

Annual Review

2016/17

QMS



WORKING
FOR OUR
INDUSTRY

Contacts

You can reach QMS:

- By phone on 0131 472 4040
- By email info@qmscotland.co.uk

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You can sign up for our free weekly newsletter by emailing us.

All members of our quality assurance scheme receive our regular Livestock+ magazine by post.

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

www.qmscotland.co.uk

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Cover image: Double gold Olympian Rebecca Adlington supported QMS's Scotch Lamb campaign in 2016.

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Chairman's welcome



There can be few industries which have developed a better track record for weathering storms than the Scottish red meat industry.

This resilience, coupled with the pioneering spirit of those who work in our sector, stands us in good stead to rise to the challenges and seize the opportunities that lie ahead of us in the post-Brexit era.

During the past year, QMS has continued to inform the discussion on the future shape of the industry including the production of a series of briefing papers dealing with the key Brexit challenges as we see them.

Clearly, access to markets is a priority issue which will take a long time to sort out, and there is every possibility that current and emerging trade deals struck between the EU and third countries – such as Japan and the USA – will not simply carry over to a UK outside Europe.

It is encouraging to see the UK Government now recognises the importance of non-UK workers across our economy, and in particular in the food production and processing sectors.

The future shape of agricultural support remains unclear as does the position regarding the European grants for product promotion, which QMS has worked hard to secure for the benefit of the Scottish red meat industry over many years.

I hope that you will take the time to read about the range of activities QMS undertakes in the pages of this Annual Review, which offers just a bite-size taste of the workload the small team of staff undertakes.

I remain very positive about the future for our industry. We have all the ingredients for success – globally acclaimed red meat brands which are underpinned by robust quality assurance and produced in a sustainable manner which makes animal welfare a priority.

We also have a unique asset in the people who work in our industry. Their skills, passion and commitment are invaluable in helping QMS communicate the story of what sets our industry, and our brands, apart.

Our thanks go to all those who assist us with this work.

Jim McLaren
Chairman
Quality Meat Scotland



"We have all the ingredients for success – globally acclaimed red meat brands underpinned by robust quality assurance and produced in a sustainable manner which makes animal welfare a priority."

Jim McLaren, Chairman, QMS

QMS Strategy

QMS's overall strategy is to shape a sustainable and prospering red meat industry in Scotland.

QMS will achieve the overall strategy through the following specific strategies:

- Working with the livestock production, and processing industries and Governments to develop and build markets by promoting the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands
- Working with the livestock production and processing industries to recognise and understand changing market requirements
- Defining and satisfying customer expectations and assisting the industry to inform consumers
- Creating confidence, which promotes industry investment in its future
- Increasing and supporting the uptake of innovative and proven solutions to improve industry efficiencies
- Promoting economic, environmental and social sustainability
- Developing partnerships and where relevant leveraging additional resources

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



BBC Masterchef: The Professionals winner Gary Maclean supported the QMS Scotch Beef PGI campaign.



QMS supports key industry events. Pictured is Amy Grant and members of the team at Kinnahaird Farm which hosted NSA Highland Sheep 2017.



"I've been fortunate to work with QMS's grazing groups...Benchmarking is a priority in our business. We need to understand our costs of production."

Graham Lofthouse

Chief Executive's Update



Soon after joining QMS in the summer of 2017 I realised my role is very clearly two sides of the same coin – one outward-facing and the other inward-facing.

The outward-facing role is to ensure that we protect, promote and market our high-quality brands, to provide a strong return for levypayers and the red meat industry.

In this respect, I believe that QMS has a unique “footprint” which includes: feed suppliers; farmers; auction markets; hauliers; primary processors; secondary processors; food service providers; butchers; retailers; chefs and consumers.

My inward-facing role as Chief Executive and Accountable Officer for a Non-Departmental Public Body (NDPB) is to ensure that we comply with all relevant regulations including obtaining best value for our services and to provide advice to Ministers.

So far, I have been very impressed with the knowledge, dedication and commitment of the small QMS team – both the board and staff. Rest assured we are not complacent and we will continue to look at ways to further support the team to deliver ever more strongly for the industry and ensure value for money for every pound we spend.

In my early weeks in my new role I have made a point of listening to key stakeholders to get a much deeper understanding of the industry in Scotland. It hasn't taken me long to realise that this is an industry like no other! It is very

clear to me that those working in it have a huge amount of passion and pride and work incredibly hard to produce beef, lamb and pork which has earned its place at the top of the global menu.

We have all the right ingredients to guarantee us a strong future – from world-leading whole of life quality assurance to our commitment to animal welfare and strong sustainability credentials. These are strengths which will prevail no matter what unfolds in the months ahead in terms of the deals negotiated on the back of Brexit.

I believe there is real potential to take to a new level the way in which different parts of the red meat chain engage and communicate with each other and equally I believe there is huge scope for those working in our industry to be valuable ambassadors for the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands.

QMS's strategy is “to shape a sustainable and prospering Scottish red meat industry” and in the post-Brexit era the role of QMS will be more vital than ever. Our activities are wide-ranging and include marketing, quality assurance, health and education, economics and industry development. Through these activities we will continue to promote the industry's high-quality brands and deliver strongly and cost-effectively for levypayers and the Scottish red meat industry.

