

Minutes of the Board Meeting on the 1st July 2022

Quality Meat Scotland
Minutes of the 74th Meeting of the Board
1st July 2022
SARDC Boardroom, The Rural Centre

Present:

K. Rowell (Chair)
A. Irvine
A. Ivory
C. Milne
G. Wallace
I. Bentley
N. Jeffrey
P. Brown
S. Henderson
S. Jarron

In Attendance:

S. Millar (Chief Executive)

Minutes:

K. McCormack

Apologies:

Scottish Government Sponsor Team

Detail	Action
Welcome and Apologies Kate Rowell welcomed everyone to the meeting There were apologies from The Scottish Government Sponsor Team.	
Additions to the Agenda There were no additions to the agenda.	
Declaration of interests in any agenda item Andy McGowan declared an interest in agenda item. 14 Quality Assurance Withdrawals Update due to being on the Board of SAOS. Charles Milne declared an interest in agenda item. 14 Quality Assurance Withdrawals Update due to being Chair of the Integrity committee within Food Integrity Assurance Ltd.	
Minutes of Board Meeting on the 28th April 2022 The minutes were agreed as an accurate record of the meeting.	Kirsty
Commercial in Confidence – Update on Action Points The Board reviewed the actions from the previous meeting and the following updates were given by Sarah:	

<p><u>Agenda item 13.0 Industry Criticism and future Brand Development</u> Revamping out standards setting process – Kathryn will update the Board and the July info session on the work that she along with the task and finish group have done so far.</p>	<p>Sarah/ Kathryn</p>
<p>Financial Report 1 Month to 30th April 2022 to include update on 5 year comparison</p> <p>Debbie Phillips presented the financial report for the 2022/ 2023 financial year to the 30th April 2022 which included an updated on 5 year comparison.</p> <p>Debbie informed the Board that the report is only to the end of April and not to the end of May due to the new finance systems going live at the start of the financial year and although it is working great for every day requests/ approvals, there are some teething issues when it comes to pulling of the reports required.</p> <p>There was a comment made re variance for consumer assurance scheme income and can we budget better. Debbie advised that the variance is because there was a delay in renewals this year due to the new assurance contractor.</p> <p>The following actions were agreed:</p> <ul style="list-style-type: none"> ▪ The brackets are on the wrong figures. They should be on the minus figures/ Debbie will amend this report or will add in a statement to advise. ▪ Produce a report detailing Scottish kill numbers in England on a monthly basis. Sarah to speak with Iain Macdonald. ▪ A consumer market update on different proteins and their trends. Sarah to speak with Lesley Cameron 	<p>Sarah/ Debbie</p> <p>Sarah</p> <p>Sarah/ Lesley</p>
<p>Review of Reserves Policy</p> <p>Debbie Phillips presented the reserves policy and advised that the QMS appetite for risk be set at medium with a set level of £1,093k.</p> <p>There was a discussion around the meaning of contractual commitments/. Debbie advised this meant set contracts for certain agreed amounts and time scales and does not include marketing contracts where amounts can differ.</p> <p>The following actions were agreed:</p> <ul style="list-style-type: none"> ▪ Under section - On the basis of reserves 2. Contractual commitments, the following text should be added after (not including consumer assurance) ▪ Paul Byrne to present a scenario between medium and high risk to the September board for short term. <p>Kate Rowell advised that herself and Sarah are currently pulling together a tender for a project for an impact assessment of what QMS does for the industry does to show strengths and weaknesses. This will show what the key areas are that we need to address. Kate will update the progress at the September Board meeting.</p>	

<p>The Board reviewed and approved the Reserves Policy.</p> <p>The reserves policy will be reviewed again at the September Board meeting.</p> <p>Kirsty McCormack will add the reserves policy to the standard agenda items list for every meeting.</p>	<p>Paul</p> <p>Kirsty</p>
<p>Fraud, Theft & Bad Debt Report</p> <p>Debbie Phillips presented the Fraud, Theft & Bad Debt Report which confirmed that there was no fraud, theft or bad debts identified in the 21/ 22 financial year.</p>	
<p>Bank Short Term Deposit Rates & Amounts</p> <p>Debbie presented the paper to the Board for information which highlighted that we are going to invest in a fixed term account with Virgin Money for 6 months at 1%.</p> <p>The Board were happy with the decision.</p>	
<p>QMS Committee Updates</p>	
<p>Standards Chairs Coordinating Committee – 4th May</p> <p>Kate Rowell gave an update from the Standards Chairs Coordinating meeting which took place on the 4th May.</p> <p>Kate advised the main topic that was discussed on the day was scheme rules. One point that was highlighted was the implication of changing the process and changing the term withdrawn to suspended. It was agreed that it would have to be discussed with FIA.</p> <p>The committee are reviewing the schemes rules document and giving feedback to Kathryn for discussion at the next meeting,</p>	
<p>Scottish Red Meat Industry Resilience Group – 24th May</p> <p>Kate Rowell gave an update from the Scottish Red Meat Industry Resilience Group meeting which took place on the 24th May.</p> <p>Kate highlighted the main topics which were on the agenda:</p> <ul style="list-style-type: none"> ▪ Good Food Nation Bill ▪ Food Security ▪ Climate change ▪ Land use 	
<p>Pigs Standards Setting Body – 30th May</p> <p>Charles Milne gave an update from the Pigs Standards Setting Body meeting which took place on the 30th May.</p> <p>Charles highlighted the main topic on the agenda was discussion on improving the standards. Charles advised that Kathryn Kerr had conducted a benchmarking exercise which showed we scored well however there were some suggestions that could be implemented into our standards.</p>	

