

Annual Review

2018/19

QMS



WORKING
WITH OUR
INDUSTRY

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A host of videos and information, including event details, can be found on our website:

www.qmscotland.co.uk

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A word from the Cabinet Secretary



Scotland is great at producing food, and the food you produce is of the highest quality and is sought after across the globe. In the last year alone, Japan has opened its domestic market to

Scotch Beef PGI and Scotch Lamb PGI for the first time in 23 years.

A new deal with China will create further opportunities for exports to the world's largest nation.

But we must not stop there. While we will continue to look to grow markets, both home and abroad for Scotch Beef, Scotch Lamb and Specially Selected Pork, we must also explore all possibilities to keep markets open and, importantly, grasp opportunities from new markets.

To this end, we have awarded a further £200,000 to promote your premium red meat produce at home and abroad. In 2018, with our support, we saw a 27% increase in spend per buyer on lamb and a 20% increase in volume purchased per buyer during a particular campaign period. We hope this funding will see a similar increase in future years.

Red meat, whether beef, lamb, pork or any other, is an important source of protein, vitamins and amino acids, of which form part of a healthy balanced diet. That is why we are taking a number of steps to encourage families with children to learn more about where their food comes from as part of a healthy diet.

Our farmers are the original friends of the earth – a statement I sometimes can't believe I have to say. Protecting Scotland's climate and landscape are central to the food you produce.

We are clear that farmers are part of the solution we find, to play our part in tackling the global climate emergency. But we need to get better at telling your powerful and positive story; whether this be how you lock in carbon in grass pastures, integrate land use, or produce renewable energy to drive your business and environment forward.

The food you produce is amongst the best in the world, and we should be immensely proud that it is Scottish.

Of course, QMS have been short-changed by the levy system paid to AHDB for livestock reared in Scotland but slaughtered elsewhere, and we have called on the UK to implement its promise to repatriate that money starting from April 2020.

Overall, QMS and its board have done fantastic work to promote the red meat industry in the last year: from encouraging more people to eat high-quality, delicious red meat products like Scotch Lamb PGI, Scotch Beef PGI and Specially Selected Pork, to successfully promoting the sector's products across the globe from North America to the Far East. Overall, 2019 was a real success for QMS, and I look forward to working with them as they continue to deliver further growth to the sector in the months and years ahead.

Fergus Ewing MSP
Cabinet Secretary for Economy
and Connectivity

Welcome from our Chair



My first year as Chair of QMS has been incredibly busy, exciting and challenging in equal measures. I've enjoyed it immensely and am looking forward to

leading QMS into the next decade, in great shape, ready to support the future development of our fantastic industry.

I've spent the last 12 months meeting hundreds of people from every part of the red meat industry, listening to and understanding their concerns, and working out how best QMS can support their businesses. There are many challenges ahead, but also many opportunities. An important part of our role will be helping to identify these opportunities and enabling the industry to take full advantage of them.

The main challenges facing the sector include: Brexit-related issues; the rise in anti-red-meat lobbying and the climate emergency – the latter now one of the most important subjects we need to tackle. Here in Scotland, we have such a strong story to tell on sustainability that we need to promote it to the public as often as possible.

Our mainly grass-fed systems are far removed from those which elicit negative coverage in the media. In fact, farmers across the country actually deliver many environmental benefits to the biodiversity and landscape of the Scottish countryside.

What's more, our quality assurance schemes have always been world-leading, but we continue to work on improving them further so consumers can be 100% confident that the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork they buy has been reared in adherence to excellent standards of animal welfare.

"I believe we are approaching a crossroads where decisions will be taken which could shape our industry for many years to come. It is incredibly important that the decisions taken are the right ones."

With all the above in mind, we launched our *Meat with Integrity* campaign in July to reassure consumers that Scotland's climate and environment are ideal for producing high-quality, nutritious red meat which can be enjoyed as part of a healthy, balanced diet. It has been fantastic to see the whole industry get behind the key messages of the campaign.

Our production systems are ideally suited to allow animals to turn the grass, which grows so readily throughout our country and which we are unable to eat, into a delicious food source, high in vitamins, minerals, iron and zinc. We can also do this with minimal use of imported feedstuffs, using water, which is certainly not in short supply in Scotland, in a way which has a positive effect on the biodiversity and landscape of our country. All these things combine to make Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork some of the most sustainable and delicious produce in our shops.

Looking ahead to next year and beyond, I believe we are approaching a crossroads where decisions will be taken which could shape our industry for many years to come. It is incredibly important that the decisions taken are the right ones.

By promoting communication across all our stakeholder groups, as to the best way forward for the whole sector, QMS will continue to play a vital strategic role in supporting and developing a resilient, professional, sustainable and profitable red meat industry.

We are in a great position to tackle the challenges of the future and will continue to do our best for the red meat industry. This is testimony to the amazing team we have at QMS, including our Board, and I'd like to close by saying a personal thank you for the enthusiasm, passion, confidence and support shown to me throughout my first year as Chair.

Kate Rowell
Chair, Quality Meat Scotland

Update from our Chief Executive



Over the past year, the small team at QMS has been working hard to support, develop, promote and protect the Scottish red meat industry at every opportunity, against an often-challenging backdrop.

To protect our industry, last year we created a new Strategic Engagement department and Scottish Red Meat Industry Resilience Group (SRMIRG). The latter includes key influencers from across the Scottish agricultural industry, working collaboratively to identify measures that will increase the resilience of the red meat industry in Scotland.

To support the Scottish red meat industry, we provide whole-of-life, whole-of-supply-chain quality assurance for 10,275 beef, sheep and pig farmers, processors, feed merchants, auction marts and hauliers. We also provide economic forecasting and data for the sector, which is used by our levy-payers and which influences our marketing and industry development activities.

To develop the industry, we provide a suite of programmes, including Monitor Farms, Better Grazing groups and Grazing+. We also deliver Meat the Market events and exhibit at a wide range of events across Scotland.

To promote Scotch and Scottish produce we have re-engaged customers across Scotland with our brands through integrated TV, radio, social media, press advertising and in-store campaigns, as well as through consumer competitions. And, for the first time, we have ventured into out-of-home advertising, which has proved hugely successful.

