

**QUALITY MEAT SCOTLAND**  
**Minutes of the Twenty Seventh Meeting of the Board**  
**21 February, 2013 10.00am NFUS Boardroom, The Rural Centre**

**Present:**

J McLaren, Chairman  
J Craig  
H Graham  
J Gregor  
J Mackey  
G McKen  
A McNaughton  
R Parker  
A Peddie  
J Scott  
D Sole  
P Thomas

**In Attendance:**

S Ashworth (Items 5-7)  
P Byrne, Accountant (Items 3 & 4)  
S Jackson, Winning Scotland Foundation (Item 15)  
A McGowan (Items 5-7, 9 & 11-12)  
C McLaren (Items 5-7 & 15)  
M Morgan (Sponsor Team)  
U Morton, Chief Executive  
R Orr, Winning Scotland Foundation (Item 15)  
L Vernet (Items 5-7, 9 & 11)

**Apologies**

None

**1**

**1.1 Declarations of Interest**

There were no declarations of interest.

**1.2 Minutes of the Meeting Held on 27 November, 2012**

The minutes of the meeting held on 27 November were approved and signed by the Chairman.

**1.3** The written record of the Board Planning workshop held on 17 January, 2013 was noted.

**2**

*Commercial in Confidence – item withheld*

**3**

**Financial Report 10 months to 31 January, 2013 (paper 61-12/13)**

Income & Expenditure

**3.1** The levy income estimate to the year end had been revised to reflect reduced levy income for the 10 months to January 2013. February and March levy income was expected to be in line with the revised estimate. There were no issues to raise in relation to other income. On expenditure it was noted external spend was 24% behind budget. This is the normal trend at this stage of the financial year with the expenditure committed, purchase orders in place and invoices due before the year end. Overhead costs were in line with previous predictions and planned savings in this area would be made although it was not expected any additional savings would be identified.

**3.2** Balance sheet

There were no concerns about the Balance Sheet. Payment had been received from the two older trade debtors since the report was prepared and grant claims submitted at the end of January had also been received.

#### **4 Budget 13/14 (paper 62-12/13)**

- 4.1 The proposed budget 2013/14 had been revised to incorporate the Scottish Government £1m funding to strengthen the Scotch labels. The Sponsor Team was thanked for their assistance in helping QMS receive this welcome support for the Scottish red meat industry.
- 4.2 The budget had been prepared on a break-even basis with levy income reduced significantly from previous years. Other areas of income were also noted as lower than the 12/13 year. Options for bank fixed term deposits would need more research than previously to identify the best interest rate.
- 4.3 External spend had been allocated as agreed at the January Planning workshop.
- 4.4 Internal spend staff costs were higher than the 12/13 year due to the inclusion of the cost of an additional junior member of staff. Board costs provided for a half day preparation time for Board meetings which was in line with other NDPBs.
- 4.5 The Board discussed the allocation and timing of expenditure of the £1m Scottish Government funding including a proposed licencing scheme for secondary processors.
- 4.6 No provision had been made in the budget for any potential levy income resulting from the on-going discussions on levy redistribution. It was agreed levy redistribution would be an agenda item for a future Board meeting.
- 4.7 The Budget 2013/14 was approved subject to the outcome of the remuneration proposal being discussed at agenda item 8.

#### **5 Corporate & Business Plan 13/14-15/16 (paper 63-12/13)**

- 5.1 The PEEST analysis would incorporate Scottish Government and Board feedback and be finalised for inclusion in the Corporate & Business Plan.
- 5.2 The Corporate & Business Plan 13/14-15/16 was approved and would be submitted to the Cabinet Secretary for approval.

##### **5.3 QMS Activities & Performance Measures with Budget Figures (paper 64-12/13)**

The Chief Executive and Senior Managers gave presentations and answered Board questions on their workplans for 13/14. The workplans included initial suggestions for using the Scottish Government funding to strengthen the Scotch labels and a proposal for refreshing the QMS web site.

The Board approved the workplans.

#### **6 Progress Report for Period 20 Nov – 12 Feb (paper 65-12/13)**

The progress report was noted.