<p>The committee discussed each suggestion in detail with some recommendations being made into standards and a number of standards reworded for clarity. A new standard was added regarding mandatory training for handling pigs.</p> <p>Charles advised that the committee was shown the Cattle & Sheep standards for reference and explained that the new pig standards would be split into standard detail and requirements which was well received.</p> <p>As part of the wider review on how we set standards, Brands Integrity are looking at changes to the standards setting process. One suggestion that came from the pig standard setting body was to include an industry consultation before the standards are finalised. This was proposed to be piloted with these standards with the pig sector as part of the wider standards review process.</p>	
<p>Audit & Risk Management Committee – 28th June</p> <p>Ann Irvine gave an update from the Audit & Risk Management Committee meeting which took place on the 28th June. Ann highlighted it was Pete Browns first committee meeting.</p> <p>Ann advised the Board of the key information from each agenda item:</p> <p><u>External Audit</u> External Auditor Audit Scotland presented the Auditors Covering Report with audit certificate & letter of representation highlighting a clean audit opinion with no qualifications for the 2021/ 2022 financial year.</p> <p>The auditor took us through the audit report highlighting the action plan for found risks:</p> <ul style="list-style-type: none"> ▪ IFRS 16 Leases – new accounting standard. Action to contact sponsor body scot gov to ensure that we are in a position to quantify the impact of IFRS 16 in the 2022/23 annual accounts. ▪ Financial Sustainability – Due to uncertainty of Brexit and Covid recovery. Action for regular and effective monitoring of budgets <p>Debbie Phillips presented the Audited Accounts for the year to 31st March 2022. She advised that the only change against the estimate that had previously been done was for levy repatriation for quarter 4 – surplus up 60k to account for against the estimate and what was received.</p> <p>Andy McGowan highlighted that in the audited account, there was no mention of Wholesome pigs contract. Sarah will raise this with Debbie.</p> <p>Ann confirmed that Sarah Millar will sign the letter of representation and the audited accounts today after the Board meeting and will return them to Audit Scotland.</p> <p><u>Internal Audit</u> Internal Auditor Tiaa presented the audit plan for 22/23 confirming we will have audits on GDPR after summer and consumer assurance schemes after Christmas as well as a follow up audit. Pushing the procurement audit into 23/24.</p> <p>Ann asked the Board for suggestions to be emailed to herself and Kirsty McCormack</p>	<p>Sarah</p> <p>Sarah</p> <p>ALL</p>

<p>on another potential audit for 23/24.</p> <p><u>Risk Register</u></p> <p>Ann thanked the Board as we are now receiving good feedback from everyone on the risk register.</p> <p>Ann highlighted that at the last Board meeting there were comments from Board that there were too many risks in the red category. Ann advised that after discussing with the committee, the decision was that we are in crisis mode at present and all of the risks that are categorized in red reflect this. The committee did agree that comments on each risk need to be updated to make them stronger and show the real risk that is possible.</p> <p>The following changes were agreed:</p> <ul style="list-style-type: none"> ▪ Industry Risk 1.1 - Charles Milne confirmed the following sentence that will be added to the risk : The impact from EU legal action and the potential for a trade war following the introduction of the northern Ireland protocol bill. ▪ Industry Risk 5.1 - Remove and add into Risk 1.1. ▪ Add Assurance scheme withdrawals to the register following Kathryn Kerrs report. ▪ Organisational Risk 3.4 – After the audit committee meeting took place and before the Board meeting, Johnston Carmichael sent their report on the Vat Issue and therefore the committee will now score the risk accordingly. <p><u>AOB Reporting of verbal abuse</u></p> <p>Ann advised that the committee discussed the issue of verbal abuse from external stakeholders that some staff and Board have experienced. There was real concern expressed and the committee agreed that it should be raised with the Board for further discussion in the hope to agree what should be done to prevent and to record verbal abuse.</p> <p>The Board discussed this in detail and it was agreed that we should work with other similar member organisations collaboratively and collectively put the same message out that what is not acceptable and the consequences for not following standards. Sarah will take this forward.</p> <p>It was agreed that verbal abuse from external stakeholders should be added to the risk register</p> <p>The Board also discussed the potential for internal bullying and what the processes are for a member of staff to raise a complaint. Sarah Millar advised that we do have procedures in place including a whistleblowing procedure, and a grievance procedure that is set out in the employee handbook. Matters such as these are an internal HR matter would be dealt with by our HR lead Debbie Phillips Head of Corporate Services. The Board agreed with the action to look at how other organisations deal with similar issues, and to work with staff to improve understanding of complaint/disciplinary procedures. An anonymous staff survey was suggested as one way to address this.</p>	<p>Sarah</p> <p>Sarah/ Debbie</p>
<p>Draft Board Meeting & Planning Dates 23/ 24</p>	

