

**Minutes of the Fifty First Meeting of the Board  
7 June, 2017 10.00am Rural Centre Boardroom, Ingliston**

**Present:**

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

**In Attendance:**

G Burgess (Sponsor Team)  
P Byrne (Items 3-6)  
A Clarke (Chief Executive Designate)  
C Higgs (Item 15)  
C McLaren (Item 15)  
U Morton (Chief Executive)  
S Shepherd (Items 3-6)  
S Woodman (Items 12-13)

**Apologies**

J Fitzpatrick

The Chairman welcomed Alan Clarke, Chief Executive Designate and introduced Board Members.

**1 Minutes of Board meeting, 28 April, 2017**

The minutes of the April Board meeting were approved.

**2 *Commercial in Confidence***

**2.1 Update on Action Points (paper 17-17/18)**

There were no queries on the action points paper.

- 2.2 The Chairman informed the Board that QMS was contacted by AHDB on 6 June to advise of a proposed consultation on the EUROP Grid and potential for "fit for purpose" which will be looking at sheep first. This will be a 2 stage industry consultation and responses to the first stage are required by 8 September. After this date the second stage of the consultation will commence. AHDB have already included QMS's logo in the paperwork without the consent of QMS. The Chief Executive's recommendation to the Board is QMS should participate, however as Levy Repatriation is still unresolved this is a matter for further discussion. All Board members agreed that this should be the way forward.

**3 Financial Report 1 month to 30 April, 2017 to include update on 5 Year Comparison (paper 18-17/18)**

**3.1 Income and Expenditure**

Income and expenditure are both under budget with no cause for concern at present.

**3.2 Balance Sheet**

Cash was above budget with no issues to report.

**4 Approval of Accounts for the Year Ended 31 March 2017 (paper 19-17/18)**

There were no issues from the Audit Scotland audit and no adjustments were made by the auditor. The accounts were laid before the Audit and Remuneration Committee on 6 June. The small surplus reported to the April Board for the year end accounts to 31 March is now a deficit of £7k. The Chair of the Audit and Risk Management Committee expressed his thanks to UM and SS for an excellent set of unqualified accounts. The Board approved the Accounts for the Year Ended 31 March, 2017.

- 5            Fraud, Theft and Bad Debt Report (paper 20-17/18)**  
The Fraud, Theft and Bad Debt Report was approved for submission to Scottish Government.
- 6            Bank Short Term Deposit Rates & Amounts (paper 21-17/18)**  
The Board discussed the paper and agreed to proceed with proposal B.
- 7            Progress Report for period 1 April to 29 May (paper 22-17/18)**  
The new Specially Selected Pork logo was discussed and the change has been accepted by the Scottish Government and confirmation from the EU is awaited.  
  
Update the events diary to add "February" under the 2018 dates. **LWi**
- 8            Progress Report on Achievement of Critical Success Factors (paper 23-17/18)**  
The progress report on achievement of critical success factors (CSF) was noted.
- 9            Market Report (paper 24-17-18)**  
The market report was noted.
- 10          Commercial in Confidence**  
**Brexit Issues for the Industry/QMS (paper 25-17/18)**  
The Brexit Issues for the Industry and QMS were noted. The Head of Economics informed the Board there has been little progress over the last month and that terms of exit will be negotiated before terms of trade. A Board member inquired about industry confidence and was advised that a question will be added to the next Livestock+ e-survey to gauge the confidence level after the elections.  
**ACTION SA/CM**
- 11          Committee Updates**
  - 11.1      Scotch Lamb Marketing Strategy Group – 10 May – S Mackie**  
There has been consistency in terms of strategy going forward. The Wham Bam Lamb campaign has been successful for a number of years and at some point another strap line will be required. S Carlaw has been invited to the National Sheep Association committee meeting to present lamb campaign information which will be a regular future item on the agenda. There has been consistency in terms of strategy going forward.  
The Wham Bam Lamb campaign has been successful for a number of years and if resources allow we would look to update this streamline and campaign in a future year. Some quick lamb recipe videos have been produced which will be available through links from our Scotch Kitchen website as well as our social media channels.  
S Carlaw has been invited to the National Sheep Association committee meeting to present lamb campaign information which will be a regular future item on the agenda.
  - 11.2      Scotch Butchers Think Tank – 15 May – J Gibson**  
There was a great turn out at the meeting with only 2 apologies. L Vernet presented price reporting and in the last 6/7 years the retail price of beef bought from butchers has been static. New recipes for shoulder and legs cuts will be produced to encourage sales of these cuts. As the online point of sales centre is under used it will be mothballed and the Butchers website will be moved to Scotch Kitchen website. A discussion on monitor butchers scheme shows that despite the challenges of the industry there is a reluctance to collaborate and the Committee will have a rethink to come up with different initiative.