We have also exhibited at five international trade shows in France, Germany, Japan, Singapore and Canada, as well as hosting inward missions for buyers from Canada, Germany and Japan. This has resulted in increased demand for our products in Scotland, UK and internationally.

Whatever the challenge, the QMS team and Board always raises their game to protect our fantastic red meat industry – a huge thank you to you all for your continued support.

In the year ahead and beyond, we will continue to promote and market the fine Scotch products that we are renowned for, engaging with consumers and encouraging them to support our industry by buying Scotch Lamb PGI, Scotch Beef PGI and Specially Selected Pork.

Alan Clarke
Chief Executive, Quality Meat Scotland

QMS strategy

QMS's overall strategy for 2018 to 2023 is to support the development of a sustainable, professional, resilient and profitable Scottish red meat industry* which makes an important contribution to Scotland Food & Drink's target of £30bn by 2030.

We will achieve the overall strategy by focusing on the following four strategic objectives:

- Building the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands through quality assurance and effective marketing and communications with consumers. Over 70% of QMS' external levy spend is on consumer-facing activity.
- Supporting the sustainable growth of the industry through strategic engagement with key stakeholders, supply chain collaboration and cascade of key market information.
- Developing capability and capacity in the Scottish red meat industry through training and education initiatives which attract, motivate and develop the workforce.
- Delivering professional services which support the continued growth of a resilient, professional Scottish red meat industry able to grasp opportunities and meet challenges.

**We define the red meat industry as those sectors which are involved in the Scottish assurance chain – animal feed suppliers; cattle, sheep and pig producers; livestock markets; hauliers and primary producers.*

Levy income

There were no changes to the rates of Statutory Red Meat Levy collected in Scotland for the year from 1 April 2018.

Cattle

Producer levy per animal: **£4.20**
Slaughterer levy per animal: **£1.30**
Total levy per head: **£5.50**



Calves

Producer levy per animal: **£0.07**
Slaughterer levy per animal: **£0.07**
Total levy per head: **£0.14**



Sheep

Producer levy per animal: **£0.60**
Slaughterer levy per animal: **£0.20**
Total levy per head: **£0.80**



Pigs

Producer levy per animal: **£1.02**
Slaughterer levy per animal: **£0.24**
Total levy per head: **£1.26**



Levy external spend

Customer and consumer-facing education and marketing: **72%**
Industry Development: **18%**
Other: **10%**

Key activities

Market Development

Promoting the red meat industry's valued brands: Scotch Beef PGI, Scotch Lamb PGI, and Specially Selected Pork

Industry Development

Targeted activities to help improve the efficiency and profitability of farmers and others in the red meat supply chain

Health & Education

Engaging with different age groups about why a healthy, balanced diet is important and the role red meat can play in achieving it

Marketing & Communications

Engaging consumers and stakeholders so they appreciate the importance and value of the red meat industry

Quality Assurance

Underpinning our brands and ensuring consumer confidence through a range of schemes across the whole red meat chain

Economics Services

Ensuring Scottish red meat businesses benefit from the latest statistics and analysis



Strategic Engagement

From farmers and processors to top-level organisations, QMS works closely with stakeholders throughout the red meat supply chain. Here's just a taster of our work under the umbrella of Strategic Engagement:

- Ensure we have effective mechanisms to engage with the key stakeholders' groups and representative organisations within the Scottish red meat industry, and to represent industry views on key challenge areas and key opportunities to Government and other key influencers.
- Engage strategically with all parts of the red meat supply chain.
- Ensure the red meat sector is appropriately represented in the thinking of stakeholders across the red meat supply chain and beyond.
- Ensure that parliamentarians and senior civil servants have an understanding of the issues and opportunities facing the red meat sector.
- Ensure QMS's strategy is aligned with or embedded in the strategic planning of stakeholder organisations.
- Interact with senior decision makers within industry and Government.
- Maintain a high level of integrity and trust with all stakeholders in order to further build on QMS's status as an 'honest broker' striving to achieve the best possible outcomes for the sector.
- Champion a collaborative approach to drive consensus between stakeholders to help formulate joined-up thinking on future direction and actions.
- Assist with prioritisation of objectives and actions, both with stakeholders and Government.
- Act as a catalyst and facilitator of change management within the sector.
- Curate and disseminate positive, evidence-based information to boost the sustainability and health credentials of the Scottish red meat sector.

Our stakeholders

Through our stakeholder engagement this year, QMS has reached out to the entire industry. Here are some of the organisations we've collaborated with:

QMS		
Scotland Food and Drink Partnership Board	Scottish SPCA	Scottish Association of Young Farmers Clubs (SAYFC)
NFU Scotland's Livestock Committee	Scotland Food and Drink Skills Board	Scottish Association of Meat Wholesalers (SAMW)
Scottish Development International In-Market Specialists	National Farmers Union of Scotland (NFUS)	Scottish Federation of Meat Traders (SFMTA)
QMS Committees	Scottish Beef Association (SBA)	Institute of Auctioneers and Appraisers in Scotland (IAAS)
Scottish Red Meat Resilience Group	National Sheep Association (NSA) Scotland	Pig Industry Leadership Group

A key role for QMS is to inform Ministers about the issues and opportunities facing the red meat industry. There is a clear need in the prevailing political climate to strengthen our

engagement with each of the key stakeholders across our footprint to make sure the views we present are those of the entire industry, which includes:



Feed suppliers



Auction markets



Primary processors



Food service providers



Chefs



Farmers



Hauliers



Secondary processors



Retailers



Butchers



Consumers

Key achievements

A focus on strategic engagement

In 2018/19 we introduced a new Strategic Engagement department with the aim of engaging with and presenting the views of the wider Scottish red meat industry. Our activities included:

A presence at key industry events

We attended key events throughout the year including Scotsheep, AgriScot, LiveScot, NFU Scotland's AGM and Conference, NFUS regional and branch meetings and the Royal Highland Show, where we welcomed the First Minister and Cabinet Secretaries Mairi Gougeon and Fergus Ewing to our stand.