## **7 Market Report (paper 66-12/13)**

The Board discussed the horsemeat issue, its affect on beef consumption, the Scotch labels and demand for product at processor level by ready meal manufacturers. An Omnibus survey had showed an increase in trust of the Scotch Beef logo from mid January to mid February. Isotope testing in restaurants was also underway with results due in the next few weeks.

## **8 Committee Updates**

### **8.1 R&D Committee – P Thomas**

The committee considered funding of projects to leverage QMS funds. R&D work in diagnostics and disease continued as well as involvement in the programme on sustainability and carbon footprint. Committee members were pleased with the success of the January R&D Conference.

### **8.2 Auction Market Standards Setting Body – J Gregor**

The Auction Market SSB met to review the standards and proposed changes were made to strengthen and clarify standards. The SSB noted the Scottish Government was reviewing the Code of Practice for Auction Marts and any amendments would be considered at the next review of the standards. The Board reviewed and approved the changes to the Auction Market Assurance Standards. The Chairman thanked JG for chairing the committee over the last 5 years and also for agreeing to continue as Chair after he steps down from the Board on 31 March, 2013.

### **8.3 Remuneration Committee – D Sole (paper 67-12/13)**

The committee had discussed a paper on succession planning and agreed the paper would be expanded for the next meeting to include development needs for potential successors. It also received a report on mid-term appraisals with no issues to highlight and noted the amendment to the CE contract to include the ability to take one non-executive director position subject to no conflict of interest.

### **8.4 Recommendation on pay award**

Board members noted the pay award comparison of other associated organisations. The pay award proposal from the Remuneration Committee for staff and the Chief Executive was approved. Board members' daily rate would not increase, however, one and a half days would be payable for Board meetings which included a half day for preparation.

It was agreed training on social media would be arranged for Board members.

### **8.5 Standards Co-ordinating Body – J McLaren**

The Standards Co-ordinating Body discussed a number of points affecting the different schemes including on-farm health and safety, CPD for farmers, washout facilities in abattoirs, potential changes to the Gatherings Order, import of stock from Schmollenberg areas, SSP and Red Tractor, animal welfare and return of stock from markets and abattoirs.

## **9 *Commercial in Confidence – item withheld***

## **10 Auction Mart Assurance Scheme Standards (paper 69-12/13)**

The proposed changes to the auction standards were approved as part of the Auction Mart Standard Setting Body report at agenda item 8.

- 11**      *Commercial in Confidence – item withheld*
- 12**      **Chief Executive's Report (paper 71-12/13)**
- 12.1    The CE reported a number of meetings in relation to red meat levy distribution and a meeting would be sought with the Chairmen and Chief Executives of QMS, HCC and AHDB.
- 12.2    The SRUC response on the Scottish Pig Academy would be followed up.
- 13**      **Chairman's Report**
- 13.1    The Chairman had participated in a number of events and meetings with the Chief Executive. In addition a discussion had taken place with the Vion Chairman regarding pig levy income with follow up planned. A meeting had taken place with David Mundell, MP, the Chairman had spoken at the Oxford Farming Conference, attended Burns Suppers and NFUS events.
- 13.2    Interviews had taken place for six new Board members – two to commence in April 2013 and four in April 2014. An announcement on the appointees was expected in the near future.
- 13.3    The Chairman updated the Board on the various activities relating to the horsemeat issue including press and media interviews. An update to farm assurance members by e-mail was also planned.
- 13.4    The Chairman noted this was John Gregor and Henry Graham's last meeting as Board members and thanked them for their contribution over the years. It was also noted that David Sole would be standing down as Chairman of the Remuneration Committee and as a member of the Audit Committee.
- 14**      **Any Other Business**
- There was no other business.
- 15**      **Winning Scotland Foundation – Champions in Schools Presentation**
- Richard Orr and Susan Jackson gave a presentation and answered Board questions on the Champions in Schools work to which QMS contributes.
- 16**      **Date of Next Meeting**
- The next Board meeting is at 10am on Thursday, 18 April in the NFUS Board Room.