

QUALITY MEAT SCOTLAND
Minutes of the Thirty-Eighth Meeting of the Board
19 February, 2015 10.00am Rural Centre Boardroom, Ingliston

Present:

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

In Attendance:

S Ashworth (Items 6, 7, 8 & 13)
P Byrne, Accountant (Items 1 - 4)
R Gourlay, Scottish Government (Item 10)
L Mackenzie, Black Isle Technical Services (Item 13)
J Mackey (Items 6, 7 & 13)
C McLaren (Items 6 & 7)
M Morgan (Sponsor Team)
U Morton, Chief Executive)
H Stuart, Black Isle Technical Services (Item 13)
L Vernet (Items 6, 7 & 10)
S Woodman (Items 6, 7 & 13)

Apologies

None

1 Minutes of Board meetings held on 13 Nov, 2014 & 15 Jan, 2015 and Notes of Board Planning Session on 15 Jan, 2015

The minutes of the 13 November and 15 January Board meetings were approved. The record of the Board Planning session on 15 January was also noted.

2 *Commercial in Confidence – item withheld*

3 Financial Report 10 months to 31 January, 2015 (63-14/15)

- 3.1 Since the agreement at the January Board meeting to allocate some projected surplus funds, further surplus had been identified due to increased cattle levy income and some areas of underspend. The year end forecast was for an increased surplus and the potential use of this surplus would be discussed at agenda item 4.
- 3.2 The main variance in income was grants. Expenditure was significantly under budget mainly due to timing issues and was expected to be on budget by the year end. Staff costs and travel and subsistence would end the year under budget. There were no issues to report on Board and Executive, property or office costs.
- 3.3 There were no issues to highlight in the Balance Sheet or with trade debtors. Grant payments had now been received for all claims detailed on page 5 except for EU Beef and Lamb. The detail of the variances against budget were shown on page 8 with the main areas being additional levy income and underspend in Industry Development.
- 3.4 Actions arising from discussion of the report were:
- Proposals for fixed term deposits would come to the April Board
 - VAT would be reclaimed on the Evolved Sales & Marketing Ltd bad debt
 - Phasing of expenditure for 15/16 would be reviewed to present a truer budgeted picture in the last quarter of the year

4 Budget 15/16 (paper 64-14/15)

- 4.1 The headline proposals for the budget were outlined on page 1. The budget had been prepared in line with the resource allocation paper discussed at the January Planning Workshop.
- 4.2 Paul Byrne briefed the Board on the proposed budget for 15/16 which showed a deficit in order to use surplus funds from 14/15. Additional underspend in 14/15 had been allocated for use in 14/15 as set out in the eighth bullet point on page 1 of the paper. Only confirmed grant income had been included in the budget. It was noted the outcome of an EU application for beef and lamb promotion was not expected to be known until June and if successful the grant would be match funded from levy income. There were plans to apply to KTIF for funding for Industry Development activity. Since the budget had been prepared MDS grants for the export agents had been extended for some months and the budget would be amended to reflect this change. The Brands Strengthening funds (final bullet on page 1) should read £262k.
- 4.3 The proposed budget 2015/16 was approved.

5 Update on Levy Repatriation Discussions

- 5.1 A summary of the levy repatriation discussions which took place on 29 January was confirmed as follows:
 - Real progress has been made on methodologies to facilitate fair and equitable apportionment of collected levies for cattle and pigs, further work is required on sheep
 - A process to change the legislation was identified and this would involve a two to three month consultation period
 - Lack of final agreement on detailed methodologies for apportionment should not hold up progress on drafting the consultation as the consultation process itself would help inform the final outcome
 - In parallel with these processes individual levy bodies will carry out an assessment of the elements of their current work which benefit the wider UK red meat industry
 - In addition all levy bodies would continue to investigate joint opportunities for the efficient use of levy monies on behalf of the UK red meat industry
- 5.2 It was also noted that the NSA is planning to write to AHDB and devolved bodies to confirm its support of levy repatriation.
- 5.3 There was concern the Scottish Government and Defra were working to different timescales (1 April, 16 and 1 October, 16 respectively) for implementing legislative changes. The Secretary of State for Scotland would be kept updated on levy repatriation discussions.

6 Corporate & Business Plan 15/16-17/18 (paper 65-14/15)

- 6.1 The Corporate & Business Plan 15/16-17/18 was approved and would be sent to the Sponsor Team for Ministerial approval.
- 6.2 **15/16 Activity Plans & Performance Measures with Budget (66-14/15)**
The senior management team gave presentations on their respective activity plans.

6.3 In discussion the following points were noted:

- Brands Integrity – an internal meeting would discuss and agree the fee structure for the assurance schemes and also consider how to set fees at levels which encourage smaller producers to join the scheme whilst remaining cost neutral.
- Economics Services – the enterprise costings information would be used by the Industry Development team to assist producers to identify which areas they needed to focus on.
- Communications – the Annual Review costs £8-10k and is posted with the assurance standards to keep costs down. There may be an opportunity to do the Annual Review and Livestock+ electronically at a future point, however, the majority of farmers do not currently read information online. PR agency use is reviewed and put out to tender every two years. QMS has worked well with VisitScotland and Scottish Government on food and drink projects.
- Industry Development – the ID team would focus on benchmarking activities to identify easy wins to address in the industry and roll out suitable activity to help producers following changes to the Single Farm Payment. There is flexibility within the programme for extra events to cope with additional demand. Advisors were brought in from other countries eg for grazing group meetings where no-one with suitable expertise was available in Scotland.
- Marketing – new guidelines for retailers were being prepared for mandatory PGI labelling. Various export opportunities outwith the Eurozone were being explored. There had been some problems exporting trial samples to Canada and the Sponsor Team would be briefed on this separately.