A programme of speaker engagements

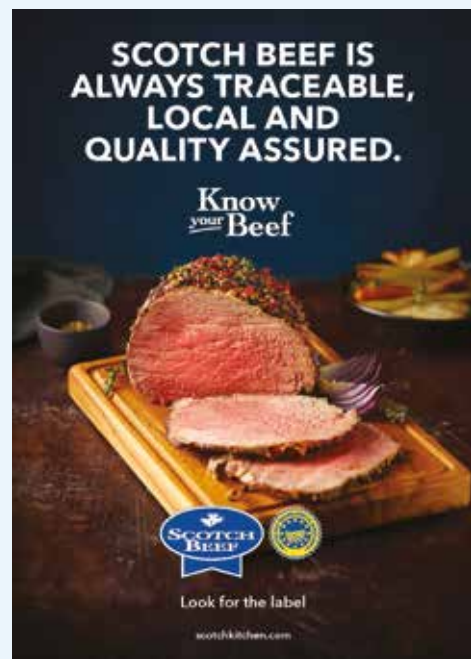
We spoke at high-profile industry events such as the Scottish Craft Butchers AGM, Scottish Chefs, Scottish Association of Meat Wholesalers, Institute of Auctioneers, Scottish Beef Association, National Sheep Association Scotland events, and agricultural shows across the country.

A strategic marketing campaign

Our marketing and communications activity is designed to promote the positive messages of the Scottish red meat industry and our iconic brands. We work with key stakeholders through advisory groups, which act as support to the team and offer guidance on marketing activities throughout the year.

Working with specialist agencies, the team ensures that consumer research is continuously reviewed and cascaded within the organisation. This includes testing with focus groups to gather insights into the grocery market, focused on purchasing behaviour, which helps to steer our campaigns.

The **scotchkitchen.com** attracts a large volume of visitors each month, supported by social media activity to build a loyal and engaged following.



Our campaigns

Go Places with Pork

Thanks to additional funding from the Scottish Government, the marketing campaign for Specially Selected Pork took the brand to TV for the first time, as well as using radio, print, digital and billboard advertising.



The campaign highlighted pork as a healthy, easy-to-cook ingredient, which also provides great value for money.

The PR campaign featured celebrity TV chef Phil Vickery and Scotland's National Chef Gary Maclean, and was boosted by strong support from foodie bloggers.

In addition to working with butchers, farmers and chefs, we were also able to demonstrate our commitment to animal welfare by profiling our partnership with the Scottish SPCA throughout the campaign, in the 20th anniversary year of this unique partnership.

The six-week long campaign reached 94% (4.2 million) of the Scottish adult population. A sampling campaign was also delivered in partnership with Aldi and Lidl, with 7,000 Specially Selected Pork samples enjoyed in store.



Key Stats

Campaign reached over **4.2 million** consumers



7,000 samples tried in **Aldi** and **Lidl**

TV advert was seen by **78% of Scotland***

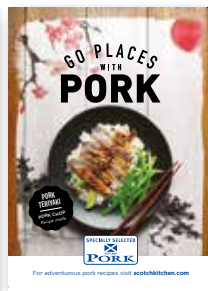


Press activity reached nearly **500,000 people**



4 in 10 of those aware of campaign made a recipe using Specially Selected Pork **

*Impacts based on Adults 35+
** IGD/QMS Brand Tracking



Our campaigns (continued)

Know Your Beef

The Scotch Beef PGI 2019 campaign aimed to drive sales by presenting Scotch Beef PGI as local, traceable and quality assured.

The six-week campaign, which launched in early March, highlighted the many roles in the Scottish red meat chain, and how each person plays their part in perfect harmony to create quality Scotch Beef for consumers to enjoy. Over 50 volunteers from across the supply chain rallied behind the campaign to get involved in the TV advert.

In March alone, the campaign reached nearly four million adults in Scotland, and continued over the spring and summer – reaching an additional 600,000 consumers through cinema advertising.

PR support

The PR campaign profiled the stars of our adverts: farmers Hazel McNee from Tealing, Joyce Campbell from Sutherland, Bruce McConachie from the Cairngorms and Fraser Shaw from Dumfries and Galloway, as well as butcher Tom Courts and chef Andrew Doherty. Our stars did a fantastic job of communicating the pride and passion they have for the Scotch Beef, Scotch Lamb and Specially Selected Pork brands. We also worked with key influencers to tell the story of the brands to their followers and placed opinion pieces in key media.

The accompanying PR aimed to push back robustly on media misinformation and leave consumers feeling inspired about Scotch Beef’s quality, sustainability and welfare credentials.



Key Stats

Campaign reached over **4.5 million** consumers



Focused on **simple recipes**, cooked to perfection



Over **190,000** impressions on Facebook & Instagram



57,000 people visited **Scotchkitchen.com** during campaign



Radio Partnership with **CLASSIC fm** in Scotland and London



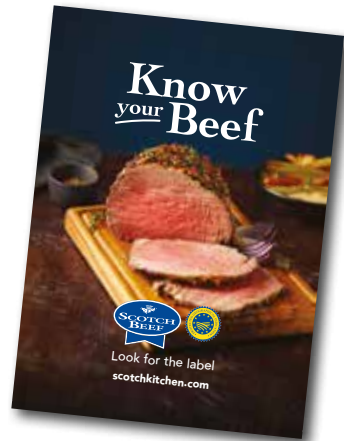
Strategic partnerships

With QMS being Official Healthy Eating Partner to Scottish Rugby, the Scotland v Wales Six Nations match at Murrayfield provided the perfect environment to engage with 60,000 fans. Our Scotch Beef mascot, Hamish, was in the fan village before the match looking for the Scotch Beef Fan of the Match, and the TV advert was shown to a sell-out crowd before the match got underway. Those travelling along the Western Approach Road to Murrayfield would have seen an 80m² Know Your Beef digital billboard advert, booked especially for the big match.



Engaging with butchers

Our 300 Scotch Butchers Club members also received a Know Your Beef promotional kit to proudly display in store. The kit included a glossy booklet, Steaks – your perfect guide, giving hints and tips.



Our campaigns (continued)

Scotch Lamb, Naturally

Showcasing Scotch Lamb PGI as a mid-week dinner solution that is quick and easy to prepare was the basis of last autumn's multi-award winning 'Scotch Lamb, Naturally' campaign.

Thanks to an additional £200K boost from the Scottish Government, the campaign was brought to TV through an iconic advert that inspired Scots to use this delicious natural ingredient, available right on their doorsteps.