I look forward to meeting many of you in the coming months and years.

Alan Clarke
Chief Executive, Quality Meat Scotland

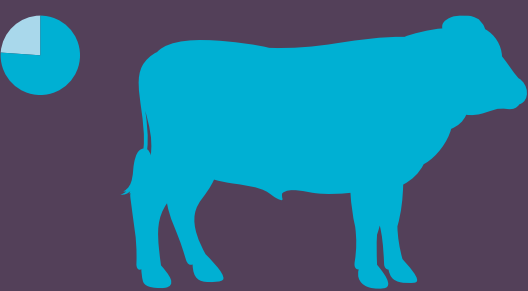


In the post-Brexit era the role of QMS will be more vital than ever.

Alan Clarke

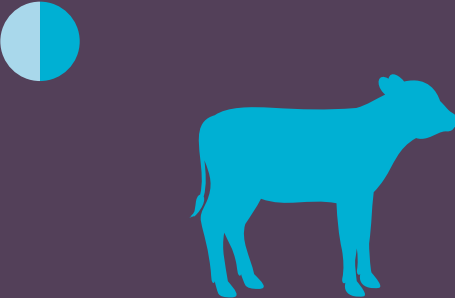
Levy income

There were no changes to the rates of Statutory Red Meat Levy collected in Scotland for the year from 1 April 2016.



Cattle

Paid by producer per head: **£4.20**
Paid by slaughterer per head: **£1.30**
Total levy per head: £5.50



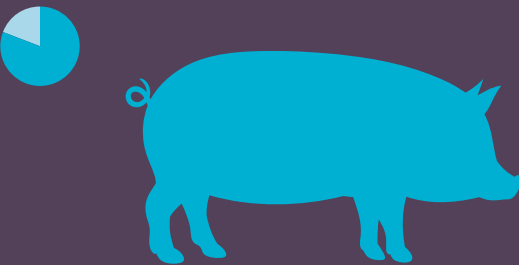
Calves

Paid by producer per head: **£0.07**
Paid by slaughterer per head: **£0.07**
Total levy per head: £0.14



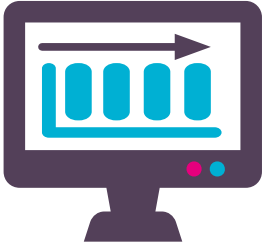
Sheep

Paid by producer per head: **£0.60**
Paid by slaughterer per head: **£0.20**
Total levy per head: £0.80



Pigs

Paid by producer per head: **£1.02**
Paid by slaughterer per head: **£0.24**
Total levy per head: £1.26



QMS
LEVY RATES

have remained unchanged
SINCE 2010



Levy – external spend



Top: Rugby star Stuart Hogg supported the Scotch Beef PGI campaign. He is pictured with butcher Bel Forbes and chef Jeff Bland.
Bottom: Jennifer Robertson, QMS Health and Education Co-ordinator, pictured in the education area of the QMS Royal Highland Show stand.



77%
Customer and consumer-facing education and marketing



14%
Industry Development



9%
Other

Key activities

Key QMS activities include:

- **Market Development** – promoting the industry’s brands: Scotch Beef PGI; Scotch Lamb PGI; and Specially Selected Pork
- **Industry Development** – focusing on activities aimed at improving the efficiency, profitability and sustainability of farmers and others in the red meat chain in Scotland
- **Health and Education** – highlighting the importance of a healthy diet and red meat’s role in achieving that through a range of work, including school visits
- **Communications** – ensuring public relations campaigns and key messages are communicated to our target audiences, via routes ranging from traditional media to videos for social media
- **Quality Assurance** – delivering a range of schemes covering the whole red meat chain to underpin our brands and ensure consumer confidence
- **Economics Services** – ensuring businesses in the Scottish red meat industry benefit from the latest statistics and analysis



Laurent Vernet (left), QMS Head of Marketing, pictured with QMS Export Development Manager (Germany), Peter Toholt.



Chef Craig Wilson helping to promote Specially Selected Pork.



Representatives of the nine new monitor farms launched in 2016/17.

MONITOR FARMS
aim to improve the
PROFITABILITY, PRODUCTIVITY
AND SUSTAINABILITY
of producers through practical demonstrations, the sharing of best practice and the discussion of **up-to-date issues**

QMS Board and staff



Jim McLaren,
Chairman, QMS

BOARD MEMBERS

- Jim McLaren** Chairman
- Ronnie Eunson** (appointed April 2013)
- Julie Fitzpatrick** (appointed April 2014)
- Jock Gibson** (appointed April 2015)
- Scott Henderson** (appointed April 2015)
- Sarah Mackie** (appointed April 2014)
- Alan McNaughton** (reappointed April 2014)
- George Milne** (appointed April 2014)
- Kate Rowell** (appointed April 2015)
- John Scott** (reappointed April 2015)
- Philip Sleigh** (appointed April 2014)
- Louise Welsh** (appointed April 2013)

