

QUALITY MEAT SCOTLAND
Minutes of the Forty-third Meeting of the Board
25 February, 2016 10.00am Rural Centre Boardroom, Ingliston

Present:

J McLaren, Chairman
R Eunson
J Fitzpatrick (Items 1-8, 10)
J Gibson
S Henderson
S Mackie (Items 5-15)
A McNaughton
G Milne
K Rowell
J Scott
P Sleigh
L Welsh

In Attendance:

S Ashworth (Items 6-8)
D Bell (Item 6)
P Byrne (Items 1-5)
C McLaren (Item 6)
U Morton (Chief Executive)
G Smith (Sponsor Team)
L Vernet (Item 6)
S Woodman (Items 6, 10 and 14)
P Cartwright, Acoura (Item 14)

Apologies

None

ACTION

**1 Minutes of Board meeting, 12 November, 2015 and
Notes of Board Planning Session, 10 December, 2015**

The minutes of the 12 November Board meeting were approved. The record of the Board Planning session on 10 December was also noted.

**2 *Commercial in Confidence*
Update on Action Points (paper 59-15/16)**

There were no queries regarding the action points update.

3 Financial Report 10 months to 31 January, 2016 (60-15/16)

3.1 Income and Expenditure

Levy income was close to budget with the year-end variance expected to be within 1% of budget. Assurance schemes were slightly above budget and grant income anticipated to end the year with a slight shortfall against budget. Other income was forecast to end the year at £2k below budget. The main area of external costs underspend was Industry Development and an explanation was detailed on page 4 of the report. Staff costs were 2.5% above budget and other overheads were underspent.

3.2 Balance Sheet

Cash was above budget and expected to return to budget when the March supplier invoices were received. £600k would be withdrawn from the 32 day notice deposit account to cover March and April payments. The fixed term deposit due to mature in February would be placed in a short term account and a proposal for reinvestment would come to the next Board. The year end forecast was for a smaller deficit (£179k) than budgeted (£250k), a variance of £70k.

PB/SS

**3.3 The Board noted the challenges of budgeting for activities which were
reliant on positive outcomes from grant applications. Potential sources of
future grant funding – Opportunity North East, Scottish Government food
grants for collaborative activities and SRDP – would be explored.**

**UM/DB/
LV**

3.4 The Forecast Outturn would be set out over two pages in future.

PB

- 4 Budget 16/17 – for approval (paper 61-15/16)**
- 4.1 A budgeted deficit of £50k was planned, income was expected to increase by 7%, levy income forecast to increase by 5% with external expenditure increasing by 3%. The £270k of Brands strengthening activity in 16/17 was the main reason cash reserves would be lower than in 15/16.
- 4.2 The following points were noted:
- Pig levy income would be reviewed as the expected increase in slaughtering at the Brechin plant may not be as originally anticipated. **SA**
 - Internal spend showed an increase in staff costs mainly due to the employment of the Assurance Adviser and a fixed term contractor in the Communications team (**confidential**: this post will be reviewed see agenda item 12). QMS staff numbers in communications and administration areas were lower than sister organisations.
 - The format of the budget was discussed. It was proposed that departmental overhead costs should be taken out of corporate services and classified as operational spend within the relevant department. This would match how this expenditure is reported in the annual accounts. This format change to the budget was approved. **PB**
- 4.3 The Budget for 2016/17 was approved.
- 5 Commercial in Confidence**
- Update on Red Meat Levy Distribution (paper 62-15/16)**
- 6 Corporate & Business Plan 16/17–18/19(paper 63-15/16)**
- 6.1 The new critical success factor for assurance schemes on page 26 and the Corporate & Business Plan 16/17 – 18/19 were approved by the Board. **SK**
- 16/17 Activity Plans and Performance Measures with Budget (paper 64-15/16)**
- 6.2 Senior managers gave presentations on their respective activity plans. In discussion the following points were noted:
- Corporate Services
- The format change to the budget discussed at agenda item 4 would change the budget figures detailed in the activity plans.
- Economics Services
- Consideration would be given to the value of using other data sources to build on the enterprise costings activity.
 - Greenhouse gas emissions messages should include information on the positive benefits of carbon sequestration and grazing pastures. **SA**
 - The Sponsor Team thanked the Economics Services team for their assistance with information provision over the year.
- Brands Integrity
- QMS will seek to develop partnerships where possible to reduce the number of on farm audits.
 - Meetings with retailers at buyer level are planned to help them better understand the QMS scheme levels of assurance.
 - The importance of balancing benefits for assurance scheme members and retailer requirements.
- Communications
- There were no queries on the communications activities.
- Industry Development
- The ID team would identify and focus on the activities which had the biggest impact for the industry.

