

QUALITY MEAT SCOTLAND
Minutes of the Thirty-Fourth Meeting of the Board
12 June, 2014 10.00am Rural Centre Boardroom, The Rural Centre

Present:

J McLaren, Chairman
J Craig
R Eunson
S Mackie
A McNaughton
J Scott
P Sleigh
L Welsh

In Attendance:

S Ashworth (Items 8 & 9)
P Byrne, Accountant (Items 1-5)
C McLaren (Item 18)
M Morgan (Sponsor Team)
U Morton, Chief Executive
L Vernet (Item 13)
S Woodman (Items 11 & 12)

Apologies

J Fitzpatrick
G Milne

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1.1 Matters Arising

The Board had two vacancies arising from the stepping down of Johnny Mackey and David Sole. These positions would be filled in the recruitment process for members to join the Board on 1 April 2015.

1.2 Declarations of Interest

There were no declarations of interest.

1.3 Minutes of the Meeting Held on 17 April, 2014

The minutes of the meeting held on 17 April were approved by the Board and signed by the Chairman.

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Commercial in Confidence – item withheld

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Financial Report 2 months to 31 May, 2014 (paper 18-14/15)

3.1 Income & Expenditure

Levy income was £63k above budget and would continue to be monitored closely. There were no other income or expenditure points to highlight.

3.2 Balance Sheet

The cash position was in line with budget and there were no concerns regarding debtors.

3.3 5 Year Comparison

The final page of the report contained the last 5 years' actual income and expenditure and the current year's budget. It was noted the 13/14 year had transposed the expenditure figure for Travel and Subs and Board & Exec costs and this would be amended.

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Approval of Accounts for the Year Ended 31 March, 2014 (paper 19-14/15)

The Annual Report and Accounts for the Year Ended 31 March, 2014 were approved.

- 5 Fraud, Theft and Bad Debt Report (paper 20-14/15)**
The 13/14 Fraud, Theft and Bad Debt Report was approved for submission to Scottish Government.
- 6 Progress Report for Period 1 Apr – 2 Jun (paper 21-14/15)**
- 6.1 The progress report showed activities were mainly on target with two ambers in the Brands Integrity area. One of these was authenticity testing which was awaiting progress on the FSA reference database. FSA had confirmed the target date for the database completion was March 2015.
- 6.2 There was a short discussion on the reaction of the industry to the change of direction in Industry Development activities. It was also noted there had been an increase in calls to QMS from levy payers regarding the decrease in price of beef cattle.
- 7 Progress on Achievement of Critical Success Factors (paper 22-14/15)**
The critical success factors had been updated to show trends. The retail sales information at 3.3 had been separated into volume and value sections. The Board noted the general trend of reduced consumer spending on food and factors influencing this such as changes in retail methods, reduction in food waste and smaller households.
- 8 Market Report (paper 23-14/15)**
The Market Report was noted.
- 9 Analysis of Reasons Behind Beef Price Changes**
The Head of Economics Services gave a presentation on his analysis of the reasons behind recent beef cattle price changes. The following actions were agreed:
- QMS staff and appropriate NFUS staff would be briefed on beef cattle prices and relevant grazing for growth information prior to the Highland Show
 - Details on the fall in value of hides and increase in category 1 waste disposal costs would be included in future information
- 10 Committee Updates**
- 10.1 Haulage SSB – U Morton
Two potential changes were discussed. The first related to appearance of operators' premises and vehicles and it was decided no change was required. The other was a change to standard 4.9 on lighting in transporters and the standard was amended and guidance note deleted. The Brands Integrity Manager has subsequently made some style and content edits which will be reviewed with the SSB Chair and SFQC assessor. Tracked changes to the standards will come to the Board by e-mail in mid July for formal approval. Going forward the BIM will look at further changes for future reviews of the standards.
- It was suggested the use of photographs may be worth considering in relation to premises and vehicle appearance.

10.2 Feeds SSB – S Mackie

The Feeds SSB had made minor edits to the standards which were for approval under Board agenda item 11. A Board member highlighted that medicines quinolones and 3rd and 4th generation cephalosporins may be relevant to the Feed standards and this would be followed up.