Public relations activity undertaken throughout the campaign period included a drive to encourage those working in the Scottish sheep industry, and supporting businesses, to really get behind their brand. This created a team of 'Lambassadors' based throughout Scotland, who supported the campaign to help QMS drive home the message to consumers up and down the country.

Sheep farmers, including members of the National Sheep Association and NFU Scotland, also took part in public relations activities including media interviews and lamb sampling in retailers, during the campaign.

The award-winning PR campaign also saw QMS work with a range of leading social media influencers – including baby-weaning expert, Annabel Karmel, who promoted Scotch Lamb to her 200,000 Instagram followers.

The campaign reached 4.2 million consumers (94% of the adult population) during September and October 2018.

Key Stats

Campaign reached over **95%** of all adults in Scotland

11% increase in the view that lamb is **quick and easy** to cook with (up from **59% to 70%**) among respondents who had seen the campaign*

9% increase in willingness to pay more for **Scotch Lamb** amongst those aware of campaign*

16,000 samples of **Scotch Lamb** sampled in Aldi and Morrisons

Social media reach of over **500K**

* IGD/QMS Brand Tracking



Meat with Integrity

In July, Quality Meat Scotland unveiled its industry-wide campaign, which aimed to raise public awareness of the Scottish red meat industry's animal welfare and sustainability credentials.

Farmers fronted the *Meat with Integrity* campaign and enlisted the help of those working across the industry to support efforts over a six week period.

At the Royal Highland Show in June, First Minister Nicola Sturgeon met the four farmers fronting the campaign – Hazel McNee from Tealing, Bruce McConachie from the Cairngorms, Joyce Campbell from Sutherland and Fraser Shaw from Lockerbie – at the QMS stand.

The campaign covered all three brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork – and included billboard, print, social media and digital activity.

Campaign Results

Videos viewed **188,242** times through online display campaign – capturing the right audience, at the right time

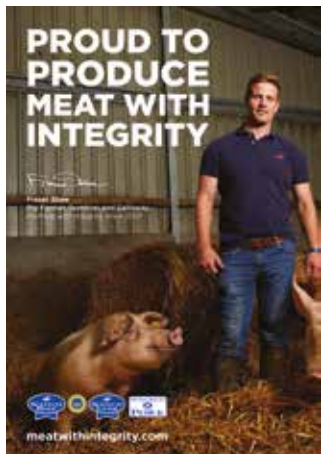
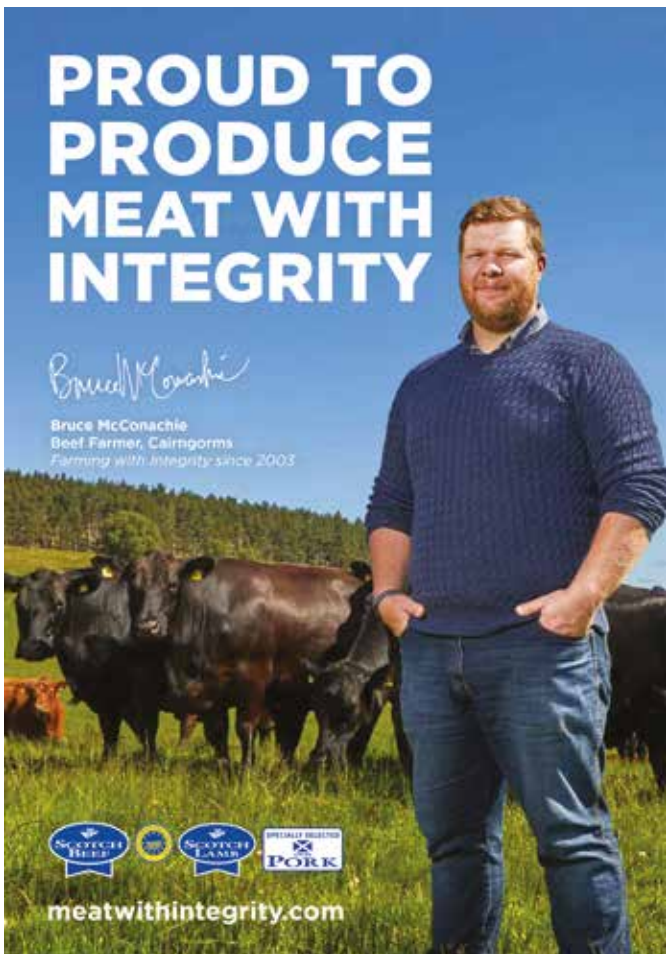
Just over half our completed views on YouTube were from Tom Courts, our butcher, at **53K views**

Over 32K views on YouTube were on a connected TV, likely on the home shared screen – likened to buying traditional TV advertising space

2,000 viewers watched the videos, then clicked to learn more at **Meatwithintegrity.com**

Meatwithintegrity.com received over **7.5K page views** over the campaign period

Campaign reached **1.9 million** people on Facebook, Instagram and Twitter



Communications

The QMS Communications team works closely with departments across the organisation to plan, develop and deliver timely and impactful information and news, showcasing QMS activities to levy payers, key stakeholders and consumers.

These activities range from the work of the Industry Development team (to help farmers improve their bottom lines) to the award-winning and inspiring campaigns behind the Scottish red meat industry's three brands: Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork.



Media relations

The team works with key target agricultural and consumer media, providing them with a steady stream of strong, positive stories which are accompanied by striking photography and video content.

A key – and often unseen – area of activity is the work undertaken to keep stories which could potentially damage the industry out of the press by advising and informing journalists. We work closely with our sister organisations elsewhere in the UK, as well as with other key organisations in our industry, such as VisitScotland and Scotland Food & Drink.



Ring-fenced funds activity: educating audiences on the value of red meat

Millions more people across Great Britain are being exposed to positive messaging on red meat as a result of a joint project between QMS, Agriculture and Horticulture Development Board (AHDB) and Hybu Cig Cymru – Meat Promotion Wales (HCC), which aims to counter recent misinformation in the media on the role of meat in the diet.

The first social media campaign alone has helped positive messaging reach more than 1.4 million people, who might previously have missed targeted work from the bodies working in isolation. The aim of the social media campaign was to educate young singles and busy parents on the ease with which lean meat can be incorporated into their mid-week meals, and the health benefits it can provide.

