

QUALITY MEAT SCOTLAND
Minutes of the Thirty-Ninth Meeting of the Board
16 April, 2015 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
P Sleight
L Welsh

In Attendance:

S Ashworth (Items 10 & 14)
P Byrne, Accountant (Items 1-7)
D Howard, NOAH (Item 20)
P Johnston, NFUS (Item 20)
M Morgan (Sponsor Team)
U Morton (Chief Executive)
J Neal, Kendalls (Item 20)
L Vernet (Items 19 & 20)
S Woodman (Item 14)

Apologies

J Scott

1 New Board Member Introductions

New Board members were welcomed and introductions made.

2 Minutes of Board meetings held on 19 February, 2015

The minutes of the 19 February Board meeting were approved. It was confirmed NSA had sent a letter to AHDB supporting levy repatriation.

3 *Commercial in Confidence – item withheld*

4 Financial Report 12 months to 31 March, 2015 (2-15/16)

4.1 Due to the tight turnaround from the year end a number of estimates had been made in the paper. The year-end accounts would be audited at the end of April.

4.2 Income and Expenditure

The estimated surplus for the year was slightly above previous estimates. Levy income was just ahead of budget and assurance schemes very close to budget. Grant income had been estimated below budget which was due to year end claims not yet finalised. The reasons for the variations in external expenditure were explained in the paper. There were no issues to report on overheads.

4.3 Balance Sheet

The cash position was good. There were no concerns about trade debtors or creditors. Other debtors were mainly accrued grant income. Accruals were estimated using purchase orders for activity which had not yet been invoiced. Deferred income was mainly Brands Strengthening grant.

4.4 The budget for 15/16 was to end the year with a deficit in order in order to use the surplus from the 14/15 year.

4.5 It was noted a slightly later date for the April 16 Board meeting would assist in preparation of the Financial Report to the year end with fewer estimates required.

5 Bank Short Term Deposit Rates & Amounts (paper 3-15/16)

- 5.1 A paper was tabled which showed historic bank data and forecast bank balances for 15/16. It also showed the effect on cash flow in the event of a successful outcome from the EU grant application which would be match funded using levy funds.
- 5.2 Following discussion on both proposals it was agreed:
- To proceed with Proposal B and split the 12 month investment over two accounts subject to confirming there would be no penalty for doing this other than loss of interest.
 - The 3 month deposit would be made with the bank in the first column of the table in the paper within the Board pack and the 6 month deposit with the bank in the second column.

6 *Commercial in Confidence – Item withheld*

7 Levy Organisation Benchmarking Report (paper 4-15/16)

The Levy Organisation Benchmarking Report which showed QMS against other levy organisations demonstrated QMS compared very well with others on a range of factors.

8 Progress Report for Period 10 Feb – 31 Mar (paper 5-15/16)

In response to Board queries it was confirmed there was limited budget for ongoing pork promotion due to the closure of Halls of Broxburn in 2012 and resulting reduction in pig levies. The Brands Strengthening funds were on hold until the Brechin plant was fully operational. The amber in the Corporate Services section related to a delay in issuing a customer survey of staff.

There may be an opportunity to discuss Nuffield Scholar support for knowledge transfer work at their event on 20 May and this would be discussed separately with the Head of ID.

9 Review Completed 14/15 Management Plan (paper 6-15/16)

- 9.1 The paper showed the status of the performance measures on the Management Plan for the 14/15 year. This information showed the links to the specific strategies set by the Board and the level of delivery of these strategies by QMS staff. It was also used for performance management in staff appraisals.
- 9.2 On page 10 the work on levels of carbon sequestration from grass had not been achieved. QMS had supported a PhD studentship to work on figures and the work was not completed as two successive students had dropped out of the project. A desktop study to produce a short document on headline figures on climate change and greenhouse gas emissions was proposed.
- 9.3 The Board asked if the video on pre-slaughter handling (page 12) would be produced in the 15/16 year and if so requested details on how it would be used.

10 Market Report (paper 7-15/16)

Stuart Ashworth gave an update on the beef industry and answered Board questions on Polish beef, 5th quarter, carcase size, when the beef situation may improve and trade in Russia, China and Hong Kong.

11 Committee Updates

11.1 Pig Industry Group Scotland (PIGS) – 24 February – Philip Sleigh

Gordon McKen had stood down from the group and had been replaced by Andy McGowan. The meeting received an update from Acoura on levels of assurance compliance. It then discussed the Salmonella testing scheme, the awaited a resolution to the Red Tractor request regarding equivalence of standards and noted that a review of the PIGS membership was underway. A Pig Industry Conference was scheduled for 17 November date subject to the Cabinet Secretary's availability to speak. An invitation would be sent. The Pig Health Sub Group was working with others in the industry to try to get PEDv classed as a notifiable disease. There were potential opportunities for the sub group to work with the newly formed Scottish Livestock Health Group.

11.2 Scottish Sheep Industry Group – 25 February – Uel Morton

Richard Oates and Kevin Wiggins had left the group and were replaced with Stuart Annand and Richard Henderson. The group received an update on ID work and discussed a sheep lameness guide, condition scoring video, market signals, central progeny testing scheme, the Highland Sheep Event with a lamb grading theme from QMS and CT scanning subsidy.