<p>Kate Rowell presented the draft Board meeting and planning dates for 23/24.</p> <p>It was agreed to change the September 23 dates to the 27th & 28th.</p> <p>With the change above the Board agreed the dates for 23/24.</p> <p>Kirsty McCormack is to put these dates in the diary and send out diary invites.</p>	<p>Kirsty</p> <p>Kirsty</p>
<p>Highlight Report & Implementation Plans 2022/ 2023</p> <p>Sarah Millar presented the highlight report and implementation plans for 2022/ 2023 with the Debbie Phillips and Bruce McConachie present to answer any questions the Board had. With others of the Executive Team absent, Sarah covered their departments.</p> <p>Key info that was highlighted was:</p> <ul style="list-style-type: none"> ▪ Corporate Services – New finance system working well for staff ▪ Industry Development – Recruitment live for 3 Monitor Farm Regional Advisers ▪ Brands Integrity – New Project Officer Andrew Prise starting 1st August who will work in Brands Integ and Ind Dev. ▪ Market Intelligence & External Affairs – Beef Sector Strategy, Mairi Gougeon expressed interest in sitting down with us to review the report in detail. ▪ Market Development - USA Lamb – FSS have commenced engagement with processors for plant approval ▪ Marketing & Communications – New staff at RHS <p>The Board thanked the Executive Team and all members of staff for their hard work leading up to and at this years Royal Highland Show.</p>	
<p>Quality Assurance Withdrawals Update</p> <p>With Kathryn Kerr absent, Sarah Millar presented the report that Kathryn had put together showing the details of withdrawal of all schemes from the 1st April 2022 to the 30th June 2022.</p> <p>The Board found the report very useful and asked for Kathryn to do another updated report for the September Board meeting to give us a good indication after the renewal period.</p> <p>It was also agreed that this report should be done every year and reported at a Board meeting date. Sarah to speak to Kathryn regarding what meeting would be the best to present this at going forward for it to be added to the recurring agenda items.</p>	<p>Sarah/ Kathryn</p> <p>Sarah/ Kathryn</p>
<p>Industry Criticism and Future Brand Development</p> <p><u>Revamping Our Standards Setting Process</u></p> <p>Due to Kathryn Kerr being absent, this agenda item will now be moved to the July info session on the 26th July where Kathryn will update the Board on the progress that herself and the task & finish group have made.</p> <p><u>Feedback from Open QA Meetings</u></p>	<p>Sarah/ Kathryn</p>

<p>Sarah and Kate along with Board members and Bruce McConachie gave feedback from each open Quality Assurance meeting that they had attend over the last few weeks. The meetings were set up to inform members of what QMS's role and FIA's role are and gives people a chance to ask any questions they have or to discuss relevant issues.</p> <p>Some of the key questions received at meetings were around the following topics</p> <ul style="list-style-type: none"> ▪ Why have QA ▪ Duplication of visits ▪ Marketing budget ▪ Scotch premium ▪ Meat eating quality ▪ Dyslexia friendly standards <p>Sarah advised that we will present a summary from the meetings when all are complete.</p>	Sarah
<p>Chief Executive's Report</p> <p>Sarah Millar highlighted key information from her report which included:</p> <ul style="list-style-type: none"> ▪ Levy Repatriation ▪ Quality Assurance Services ▪ Staff ▪ Office ▪ Stakeholder Engagement 	
<p>Chairs Report</p> <p>Kate Rowell updated the Board on the meetings and activities that she has been a part of over the past month which included:</p> <ul style="list-style-type: none"> ▪ Agriculture Reform Implementation Oversight Meetings ▪ Trade in Agriculture Commission Secretariat Meetings ▪ Farming Roundtable meetings ▪ New Mexicans visit to farm ▪ Pitlochry Trees on Farms event ▪ Scottish Land & Estates meeting ▪ Farmers Guardian Column <p>Kate advised the recruitment for a new Board member has been delayed and that a potential start date for the new Board member would be 1st April 2023.</p>	
<p>Any Other Business</p> <p>Kate Rowell advised that details of the September away day and meeting on the 20th & 21st will be emailed out shortly. She confirmed that the away day will take place at James Hutton Institute Research Farm in Glensaugh with dinner, accommodation and Board meeting taking place at Carnoustie Hotel.</p> <p>Sarah advised that there will be a joint parliamentary reception the night before the away day which Board members will be invited to. The plan would be to travel up after the reception to Carnoustie to stay the night before the away day. The parliamentary reception is in joint with NFUS and SAC with a focus on climate change.</p>	Kirsty

<p>Sarah advised that there will be a QMS parliamentary reception in January, further details tbc.</p>	
<p>There being no further business, the meeting was closed.</p> <p>The next key dates are as follows:</p> <ul style="list-style-type: none"> ▪ 26th July – Board Info Session ▪ 21st & 22nd September – Board Away Day and Meeting 	