

**QUALITY MEAT SCOTLAND**  
**Minutes of the Thirty-Fifth Meeting of the Board**  
**2 October, 2014 9.00am Rural Centre Boardroom, The Rural Centre**

**Present:**

J McLaren, Chairman  
J Craig  
R Eunson  
J Fitzpatrick  
A McNaughton  
G Milne  
L Welsh

**In Attendance:**

S Ashworth (Item 8)  
P Byrne, Accountant (Items 1-4)  
H Curran (Sponsor Team)  
U Morton, Chief Executive  
L Vernet (Item 13)  
S Woodman (Items 12 & 13)

**Apologies**

S Mackie  
M Morgan  
J Scott  
P Sleigh

**1**

**1.1 Declarations of Interest**

George Milne and Julie Fitzpatrick declared an interest for agenda item 14.

**1.2 Minutes of the Meeting Held on 12 June, 2014**

The minutes of the meeting held on 12 June were approved by the Board and signed by the Chairman.

**2**

*Commercial in Confidence – item withheld*

**3**

**Financial Report 5 months to 31 August, 2014 (paper 34-14/15)**

**3.1 Income & Expenditure**

Levy income was 8% above budget and a revised levy forecast for the final six months of the year would be included in the Financial Report for the November Board. There were no issues to report in other income areas. External expenditure was in line with budget with the marketing underspend mainly due to timing of EU funded activities. Staff costs and travel and subsistence were underspent due to the initial budget for new staff in the Industry Development team being over estimated.

**3.2 Balance Sheet**

Cash was above budget. The trade debtors for June were currently being followed up and an update would be included in the next Financial Report.

**4**

**Annual Review of Reserves Policy (paper 35-14/15)**

In reviewing the Reserves Policy the following points were discussed:

- the basis for setting reserves was on overhead costs and contractual commitments
- QMS has the smallest reserve in relation to turnover compared to other levy bodies
- Board members were asked to consider if it was appropriate for QMS to use reserves to address industry issues for example an eradication programme for a PEDv disease outbreak or to fund additional promotional campaigns. It was agreed that QMS reserves were not a contingency fund for industry issues and were for use by QMS in a crisis

- situation. The policy wording would be amended to clarify this point.
- It was also agreed that it would be useful to carry out a contingency planning exercise for a disease outbreak. This would identify how much funding QMS may be able to divert in the event of an industry crisis whilst taking into account timing in relation to budget already spent, the impact on planned activities and restrictions on EU grant matched funding. In the example of a disease outbreak, the cost for an eradication programme would be very high and industry and Government assistance would be necessary.
- The level of reserves was discussed and considered appropriate

## **5 Implications of Referendum Outcome**

The implications of the outcome of the Referendum were discussed during the Board Away Day on 1 October. Key points to note for the submission to the Smith Commission were views on devolved powers, levy redistribution and collection, representation in the EU, access to third country markets, PGI and PDO and driver's hours.

## **6 Beef 2020 Update**

The Beef 2020 report had been circulated and approval by the Cabinet Secretary of the report's recommendations was anticipated shortly. At the final meeting of the Beef 2020 group the Beef Efficiency Scheme was discussed and it was agreed that one scheme aimed at suckler calf producers would be submitted for EU approval.

## **7 Progress Report for Period 3 Jun – 23 Sept (paper 36-14/15)**

The progress report was noted with most activities on target. Public procurement work on maps showing where produce comes from would be covered in a press release which would be issued shortly. Robin Gourlay would be invited to give a presentation to the Board on public procurement.

## **8 Market Report (paper 37-14/15)**

### 2014 Lamb Marketing Season

Stuart Ashworth gave a presentation and answered Board questions on lamb export markets, the effect of exchange rates, prices, the home market, the consequences of coupled payments and lamb consumption. The discussion also noted that the current lamb price was due to increased supply and the whole year lamb output figure would be a better measure. Kantar figures showed that lamb sales had increased in August when the QMS Scotch Lamb campaign was running.

## **9 Committee Updates**

### **9.1 Pig Industry Group Scotland – 17 June – U Morton**

The group received an update on producers and processors. Production was down slightly and the exchange rate situation meant more product was coming from Europe. On the processing side there was a change to how meat inspections were carried out. It was expected the UK would be declared free from *Trichinella* and there was some concern that the TB testing programme was not fit for purpose.

Three new members had applied to join the assurance scheme. The group also had an update on the Specially Selected Pork Marketing sub group, reviews of the Scottish Pig Business Network, resource efficiency work funded by Scottish Government, and reports on Salmonella, anti-microbial

work and the Wholesome Pigs Scheme.

9.2 Cattle & Sheep SSB – 21 August – L Welsh

The SSB met to discuss the proposed Cattle and Sheep Assurance Scheme standards which were for discussion at agenda item 12.

9.3 Butchers Think Tank – 25 August – U Morton

The meeting reviewed research information on buying habits, trade statistics and discussed the Wham Bam Thank You Lamb campaign. The group suggested it would be helpful to provide advice to butchers on user friendly lamb cuts. Two members of the group had visited separate monitor farms. A Scotch Butchers Club point of sale centre had been launched which allowed members to personalise their posters on-line. Also discussed were planned SFMTA regional meetings, QMS' presentation on marketing tactics and the strategy for High Street butchers. QMS was asked to explore the idea of making Scotch Butchers Club promotional recipe leaflets available through an App. A record of cuts of meat bought through the School Vouchers scheme would be helpful and used to encourage purchases of a range of red meat. An on-line forum for the Butchers Think Tank members would be trialled for discussions outwith the formal meetings. Edinburgh butcher John Saunderson would be invited to join the group.

