

**QUALITY MEAT SCOTLAND**  
**Minutes of the Twenty Second Meeting of the Board**  
**16 February, 2012 10.00am NFUS Board Room**

**Present:**

J McLaren, Chairman  
J Craig  
H Graham  
J Mackey  
G McKen  
A McNaughton  
R Parker  
A Peddie (Items 8 -14)  
J Scott  
D Sole  
P Thomas

**In Attendance:**

S Ashworth (Item 8)  
P Byrne, Accountant (Items 6 & 7)  
A McGowan (Items 5, 8 & 9)  
C McLaren (Item 8)  
M Morgan (Sponsor Team)  
U Morton, Chief Executive  
S Shepherd (Item 8)  
L Vernet (Item 8)

**Apologies**

J Gregor

**1**

**1.1 Declarations of Interest**

There were no declarations of interest.

**1.2 Minutes of the Meeting Held on 17 November, 2011**

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

**2**

**Item withheld - *Commercial in Confidence***

**3**

**Chief Executive's Report (paper 50-11/12)**

**3.1 Support for Genetic Evaluation**

A proposal for funding for the year ahead had been received which did not reflect efficiency improvements previously requested. A number of issues needed to be resolved to allow progress in this area.

**3.2 Stakeholder Contact**

Brian Pack had asked for a meeting on 8 March with a panel of 4 from QMS to discuss improving rural regulation. Any Board member interested in participating on this panel should contact the Chief Executive.

The Russian export inspection had gone well in Scotland with positive feedback from visits to two processors.

**4**

**Chairman's Report**

**Events & Meetings**

In addition to attending a number of meetings and events with the Chief Executive, the Chairman had presented Scotch Beef certificates at St Johnstone Football Club, attended the Scottish Government Climate Change group, the SAOS conference, spoke at the NSA Scotland AGM and dinner as well as presenting a paper on exports to the NFUS AGM.

## 5 Committee Updates

### 5.1 R&D Committee (P Thomas)

The main agenda item was the grant in aid programme looking at projects linked to other organisations to help QMS leverage funding which was working well. Competitive tendered projects brought forward have resulted in some change of providers. The R&D Committee also received a report on monitor farms.

### 5.2 Pig Forum Health Sub Group (A McGowan)

Current health status of pigs showed that mange was present on some farms, pneumonia was rising in both Scotland and England and pleurisy rates were high but coming down compared to last year. Salmonella levels were rising and QMS was working closely with one company which had a particularly high incidence. Mycotoxin testing is now available to pig producers. Information from health declarations is being collated in a database and is useful for early warning of pig health issues. The three year Scottish Government funded contract for the Scottish pig vet will end in March 2012 although he will stay in post until May 2012.

### 5.3 Specially Selected Pork Marketing Strategy Group (U Morton)

The group received information on the total UK pig meat spend and the percentages of fresh pork, sausages, bacon and ham. The results of the Look for the Label campaign were positive. The use of the SSP Scottish SPCA label for all campaigns with relevant retailers would be explored. The strategy group agreed to have two meetings a year in future, one pre campaign and one post. The creative for the Look for Label campaign would be reviewed prior to the May campaign.

### 5.4 Auction Mart Standards Setting Body (A McGowan)

The proposed changes to the auction mart standards were explained in paper 51-11/12. Board members reviewed the proposed changes and the following action were agreed:

- Standard 2.2 - The reason for the change currently reads 'point of sale means that the animal has gone through the ring'. As the assurance status of livestock should be known prior to bidding, therefore, in this instance point of sale should mean 'as the animal comes into the ring'. This would be clarified in the covering letter issued with the standards.
- Standard 2.2 – The definitions of the three assurance types in the standard were regarded as not clear enough. One suggestion was for Scotch Assured, British Assured and non-assured. The SSB Chairmen would be asked for a view on the definitions for Board consideration.
- QMS would provide auction markets with clear communication of the assurance status definitions.
- The Auction Mart standards were not approved and revised standards would be brought forward to the April Board.

### 5.5 IMEQ Scientific Steering Committee (P Thomas)

The IMEQ project was progressing well. There have been some technical issues regarding line speed for data collection and the operation of carcass frame and these are being worked on. It was noted that wider industry expectations from IMEQ should be carefully managed as there were still a lot of unknowns in terms of the outputs from the project.

