

QUALITY MEAT SCOTLAND
Minutes of the Twenty Ninth Meeting of the Board
13 June, 2013 10.00am NFUS Boardroom, The Rural Centre

Present:

J McLaren, Chairman
J Craig
R Eunson
J Mackey
G McKen
A McNaughton
R Parker
A Peddie
J Scott
L Welsh

In Attendance:

S Ashworth (Items 5, 7, 8)
P Byrne, Accountant (Items 3-5)
C Craigie (Item 10)
C Maltin (Item 10)
C McLaren (Item 17)
A McGowan (Items 9, 10, 12 & 13)
M Morgan (Sponsor Team)
U Morton, Chief Executive
L Vernet (Item 19)

Apologies

D Sole
P Thomas

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1.1 The Chairman welcomed Ronnie Eunson to his first QMS Board meeting.

1.2 **Declarations of Interest**

There were no declarations of interest.

1.3 **Minutes of the Meeting Held on 18 April, 2013**

The minutes of the meeting held on 18 April were approved and signed by the Chairman.

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Item withheld - Commercial in Confidence

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Financial Report 2 months to 31 May, 2013 (paper 18-13/14)

3.1 There were no areas of concern to bring to the Board's attention.

3.2 Income & Expenditure

Levy, assurance fees and grants were all close to budget. £360k grant income had been received in May for claims for work during the 12/13 year. The underspend in the marketing budget was for beef and lamb activity which would take place a month later than originally budgeted.

3.3 Balance sheet

The Balance Sheet showed a good cash position and there were no concerns regarding debtors.

3.4 5 Year Comparison

Page 6 of the Financial Report contained the 5 year comparison of actual expenditure requested at the April Board. The make up of the miscellaneous income for 09/10 was requested and would be confirmed by e-mail.

An additional column showing the current year budget would be added to the paper which would come to the September Board and be updated in future for the February and June Board meetings.

4 Approval of Accounts for the Year Ended 31 March, 2013 (paper 19-13/14)

4.1 The accounts for the year ended 31 March, 2013 were reviewed and approved by the Board.

4.2 Fraud, Theft & Bad Debt Report (paper 20-13/14)

There were no identified issues with fraud, theft or bad debt for the 12/13 year and The Fraud, Theft and Bad Debt Report was approved for submission to Scottish Government.

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

5 Presentation on Livestock Supply (paper 21-13/14)

5.1 Stuart Ashworth gave a presentation on livestock supply covering a review and update on the current situation. Board members were asked to consider if the levy income budget should be revised.

5.2 Following discussion on potential future changes in each sector which could impact on livestock supply and levy income it was agreed:

Pigs – no change to the budget at present with a review in September

Sheep – 2.5% reduction in the budget for the remainder of the year which would be reviewed in September

Cattle – no change at present with a review in September

6 Progress Report for Period 1 Apr – 4 Jun (paper 22-13/14)

There was one project in the progress report which would not proceed due to budget constraints and would therefore be deleted from the 13/14 workplan.

7 Second Progress Report on Achievement of Critical Success

7.1 Factors (paper 23-13/14)

The wording of the first bullet point for critical success factor number 5 would be revised to clarify that the percentage refers to product “as it leaves the farm of birth”.

7.2 The next report on Achievement of Critical Success Factors (November Board) would be in a revised format to include previous year information to enable tracking of progress.

8 Market Report (paper 24-13/14)

The fall in carcase yield for cattle was noted although processors were currently generally content with the average weight of cattle.

9 Committee Updates

9.1 Haulage SSB – G McKen

The meeting went well and included attendance of two new members.

The group discussed a proposed change to the Red Tractor scheme to ban transfer in transit of livestock. The QMS Code of Practice for Sustainable Haulage Systems allows transfer in transit which is essential for Scottish hauliers to operate effectively. Livestock centre classification was also discussed and the 2008 FVO view that neutral time in markets could be regarded as a non-compliance. The group considered possible solutions should the FVO in the future confirm that neutral time is a non-compliance.

9.2 Feed SSB – P Thomas

The report on the Feed SSB would be carried forward to the next Board meeting.

9.3 Processor SSB – J Craig

The meeting was briefed on the April Board discussions on the licensing scheme and the proposal to change to an abattoir only scheme. The group was not in favour of an abattoir only scheme as it could potentially create loopholes in the system. The group recommended the licensing scheme should focus on traceability and provenance with enforcement key for the scheme to be successful. The processor standards were reviewed and the suggestions to remove the lower age limit on qualified cattle and to differentiate between Holstein dairy and less extreme dairy cattle considered. Neither of these suggestions were accepted by the committee for inclusion in the standards.

9.4 Scottish Butchers Think Tank – U Morton

The Committee received an update on the overall QMS strategy, a red meat market update and results of research following the horsemeat issue. Average price reporting had identified that retail prices for beef had not increased in line with wholesale costs. The three year Scotch Butchers Club (SBC) strategy was discussed as well as marketing toolkits, working with schools and independent retailer campaigns. A pie promotion for SBC members in conjunction with SFMTA and Scottish Bakers was proposed. Some of the Committee had expressed an interest in visiting a Monitor Farm. The results of the e-mail survey of the SBC membership would be circulated to the Board for information.