10.3 Pigs SSB – P Sleigh

The Pigs SSB reviewed and updated the standards and these were also for Board approval at agenda item 11.

10.4 Cattle & Sheep SSB – L Welsh

The SSB review of the standards would be carried out in two stages. The first meeting was used to take a fresh look at the standards and a gap analysis against Red Tractor standards had been carried out. There was also a presentation from the Head of Marketing and discussion on three areas for potential change – earned recognition, whistleblowing and welfare. Further work to benchmark the standards against those of retailers was planned. The next meeting will be scheduled for September to discuss changes to the standards prior to them coming to the October Board for approval.

10.5 Scottish Cattle Industry Group – J McLaren

This was the first meeting of the new Scottish Cattle Industry Group chaired by Andrew Elliot. The Head of Economics Services gave a presentation to the group on the market price of beef cattle, also discussed were an update on the changes within the ID team and the global market. The group may be involved in taking forward some of the Beef 2020 recommendations.

10.6 Scottish Sheep Industry Group – J Scott

The group discussed attendance at Scotsheep including a lamb marketing seminar and a high level of interest in the QMS demonstrations on grassland and lamb grading. The Grazing for Growth conference was very successful with the venue being changed to accommodate the high demand for places. Also discussed was future work on carbon sequestration, You Tube EBVs, a project in Skye on EBVs in Blackface sheep, lamb supply chain and parasite control. One member had stood down and consideration was being given to appointing a suitable replacement.

Board members were encouraged to hear of the interest from the younger generation in the Grazing for Growth conference and another conference would likely be held next year. It was suggested attendance at this kind of event could at some point in the future be used to give CPD type credits which could be built into farm assurance.

Commercial in Confidence – item withheld

Butchers Think Tank – U Morton

The Butchers Think Tank meeting planned for 9 June had been cancelled and would be re-scheduled.

10.7 Audit & Risk Management Committee – A McNaughton

The meeting minutes would be included in the October Board papers. The Committee noted all action points were complete, the Committee's self-evaluation had scored 100%, the Risk Register was reviewed and would come to the October Board for approval. Amendments to the contract authorisation process were agreed to tie in with signing requirements for purchasing and the Committee requested a paper outlining the process for approving invoices for payment. The Fraud and Whistleblowing policies were reviewed and minor changes were made, the Gifts and Hospitality procedures were updated and the report on Fraud, Theft and Bad Debt discussed. The most recent internal audit on HR policies and procedures had received substantial assurance with one policy for development on Corporate and Social Responsibility. The next internal audit would be on income streams and the terms of reference for this were received. The external audit on the year end accounts confirmed no concerns about controls and the accounts were approved. The auditors had no issues to raise and thanked staff for their assistance.

On behalf of the Board the Chairman thanked the Audit & Risk Management Committee and confirmed he was content with the work and performance of the Committee. The Accountable Officer also confirmed his contentment with the work of the Audit & Risk Management Committee.

10.8 Remuneration Committee – R Eunson

The Committee noted all action points from the previous meeting were complete. Scottish Government Pay Policy had approved a 1% increase to the day rate for the QMS Chair and Board members for the 14/15 year and the Committee agreed that as requested, a proposal for a 1% increase for 15/16 would be submitted to Pay Policy. A self-evaluation exercise scored 100%, annual review of succession planning amendments were approved and reports were received on staff appraisals and the Chief Executive's appraisal with no issues arising. The next meeting was scheduled for 7 January using Skype.

On behalf of the Board the Chairman thanked the Remuneration Committee and confirmed he was content with the work and performance of the Committee. The Accountable Officer also confirmed he was also content with the operation of the Remuneration Committee.

11 Assurance Standards for Approval (papers 24-14/15 & 25-14/15)

11.1 The Board noted the update to the proposed general revisions to the suite of the six assurance schemes. Four of the schemes had been reviewed during April and May.

In addition to any changes to standards, the scheme documents would be developed to improve format and make them more user-friendly. Each scheme will also have its own individual scheme logo.

