

**Confidential**

**QUALITY MEAT SCOTLAND**  
**Minutes of the Forty-fourth Meeting of the Board**  
**28 April, 2016 10.00am Rural Centre Boardroom, Ingliston**

**Present:**

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

**In Attendance:**

S Ashworth (Items 11& 16.1)  
D Bell (Item 9)  
P Byrne (Items 1-4)  
S Carlaw (Item 5)  
C Higgs (Item 5)  
I Macdonald (Items 11& 16.1)  
U Morton (Chief Executive)  
M Morgan (Item 16)  
G Smith (Sponsor Team)  
S Woodman (Items 9, 10& 12.5)

**Apologies**

None

**ACTION**

**1**

1.1 The Chairman congratulated John Scott on his participation in This Farming Life.

1.2 **Minutes of Board meeting, 25 February, 2016**

The minutes of the February Board meeting were approved.

**2**

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**Update on Action Points (paper 1-16/17)**

Levy Redistribution

NSA is meeting with the Defra Minister on 11 May and will raise NSA's support for red meat levy redistribution.

2.2

**3**

**Financial Report 12 months to 31 March, 2016 (2-16/17)**

3.1 Income and Expenditure

The variance in the year end deficit was due to increased levy income against budget during March. The levy income forecast for the year was very close with a variance of £6k on a £3m budget. Assurance income was above budget due to new members joining the cattle and sheep scheme. Grant income was below budget mainly due to brands strengthening activity which would be carried forward to 16/17. There were no issues to report regarding external spend and overheads.

3.2 Balance Sheet

Cash was above budget and reasons for the variance were set out in the paper. There were no areas of concern regarding trade or other debtors.

3.3 The audit of QMS accounts will commence on 2 May.

**4**

**Bank Short Term Deposit Rates & Amounts (paper 3-16/17)**

The Board discussed the paper and agreed:

- The 32 day notice account would continue to be used

**SS**

- Longer term deposits would be made with Lloyds/BoS along the lines of Proposal B with the Chairman and Chief Executive deciding on the actual amounts and periods

**SS/UM/  
JMcl**

## **5 Progress Report for Period 16 Feb to 31 Mar (paper 4-16/17)**

5.1 There was a typo in the progress report and the completed management plan (agenda item 6), in both case the reporting year should read 15/16.

5.2 Points noted during discussion and actions arising:

- The Chairman and Chief Executive will be meeting with SAMW next month and will discuss opportunities in export markets
- Further information was requested on work with the BBC (UK and international) on grass fed beef
- A Board member suggested that SPECC will require significant resource (financial or time) from QMS to ensure it continues to deliver. It will be important to maintain engagement with ScotEID, processors and auction marts.

**JMcl/UM**

**CMcl**

### **5.3 Presentation on Web Site and Social Media Statistics**

Suzie Carlaw and Claire Higgs gave a presentation and answered Board members questions on web site and social media statistics.

**SC**

5.4 Board members would be interested to see how QMS's industry and consumer social media statistics compare with other red meat organisations or other successful food brands.

**CH**

5.5 The Highland Show was suggested as an opportunity to encourage Twitter activity although it was noted that mobile coverage could be an issue.

## **6 Review Completed 15/16 Management Plan (paper 5-16/17)**

The high level of achievement of planned activities was noted. The main areas of partial or non achievement were in Industry Development due to a change of Head of Department and Brands Integrity due to the extra workload of SPECC.

## **7 Market Report (paper 6-16/17)**

Page 19 of the report referred to the CETA trade agreement which currently does not list any UK PGIs. The Chief Executive has been in contact several times with the Defra Minister on this important issue and a response is awaited.

## **8 Committee Updates**

### **8.1 Pigs Industry Group Scotland – 1 Mar – P Sleight**

The group was hopeful the grant application to Opportunity North East to fund a pig monitor farm would be successful. The Scottish Health Charter had been set up for members to populate a database with health status information with the long term aim of reducing or eliminating disease. A biosecurity document which could be used at farm assurance visits (which would not be part of the QMS assessment) was being drafted. Also discussed were PEDv, the vet quarterly visit to include training on captive bolts and continued working with Scottish SPCA.