QMS – STAFF

- | | |
|--|---|
| Alan Clarke , Chief Executive | Emily Grant , Knowledge Transfer Specialist |
| Lisa Wilson , Executive Assistant | Allan Ward , Pig Specialist |
| Carol McLaren , Head of Communications | Stuart Ashworth , Head of Economics Services |
| Claire Higgs , Communications and Events Manager | Iain Macdonald , Economics Analyst |
| Maggie Bennett , Communications Specialist | Laurent Vernet , Head of Marketing |
| Jennifer Robertson , Health and Education Coordinator | Suzie Carlaw , Marketing Controller |
| Mairi Sutherland , Health & Education Executive | Graeme Sharp , Marketing Executive |
| Douglas Bell , Head of Industry Development | Ciara Etherson , Marketing Executive |
| Heather McCalman , Knowledge Transfer Specialist | Suzanne Woodman , Brands Integrity Manager |
| Rebecca Rainie , Knowledge Transfer Specialist | Jill Hunter , Assurance Advisor |
| | Sylvia Shepherd , Corporate Services Manager |
| | Debbie Phillips , Finance Officer |
| | Kirsty McCormack , Office Coordinator |

Input from those working in the Scottish red meat industry is a vital part of how QMS operates. To achieve this, around 20 working groups exist – ranging from quality assurance standard setting to cattle, sheep and pig strategy and marketing groups, as well as a butchers’ working group. For full details visit www.qmscotland.co.uk.

Marketing



Scotch Beef PGI

Highlights of QMS’s marketing work during 2016/17 included eye-catching campaigns behind Scotch Beef PGI to engage key consumers throughout Great Britain, with a focus on Greater London, the Home Counties and Scotland.

Driving consumer awareness of what the Scotch Beef PGI logo stands for continues to be a focus. Ninety-three per cent of our target market in Scotland recognise the Scotch Beef PGI logo along with 42% in Greater London and the Home Counties.

Additionally, trust in the Scotch Beef brand is strong, with over 87% of people in Scotland and 63% in Greater London and the Home Counties trusting the brand. They place their trust in the blue logo, expecting, rightly, that independent checks are undertaken with regards to traceability, animal welfare and whole life assurance.

All of this contributed to a successful year for the brand in terms of retail sales, with volume sales of identified Scottish-origin beef increasing by 18.3% in 2016. Importantly, this has been driven by an increase in the number of households buying the product.

The QMS marketing team was guided by the Scotch Beef Marketing Strategy Group on the timings of the main eight-week marketing campaign, which ran until the end of April 2017, allowing a focus on the Mother’s Day and Easter celebrations and focusing on the provenance, traceability, trust and integrity of the product.

The campaign featured on 451 poster sites across Central London and the Home Counties, focusing on areas such as multiple retailers and commuter belt transport hubs. In addition, we advertised in magazines and newspapers such as Good Housekeeping, the Observer Magazine, The Sunday Times and The Telegraph.



QMS has a strong presence at international shows such as SIAL in Paris.



Marketing (continued)

Digital advertising continues to be a key activity area, as many people now search for recipe inspiration online. Our digital adverts target shoppers who are interested in food, recipes and where their food comes from. Our www.scotchkitchen.com website continues to attract large numbers of visitors and over the past year more than 40,000 people used our “Perfect Steaks and Roasts” app.

Scotch Lamb PGI

QMS has been working to position Scotch Lamb PGI as an easy and versatile option for busy households who want to cook high-quality food that is quick to prepare, low fuss and delicious.

The main campaign “Wham Bam Lamb” has now been running in Scotland for five years. Our mission is getting people in Scotland to put more Scotch Lamb in their shopping baskets.



Scotch Lamb sampling activities took place in retailers throughout Scotland.

In the year under review, the campaign ran from August to October and included radio adverts during the evening rush hour, and posting delicious recipe ideas on social media.

The campaign, which featured lively, vibrant creatives, saw QMS running sampling activities in selected multiple retailers and working with local independent butchers.

Foodservice

The Scotch Beef Club has reached over 350 chefs across GB through its membership, demonstrating the benefits of serving Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork to their customers.

Our Scotch Beef Club auditor visited club members through the year and working in collaboration with the Federation of Chefs Scotland, we have been able to offer technical workshops to members too.

QMS also supported the Scottish team at the Culinary Olympics and visited key catering colleges to ensure the new generation of chefs understand how beef, lamb and pork are produced in Scotland, encouraging chefs to choose Scottish products.

During that same period, over 12 videos were produced by QMS and posted on the leading chefs’ social media platforms to promote the three Scottish red meat brands across the whole country.

Exports

This year was the last year of our Scotch Beef and Scotch Lamb campaigns co-funded by the European Union.

These campaigns focused on the key markets of Belgium, Denmark, Germany, Sweden and The Netherlands and included activities with the media and in-store samplings. This was supported by online activity and a presence on social media, as well as activities with key local food bloggers.

QMS had a strong presence in international trade shows including SIAL in Paris. Every year this type of exhibition presents an important platform to drive international business and the main Scottish processors were present to seek out business and cement customer relationships.

