel inspections would then be outsourced to a third party which would provide a margin of profit.

In addition, the Board agreed that advice from a merchant bank on the marketability and potential value of Kingfisher should be sought.

ACTION:

MERCHANT BANK ADVICE (JW & JC)

(ii) Regional Partners

Dr Harman confirmed that the Services Review figure for each of the regional partners would be recalculated to show end delivery costs and presented at the next meeting.

ACTION:

RECALCULATE REGIONAL PARTNER FIGURES (JH)

Mr Wright joined the meeting

E. WEST YORKSHIRE PENSION FUND

Mr Wright briefed the Board on the background to the pension fund. The Board noted that the next triennial valuation was due as at 31 March 2010 with the results expected towards the end of this year. The new contribution rate required by WYPF would cover the three years from April 2011.

The Board noted that there had been investment underperformance and an increase in liabilities which had contributed to the increasing fund deficit.

The Board were reminded that the current contribution rate was 9.8% although we are paying more and holding this separately until a strategy was decided on how to address the deficit. The Board noted that exiting the pension fund entirely would crystallise the deficit and for immediate repayment on a very prudent basis. As an exact figure would be unable to determine unless the decision was made Hymans prudent calculation was that there could be deficit of circa £25m.

Mr Wright explained that it was likely the deficit would have to be repaid over the future working lifetime, which would be around 10 years. It was likely that WYPF would accept a repayment term of greater than this without specific assurance about the future life of Seafish. Mr Wright presented a variety of annual funding options for consideration.

Ms Cross had concerns with WYPF investment performance. Mr Wright explained that Local Government Pension Scheme differed from the private sector by holding more risky portfolios as they were seen to be long term option and being cost efficient to the taxpayer. There would be options to move to a low risk investment strategy although that would only be a wise choice when asset values were high. Ms Cross requested that Seafish look at what options would be available to earn a return on the money earmarked to help offset the deficit.

The Board agreed to form a sub group which would include Mr Norgaard, Mr Parker and Mr Campbell. Prior to the new contribution rate schedule being issued discussions with WYPF would be held to understand their policy, the options available and how deficit repayment could be spread over a longer time. The sub group were asked to report back to the Board at the March meeting and to recommend a suitable investment strategy for the reserved funds.

The Chairman agreed to progress with obtaining a guarantee from Defra.

ACTION:	SUB GROUP TO REVIEW (JC, ON & MPARKER) DEFRA GUARANTEE (CHAIRMAN)
----------------	--

Mr Wright left the meeting

F. THREE YEAR PLAN PROGRESS

(i) Industry feedback

The Board noted official feedback that had been received from the three year 2010 – 2013 consultation.

In addition, feedback from Executive and Commercial Team meetings was noted.

(ii) Consultation document for Government approval

Dr Williams summarised the feedback received and confirmed that the consultation closes on 5 February.

Dr Williams tabled a paper showing three specific deliverables per theme and targets of success. Further work on the themes and the associated budgets would continue until the consultation closed, including input from the two newly formed industry Advisory Committees.

Mr Clark queried the key factors of the Health theme and expressed concern about managing industry expectations about the scope of what is possible to be delivered by the Health message.

Mr Clark questioned whether the generic health message was consumer motivating and, if so, suggested some consumer based research to provide evidence on which to work. Dr Harman explained that work was being undertaken and that this would be presented at the March board meeting for review.

The Board were in agreement with the progress and agreed that the Executive should prepare the final Three Year Plan for electronic Board approval and submit Ministerial sign off at the end of February.

ACTION:

FINALISE THREE YEAR PLAN (EXEC)

(iii) Devolved Groups

(a) Board Governance

The Board noted Dr Harman presentation on the potential governance of future devolved groups and how this could be applied in practice. The Board were not inclined to pursue this approach.

(b) Levy Supply Chain

Dr Harman presented a breakdown of the UK seafood chain with levy allocated by sector based on estimated turnover and added value for the Board's information.

(c) Central Costs

The executive presented a detailed analysis of Seafish overheads including executive directors, location and central costs. The Board noted that the data presented was very broad and requested that the Executive review this again this to provide more clarity in the context of the seven strategic themes and deliverable outcomes.

ACTION:

PREPARE ACCURATE CENTRAL COSTS DATA (EXEC)

G. EXECUTIVE REPORTS

(i) Chief Executive

The report was noted.

Mr Rutherford advised that a formal process to sue Eagle Seafoods for unpaid levy had begun.

(a) FWB CEO recruitment progress report

The report was noted.

(ii) Research

The report was noted.

(iii) Business Development

The report was noted.

(iv) Finance

The report was noted.

H. REGIONAL PARTNERS

(i) Seafood Scotland

Mr MacSween had nothing to report.

(ii) South West

Dr Harman had nothing to report.

(iii) Northern Ireland

Mr Kerr advised that the new project manager was settling in well to her new position. Mr Kerr had attended a meeting with DARD who had provided good feedback to the three year consultation and were now awaiting further clarity and information on the work streams.

(iv) Yorks & Humber Seafood Group

Dr Williams advised that the group was in the process of winding up. The Humber Seafood Institute were considering stepping in to undertake some marketing work and were likely to apply for Seafish funding through the Industry Project Fund.

(v) Wales

Dr Williams presented further information on the cost and work a Project Manager would undertake in the region. The job role had been developed in consultation with WAG and would be for a period of three years at a cost of £45k per annum. EFF funds could also be utilised.

The Board agreed to partner with WAG for a fixed term three year period which would involve a Seafish employee at maximum cost of £45k per annum. The costs associated with this would be met two thirds by Seafish and one third by WAG over year three. WAG have indicated that they would look favourably on an EFF application based on matching this funding. Total funding of £135k for three years therefore could be matched through EFF in Wales to achieve a total value of the project equivalent to £270k. A Memorandum of Understanding and terms of the partnering would be drawn up and the cash flow would be worked into the budget.

Seafish would be an active equal partner in the three year period with Dr Williams and Professor Kaiser having Board and line responsibility.

ACTION:

PROGRESS WITH PARTNERING AGREEMENT (PW)

I. FINANCIAL ISSUES

(i) Levy collection report

The report was noted.

Mr Campbell briefed the Board on the process and analysis undertaken to ensure levy payments were received. This procedure made sure that defaulters were not missed for a significant period of time.

(ii) Levy Auditor expenses fraud

The report was noted.

(iii) Risk Register

The risk register was agreed.

(iv) Draft Audit Committee minutes

The minutes were noted.

J. INFORMATION PAPERS

The papers were noted.

K. AOB

There was no further business raised.

L. DATE OF NEXT MEETING

(i) 23 & 24 March

The date of the next meeting was noted.

There being no further business the meeting closed at 1.15pm.