### 5.6 **Item withheld** (*Commercial in Confidence*)

5.7 Butchers Think Tank (U Morton)

The Think Tank members agreed the average price analysis was very useful and would be continued prior to each meeting as well as shared with the industry through SFMTA. Due to the economic climate shoppers are looking for cheaper and more traditional cuts and the group suggested more mince recipes would be appropriate. It was suggested that QMS host a butchers' seminar in September in Central Scotland and this would be discussed with SFMTA. Good feedback was received on the proposed campaign for 2012/13 regarding changing the casserole campaign to one for mince and an undated roasting campaign for festivities. Empty belly posters were proposed and would be investigated. The current Chair will be standing down at the next meeting and a new Chair is being sought.

5.8 Scottish Sheep Strategy Group (A McGowan)

Three areas were considered for activity to deliver the strategy. These were firstly, getting younger people involved in EBVs and genetics, secondly, further uses for electronic tagging information and finally, the impact of nutrition on genetics.

Also discussed were the Blueface Leicester Society Super Mules work, a review and refresh of the SSS web site, focus farms and ideas for Scotsheep. In discussion it was suggested that there may be an opportunity to work with SAC on the EID project.

5.9 Audit Committee Minutes

The minutes of the Audit Committee meeting held on 16 November were circulated in the Board papers.

**6 Financial Report 10 Months to 31 January, 2012 (paper 54-11/12)**

6.1 Income & Expenditure

The financial report showed year end predictions ahead of budget for income from levy, assurance and other income. Grants were behind budget due mainly to ID project changes. External spend budget reviews had identified underspends in all areas except for Marketing which was on budget. On overhead costs, only property costs were above budget and the other areas were expected to be below budget at the year end.

6.2 The reasons for the variance on ID grant income relating to the change in funding routes for industry bodies (which reduced QMS' access to some grants) and the FPMC project were explained to Board members. The figures for the FPMC grant income underspend were queried and would be checked. It was agreed a further breakdown and explanation of the underspend on grant income would be included in the Financial Report for the April Board. A discrepancy was identified in the total committed column for levy income which would be investigated and confirmed.

6.3 Balance Sheet

The Balance Sheet showed a positive cash position with a low level of trade creditors. There were no significant concerns regarding trade debtors and the three grant claims submitted in January had now been received. A provision would be made in the accounts for the trade debt over 90 days if it was not settled by the financial year end.

#### 6.4 Forecast Outturn

The final paper in the report showed the forecast outturn at the year end against budget with a summary of variances.

### **7 Budget 12/13 (paper 55-11/12)**

7.1 Two versions of the budget had been prepared. Version 1 included EU beef and lamb activity if the EU Beef & Lamb grant application was successful (outcome expected in June or September). Version 2, excluded EU beef and lamb activity, in the event of an unsuccessful application. An explanation was received on the differences in the two budgets; other grants; levy income estimates; other income; budgeted deficit and external and internal expenditure.

7.2 The two versions of the Budget 12/13 were approved with the relevant budget being applied in relation to the EU Beef and Lamb grant application.

### **8 Corporate & Business Plan 12/13 – 14/15 – (Paper 56-11/12)**

8.1 A small amendment was made to the draft paper and with this change Board members approved the Corporate & Business Plan 12/13–14/15 for submission to the Cabinet Secretary for final sign off.

8.2 **Item withheld - *Commercial in Confidence***

### **9 Item withheld - *Commercial in Confidence***

### **10 Risk Register (paper 59-11/12)**

The Risk Register had been reviewed and revised by the Audit Committee in November. Board members discussed the updated Risk Register and the following actions were agreed:

- Risk 1 – the words 'Exchange Rate' would be replaced with the wording from the second part of Risk 12 'Trade implications and uncertainty of potential breakdown of Eurozone'. Risk 1 would remain an industry risk and the Audit Committee would review its risk rating.
- Risk 18 – the typo in the risk calculation would be corrected.
- The sponsor team would confirm if there was any guidance available for NDPBs in relation to the referendum on independence.
- The sponsor team advice would be discussed at the next Audit Committee meeting.

### **11 Progress Report for the period 9 Nov – 7 Feb (paper 60-11/12)**

11.1 The Chairman confirmed there would be an opportunity for wider discussion on the Progress and Market reports at the April Board.

11.2 The format of the Progress report was discussed and it was agreed future reports would follow the format of Board paper 57-11/12 with red or green coding to indicate progress. This, along with the Executive Summary, would help Board members to easily identify any issues.

11.3 The new format web site report was noted.

### **12 Market Report (paper 61-11/12) Census Report**

The recent paper produced for SAMW on livestock movements would be

updated to include an analysis of the December census and circulated to Board members.

**13 April Agenda Item – Assurance Schemes**

The April Board agenda would include a discussion on assurance schemes.

**14 Any Other Business**

There were no items of other business.

**15 Date of Next Meeting**

The next meeting is at 10am on Thurs, 26 April, 2012 at the Rural Centre.