In collaboration with Scotland Food & Drink, QMS supported the red meat industry to explore potential new markets outwith Britain and the European Union. The focus during the year was on two specific markets – Canada and Hong Kong – which have keen potential demand for our products on a deliverable scale.

Scotch Butchers Club

The Scotch Butchers Club run by QMS has around 250 members across the UK, who are committed to retailing Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork. During 2016/17, over 290,000 pieces of point-of-sale materials were distributed to Scotch Butcher Club members in support of the three brands.

In the past year, the Club has also supported industry events such as the World Scotch Pie Championship and British Pie awards as well as the Q Guild Smithfield and NFMFT Premier Young Butcher awards.

The Club also ran its own Champion of Champions Scotch Lamb Awards and hosted

butchers’ demonstrations at the Royal Highland Show. In a new initiative for 2016, Scotch Butcher Club 100% membership was launched, so members could communicate to their customers that they are committed to farm assured beef, lamb or pork all year round.

Specially Selected Pork

The Specially Selected Pork marketing campaign aimed to showcase the versatility, affordability and quality of Specially Selected Pork.

The target audience for Specially Selected Pork has been identified, through consumer research, as young professionals and families with young children.

The 2016 campaign ran over a six-week period starting in late May and featured online, social media, press, radio and 30 second recipe videos as well as being promoted within independent and multiple retailers and members of the Scotch Butchers Club who retail Specially Selected Pork.

The flagship pork brand was also the main sponsor for Taste of Grampian in 2016 and 2017. The campaign achieved fantastic results. The radio adverts reached over 50% of adults across Scotland and were heard over 24 million times.

Results on social media through the Enjoy Quality Pork Facebook and Twitter pages were also excellent.

For more information on Specially Selected Pork activities, keep an eye on the Enjoy Quality Pork Facebook and Twitter (@EnjoyQualPork) pages or on the Specially Selected Pork website:

www.speciallyselectedpork.com.

QMS's
SCOTCH BEEF
campaigns
REACHED OVER
15 MILLION
CONSUMERS
IN THE UK

The winner of the Champion of Champions Scotch Lamb award was Mearns T McCaskie, a member of the Scotch Butchers Club.



QMS's
SCOTCH LAMB
MARKETING CAMPAIGN
reached around
3.7 MILLION
SCOTTISH
CONSUMERS



Specially Selected Pork radio adverts were heard more than 24 million times.



Health and Education



Jen Robertson,
QMS Health
and Education
Co-ordinator

The Health and Education activities undertaken by QMS are focused on the target audience of Scottish families. The aim is to encourage people to understand where their food comes from, and communicate the importance of a healthy diet and red meat's role in achieving that.

114 INDIVIDUAL COOKERY DEMONSTRATIONS
38 DIFFERENT SCHOOLS



Social Media

Video content continues to play an important role on our health and education social media platforms and one new venture during the year was a step into the world of animation.

Getting our messages across in a fun yet educational way is always a challenge. However with the development of a new animated video entitled "The meat we eat", children and adults alike could enjoy discovering more about a healthy diet and the nutritional benefits of eating meat.

Our Good Family Food Facebook page continues to provide followers with a range of recipe ideas and top healthy eating tips, as well as fun videos including some spooky Halloween meal ideas and Christmas canapes.

School Demos

During the year under review, our health and education team, supported by chefs, held 114 individual cookery demonstrations in 38 different schools, reaching 2,825 children. In addition, 88 individual education sessions at other events took place involving school children and reached another 2,159 pupils.

Scotch Beef Cookery Theatre

QMS again sponsored the Scotch Beef Cookery Theatre in the Discovery Centre at the Royal Highland Show, which saw around 800 children get the opportunity to cook with Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork. Visitors to QMS's main stand at the show enjoyed a more interactive education area, which proved popular with young and old alike. There was an opportunity to see what it takes to lamb a ewe in a new lambing simulator as well as learning about animal welfare from the Scottish SPCA.

Good Food Champions

This General Teaching Council Scotland (GTCS) accredited teacher training course saw teachers from Glasgow and the surrounding area learn all about food, farming, production and careers in the food and drink industry from QMS and a host of other education partners, led by RHET. Evaluation from these teachers and the previous group has identified the course as a great success and plans for the 2017/18 cohort are underway.

Food Education Partners

Our Health and Education team works closely with other food education partners including Education Scotland, RHET, FDF Scotland, LFHV, Soil Association and many more. The projects we have been involved in include "Make it with Meat" at Bathgate Academy and "Butchery and Beyond" with Kirkintilloch High School and the Scottish Food and Drink Federation. We also had stands at the Borders Union Children's Show and Scotland's Beef Event during 2016/17.

Sporting Connections

QMS continued to work closely with Street Soccer Scotland and the Winning Scotland Foundation's "Champions in Scotland" programme, and we trained a further 11 top Scottish athletes in what the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands stand for. The aim of this training was to highlight the role of red meat in the athletes' diets and how that can be passed on to pupils through an interactive cookery demonstration led by the athletes. Pupils across the country are enjoying visits from these athletes now.