The ring-fenced fund is an interim arrangement while a long-term solution is sought on the issue of levies being collected at point of slaughter in England, for animals which have been reared in Scotland or Wales.



Scotch Beef Farm of the Year

The finalists were selected from an impressive line-up of entries and represented three very different types of beef system.

The Kingan family – winners of the 2019 AgriScot Scotch Beef Farm of the Year.



Scottish Sheep Farm of the Year

Three leading sheep businesses were announced as finalists in the AgriScot Scottish Sheep Farm of the Year Award, jointly run by AgriScot and QMS, and sponsored by Thorntons Solicitors.

Kevin Stewart, Shapitlaw – 2019 AgriScot Scottish Sheep Farm of the Year.

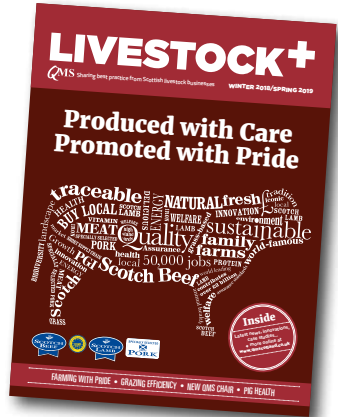


Industry communications

Social media continues to be an important and growing area of the communications mix. The QMS Twitter feed, Facebook page, YouTube and Instagram channels feature up-to-the-minute news about our wide-ranging activities on behalf of the industry. We now have more than 17,000 followers on Facebook, around 6,000 followers on Twitter and over 2,200 followers on Instagram.

During 2019, the QMS Communications team produced more than 15 videos, ranging from industry-facing productions – aimed at helping farmers share opportunities to improve their margins – to public-facing videos.

Livestock+, our in-house magazine-style newsletter, is issued three to four times a year, and our free weekly e-newsletter is issued every Monday to more than 5,000 subscribers. Go to www.qmscotland.co.uk to sign up.



Health and Education



Getting the messaging right about farming and the environment, animal welfare, and red meat in our diets, has been the focus of QMS's Health and Education team throughout the year.

The team has been out and about speaking to children, teachers and parents at events such as ScotSheep and Borders Union Children's Show, and attends careers events with Developing the Young Workforce, as well as offering Continued Professional Development (CPD) opportunities for teachers.

School demos and visits

In the past year, the Health and Education team, supported by chefs from across the country, has also been busy offering cookery demonstrations in schools and at events across the country. A total of 32 schools and around 2,300 children have taken part in a cookery demonstration and enjoyed tasting dishes made with beef, lamb or pork.

Other education sessions have taken place at careers and farming events, where another 2,700 children learned about where their food comes from and the farming practices used to produce it.

Key messages also included the importance of animal welfare and how red meat can be enjoyed as part of a healthy, balanced diet.

Our work with the Royal Highland Education Trust (RHET) has also seen the team supporting Food and Farming events with local RHET Co-ordinators around the country. This year, a two-day event was held at the Royal Highland Centre, where pupils from across the Lothians were immersed in food and farming. At the QMS stand, pupils also took part in a 'Guess the cuts' game, for the chance to win a cooking session for their school.



32 schools
2,300 children
taking part in cookery demos

2,700
children engaged
with through events

647
children took part in cooking
at the QMS stand at RHS

272 secondary
schools received
£100
MEAT VOUCHERS

From stir fries to STEM

The Scotch Beef Cookery Theatre at the Royal Highland Show, in support of RHET, was again a highlight for many young people. This year 647 children took part in cookery sessions at the show, with chef Daniela Forbes creating dishes such as Moroccan-style Scotch Lamb, and stir fries made with either Scotch Beef or Specially Selected Pork.

A new partnership between QMS, RHET, Food and Drink Federation Scotland, Lantra and Zero Waste Scotland also saw a STEM(Science, Technology, Engineering and Mathematics)-based teacher training event during the Highland Show. The event provided attendees with an excellent opportunity to understand more about the involvement of STEM in livestock farming and the production of beef, lamb and pork.



School competitions and projects

A stand-out school project this year was the *Make it with Meat* competition at Bathgate Academy. The joint project – between QMS, FDF Scotland, AK Stoddart and Tesco Bathgate – saw pupils compete to produce a winning burger recipe, which was then developed by AK Stoddart and sold to raise money for charity at the local Tesco. The pupils learned to cook their recipe with a QMS chef, visited the processing plant and worked on marketing campaigns for their products, raising more than £500 for charity overall.

Meat Voucher Scheme success

The Meat Voucher Scheme – described as invaluable by teachers – launched in September again to great demand, with 272 secondary schools receiving a voucher worth up to £100 to spend at their local Scotch Butcher Club member. The scheme offers pupils the opportunity to cook with beef, lamb or pork, which they don't often get the chance to do otherwise.



Conferences put red meat on the agenda

Addressing pressing issues such as child poverty and holiday hunger was the topic of the Children in Scotland Conference 2019, supported by Scotch Beef PGI. The event, hosted by Queen Margaret University, saw Prue Leith and Scotland's chef Gary Maclean address the audience, with QMS Health and Education Manager Jennifer Robertson holding a complimentary breakout session on *The place for red meat in our children's diet*.

Meat as part of a sustainable diet was the theme of another presentation given at the Scottish Environment, Food and Agriculture Research Institute (SEFARI) Scotland's Dinner Plate 2050 Conference, showcasing why and how Scotch Beef, Scotch Lamb and Specially Selected Pork can remain on the menu as part of a healthy sustainable diet for the future.

Market Development



Attending stakeholder events, travelling for learning journeys and driving brand awareness and sales of Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork across the globe...it's been an action-packed 12 months for the QMS Market Development team.



UK market development

Within the UK retail market, QMS is developing a more tailored approach to supporting individual projects that increase brand awareness and help drive sales.

The Market Development team has been working closely with retail partners this year to understand their strategies and to promote the role that the quality, provenance and whole-of-life assurance of Scotch Beef, Scotch Lamb and Specially Selected Pork can play in achieving their goals, as well as to improve visibility of promotions in store. We look forward to co-operating even more closely in future.

