

QUALITY MEAT SCOTLAND
Minutes of the Thirtieth Meeting of the Board
26 September, 2013 9.00am 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
D Sole
P Thomas
L Welsh

In Attendance:

S Ashworth (Item 6)
P Byrne, Accountant (Items 3-4)
A McGowan (Items 10-12)
M Morgan (Sponsor Team)
U Morton, Chief Executive
L Vernet (Item 6)

Apologies

Graeme Dickson (Scottish Government)

1

1.1 Declarations of Interest

The Chairman declared a potential conflict of interest in the discussions relating to agenda item 10 due to his place on the SRUC Board.

1.2 Minutes of the Meeting Held on 13 June, 2013

The minutes of the meeting held on 13 June were approved and signed by the Chairman.

2

Item withheld - Commercial in Confidence

3

Financial Report 5 months to 31 August, 2013 (paper 35-13/14)

3.1 Income & Expenditure

Levy income was close to budget and as agreed at the June Board the three species budgets had been reviewed. It was recommended the levy income budget would not be adjusted at present. The budget would be kept under close review with any issues highlighted at the November Board. There were no concerns regarding other income streams. External expenditure was behind budget mainly due to timing of receipt of invoices. The variance in the staff costs budget was due to a delay in recruiting a member of staff.

3.2 It was agreed that we should look at implementing payment of assurance fees by credit card or debit card.

3.3 Balance sheet

It was noted the older trade debt in the report had now been paid.

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Annual Review of Reserves Policy (paper 36-13/14)

The reserves policy was reviewed and it was thought that the reserve for 'Unforeseen levy loss' was perhaps not at the right level in the event of unexpected abattoir closure.

The Audit Committee would review the reserves policy, giving consideration to the level of reserves for risks to income and also contractual commitments, at its November meeting and bring recommendations to the November Board.

5 Progress Report for Period 5 Jun – 16 Sep (paper 37-13/14)

- 5.1 One Board member noted the performance measures for some activities did not reflect the current situation within the industry. For example, the processor assurance scheme's performance measure was "scheme operates effectively to maximise volumes of eligible stock for SB, SL and SSP labels" and it was questioned whether this should be reported as 'green' when there is declining stock numbers.
- 5.2 It was agreed the future format of the progress report would include an amber category. This would identify activities such as IMEQ where the timetable for final reporting had slipped.

6 Market Report (paper 38-13/14)

- 6.1 Stuart Ashworth gave a presentation on how levy forecasts are calculated. As previously discussed at agenda item 3, it was confirmed levy income would continue to be monitored closely.
- 6.2 In response to an item raised under any other business at the June Board, Stuart Ashworth and Laurent Vernet gave a presentation on the issues facing the light lamb market.

7 Committee Updates (papers 39-13/14 & 40-13/14)

- 7.1 Feed Standard Setting Body – P Thomas
The meeting had agreed changes to the feed standards including changes relating to straights and co-products which are produced by the drinks industry. There had been discussion on the potential to run a course in Scotland for AIC register for feed advisers although this was unlikely to go ahead.
- 7.2 Pig Forum – G McKen
The group discussed the fact there had been no progress on investment at Brechin and concerns over pig price. The Scottish SPCA label had been launched with Asda at the Highland Show and Aldi was also using the label with one other major retailer expected to come on board. Due to changes in the industry 100 (mainly finishing) units had ceased production. Contact would be maintained with them in the event they wished to re-join at a future date. The additional costs of the BPEX Real Welfare scheme were discussed as well as the extremely good IPPC grading of 15 Scottish producer units.
- 7.3 Scotch Lamb Marketing Strategy Group – L Welsh
The group received a presentation on the current marketplace. The results of a focus group exercise inspired the development of the current Wham Bam Thank You Lamb campaign which highlights the versatility of the product. The committee had agreed the main lamb campaign would be during September with the use of brand ambassadors for in-store sampling.

7.4 Scottish Sheep Strategy – J Scott

A number of new committee members joined a wide ranging discussion on where the sheep strategy should focus its efforts and an action plan was being developed. Updates were received from the SSS Development Officers and it was agreed to support two individuals to attend the Sheep breeders' Roundtable in Nottingham.

7.5 R&D Committee – P Thomas

The committee noted skills development scheme grant funding had been achieved for 21 knowledge transfer workshops to follow up on the Paraban project. Initial discussions on the R&D strategy had taken place and the main issues to address were how to achieve uptake of proven solutions and the decline in livestock numbers.