11.2 Pigs Assurance Scheme Standards

The Pigs scheme standards had been reviewed and revised to take into account a GAP analysis against the Red Tractor pigs scheme as well as welfare, legislative and amendments to provide more clarity. A Scottish SPCA visit would be a requirement for approved membership. The Pigs standards were approved for issue along with a covering letter explaining the revisions to the standards.

11.3 ***Commercial in Confidence – item withheld***

11.4 **Feeds Assurance Scheme Standards**

The proposed changes to the Feeds scheme were shown in tracking. These included the addition of an appendix detailing equivalent schemes with the remainder being mainly minor format or content related. The Feeds standards were approved.

12 Update on Brands Licensing Scheme (paper 26-14/15)

The Board received an update on the Brands Licensing Scheme. In discussion it was noted:

- Current retail membership gave 40% market coverage
- The scheme was not at the stage to confirm volume of product
- There was no charge for membership of the Brands Licensing Scheme
- The processor assurance scheme covers traceability in primary processors and the Brands Licensing Scheme provides for traceability checks of others further along the supply chain

13 Update on Brand Guidelines (paper 27/14/15)

13.1 The Brands Guidelines were prepared to facilitate correct use of the Scotch Beef, Scotch Lamb and Specially Selected Pork logos. The update included a definition of how to use the logo where Scotch Beef, Scotch Lamb or Specially Selected Pork are an ingredient eg 'made with' Scotch Beef PGI. It also seeks to address any confusion between Scotch, Scottish and British and confirms QMS owns the logo.

13.2 The following was agreed:

- The document was guidance and, although based on legislation, QMS was not the implementing body. This would be explained in the text.
- Implementation date would be 1 July, 2014 with a lead time (1 January, 2015) for full compliance. A note would be added to highlight users should take the guidelines into account when next reviewing labelling.
- Paragraphs 4.3 and 4.4 would be highlighted in bold.
- Brands Licensing Scheme applicants would receive the Brand Guidelines

13.3 The Board approved the updated Brand Guidelines subject to the changes outlined above and an electronic copy of the final version would be circulated to the Board.

14 *Commercial in Confidence – item withheld*

15 Implications of CAP Announcement

The key points of the CAP announcement on 11 June were discussed and a copy of the CAP paper tabled. The £45m for the beef sector was welcomed and the funding for the Beef 2020 three year improvement scheme recommendation was discussed as well as possible timescales.

16 Beef 2020 Update

The Beef 2020 group had agreed summary recommendations which would be provided to the Cabinet Secretary in advance of the Highland Show. The summary detailed the Beef 2020 vision and a list of recommendations. A formal launch of the full report was planned for the summer.

A Board member suggested a QMS branded booklet for recording calving information which could also be developed into an App would be useful. This would be explored by the Industry Development team.

17 Draft Board Meeting Dates 2015/16 (paper 29-14/15)

The 2015/16 Board meeting dates were noted.

18 Royal Highland Show Briefing

The Head of Communications gave a presentation on QMS activities at the Royal Highland Show.

19 Chief Executive's Report (paper 30-14/15)

A query was raised regarding the reference to 'dual purpose' breeds in the report. The Chief Executive confirmed the Processor Standards Setting Body was being asked for a view on including a list in the standards of the breeds of beef animals that would be eligible for the brands and the dairy breeds that would be excluded. There was no proposal to have 'dual purpose' breeds in the brand.

20 Chairman's Report

Since the April 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 meetings, CAP discussions, Scottish Government meetings, dinner with the Cabinet Secretary, spoke at a NFU regional Board, Scotsheep, Scottish Cattle Industry Group and a climate change meeting. The Chairman had attended Maitland Mackie's funeral and passed on his condolences to his family. He also noted that Mr Mackie had contributed a great deal to the red meat industry having instigated quality assurance in Scotland.

21 Annual Board Healthcheck (paper 31-14/15)

A self-evaluation questionnaire was circulated for completion and return. The outcome of the self-evaluation would be reported at the October Board.

22 Any Other Business

There was no other business.

23 Date of Next Meeting

The next Board meeting would take place at 10am on Thursday, 2 October in the Rural Centre Board Room. On Wednesday, 1 October the Board annual visit (venue details tbc) will take place followed by dinner with the Cabinet Secretary and an optional overnight stay at The Dakota Hotel, South Queensferry.