11.3 Audit & Risk Management Committee – 12 March – Alan McNaughton (paper 8-15/16)

The minutes were enclosed with the Board papers. It was noted the internal audits had gone well and the internal auditor was reappointed.

11.4 Scotch Beef Marketing Strategy Group – 31 March – Alan McNaughton

The main part of the meeting was a presentation on the beef market. Other items covered were retail market trends on market share, timing of and creatives for the beef campaign and recognition of Scotch in Scotland and London pre beef campaign.

12 Committee Appointments (paper 9-15/16)

The Committee Appointments were noted. The Chairman and Chief Executive would consider SM's request to participate on the Scotch Beef Marketing Strategy Group.

13 Beef 2020 Update

The Chairman updated Board members on Beef 2020 developments. He noted that the EU had now approved the Beef Efficiency Scheme as part of the next Scottish Rural Development Programme and thanked Julie Fitzpatrick and Stuart Ashworth for their contribution to this work. A Core Implementation Group would be established to take forward all the Beef 2020 recommendations. Membership was confirmed as Jim McLaren (chair) Scott Henderson, Rob Livesey, John Gregor, James Graham, Robert Neill and Alan McNaughton. The date of the first meeting of this group would be confirmed to the Sponsor Team.

- 14** *Commercial in Confidence – Item withheld*
- 15** **Corporate Governance (papers 11, 12, 13 and 14-15/16)**
Approve Risk Register
- 15.1 The Risk Register had been reviewed by the Senior Management team followed by the Audit & Risk Management Committee and proposed amendments were shown in tracking. The changes to the Risk Register were approved.
- 15.2 **Review Board Standing Orders**
Following the Audit & Risk Management Committee review of the Board Standing Orders a contradiction had been identified between the Standing Orders and the QMS Code of Conduct relating to Conflict of Interest. The proposed amendments to the Board Standing Orders were approved.
- 15.3 **Review Scheme of Delegation**
The Scheme of Delegation and proposed amendments to Appendices 1, 6, 12 and 20 were reviewed and approved.
- 15.4 **Review QMS Policies and Procedures**
Board members were asked to consider if there were any further policies or procedures that QMS should develop. It was noted that the review frequency for policies and procedures varied and in a few cases was set at five years. A discussion on review intervals would be arranged for a future Audit & Risk Management Committee.
- 16** **Draft Programme of Recurring Board Business 15/16 (paper 15-15/16)**
The updated dates for the final two Board meetings (Dec 10 and Feb 25) were noted. It was also confirmed the Levy Organisation Benchmarking Report would be rescheduled from April to later in the year.
- 17** **Chief Executive's Report including report on Board Support to the Management Team (paper 16-15/16)**
- 17.1 The Chief Executive's report included a summary of industry meetings organised by QMS and also details of those meeting at which QMS had been invited to participate.
- 17.2 Board members were thanked for the support they gave to the management team. Some examples of this support were detailed in the Chief Executive's report which would provide information to assist with completion of the Board Healthcheck question at the June Board on the Board "acting as a critical friend to the management team".
- 18** **Chairman's Report**
Since the January meeting the Chairman had attended a number of events as detailed in the Chief Executive's report. The Chairman also participated in the Forth monitor farm meeting and met with the Cabinet Secretary in early March to discuss Beef 2020 and the Beef Efficiency Scheme.
- 19** **Briefing on Ensuring Effectiveness of Marketing Activities**
This presentation would be carried forward to the June Board.

- 20 National Office of Animal Health (NOAH) presentation on IGD Research on Animal Medicine Residues**
- 20.1 A presentation on IGD Research on consumer attitudes to animal medicines and residues was given by Dawn Howard, Chief Executive of NOAH.
- 20.2 The following points were discussed:
- Positive health messages regarding vaccines being greener (ie not medicines) and associated climate change benefits.
 - Eliminating animal disease improves feed conversion of animals and leads to more efficient production.
 - The wealth of evidence supporting the climate change benefits in relation to red meat production.
 - The different perceptions of GM food in different parts of the world.
 - Responsible Use of Medicines in Agriculture (RUMA) promotes good practice in use of medicines. The RUMA view on medicine use could be useful for media statements.
 - NOAH express the technical messages clearly and consistently and these will be useful for the QMS Communications team.
 - The cost to processors for residue testing and the low level of VMD testing of imported meat.
- 20.3 Jon Neal outlined NOAH's work to dispel the myths around animal medicine residues and in particular growth hormones. A toolkit had been created to help consumer facing organisations proactively communicate consistent and positive messages.
- 20.4 A copy of the NOAH Animal Health Manifesto was tabled for information.
- 20.5 The Chairman thanked DH and JN for the very informative presentation and noted that QMS would consider how to use the positive messages from the research. NOAH would consider the climate change benefits.
- 21 Any Other Business**
- 21.1 **Lamb Market**
- It was noted that there was a possibility of an increase in the supply of lambs later in the year both in Scotland and the UK. The Scotch Lamb Marketing Strategy Group would meet to discuss this issue.
- 21.2 **Information for Scottish Government**
- The Sponsor Team would be provided with background information on lamb labelling for the First Minister and Cabinet Secretary's meeting with a major retailer in early May.
- 22 Date of Next Meeting**
- The next meeting would be on 11 June in the Rural Centre Boardroom.