We also enjoyed a new venture with some of Scotland's top inspiring young athletes by means of a project with the Institute of Sport's Performance Nutrition team. This saw two groups – five cyclists and 10 swimmers – each receive a four-week cookery course on recipes using everything from liver (to top up iron stores) to rump steak. Top Olympians, such as Ross Murdoch and Duncan Scott, were put through their paces by Chef Consultant Scott Lyall, with the course concluding with a fun competition.



Mairi Sutherland
joined the Health
and Education
team as Health
and Education
Executive.

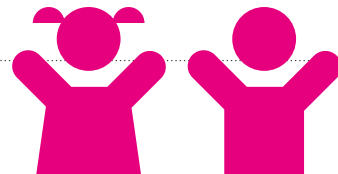


Getting our message about red meat and health across in engaging ways.
See our new animated video at:
qmScotland.co.uk/file/qms-meat-we-eat



800 children were given the opportunity to cook with Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork.

Royal Highland Show



Industry Development

QMS's Industry Development team's activities are focused on improving the productivity, profitability and sustainability of businesses within Scotland's red meat industry. QMS supports a wide range of events and projects, which have knowledge exchange as their core objective.

Monitor Farms

2016 saw the launch of Scotland's new Monitor Farm Programme. Funded by the Scottish Government's Knowledge Transfer and Innovation Fund and managed jointly by QMS and AHDB Cereals and Oilseeds, this four-year programme aims to build on the success of previous monitor farm initiatives.

Nine new monitor farms were selected across Scotland representing a broad range of farm types, business structures and production systems. The monitor farmers have agreed to open their businesses up to scrutiny from their peers and allow the management teams, formed around each farm, to steer each individual project for the duration of the programme.

Each farm will host six meetings a year, with the main objective of sharing best practice within the community group of attendees but also with the other eight groups and the wider farming industry. These meetings will involve a range of presentations, practical demonstrations and topical discussions. A business group, including the host farmer, has also been established for each monitor farm. This



Launch of the Sutherland monitor farm

will benchmark physical and financial performance amongst participants to highlight areas for further investigation and discussion within the group and the wider monitor farm community.

A new web-based monitor farm hub has been created to facilitate knowledge sharing www.monitorfarms.co.uk.

Rising to the Challenges Conference

An Industry Development conference was held in May with a theme of "Rising to the Challenges". The morning session provided delegates with insight and updates on the red meat supply chain from farm gate right through to consumer. The afternoon provided an opportunity to hear from industry experts on the latest thinking on soil health and nutrition, grass management, genetics and animal nutrition. The conference was well received by everyone who attended, with many commenting on the quality of the presentations and

the overall positivity and can-do attitude prevalent in the break-out groups and discussion sessions.

Grazing Groups

The first QMS Grazing Groups project culminated in 2016/17 with a series of regional events highlighting the experiences and learning from group activity during the previous three years.

Host farmers delivered presentations at these events illustrating how better grazing management had improved their bottom lines, with some crediting the drive to maximise the kilos of cattle or sheep produced per hectare as a "game changer" for their business.

These events also provided an excellent springboard for a new grazing project launched later in 2017.

Pig Business Network

A new Pig Monitor Farm, Mill of Carden near Inverurie, provided a new focus for the Pig Business Network, which is jointly funded by Opportunity North East and QMS. Together with three satellite discussion groups and a training forum specifically for key pig herd managers, the new monitor farm aims to build on previous activity to drive up efficiency in both rearer and finisher units.

Industry Groups

QMS also runs three industry groups – the Scottish Cattle Industry Group, the Scottish Sheep Industry Group and the Pig Industry Group Scotland. These groups work closely with QMS to provide feedback, advice and guidance to ensure the organisation's projects are sharply focused on grass-roots industry needs to maximise benefits.

New Team Members

During the year under review two new members of staff – Heather McCalman and Rebecca Rainnie – joined the industry development team, bringing enthusiasm and experience to the knowledge transfer roles relating to sheep and cattle.


Animal Health

QMS's activities in the pig sector are aimed at improving efficiency and health and include a range of work undertaken as part of the QMS Pig Business Network, which is co-funded by the Skills Development Scheme via the EU SRDP programme.

Other examples of animal health work which QMS supports include initiatives such as Control of Worms Sustainably (COWS); Sustainable Control of Parasites in Sheep (SCOPS); NADIS (National Animal Disease Information Service) and Livestock Health Scotland.



Members of the QMS Industry Development team, Emily Grant (left) and Rebecca Rainnie, pictured at NSA Highland Sheep.



QMS videos are each typically viewed on social media

30,000 TIMES

93%

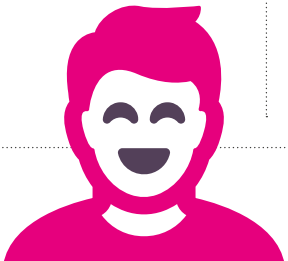
of attendees rated QMS

Rising to the Challenges Conference

EXCELLENT

A lot to take in and try to implement at home. First class event – will definitely attend more.