The SSP Marketing sub group would meet soon to discuss pork marketing activities.

The Pigs scheme standards would come to the June Board for approval and would include a standard on Red Tractor equivalence.

**SW**

**8.2 Audit & Risk Management Committee – 9 Mar – A McNaughton (paper 7-16/17)**

The Audit & Risk Management Committee minutes were included in the Board pack for information. The Committee Chairman had attended an NDPB Governance event along with the Chairman and Chief Executive and noted that QMS was performing well as a public body.

**8.3 Butchers Think Tank – 21 Mar – J Gibson**

A new member, Stewart Collins, had joined the group. The meeting received an update on red meat sales. It agreed that average price reporting would be widened to a larger group of butchers. Campaigns throughout the past year were well received. The calendar of future campaigns and digital content for social media were being progressed. More competition activity was planned and a monitor butcher trial would take place. The new Scotch Butchers Club logo was approved. The group also discussed the optimum size for a steak which was 8oz and 1 inch thick, from a150Kg to 170Kg side.

**9 *Commercial in Confidence***

**Removal of CTS Links – Impacts/Issues for QMS (paper 8-16/17)**

**10 *Commercial in Confidence***

**10.1 Eligibility of Cattle for SB brand – Equivalence of Red Tractor Scheme (paper 9-16/17)**

**11 *Commercial in Confidence***

**Paper on pros and cons of the EU membership in/out vote and the implications for the Scottish red meat industry (paper 10-16/17)**

The Economics Services team were thanked for the comprehensive paper on the EU Referendum and implications for the Scottish red meat industry. There was a query regarding whether the paper should be shared with Scottish Government colleagues and/or other interested parties. This would be considered separately after taking advice and in the meantime the paper was not for further circulation.

**UM**

**12 *Corporate Governance***

**12.1 Approve Risk Register (paper 11-16/17)**

The risk register was reviewed and approved subject to risk 7 being amended to read “.. M&S and reducing market share of the “squeezed...” .

**SS**

There was a short discussion on whether or not the risk register should recognise the organisation’s risk appetite. It was agreed the Audit & Risk Management Committee would discuss whether risk appetite should be included in the risk register, and if so, consider Board risk workshop.

**SS/UM**

The Board considered whether the risk register should include reference to the EU Referendum and decided by the time any amendment was made to the register, the outcome of the Referendum would be known therefore the risk would either be material or have passed.

## 12.2 Review Board Standing Orders (paper 12-16/17)

The Board Standing Orders were reviewed and approved.

### 12.3 Review Scheme of Delegation (paper 13-16/17)

The Scheme of Delegation and amendments to Appendices 2, 12 and 14 were approved.

**SK**

#### 12.4 Review QMS Policies and Procedures (paper 14-16/17)

There were no suggestions for any additional policies or procedures.

## 12.5 Review of Membership of QMS Committees (paper 15-16/17)

The proposed changes to the QMS Committees were discussed and the following agreed:

- Scotch Beef Marketing Strategy Group –change approved
- Specially Selected Pork Marketing Strategy Group – changes approved
- Butchers Marketing Strategy Group – changes approved

- Scottish Sheep Industry Group – changes approved, also appoint John Brown, farmer from North-east

- Cattle & Sheep SSB

- replace Hamish McBean with Neil McCorkindale or David Barron

- replace Sybil McPherson with Mike Elliot

- Food Standards Scotland would be covered by Louise Welsh

- replace Wendy Barrie – suggestion of Shirley Spear, Scottish Food Commission Chair

- all other changes approved

- Auction Mart SSB – Hamish Waugh would remain on the committee

- Feeds Scheme Standards and SSB

- the proposal to replace the Feeds Assurance Standards with a new Feeds document as set out in the paper was agreed

- the Feeds Standards Setting Body would be discontinued

- a new Feeds Scheme Committee would be created comprising of the current Chair of the Feeds SSB and Board member Louise Welsh

**SW**

**UM/SW**

SW

SW

SW

Appointment, reappointment and thank you letters would be issued as appropriate.