11.3 Audit & Risk Management Committee – 6 June – A McNaughton

The end of year accounts had been audited and no issues were highlighted. The QMS finance team were congratulated on a very good audit outcome. The internal audit follow up review had identified no issues and both internal audits carried out in the last year had received a substantial assurance rating. The audit timetable for the next period was agreed. The Risk Register was reviewed and some minor amendments were made. The previously circulated self assessment form had been completed and a score of 100% was received.

S Shepherd was thanked for her work with the Audit Committee over many years.

11.4 Remuneration Committee – 6 June – R Eunson

A report on staff appraisals was received. The Flexible working policy is now in place and one employee has taken up this arrangement. Succession planning was discussed and the benefit of being aware of staff intentions to minimise the impact of any potential changes.

The Gifts and Hospitality Register was noted with no gifts or hospitality received during the 16/17 year.

The increasing pressure of the amount of work in the Brands Integrity team was noted and consideration of additional staff resource is required.

S Shepherd was thanked for her efforts over the years.

## 12 **Assurance Schemes**

12.1 Pigs Assurance Scheme Standards (paper 26-17/18)

An issue of consistency was raised that standard 3.12 regarding pigs containing or suspected of containing a broken needle was not included in the Cattle & Sheep Standards. It was agreed this would be added for discussion at the next Cattle & Sheep Standards meeting. **SW**

The Brands Integrity Manager was thanked for her input to the review of the standards. The proposed changes to the Pigs Assurance Scheme standards were approved.

12.2 Processors Assurance Scheme Standards (paper 27-17/18)

The summary document is designed to identify the key changes to the Processors Standards.

Agreed bullet 3 on page 2 of the paper under Processing to be reworded to stock rather than holding. **SW**

The Board agreed the changes and the updated Standards will be issued via email to the Board for approval in the coming weeks.

## 13 **Proposal on a potential operating model for a Scotch Beef DNA verification programme - (paper 28-17/18)**

There was a discussion on the potential introduction of a DNA Authentication scheme. It was agreed that the benefits and simple operation of it would need commitment from all interested industry stakeholders. In tandem with this is a procurement process which would inform overall feasibility and this can be reviewed at a future Board meeting.

Points to Note:

- QMS to be in control of the data

- Authenticity by DNA testing will further improve the quality and promotion of the product.
- Costs could be covered in a number of ways including a levy rate increase in cattle levy
- Another suggestion would be to cover the costs with part of the underspend from the Beef Efficiency Scheme funds.
- Could a separate "DNA Levy" be introduced to cover costs?
- The effect of the programme on the price of Scotch Beef is currently unquantified.

The Sponsor team advised that the BES underspend may not be the correct funding mechanism however it may be found from elsewhere. An economic case, such as the Irish Pig farmers would be convincing and should include views from the whole supply chain to demonstrate widespread support for the initiative.

The Board agreed to move forward with option 1 allowing more time for the procurement process (to December 2017) with other timelines decided on the outcome of this process. The outcome of the Procurement process will be brought to the February Board meeting for a decision as to whether to go ahead.

#### **14 Draft Board Meeting Dates 18/19 (paper 29-17/18)**

The Board meeting dates for 18/19 were noted.

#### **15 Royal Highland Show Briefing**

The Head of Communications gave a presentation on the Royal Highland Show and was congratulated on the work to date and the wide range of activities planned.

#### **16 Chief Executive's Report (paper 30-17/18)**

The Chief Executive updated Board members on the recently received update from Brussels on State Aid notification and a decision would be known by w/e 9 June.

#### **17 Chairman's Report**

Since the last Board meeting the Chairman had attended a number of meetings which were detailed in the Chief Executive's report.

#### **18 Annual Board Healthcheck (paper 31-17/18)**

Board members were asked to complete and return a questionnaire which would be evaluated and results reported to the September Board.

#### **19 Any Other Business**

##### ***Commercial in Confidence***

##### **BSE Negligible Risk Status**

A discussion took place to determine what may happen at industry level to strip out costs or add value to products by the recent change in BSE Negligible Risk Status in Scotland. Value can be added to products however producers would need to separate non-Scottish born cattle on the line. For any abattoir, its first challenge would be how to manage non-Scottish cattle (even Scottish born cattle that spend extended time out of Scotland). It is believed that there may be movement on the over 30 months rule. The new status would also be a selling point for Scotland, however Defra have been unwilling to acknowledge the new negligible risk status.

#### **20 Date of Next Meeting**

The next Board meeting would be held on Thursday, 28 September at **9am** in the Rural

Centre Boardroom and would be preceded by the Board Away Day and dinner with the Cabinet Secretary on Wednesday, 27 September.

The Chairman closed the meeting by acknowledging that this was Uel's last QMS Board meeting ( His 86<sup>th</sup>) and thanked him on behalf of the Board for his 11 years of dedicated service to QMS and the Scottish Red Meat Industry, and wished him well for the future.