'Rising to the Challenges' participant



LIVESTOCK+

QMS Sharing best practice from Scottish livestock businesses





89% OF 470 RESPONDENTS*

Stated **LIVESTOCK+** was of value to them

*Survey February 2017

Quality assurance



QMS works closely with the Scottish SPCA. Pictured is Mike Flynn, chief superintendent, Scottish SPCA

The six QMS quality assurance schemes play a vital role in underpinning the Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork brands.

To be eligible to carry the brand logos, meat must come from animals which have been born, reared and slaughtered in Scotland and spent their entire life on QMS Assured holdings.

The whole chain assurance programme is delivered by a suite of quality assurance schemes: Cattle & Sheep; Pigs; Feeds; Haulage; Auction Market; and Processor. The schemes provide reassurance to

consumers relating to provenance, high standards of production and animal welfare and wellbeing.

Membership of the quality assurance schemes is voluntary and the schemes are managed independently, setting them apart from the other activity QMS undertakes on behalf of the Scottish red meat industry.

Importance of Assurance

Independent market research continues to highlight the ever-increasing importance of quality assurance schemes in underpinning consumer trust in red meat brands.

Currently over 90% of Scotland's breeding cattle population, over 80% of the breeding sheep flock and almost 100% of significant pig farming businesses are covered by QMS quality assurance.

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 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 standards setting committee, comprised of 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.

A full list of QMS committees can be found on the QMS website at www.qmscotland.co.uk.

Independent Assessment and Certification

An independent contractor provides assessment and certification services to the QMS whole chain assurance programme and the contract is awarded following a competitive tendering process. 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 (at least once each year) audited by UKAS.

Scotch Potential Eligibility Cattle Checker (SPECC)

The Scotch Potential Eligibility Cattle Checker (SPECC), which was introduced by QMS during 2015/16, is now well established.

SPECC allows farmers, auction markets and abattoirs to check whether individual animals are potentially eligible for the Scotch Beef

PGI brand. SPECC is integrated into all Scotch Assured auction markets software systems and revised assurance posters are on display.

There is also a free SPECC smart phone app which is very easy to use.

Animal Welfare

The priority the Scottish red meat industry places on animal welfare continues to be an important focus, and a formal partnership exists between QMS and the Scottish SPCA, Scotland's leading animal welfare charity.

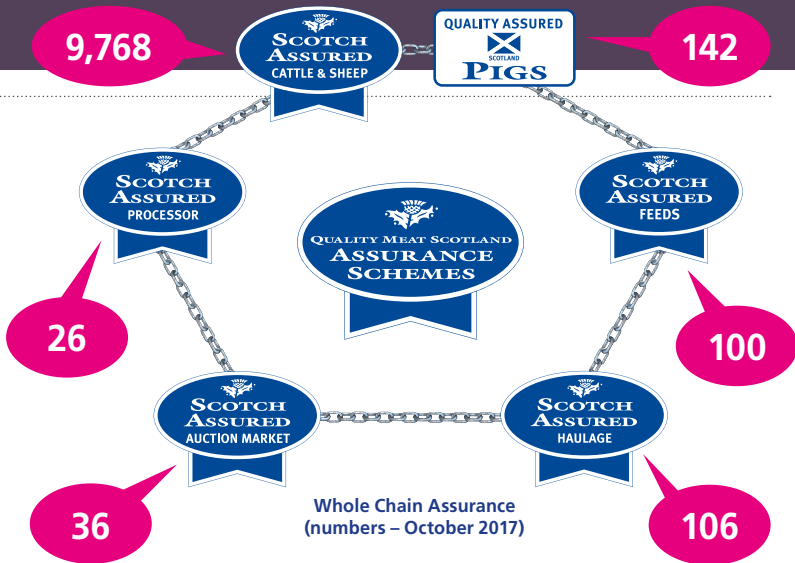
QMS and the Scottish SPCA have a long history of working closely together with the aim of promoting and encouraging a high level of animal welfare in the Scottish livestock industry. Scottish SPCA inspectors continue to accompany Acoura assessors on visits to assurance scheme members' farms.

The partnership cements the collaboration and trust between the 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 wellbeing in the production of beef, lamb and pork in Scotland is highlighted in its 'Animal Welfare and Wellbeing Charter'. The guiding principles of the Charter underpin the QMS whole chain assurance programme, and activities.

Currently over 90% of Scotland's breeding cattle population, over 80% of the breeding sheep flock and almost 100% of significant pig farming businesses are covered by quality assurance.

Importance of assurance



Quality assurance assessor James Foad is one of over 50 assessors who play a vital role in the delivery of the quality assurance programme.

OVER 10,000 members of QMS assurance schemes



Economics

The role of QMS's Economics Services team focuses on ensuring businesses involved in the Scottish red meat production chain benefit from the latest industry statistics and analysis.

The QMS Economics Services team provides regular market updates which are published online and in the media, and the team produces annual publications on cattle and sheep enterprise benchmarks along with an overview of industry statistics.

The two members of the team also regularly speak at a range of events including industry conferences, farm open days, and college and university lectures, to ensure as many key stakeholders as possible benefit from their work.

QMS provides a steady flow of reporting on market prices in Scotland and globally, and the team manages the market prices section of the QMS website. During the year under review, the team also researched and published a number of key documents relating to the potential impact of Brexit on different aspects of the Scottish red meat industry.