6.4 The Board approved the 15/16 Activity Plans.

7 Progress Report for Period 4 Nov – 9 Feb (paper 67-14/15)

7.1 PGI Checker 2

Board members noted the significant progress made in the development of the PGI Cattle Checker and its potential to be developed further in relation to disease control and food chain information. It was proposed that in the case of farmers that wished to re-join the assurance scheme following a welfare issue, the Scottish SPCA would be involved in the assessment.

7.2 Standard 6.2 on slats

Letters of clarification of Standard 6.2 had been issued to Orkney and Shetland in December and all farmers with slats in February. It was suggested Industry Development could, if necessary, consider some work to improve general understanding of the reasons why slats are used.

8 Market Report (paper 68-14/15)

8.1 The update on the beef industry would be carried forward to the April Board meeting.

8.2 A Board member requested that future regional price comparisons included relevant non EU countries such as the US and Australia.

9 Committee Updates

9.1 Remuneration Committee – 11 December – R Eunson (paper 69-14/15)

The main point to note from the Remuneration Committee meeting was the recommendation on the remuneration proposal. The Board considered and approved the Remuneration Committee's pay award recommendation.

9.2 Auction Market SSB – 11 December – U Morton

The SSB considered the updates to the Auction Market standards which were mainly presentational or clarification of text. There had been no suggested amendments arising from the consultation on the standards. The meeting also received an update on the general direction of travel of the assurance schemes and progress made with the cattle and sheep scheme standards. The updated Auction Market scheme standards would come to the April Board meeting for approval.

9.3 Scottish Cattle Industry Group – 27 January – J McLaren

The Scottish Cattle Industry Group discussed Beef 2020, VIA, Johnes and a number of industry development projects.

9.4 Processor SSB – 5 February – A McNaughton

Some new members had been appointed to the Processor SSB. The SSB reviewed the standards and revised the format in line with the cattle and sheep assurance scheme document. The revised standards would come to the April Board meeting for approval.

9.5 Butchers Think Tank – 16 February – U Morton

The group discussed market research information, Christmas trading results showing beef sales were strong, a Scotch Butchers Club (SBC) logo for members to use on point of sale material and plans to set up a SBC Twitter. The SBC Terms and Conditions for membership were reviewed and a two tier membership would be considered to differentiate butchers that sold 100% Scotch/SSP and those that did not. Promotional campaigns over the last year were reviewed. These were Warm and Tasty Wrapped up in Pastry, Simply Steaks, Make the Most of Summer, Comfort Food and Make the Most of the Roast. A SSP recipe booklet and a toolkit for Butchers in Schools would be produced.

A Board member asked for clarification on the decision for the SBC to have its own Twitter rather than linking it to the QMS Twitter account.

10 Presentation on Public Procurement Research and Activity

10.1 Robin Gourlay of Scottish Government procurement team gave a presentation on public procurement research and activity. RG also answered Board questions on best value criteria, scope to increase the percentage of Scottish sourced produce, and potential for central distribution.

10.2 The Chairman thanked RG for his presentation.

11 Chief Executive's Report (paper 70-14/15)

11.1 Planning Process

The Chief Executive noted the time window between the 15 January Board planning session and the February Board was tight for development of team activity plans.

The next planning process would be more detailed and teams would require more time to develop plans. This would mean it was likely the January 2016 Board meeting would be rescheduled for December 2015. Board members would be advised of any change of meeting dates once the Chairman and Chief Executive had discussed further.

11.2 Marketing Department

Board members noted that Margaret Stewart would be retiring in October 2015 and budget had been allocated for a replacement member of staff.

12 Chairman's Report

12.1 Since the January meeting the Chairman had attended a number of events as detailed in the Chief Executive's report. The Chairman also attended the Thainstone Centre's 25th anniversary dinner dance, Dumfries Monitor Farm, Aberdeenshire Chamber of Commerce launch of Taste of Grampian and the Scottish Government Agriculture and Climate Change stakeholder group. The Chairman was also on the panel to appoint three new Board members.

12.2 A meeting would be requested with Trudi Sharp at Scottish Government to discuss matters raised at the SG Agriculture and Climate Change Stakeholder Group.

13 *Commercial in Confidence – item withheld*

14 Any Other Business

14.1 John Craig

The Chairman thanked John Craig for his contribution to the QMS Board over the last four years and wished him well for the future.

14.2 Industry Development KT Activity

It was suggested the Industry Development team look at what further work can be done to help producers by identifying the 'best bets' to quickly resolve common problems. This could be done by collating information from the various Scottish institutes for areas such as soils, genetics and environmental control.

15 Date of Next Meeting

The next Board meeting would be held at 10am on Thursday, 16 April in the Rural Centre Boardroom.