Export markets

With the uncertainty surrounding Brexit, trade show activity has focused on new and developing international markets, with QMS representatives attending five international trade shows to sample and promote our brands.



Scotch Beef back on the menu in Japan

The opening of the Japanese market and imminent access to the Chinese market will offer opportunities for Scottish processors with an ambition to increase their export trade.

It was all about Japan in 2019, with the Foodex trade show in Tokyo in March and the Rugby World Cup taking place across Japan from September to November (Scotch Beef PGI is the Official Healthy Eating Partner of Scottish Rugby). Finally, in October, we were delighted to see Scotch Beef back on the menu in Japan for the first time in 20 years, thanks to a collaboration with AK Stoddart.

The opportunities to promote Scotch Beef in Japan specifically have been numerous, with media coverage culminating in a Scotch Beef feature on News Every, a primetime Japanese TV show with 10 million viewers.

From east to west

Canada has been another key target market this year. In conjunction with Scottish Development International (SDI), QMS has made good progress developing relationships with importers, wholesalers, restaurants and retailers. These relationships should see Scotch product being exported to Canada on a regular basis in the near future.



Strong relationships, strong future

Close co-operation with our partners at SDI has aided our progress in export markets substantially. We will use the learnings from this year to further develop the knowledge of the SDI in-market specialists to aid the promotion of the Scottish red meat sector in key target markets in the coming year.

Inward missions to Scotland from overseas buyers also play an important part in developing and strengthening relationships with our processors. This year, the Market Development team has supported visits from more than 50 international guests, as well as promoting and supporting 'meet the buyer' events in conjunction with Scotland Food & Drink.

In the next 12 months there are plans to overhaul our Scotch Beef Club, Scotch Butchers Club and Brands Licensing Scheme, as well as to explore how to add even greater value for our retailer and processor colleagues by improving the data insights and information on consumer trends that we share with them.

On-pack brand guidelines

A consistent approach to how QMS consumer brands are represented on-pack in retail outlets is essential for brand awareness. To this end, QMS has created a new set of retail packaging brand guidelines for retailers when displaying our consumer brand logos on-pack, to help consumers make the right choices and easily identify our brands.



Industry Development

Improving the productivity, profitability and sustainability of business within Scotland's red meat industry is the primary focus of the QMS Industry Development team, who support a wide range of events across the cattle, sheep and pig sectors, to provide a platform for knowledge exchange.

Pig sector activity

Our pig sector work has continued to flourish over the past 12 months. The QMS Pig Health Scheme continues to be our flagship programme, providing the platform to measure and manage pig health in Scotland. This work has led to massive improvements in pig health over the years, including the lowest ever levels of Enzootic Pneumonia recorded in Q4 18/19.

The Pig Business Network, a joint project between QMS and Opportunity North East, provides business support to pig farmers, allowing them to benchmark their systems and share expertise to achieve better margins. This year, the Network undertook a successful lean review of the business and disseminated the subsequent results to the industry.

Meat the Market

Meat the Market is a programme of work which was introduced in early 2019 to enable farmers to better understand the market requirements and specifications that their stock should meet to maximise returns.

Meat The Market consists of events run in conjunction with Scotland's processors. Meat and Livestock Commercial Services Ltd (MLCSL) provide technical support, including specific workshops for farmers and members of the QMS Butchers Club. Nine events took place in 2018/19 and a further 10 are planned for 2019/20, with workshops also being opened up to auctioneers and butchers.

Monitor Farms

The Monitor Farm Scotland programme has entered its third year and is now well established with members of the agricultural community. Over 5,000 attendees had visited a Monitor Farm Scotland meeting by the end of 2018, learning about everything from soil health and the best grass varieties for wet climates to MV in sheep and cattle fertility, as well as the role of social media in agriculture. The programme is jointly run by QMS and AHDB Cereals and Oilseeds, and 100% funded by the Scottish Government.

Host farmers and their management groups have been encouraged to collaborate and undertake innovative trials or demonstrations, including one on fodder beet, which collates data from seven Scottish farms trialling different growth methods. Targeted selective treatment is also being trialled across three separate Monitor Farms in conjunction with the Moredun Foundation, looking to accelerate the farmer uptake of this sustainable farming practice.



Better Grazing

Better Grazing has continued to be a highly regarded and popular programme for the Industry Development team, who ran a total of 20 meetings in 2018/19. More than 400 farmers from across Scotland attended these meetings, which covered topics such as fluke and worms, soil health, autumn and winter grass management, and how to implement a grazing management system. What's more, in a survey undertaken in Spring 2019, 97% of attendees said they had gone on to make a change to their farming system as a result of being involved with the programme.

Graze+ groups have been instrumental in providing specialist input to Monitor Farms and other QMS programmes, and in the North and South, Graze+ groups have continued to meet quarterly to benchmark their technical and financial performance.



In late 2018, a pilot grazing meeting was held in Orkney to assess the appetite for establishing an Orkney Managed Grazing Group. The pilot proved to be a great success, and a full programme of events is planned for 2019/20.

Industry groups

QMS appointed two new chairs of its industry groups in 2018/19:

- Scott Henderson, QMS Board member and farmer from Dumfries and Galloway, took over from Andrew Elliot as Chair of the Scottish Cattle Industry Group.
- Kate Rowell, QMS Chair and farmer from Peeblesshire, took over from John Scott as Chair of the Scottish Sheep Industry Group.

Philip Sleight, pig farmer from Aberdeenshire, remains Chair of the Pig Forum, and Grace Webster remains Chair of the QMS Pig Health Group.

A governance review undertaken in early 2019 identified a new structure for QMS's industry groups. This will involve bringing together the Scottish Cattle Industry Group and the Scottish Sheep Industry Group into one Beef and Sheep Industry Group, co-chaired by Scott Henderson and Kate Rowell. The QMS Pig Health Group will become independent of QMS; it will continue to be chaired by Grace Webster and will feed into the QMS Pig Industry Forum.

Industry project support

QMS is one of the headline funders of Livestock Health Scotland and supports a number of other health initiatives, including NADIS, COWS, and SCOPS – all of which ensure that Scotland's livestock farmers benefit from the most up-to-date research and development in animal health practices.