Each week, market data is supplied by our Economics Services team to the Scottish farming press. The team also pulls together a market commentary for the weekly QMS industry newsletter, highlighting key changes affecting market prices and performance.



Once a fortnight, the team produces a widely circulated market commentary and routinely writes feature-length articles for the farming press as well as supplying key statistics requested by the media.

A more detailed monthly market report is also published. This report covers market prices, supplies, retail sales and international trade. In addition, this monthly report looks at price movements at the EU level and considers developments in some of the key global markets to provide a wider context.

On a regular basis, the team also deals with specific requests for market information from stakeholders. To enable these core activities to be carried out and requests to be met, the team manages and analyses a number of large datasets going back to the early part of this century.

In terms of benchmarking, a report on "Cattle and Sheep Enterprise Profitability in Scotland" (also known as the "Enterprise Costings" report) is released in the autumn and offers a detailed analysis of the financial performance of a sample of Scottish cattle and sheep farming enterprises.

Drawing data from a range of cattle and sheep production systems from across Scotland, the analysis seeks to identify the key components and performance indicators that deliver a top third financial margin.

The report provides a means for farmers, and their advisors, to compare their own enterprises' performance with their peer group and identify strengths and weakness of their businesses to target areas for development.

"The Scottish Red Meat Industry Profile" is published each summer, ahead of the Royal Highland Show. Containing data on a wide range of topics from livestock's contribution to total agricultural output, through the regional structure of livestock populations and abattoir throughputs to trade and consumer demand, the report provides stakeholders with a comprehensive reference book of the size and scale of both the primary livestock sector and the red meat processing industry that operates in Scotland.

The team also publishes a twice-yearly review of the business environment facing the red meat sector. As well as reviewing the main macroeconomic trends in the UK and EU, this publication includes a review and outlook for red meat supplies.

The economics team is also charged with monitoring and horizon-scanning developments in a wide range of national and global actions on topics crucial to the development of the red meat industry.

This includes, for example, climate change and sustainability policies and strategies, and trade, environment and agricultural policy developments. In the year under review issues relating to Brexit were added to this work. This work results in regular contact with sister organisations and industry bodies around the globe, input to Scottish government stakeholder groups and contributions to sectoral strategic reviews – at national and European Commission level.

The datasets held and the analysis and interpretation of the economics team is an important resource for other teams within QMS. For example, the work is used to support strategy framing and industry presentations by both the marketing and industry development teams.

QMS's Economics Services team has produced a series of Brexit briefing papers covering key areas such as international trade and migrant labour.

QMS provides a steady flow of reporting on market prices in Scotland and globally and the team manages the market prices section of the QMS website.





SCOTLAND'S RED MEAT INDUSTRY generates more than **£2 billion** annually and supports **50,000** jobs



Communications

The work undertaken by QMS's communications team is primarily divided into activities which are industry-facing and consumer-facing.

The team works to deliver the latest information and news about QMS activities, ranging from the work of the industry development team to help farmers improve their bottom lines, to lively public relations campaigns behind the industry's three brands: Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork.



Media relations

QMS's communications team works closely with target media and aims to provide a steady cascade of positive stories, accompanied by strong photography and, where possible, video content.

The communications strategy is to be as open and transparent as possible and work to maintain trust and good relations with key members of the print, online and broadcast media.

A key area of activity by the communications team, which is often unseen, is the work undertaken to keep stories which could potentially damage the industry out of the press but advising and informing journalists.

To this end, we work closely with our sister organisations elsewhere in the UK and with the communications teams of other key organisations in our industry e.g. VisitScotland and Scotland Food & Drink.

Scotch Lamb 2016 PR Campaign

QMS's 2016 "Love Scotch Lamb" public relations campaign included working with double Olympic gold winner (and busy working mum), Rebecca Adlington.

During a visit hosted by QMS, Ms Adlington joined our health and education team to take part in a school cookery demonstration and she also met farmers, butchers and chefs to learn more about what makes Scotch Lamb one of the finest ingredients in Scotland's larder.

The PR campaign also saw QMS work with Lorraine Kelly, throughout the STV Children's Appeal. The TV presenter visited a farm and butcher's shop to learn more about Scotch Lamb.

The campaign achieved a total reach of 20.2 million, including a broadcast reach of 0.5 million, social reach of 1.65 million, print reach of 5 million and online reach of 13 million.

Scotch Beef 2017 PR Campaign

Masterchef winner Gary Maclean fronted our Scotch Beef PGI PR campaign which was also supported by high-profile rugby player Stuart Hogg.

One highlight of the PR activity was a Scotch Beef Sizzle, fronted by BBC weather presenter Judith Ralston, which alone delivered a reach of 1.3 million online and 501,000 in print.

The campaign achieved a total reach of 141,872,010, representing a 26% rise year-on-year.

Specially Selected Pork PR Campaign

One of the main PR activities we undertook in support of the marketing campaign behind Specially Selected Pork was the title sponsorship of the Taste of Grampian food festival.