9.4 **Audit & Risk Management Committee – 11 June (paper 38-14/15)**

The Audit & Risk Management Committee minutes were noted.

9.5 **Remuneration Committee – 11 June (paper 39-14/15)**

The Remuneration Committee minutes were noted.

**10 Feedback to Board on Annual Healthcheck Questionnaire and Review of Annual Reports for Formal Committees (papers 40-14/15, 41-14/15 & 42-14/15)**

Review of Board Healthcheck Questionnaire

The Board reviewed the Issues to Highlight section on page 5 and were asked to contact the Chairman or Chief Executive with any comments.

10.2 Review of Audit & Risk Management Committee Annual Report

The Audit & Risk Management Committee Annual Report was very good with the internal and external audit action points addressed very quickly. There were two priority levels for actions from audits which meant that some minor issues were being identified as 'significant'. It was agreed that a third, lower priority level would be considered for actions of a minor nature.

10.3 Review of Remuneration Committee Annual Report

The Remuneration Committee Annual Report was reviewed and noted.

**11 Review & Approve Risk Register (paper 43-14/15)**

The Board approved the amendments to the Risk Register and noted QMS would continue as an interested organisation with CAMERAS to engage on relevant topics.

- 12 QMS Assurance Schemes (papers 44-14/15, 45-14/15 & 46-14/15)**
- 12.1 Potential 3 Year Strategy for Cattle & Sheep Assurance Scheme  
Board members were asked to support the 3 Year Strategy for the Cattle and Sheep Assurance Scheme.
- 12.2 The 3 year strategy would be introduced gradually with year 1 activity already underway. A presentation on welfare outcomes would be arranged for a future Board.
- 12.3 *Commercial in confidence – item withheld*
- 12.4 QMS Cattle & Sheep Assurance Scheme Standards  
The proposed changes to the Cattle and Sheep Assurance Scheme standards were discussed and approved subject to the actions and amendments which are recorded in a separate note.
- 12.5 The Chairman thanked the SSB Chair and Brands Integrity Manager for the significant amount of work undertaken on the review and update of the Cattle and Sheep Assurance Scheme standards.
- 12.6 QMS Haulage Scheme Standards  
There were minor changes to the Haulage Scheme standards which were approved subject to a discussion and any amendments needed regarding paperwork requirements for standards 1.7 and 2.1.
- 13 Animal Welfare & Wellbeing Charter, Partnership and Terms of Reference (paper 47-14/15)**  
The Animal Welfare & Wellbeing Charter was approved with the following amendments:
- the addition of a statement to confirm that the relationship between QMS and Scottish SPCA is non-commercial
  - point 3 would end at '...Assurance Schemes' and the remaining text deleted
- 14 Commercial in Confidence – item withheld**
- 15 Review & Approve Draft Planning Process 2015-16 (paper 49-14/15)**  
A lighter planning process for 2015-16 was proposed which would be followed by a more in-depth process for 2016-17. This was due to last year's refocus of the Industry Development team requiring time for changes to bed in and also that three new Board members would join QMS in April 2015. The Planning Process 2015-16 was approved.
- 16 Review Key Operating Environment Indicators (paper 50-14/15)**  
The Key Operating Environment Indicators were noted.
- 17 Chief Executive's Report (paper 51-14/15)**
- 17.1 Red Meat Levy Distribution  
The Red Meat Levy group met on 29 September where some progress had been achieved. ADHB has confirmed it will change its Statutory Instrument in relation to levy collection and distribution.

A paper with a range of options (which had gone to AHDB's July Board) was discussed and the options would be evaluated in advance of the next meeting in January. It was recognised that the levy collection system at present is the most efficient method and the best solution would be a method of redistributing the existing levy through the different countries.

17.2 NSF Approach to Undertake Cattle & Sheep Inspections

NSF has sent a paper containing a proposal to undertake cattle and sheep assurance assessments and QMS to recognise NSF's scheme as equivalent. There were a number of areas in the paper on which QMS required clarification from NSF. The Board agreed it would not be appropriate to progress discussions mid contract and NSF would be advised they could respond to the assurance contract tender when it is issued in 2016.

**18 Chairman's Report**

18.1 Events and Meetings

Since the June Board the Chairman had attended a number of events as detailed in the Chief Executive's report. In addition, he had participated in Beef 2020 and Beef Efficiency Scheme meetings.

18.2 Board Matters

The process to recruit three new Board members to commence on 1 April, 2015 was underway. Two Board members and one senior manager had participated in On Board training which they found very useful.

18.3 Scottish Farming Leader Article

An article in the NFUS Scottish Farming Leader by Pete Smith of Aberdeen University would be circulated for information.

**19 Any Other Business**

19.1 Livestock Haulage Drivers Hours

A haulier had contacted a Board member about the pressure on drivers hours on large sale days at auction marts in September and October and asked if it would be possible to get a derogation on drivers hours during busy sale periods. Further details would be sought for a future discussion.

19.2 Pig Industry

A query had been received from the pig industry regarding pigs currently being slaughtered in Scotland on contract. QMS was asked if it would consider a derogation for the SSP label for these pigs to be slaughtered in England. The QMS Senior Management team discussed this request and agreed it was not appropriate to grant a derogation.

An NFUS letter to Scottish Government had suggested levy money could be used for PEDv eradication. QMS confirmed it has not offered any levy funding for this purpose as it is a matter for Government.

19.3 Board Expenses

Board members were reminded that they were eligible to claim half a day for Board meeting preparation and a day for attendance. For those that participated in the Board away day and evening event, 1.5 days could be claimed with claims reduced accordingly for partial attendance.

**20**

**Date of Next Meeting**

The next Board meeting would take place at 10am on Thursday, 13 November in the Rural Centre Board Room and would be followed by a planning session in the afternoon.