We also co-fund Soil Association Scotland's *Farming For The Future* project, alongside Scottish Forestry and the Scottish Government, through the Knowledge Transfer and Innovation Fund.

Better Grazing = Better Business



>MORE THAN



Quality Assurance



More than 90% of Scotland's breeding cattle population, over 80% of the breeding sheep flock and almost 100% of significant pig farming businesses are currently covered by QMS Quality Assurance.

Our six quality assurance schemes provide reassurance to consumers regarding provenance, as well as about the observance of the highest standards of production, animal welfare and wellbeing. Independent market research continues to highlight the ever-increasing importance of quality assurance schemes in underpinning consumer trust in red meat brands.

Reassuring assurance

The Whole Chain Assurance Programme, which includes the Cattle and Sheep, Pigs, Feed, Haulage, Auction Mart and Processor Assurance Schemes, underpins the integrity of the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork premium brands.

To carry the Scottish red meat industry's three premium brands, livestock must have been born, reared and slaughtered in Scotland and spent their entire life on QMS Assured holdings.







Membership of our quality assurance schemes is voluntary and they are managed independently, making them distinct from the other activities that QMS undertakes on behalf of Scotland's red meat industry.

Membership fees

The quality assurance schemes are self-funding, with membership fees used to cover the costs of independent assessments, scheme administration and certification services. Livestock scheme membership is open to farms of all sizes, from large units to much smaller businesses with only a few animals. A Crofting Group membership is also available, as well as discounts for members who combine assessments for other assurance schemes.

Standards-setting

Each assurance scheme has its own set of standards, which are set by a dedicated committee comprising individuals with a broad range of knowledge and expertise. This ensures the views of all stakeholders are considered, along with changing circumstances in the industry and the wider operating environment.

QA scheme membership numbers as at 31 March 2019:		
	Cattle & Sheep	9592
	Pigs	147
	Processor	26
	Haulage	106
	Feeds	101
	Auction Market	35

Independent assessment and certification

An independent contractor, appointed following a competitive tendering process, provides assessment and certification services to the QMS Whole Chain Assurance Programme. The most recent tendering process was carried out at the end of the year under review and the contract was awarded to Acoura for a five-year period, commencing on 1 April 2017. Acoura is accredited by the United Kingdom Accreditation Service (UKAS) to ISO/IEC 17065, the International Standard for product conformity certification, and is regularly audited by UKAS (at least once a year).

Scotch Potential Eligibility Cattle Checker (SPECC)

SPECC was introduced by QMS during 2015/16 and is now well established. It allows farmers, auction markets and abattoirs to check whether individual animals may be eligible for the Scotch Beef PGI brand. SPECC is integrated into the software systems of all Scotch Assured auction markets and revised assurance posters are on display throughout Scottish auction markets.

There is also a free, simple-to-use SPECC smart phone app, which allows the animal's ear tag number to be entered, wherever you are, to check eligibility for the Scotch Beef PGI brand.

Animal welfare

The Scottish red meat industry places a high priority on animal welfare. Reinforcing this is a formal partnership between QMS and the Scottish SPCA, Scotland's leading animal welfare charity. Scottish SPCA inspectors accompany quality assurance assessors on visits to assurance scheme members' farms.

Next year (2020) sees the 30th anniversary of the partnership, which we will celebrate with the charity. The partnership cements the collaboration and trust between both organisations, to the benefit of the Scottish red meat industry and the cattle, sheep and pigs reared on Scottish farms.

QMS's commitment to animal welfare and well-being in the production of beef, lamb and pork in Scotland is highlighted in our Animal Welfare and Well-being Charter. The guiding principles of the Charter underpin the QMS Whole Chain Assurance Programme and all associated activities.



Successful spot check pilot

With reassurance about the way animals are looked after becoming ever more important to consumers, spot checks are being introduced following a successful pilot, with the final details being confirmed at the time of going to print.

The checks underpin existing measures to ensure public confidence in the way animals in the QMS assurance schemes are cared for.

Support from organisations, including National Farmers Union (NFU) Scotland, the Scottish Beef Association and National Sheep Association (NSA) Scotland, reflects the value that the industry places on supporting a robust and credible quality assurance scheme.

A schedule of spot-check visits kicked off in May, focusing on farms which have previously failed to meet full compliance with key risk standards on several occasions. The schedule also included a number of random visits. The new process will co-exist with the current process, which sees spot checks undertaken whenever concerns are raised about a farm which belongs to the scheme.

Enquiry handling

An increasingly important part of the remit of the QMS Brands Integrity team, which oversees QMS's quality assurance activities, is responding to enquiries from businesses, organisations and individuals across all elements of the red meat supply chain. Queries can range from questions about the management of the quality assurance schemes, traceability and scheme standards to questions prompted by topical issues – such as the shortage of straw at the end of 2018.

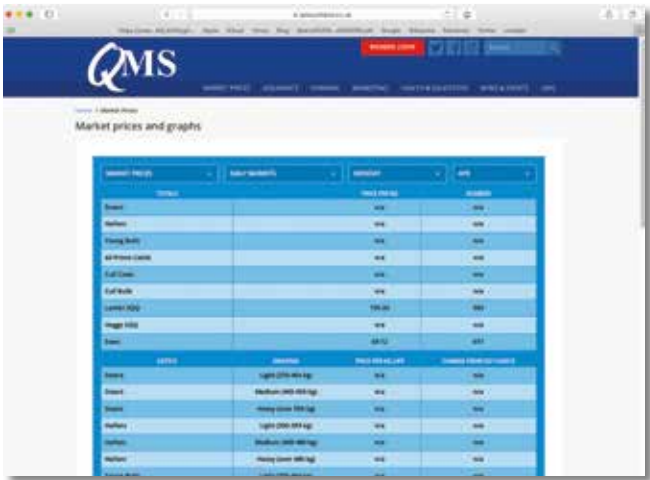
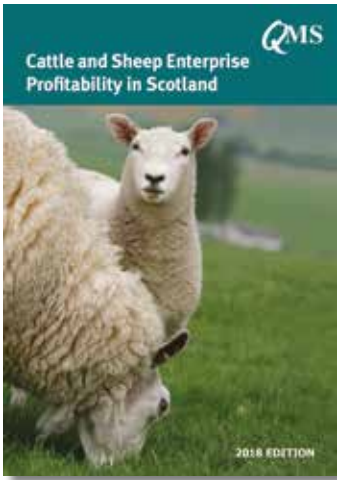
Economics Services

QMS's Economics Services team works hard to make the latest industry statistics and analysis readily available to the Scottish red meat sector and the media through a variety of channels.