This included extensive media coverage and a fun cook-off between two of the auctioneers who starred in BBC's The Mart. The pair were challenged to produce quick, easy Specially Selected Pork dishes in the hugely popular competition.

Guild of Food Writers Awards

QMS supported the Guild of Food Writers Awards which showcased the skills of top food writers from throughout the UK. Attendees enjoyed Scotch Beef PGI and Scotch Lamb PGI.

We also launched a new Scotch Excellence award as part of our support of the Scotland Food & Drink Awards.

Scotch Beef Farm of the Year

Three top beef cattle businesses were unveiled as the finalists of the Scotch Beef Farm of the Year Award, run by QMS and AgriScot.

The finalist farms were selected from an impressive line-up of entries and represented three very different types of beef systems.

Industry Communications

Social media continues to be an important and growing area in the communications mix. QMS's Twitter feed, 'MooTube' channel and Facebook page feature up-to-the-minute news about QMS's wide-ranging activities on behalf of the industry. We now have more than 13,000 likes on Facebook and around 4,500 followers on Twitter.

During the year under review the QMS comms team produced more than 30 videos, ranging from industry-facing productions aimed at helping farmers share opportunities to improve their margins to public-facing videos. One example of this type of video was the "Sheep-wise" video we produced with the National Sheep Association (Scotland). This video highlighted the potential devastation caused by dogs chasing sheep and was viewed around 120,000 times.


Livestock+, our in-house magazine-style newsletter, is issued four times a year. Our free weekly e-newsletter is issued to more than 5,000 subscribers, and to sign up, visit our website.

A guide for farmers and others in the industry to help them make the most of media opportunities is available free from QMS by calling 0131 472 4040 or you can download from www.qmscotland.co.uk.




Scotch Lamb mascot Ewenice with Lorraine Kelly at the Kiltwalk


QMS Social Media



13,000
LIKES



4,500
FOLLOWERS





LEFT
The Stars of BBC's The Mart supported the Specially Selected Pork campaign.

RIGHT
The most popular video QMS produced in 2016/17 (Sheep-wise) was viewed around 120,000 times.



Financials

The full Annual Report and Accounts for the financial year ended 31 March 2017 are available on the QMS website at www.qmscotland.co.uk or by telephoning 0131 472 4040 for a copy.

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

For the year ended 31 March 2017

	2016 – 17 £	2015 – 16 £
Income		
Statutory red meat levy	3,965,856	3,972,592
Consumer assurance scheme fees	1,527,565	1,484,662
Other income	930,292	821,815
Total operating income	6,423,713	6,279,069
Expenditure		
Staff employment and board costs	1,079,263	1,042,440
Depreciation	8,425	8,385
Other operating costs	5,357,378	5,418,354
Total operating income	6,445,067	6,469,179
Net operating expenditure	(21,354)	(190,109)
Finance income	14,051	11,883
Net expenditure for the year	(7,303)	(178,226)

STATEMENT OF FINANCIAL POSITION

As at March 2017

	2017 £	2016 £
Non-current assets		
Property, plant and equipment	9,755	11,833
Current assets		
Inventories	0	2,223
Trade receivables and other current assets	1,279,503	1,008,847
Deposits and advances	1,100,000	850,00
Cash and cash equivalents	321,903	897,452
Total current assets	2,701,406	2,758,522
Total assets	2,711,161	2,770,355
Current liabilities		
Trade payables and other current liabilities	1,287,481	1,339,372
Total current liabilities	1,287,481	1,339,372
Assets less liabilities	1,423,680	1,430.983
Reserves		
General reserve	1,423,680	1,430,983



Financials (continued)

STATEMENT OF ACCOUNTS

For the year ended 31 March 2017

	Levy £	2016 – 17 Non Levy £	Total £		Levy £	2015 – 16 Non Levy £	Total £
Income							
Statutory red meat levy	3,965,856	0	3,965,856		3,972,592	0	3,972,592
Consumer assurance scheme fees	0	1,527,565	1,527,565		0	1,484,662	1,484,662
Grant income	0	900,482	900,482		0	785,908	785,908
Miscellaneous income	0	29,810	29,810		0	35,907	35,907
Bank interest	0	14,051	14,051		0	11,883	11,883
	3,965,856	2,471,908	6,437,764		3,972,592	2,318,360	6,290,952
Direct expenditure							
Marketing and promotions	1,752,564	737,084	2,489,648		1,877,239	612,448	2,489,687
Industry development	717,283	174,871	892,154		755,640	182,163	937,803
Communications and economics services	862,435	12,565	875,000		893,229	7,286	900,515
Assurance scheme operating costs	0	1,600,122	1,600,122		0	1,555,450	1,555,450
Corporate services	568,320	19,823	588,143		573,840	11,883	585,723
	3,900,602	2,544,465	6,445,067		4,099,948	2,369,230	6,469,178
Surplus/(deficit) on ordinary activities	65,254	(72,557)	(7,303)		(127,356)	(50,870)	(178,226)





Quality Meat Scotland

The Rural Centre, Ingliston,
Newbridge, Midlothian EH28 8NZ

0131 472 4040

info@qmscotland.co.uk

www.qmscotland.co.uk

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