

**Minutes of the Fifty Second Meeting of the Board
16th November 2017 10.00am Rural Centre Boardroom, Ingliston**

Present:

J McLaren, Chairman
R Eunson
J Fitzpatrick
J Gibson
S Henderson
A McNaughton
S Mackie
G Milne
K Rowell
J Scott
L Welsh

In Attendance:

H Curran (Sponsor Team)
A Clarke (Chief Executive)
Iain MacDonald (Items 7 & 8)
S Woodman (Item 11)

Apologies

P Sleigh

ACTION

The Chairman opened the meeting by congratulating Professor Julie Fitzpatrick on her recent Honorary Doctorate of Science award from Edinburgh Napier University in July 2017.

1 Minutes of Board meeting on 28th September 2017

- 1.1 The minutes of the Board meeting of the 28th September 2017 were approved.

**2 *Commercial in Confidence*
Update on Action Points (paper 48-17/18)**

2.1 Action point 15

3 Financial Report 7 month to 31 October, 2017 (49-17/18)

.33 Assurance Schemes

The Assurance Scheme income of £1,428,224 is £118,454 below budget and be small shortfall of £9,428 by year end.

3.4 Expenditure

Industry Development will be £50,000 below budget as the D8A project will not be going ahead due to significant overlap with other organisations.

The Cattle & Sheep Scheme costs in the Brands Integrity budget will produce a saving as this cost was overbudgeted due to the Acoura contract having not been finalised.

3.5 Overheads

Staff costs are £27,353 below budget as a new member of the Industry Development team due to start in April did not start until May and at a significantly lower salary. In addition, a current member of staff has resigned.

It was noted that there is concern the recruitment for the Industry

Development team needs to attract high quality candidates as this is an integral part of QMS. The Chief Executive shared his thoughts on a possible internal transfer to ID team.

There has been an announcement that Moredun and SRUC have formed a new strategic partnership which has the potential to be game-changing in advancing livestock health, welfare, production and resilience in support of Scottish and global rural development, food security and food safety which QMS could be involved in.

3.6 Board and Executive Costs

There is an error in the figures for the Board and Executive costs which should be an underspend of £19k rather than £191k.

3.7 Trade Debtors

There are 9 processors with balances included in the 90 days or older columns, all the balances are being pursued through the credit control system of reminder letters. Final reminders are being sent to the those still to pay. Legal action is still ongoing with one of the debtors. Review letters being sent for legal action to reiterate to processors that payment is legislation and needs to be paid.

Deferred income

4 **Levy Organisation Benchmarking Report (50-17/18)**

The Levy Organisation Benchmarking Report was reviewed. This showed that QMS compares favourably against other similar organisations from the UK and beyond.

It was suggested that an additional graph should be added to the next report to show the level of reserves against as a percentage of expenditure. **PB**

Board members were asked to advise PB of any other suggestions for other organisations to be included in the next report.

5 **Progress Report for period 30 May to 18 September (51-17/18)**

The Chairman reviewed the Progress Report and the following was noted.

5.1 Marketing

The Wham Bam Lamb campaign is due to end. This will allow for the opportunity to go out to the market following any changes in the Marketing and Communications team.

The Scotch Beef brand awareness in London shows a marked drop off. As most of our Marketing is in London what is the reason for this? The CE will contact Marketing to find out. **AC / LV**

5.2 Brands Integrity

From the beginning of the Assurance contract year 1st April 2017 to the end of September 2017, 2 processors withdrew. These were secondary processors and have since have joined the brands licensing scheme.

6 Progress report on achievement of Critical Success factors (52-17/18)

The Critical Success Factors were reviewed and there were no changes.

7 Market Report (53-17/18)

The Senior Economics Analyst gave a presentation and answered Board questions on the pig market.

**8 *Commercial in Confidence*
Brexit Issues for the Industry/QMS**

The Brexit Issues for the Industry/QMS was reviewed and the Board had the opportunity to ask questions.

9 Committee Updates (verbal reports)

9.1 Audit & Risk Management Committee – 24th October 2017

The Internal audit report was reviewed by the Audit & Risk Management Committee. The audit was awarded as substantial with only one noncompliance. This focussed on the timely banking of cheques which has now been resolved. It was agreed by the Audit & Risk Management Committee to continue with the same format for the report for internal reporting.

The Chairman thanked all involved in obtaining the substantial award.

9.2 Remuneration Committee (15th November 2017)

Appraisal Process

The current appraisals will be completed by 22nd December 2017 and new online appraisal software will be implemented in January 2018. There will be appraisals in April and October 2018 and thereafter these will be moved to an annual basis, except for new starts and those under disciplinary action.

The Board agreed with this.

QMS Staff Restructure

Remco reviewed a paper from the Chief Executive on the restructure of the Marketing and Comms Department and the creation of a new Department and agreed with what was presented. The change will come into force from 1st February 2018 after a consultation period and will be reviewed after 6 months. Our annual salary bill for the current year will still be within budget.

The Chief Executive also proposed to change the job titles of the Senior Management Team from Head of Department to Director of Department. This will not include any changes to salaries.

The Board agreed to both changes which will be implemented on 1st February 2017.

Gender Pay Gap

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The Board agreed to address the anomaly.

Remuneration proposals

Terms of Reference

The committee reviewed its terms of reference and would like to add to its remit an additional duty. The ability to act as a sounding board for the Chief Executive for specific items such as a Department restructure. The revised Terms of Reference will be issued to the Board for approval in due course.

10 Review and Approve Risk Register (55-17/18)

The Board reviewed and approved the amendments to the Risk Register.

11 Proposal to change duration of Standards review frequency (56-17/18)

The Brands Integrity Manager recommended to the Board a change to the frequency of review to the standards. The proposal is to move the Standards review meetings onto a 2 year cycle; year 1 being a formal review and year 2 being a horizon scanning interim review.

The Board agreed to the proposal and the change will be introduced.

12 Acoura Update

Steven Sanderson gave the Board a presentation on the QMS/Acoura relationship and the following points were highlighted:

- Acoura have now integrated with Lloyds Register. Benefits include; investment in people, new services and expertise to QMS.
- QMS Member feedback survey (Jan 17 – Sept 17) – 10% response (700 member).
 - 80% would recommend Acoura to friends
 - 78-80% answered strongly agree on their whole experience with assessors
 - Very positive comments on assessors.
 - Experience on office staff good
 - Whole assessment experience was nearly 90%
- 99.8% accuracy on SPECC data
- A new member portal been implemented
- A KPI portal allows QMS to have transparency with Acoura.
- Industry consultation group will be introduced in 2018.

13 Chief Executive's Report (57-17/18)

The Chief Executive gave Board members some additional information to his report with a presentation.

13.1 Tulip Derogation

13.2 Levy Repatriation

Workstreams that will use the fund of the ringfenced £2m have been identified, which all 3 countries need to sign off prior to any work commencing. An area that the Board would be keen for QMS to work on using the ringfenced money is research. The Chairman and Chief Executive would speak with Professor Julie Fitzpatrick to investigate this.

14 Chairman's Report

Since the last Board meeting the Chairman has undergone surgery which has curtailed his ability to conduct any QMS activities until recently.

The Chairman thanked the board for the hard work on the Tulip Derogation.

A minute of the Tulip derogation process is to be prepared for the next board meeting for Board members to review and sign off.

LWi

15 Any Other Business

16 Date of Next Meeting

The next Board meeting would be held on Thursday 7th December at 10am in the Rural Centre Boardroom which is a Strategic Planning Session.