Channels used include face-to-face meetings, education and skills events, online updates, specialised media reports, regular market updates published online and in the press, as well as annual publications.

The team also attends a number of events, including industry conferences, farm open days, and college and university lectures, as well as contributing to or producing the following publications:

Communication channels	Contribution
Market prices pages of the QMS website	Reporting on Scottish and global market prices in Scotland
Farming press (various)	Producing weekly reports on key market data and writing feature-length articles
QMS weekly industry newsletter	Compiling a market commentary
QMS monthly market report	Compiling a more detailed overview of the above at an EU and international level
<i>Cattle and Sheep Enterprise Profitability in Scotland</i> (released annually in autumn)	Publishing a detailed analysis of a sample of Scottish cattle and sheep farming enterprises as a benchmark for others
<i>The Scottish Red Meat Industry Profile</i> (published annually in the summer)	Publishing a comprehensive reference book of the size and scale of both the primary livestock sector and the red meat processing industry in Scotland



Other key responsibilities

The team plays a vital role in supporting the wider QMS team, red meat industry and media, by:

- Dealing with specific requests for market information
- Managing and analysing a number of large datasets going back to the early part of this century
- Supporting strategy-framing and industry presentations
- Monitoring and horizon-scanning developments in areas crucial to the development of the red meat industry – such as climate, change wider sustainability issues and policy developments
- Liaising with sister organisations, international industry bodies and Scottish Government stakeholder groups, as well as contributing to sectoral strategic reviews at a national and European Commission level

It will come as little surprise that Brexit has generated many additional analysis requirements for the Economics Services team. In 2017/18, they researched and published a number of key documents relating to the potential impact of Brexit on various aspects of the Scottish red meat industry, and, in 2018/19, continued to work closely with the wider QMS team to keep the industry abreast of mitigation measures.

Financials

Independent auditor's report to the members of Quality Meat Scotland on the summary financial statements

Opinion

The summary financial statements, which comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position and Statement of Accounts, are derived from the audited financial statements of Quality Meat Scotland for the year ended 31 March 2019.

In my opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by applicable law and International Financial Reporting Standards as adopted by the European Union, and as interpreted and adapted by the 2018/19 Government Financial Reporting Manual. Reading the summary financial statements is not a substitute for reading the audited financial statements, and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of my report on the audited financial statements.

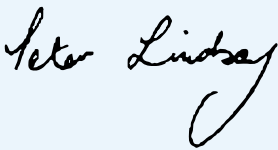
The audited financial statements and my report thereon

- I expressed an unmodified audit opinion on the audited financial statements in my report dated 6 June 2019
- The body's responsibility for the summary financial statements
- The body is responsible for the preparation of the summary financial statements
- Auditor's responsibility for the summary financial statements

My responsibility is to express an opinion on whether the summary financial statements are consistent in all material respects with the audited financial statements based on my procedures which were conducted in accordance with the approach set out in Audit Scotland's technical guidance note 2019/4(CG).

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Peter Lindsay
Senior Audit Manager
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G2 1BT

2 September 2019

Financials

The full Annual Report and Accounts for the financial year ended 31 March 2019 is available on the QMS website at www.qmscotland.co.uk or by telephoning **0131 510 7920** for a copy.

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2019

		2018–19	2017–18
	Note	£	£
Income	2		
Statutory red meat levy		3,876,841	3,793,195
Consumer assurance scheme fees		1,561,910	1,503,463
Other income		887,991	484,920
Total operating income		6,326,742	5,781,578
Expenditure			
Staff employment and board costs	4	1,237,734	1,145,837
Depreciation		21,669	10,111
Other operating costs	3	5,103,335	4,706,579
Total operating income		6,362,738	5,862,527
Net operating expenditure		(35,996)	(80,949)
Finance income	5	11,310	6,414
Net expenditure for the year		(24,686)	(74,535)

Financials (continued)

Statement of Financial Position

As of 31 March 2019

	Note	2019 £	2018 £
Non-current assets			
Property, plant and equipment	7	62,624	54,820
Current assets			
Trade receivables and other current assets	8	1,093,191	1,009,362
Deposits and advances	9	1,108,048	403,000
Cash and cash equivalents	10	442,028	1,681,983
Total current assets		2,643,267	3,094,345
Total assets		2,705,891	3,149,165
Current liabilities			
Trade payables and other current liabilities	11	1,381,432	1,800,020
Total current liabilities		1,381,432	1,800,020
Asset less liabilities		1,324,459	1,349,145
Reserves			
General reserve		1,324,459	1,349,145

Statement of Accounts

For the year ended 31 March 2019

	2018–19			2017–18		
	Levy £	Non Levy £	Total £	Levy £	Non Levy £	Total £
Income						
Statutory red meat levy	3,876,841	0	3,876,841	3,793,195	0	3,793,195
Consumer assurance scheme fees	0	1,561,910	1,561,910	0	1,503,463	1,503,463
Grant income	0	869,724	869,724	0	457,680	457,680
Miscellaneous income	0	18,267	18,267	0	27,240	27,240
Bank interest	0	11,310	11,310	0	6,414	6,414
	3,876,841	2,461,212	6,338,053	3,793,195	1,994,797	5,787,992
Direct expenditure						
Marketing and communications	2,115,934	497,701	2,613,635	2,413,071	84,554	2,497,625
Industry development	679,468	390,290	1,069,758	639,291	396,250	1,035,541
Economics services	255,262	0	255,262	259,001	0	259,001
Assurance scheme operating costs	0	1,525,352	1,525,352	0	1,478,595	1,478,595
Strategic engagement	215,177	0	215,177	0	0	0
Corporate services	683,553	0	683,553	590,779	986	591,765
	3,949,394	2,413,344	6,362,738	3,902,142	1,960,385	5,862,527
Surplus / (deficit) on ordinary activities	(72,553)	47,867	(24,686)	(108,946)	34,412	(74,535)





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