9.5 Scotch Beef Marketing Strategy Group – A McNaughton

The group's terms of reference were reviewed, a current market update and retail trends reported. June Census information was requested for the next meeting as well as a comparison chart for prime cattle and retail prices over the last year and age change profile information. Discussion included prices and tight supplies, a campaign update and the next campaign which would focus on consumer understanding of the brand and trust. A roast beef campaign was planned for Sept/Oct in London and Feb/March for other parts of England and Scotland. A report on research on beef covering a two year period was received and is available to interested Board members on request from the marketing team.

9.6 Cattle & Sheep SSB – J Mackey

The meeting combined both scene setting and a review of the standards with three new members present. The scene setting part covered a CPD points system and training, earned recognition for farmers focussing on members at the lower end and rewarding those at the higher end.

The proposed changes to the standards would come to the September Board for approval.

The draft report on botulism and anaerobic digestate which was required to consider any amendment to standard 3.7 on recycled waste had been produced. The AD expert group would be asked to meet to review the report and make a recommendation to QMS regarding potential changes to the standard.

9.7 Eating Quality Committee – R Parker

The meeting included an interesting tour of Campbells Prime Meats. The committee agreed there was an industry need for something on eating quality however questioned if the timing was appropriate in a time of tight supplies. It was felt the group remit needed reviewed to include work on information flow back to farmers on other aspects as well as eating quality. This would fit well with the database development work already underway. The group's terms of reference and remit would be reviewed by the Committee chair and Chief Executive and a recommendation made on the group's future role.

9.8 Audit Committee – A McNaughton

The Audit Committee minutes would be included in the September Board papers for information. The meeting included a report on Audit Committee Effectiveness questionnaire, potential training for new committee members, and a review of the risk register for approval at the September Board. Two internal audits were planned on payroll and marketing. The external auditor had provided a very good report and commented on the good financial controls in place. The accounts for the year ended 31 March, 2013 were approved.

9.9 Remuneration Committee – A Peddie

The Remuneration Committee minutes would be circulated with the September Board papers. The committee also reviewed the results of a self-evaluation questionnaire, discussed succession planning and equality duty. A report on appraisals was received.

A Board member suggested a useful staff development opportunity would be to visit a farm during a difficult period eg severe weather. The Sponsor team asked to be included in the next planned farm or processor visit.

- 10** *Item withheld - Commercial in Confidence*
- 11** *Item withheld - Commercial in Confidence*
- 12** *Item withheld - Commercial in Confidence*
- 13** **Assurance Standards for Approval**
- 13.1 **QMS Feed Assurance Scheme Standards (paper 28-13/14)**
The proposed changes to the Feed Assurance Scheme standards were approved.
- 13.2 **QMS Haulage Assurance Scheme Standards (paper 29-13/14)**
Clarification was requested on the documentation haulage assurance members were required to carry at all times. The changes to the Haulage Assurance Scheme standards were approved.
- 13.3 **QMS Processor Assurance Scheme Standards (paper 30-13/14)**
There were a number of proposed additions, changes and deletions to the Processor Assurance Scheme standards. An adjustment to standard 1.2.8 was suggested as follows, insert "or batches in the case of sheep". It was noted the paper had been prepared in a short timescale and there may be some minor tweaks required once a final sense check had been completed. The processor standards were approved subject to the circulation to the Board of any minor edits in tracking.
- 13.4 The cost to the processing industry of receiving animals for slaughter with the wrong sex on passports was noted. SAMW would discuss whether it would be appropriate to charge producers presenting an animal for slaughter with the wrong sex on the passport.
- 14** **Draft Board Meeting Dates 2014/15 (paper 31-13/14)**
The Board meeting dates for 2014/15 were noted.
- 15** **Chief Executive's Report (paper 32-13/14)**
The Chief Executive's report was noted.
- 16** **Chairman's Report including Levy Repatriation Update**
- 16.1 The Chairman had attended a number of meetings and events including the SAMW Conference, Claire Baker MSP, SIAL Toronto, SFMTA, SAMW Executive, NFUS Livestock Committee, SFMTA, Dalry Show, FSA, IAAS Council, Livestock Information Database, Farming for a Better Climate Initiative, Cattle & Sheep SSB, Acoura launch, Canned Dreams film, Doing Better Stakeholders, Monitor Farm workshop and North East Scotland Agricultural Advisory Group.
- 16.2 *Item withheld - Commercial in Confidence*
- 17** **Royal Highland Show Briefing - Presentation**
Carol McLaren gave a presentation on the wide range of QMS activities at the Royal Highland Show.

- 18 Annual Board Healthcheck (paper 33-13/14)**
Board members were asked to complete and return a self-evaluation questionnaire. An analysis of the results would be provided at the September Board.
- 19 Any Other Business**
Market for Light Lambs
Light lambs produced in Scotland had been slaughtered for export in a Welsh abattoir which is no longer operating. The potential for these lambs to be slaughtered in Scotland and other markets for these lambs was discussed. It was agreed the marketing team would make informal enquiries about opportunities in Europe as well as the home market.
- 20 Date of Next Meeting**
The next Board meeting is at 10am on Thursday, 26 September in the NFUS Board Room. The Board visit will take place on Wednesday, 25 September followed by dinner at which the annual meeting with the Cabinet Secretary will take place.