**UM/SK**

## 12.6 Review 2015 Health & Safety Report (paper 16-16/17)

The Board reviewed the summary of health and safety activity and advised future reports should include fire safety actions during the year.

**SK**

**13 Draft Programme of Recurring Board Business 16/17 (paper 17-16/17)**

The Programme of Recurring Board Business was noted.

**14 Chief Executive's Report including report on Board Support to Management Team (paper 18-16/17)**

OMS Office

The update on the QMS office lease was noted. QMS currently has two storage units by the East gate of the Highland showground which are being replaced and the new ones will be located in the Rural Centre car park.

The rental agreement for the units is for one year only.

## 15 Chairman's Report

Since the last Board meeting the Chairman had been involved in the ABP producer meeting, NFUS Livestock Committee, Scottish Government Climate Change meeting, Beef Efficiency Scheme, Beef 2020 and Scottish Dairy Hub. At the QMS press briefing on 25 April the various issues facing the red meat industry regarding profitability were highlighted. The Beef Efficiency Scheme was expected to be launched officially today (28 April) and pre-registered producers would be able to upload their data.

## **16 Any Other Business**

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#### **16.1 Levy Update**

Martin Morgan gave an update on levy redistribution including a “plan B” proposal for an alternative way forward which would involve Scottish Government changing the QMS Order to allow collection of levy on animals exported ‘outwith Scotland’.

16.2 There was discussion on the alternative proposal including method of levy collection, individual animal identification particularly pigs and the fact that English and Scottish cattle would have to be identified by processors with the appropriate levy deducted.

16.3 The EFRA select committee report made a recommendation that Defra take forward levy redistribution and an on-line reply is expected by the end of April. The Cabinet Secretary has confirmed the alternative proposal can be shared with Defra. The alternative proposal was for use in the event that agreement and progress was not forthcoming on the original proposals.

#### **16.4 Knowledge Transfer Activity**

A Board discussion on the future delivery of knowledge transfer activity was requested. A paper would be prepared for the June Board meeting which would include options for the future personnel resource requirements of the Industry Development team.

**DB**

#### **16.5 Beef Efficiency Scheme Farm Inspection**

A requirement of BES is for an on-farm inspection at least every 5 years. The QMS assurance contract tender is due to be issued in the summer of 2016 and the potential for the contractor to cover the BES requirement would be considered at the June Board discussion on the assurance contract.

**UM/SW**

#### **16.6 Scottish Food Coalition**

The Scottish Food Coalition’s Plenty magazine had negative comments on livestock production. A meeting was being sought with the Scottish Food Coalition by the Head of Communications. In addition this would be raised when the Chairman and Chief Executive met with the Soil Association (post meeting note – Soil Association meeting scheduled for 10 May).

**CMcL**

**JMcL/UM**

## **17 Proposal for a Bovine Data Exchange Pilot**

17.1 Andrew Wright gave a presentation on the IAAS’s proposal for a bovine data exchange pilot. There was a discussion on the issues for the implementation of tags and species code. IAAS had also had some dialogue with the European Commission on this subject which could be resolved by having a Scottish specific Ear Tag Allocation System (ETAS). The UK

passport number would remain the main ID for the animal and UHF technology was preferred as this would hold more information. This initiative would be welcomed by processors as it would reduce the time currently taken to sort issues with passports and tag reading. The pilot could start as soon as the ETAS concept was accepted. The tag manufacturers would be asked to develop a suitable tag design.

- 17.2 Andrew Wright was thanked for his presentation. QMS would provide IAAS with a letter of support for the Bovine Data Exchange Pilot.

**UM**

**18 Date of Next Meeting**

The next Board meeting would be held on Thursday, 9 June at 10am in the Rural Centre Boardroom.