Marketing

- The Scotch Lamb Marketing Strategy Group would discuss potential consumer activity to encourage lamb consumption during the peak season.

LV

6.3 The Board approved the 16/17 Activity Plans and Performance Measures.

7 Progress Report for Period 3 Nov – 15 Feb (paper 65-15/16)

A presentation would be given at the April Board on web site statistics.

SC/CH

8 Market Report (paper 65-15/16)

8.1 The Head of Economics Services gave a presentation and answered Board questions on the beef industry.

8.2 The following actions were identified:

- Confirm if increasing venison sales has impacted the retail demand for beef
- Look at volumes of cattle at store sales during December – January
- A paper on the advantages and disadvantages for the red meat industry on the outcome of the in/out EU referendum was requested for the April Board meeting.

SA

SA

SA

9 Committee Updates

9.1 Remuneration Committee– 25 Nov – R Eunson (paper 67-15/16)

The Remuneration Committee minutes were noted. A recommendation had been put forward to Scottish Government Remuneration Group to increase the Board member daily rate to £180 with effect from 1 April, 2017. A letter approving this recommendation had been received.

SS

9.2 Recommendation on Pay Award

Board members approved the Remuneration Committee's pay award recommendations for staff salaries and the Chief Executive's remuneration.

SS

9.3 Scotch Beef Marketing Strategy Group – 25 Nov – A McNaughton

The Committee had received presentations from the marketing team and economics services team.

9.4 Scottish Cattle Industry Group – 27 Nov – JMcl

The main point agreed was to hold a cattle industry conference in the spring which would be followed up with a series of workshops.

9.5 Scottish Sheep Industry Group – 15 Jan – JS

The membership of the SSIG needed reviewed to ensure input from across the industry. Topics discussed included grazing groups, Nuffield Scholar work and a presentation from Moredun.

9.6 Scotch Lamb Marketing Strategy Group – 21 Jan – SM

A new retailer representative had joined the group. A market update was received and there were discussions regarding out of spec lambs and communicating the financial consequences. Also discussed were activities during 2015 and planned activities for 2016 with the lamb campaign taking place mid August through to September/October and the budget available. The group also had a tour of the McIntosh Donald plant.

9.7 Committee Appointments

The Programme of Recurring Board Business would include Proposed Changes to Committees for approval. This would occur twice a year.

- 9.8 **Audit & Risk Management Committee (paper 68-15/16)** **UM**
The minutes of the 28 October meeting of the Audit & Risk Management Committee were noted.
- 10** ***Commercial in Confidence***
SPECC Update (paper 69-15/16)
- 11** ***Commercial in Confidence***
BSE Negligible Risk Status for Scotland (paper 70-15/16)
The Executive Summary of the SAMW paper to Scottish Government regarding BSE Negligible Risk Status for Scotland was noted.
- 12** **Chief Executive's Report (paper 71-15/16)**
12.1 It was agreed the December Planning meeting would be rescheduled to take place on Thursday, 8 December. **SK**
12.2 ***Confidential: Personnel***
- 13** **Chairman's Report including report on Beef Efficiency Scheme and recent industry meetings**
13.1 Several Beef Efficiency Scheme meetings had taken place. Animals born from 1 January 2016 were eligible for the scheme and the database would go live in April.
13.2 Since the November Board, the Chairman had a meeting regarding a potential Beef Hub, attended the NFUS Livestock Committee, QMS Marketing conference, SAOS conference, AHDB Outlook conference, SAMW New Year lunch, visited a number of auction markets, spoke at the SRUC Consultants meeting and North East Finishing Group. The Chairman also participated in a successful visit to Toronto to promote Scotch Beef.
- 14** **Any Other Business**
Aberdeen Angus World Forum 2017
Scottish Government had been approached to support the Aberdeen Angus World Forum and asked what, if any, support QMS was planning. It was confirmed there had been a request to do some activity with chefs.
- 15** **Acoura Feedback on QMS Assurance Schemes**
Pip Cartwright gave a presentation on assurance member feedback on the assurance schemes. It was requested that future reports show a three year trend. The Board thanked the Acoura team for its hard work during the past year which involved a number of changes including the SPECC roll out.
- 16** **Date of Next Meeting**
The next Board meeting would be held on Thursday, 28 April at 10am in the Rural Centre Boardroom.