8 Formal Feedback to Committees (papers 41-13/14, 42-13/14 & 43-13/14)

8.1 Review of Board Healthcheck Report and Formal Feedback to Board members

There had been some "don't knows" and "could do more" responses in the Board self-evaluation questionnaire and the Chairman provided more background on these areas.

It was agreed the Remuneration Committee would consider an appropriate mechanism for the Board to receive feedback relating to question 13 – "Board members act as a critical friend to the management team...."
The Board skills matrix would be discussed during Board appraisals.

8.2 Review of Audit Committee Annual Report & Healthcheck and Formal Feedback to Audit Committee Members

The Audit Committee's annual report and healthcheck were noted. The Chairman, on behalf of the Board, thanked the Audit Committee for its hard work undertaken throughout the year. The Accountable Officer confirmed he was pleased with the annual report and formally thanked the Audit Committee for its valuable work on behalf of Quality Meat Scotland.

8.3 Review of Remuneration Committee Annual Report & Healthcheck and Formal Feedback to Remuneration Committee Members

The Remuneration Committee's annual report and healthcheck were presented to the Board. The Chairman recorded his thanks on behalf of the Board to the Remuneration Committee for its contribution on behalf of QMS. The Accountable Officer also formally thanked the Remuneration Committee members for their satisfactory annual report.

9 Review and Approve Risk Register (paper 44-13/14)

9.1 The Board noted further consideration would be given to the implications of reduced supply on the Scotch Beef brand at the November Audit Committee. The Sponsor Team would provide guidance on reflecting any potential constitutional change in the risk register.

9.2 The amendments to the risk register were approved.

- 10 *Item withheld - Commercial in Confidence*
- 11 *Item withheld - Commercial in Confidence*
- 12 **QMS Cattle & Sheep Assurance Scheme Standards for Approval (paper 47-13/14)**
- 12.1 No changes relating to the recycled waste standard for anaerobic digestate were proposed as Animal Health advice had not changed following receipt of a research report which was inconclusive. Further research work was being carried out in this area.
- 12.2 The changes to the standards were approved subject to the amendment of a typo in Standard 3.3.
- 13 *Item withheld - Commercial in Confidence*
- 14 **Review and Approve Draft Planning Process 2014/15 (paper 48-13/14)**
- 14.1 There was discussion on how to achieve a better understanding of farmer decision-making particularly in relation to livestock numbers. Although intentions surveys were useful, it was suggested that other opportunities to engage directly with producers such as speaking at industry meetings, conferences and the Monitor Farm network would be valuable.
- 14.2 The planning process for 2014/15 was approved.
- 15 **Review Key Operating Environment Indicators (paper 49-13/14)**
A query was raised on KOEI 3 regarding the figures for All lamb cuts in the table. This information would be checked and confirmed to the Board.
- 16 **Chief Executive's Report (paper 50-13/14)**
The Chief Executive's report was noted.
- 17 **Chairman's Report**
- 17.1 The Chairman reported on visits to a large beef producer in Stranraer, LMCNI and a number of processors. During the period, the Chairman had attended the Royal Welsh Show, Annual Review press launch, Scotland Food & Drink reception, Cairngorms Monitor Farm, AHDB dinner and ICAS conference.
- 17.2 Meetings had taken place with Tesco, the Sponsor Team, ID Review Sub Group and NFUS.
- 18 **Any Other Business**
- 18.1 Scottish Beef Calf Scheme
The Board discussed the SBC scheme and whether the sheep sector should receive coupled funding. It was felt it would be difficult to administer for sheep and with limited funds available, more beneficial to target the beef suckler herd. Views on supporting 50% beef bred calves from the dairy herd were also discussed. Board members suggested dairy farmers could receive support to use sexed semen to allow more beef crossed (and therefore better quality) animals to come from the dairy herd provided there were sufficient funds available.

18.2 Red Meat Consumption and Health Messages

The November Board would include a discussion on health messages in relation to red meat consumption and SG advice on Supporting Healthy Choices.

19 Graeme Dickson, DG Enterprise, Environment & Digital

Graeme Dickson had sent apologies and would be rescheduled for a future Board.

20 Date of Next Meeting

The next Board meeting is at 10am on Thursday, 14 November in the NFUS Board Room. The Board meeting will be followed by a half day Planning session.