

Annual Review

2013/14



Board Members

Jim McLaren, Chairman (appointed April 2011)

John Craig (appointed April 2011)

Ronnie Eunson (appointed April 2013)

Julie Fitzpatrick (appointed April 2014)

Sarah Mackie (appointed April 2014)

Alan McNaughton (reappointed April 2014)

George Milne (appointed April 2014)

John Scott (appointed April 2011)

Philip Sleigh (appointed April 2014)

Louise Welsh (appointed April 2013)

Johnny Mackey (stepped down December 2013)

Gordon McKen (appointment ended March 2014)

Robert Parker (appointment ended March 2014)

Andrew Peddie (appointment ended March 2014)

David Sole (stepped down May 2014)

Professor Phil Thomas (appointment ended March 2014)

Quality Meat Scotland – Staff

Uel Morton, Chief Executive

Susan Kinniburgh, Executive Assistant

Carol McLaren, Head of Communications

Claire Morrison, Communications and Events Manager

Jennifer Robertson, Health and Education Coordinator

Jenni Henderson, Health Education Executive

Johnny Mackey, Head of Industry Development

Michael Blanche, Knowledge Transfer Specialist

Robert Gilchrist, Knowledge Transfer Specialist

Allan Ward, Pig Specialist

Stuart Ashworth, Head of Economics Services

Iain Macdonald, Economics Analyst

Laurent Vernet, Head of Marketing

Jack Broussine, Marketing Executive

Suzie Carlaw, Marketing Controller

Margaret Stewart, Marketing Manager

Suzanne Woodman, Brands Integrity Manager

Sylvia Shepherd, Corporate Services Manager

Debbie Phillips, Finance Assistant

Kirsty McCormack, Office Coordinator

Market Development Agents

(Part-funded, fixed-term agents supported by Scottish Government)

David Chiffolleau, France

Rita Piva, Italy

Huub Schoemaker supported by **Ilona Annema**, Benelux

Peter Toholt, Germany

Jakob True supported by **Anette Stenebrant**, Nordic Countries

ISSN No: 2051-2805

Cover image: Many thanks to the McNee family who travelled to London to promote the Scotch Beef PGI campaign and the UN's "International Year of Family Farming".

4 Chairman's Review

A review of the 2013/2014 year and the key opportunities and challenges facing the Scottish red meat industry, by Jim McLaren, QMS Chairman.

5 QMS Strategy

QMS's top-line strategy is to shape a sustainable and prospering Scottish red meat industry.

6 Chief Executive's Review

'Uel Morton, QMS Chief Executive, gives a taste of the range of activities undertaken by QMS on behalf of the Scottish red meat industry.

7 Industry Development

The industry development team at QMS focuses on activities aimed at improving the efficiency, profitability and sustainability of livestock farmers and others in the red meat chain in Scotland.

A wide range of activities were undertaken during the year – from the "Monitor Farm Programme" to more focused, smaller-scale workshops at locations throughout Scotland.

10 Market Development

Effective marketing to increase sales and drive consumer awareness of the brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork.

During the year under review, QMS undertook a range of marketing activities on behalf of the Scottish red meat industry, with strong campaigns which are carefully targeted to deliver strong results.

13 Health and Education

QMS's health and education activities are aimed at highlighting the importance of red meat in a healthy diet. During the year a number of new activities and partnerships were established.



15 Communications

QMS's communications workload involves communicating with a range of different target audiences – from farmers, processors and butchers to consumers and journalists. The communications workload includes public relations activity in support of the brands and ensuring businesses involved in Scottish red meat production benefit from the latest research and statistics.

17 Assurance

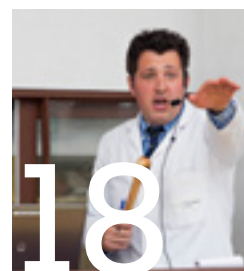
The pioneering schemes that underpin the Scotch Beef, Scotch Lamb and Specially Selected Pork labels are among the best in the world and cover the entire lifespan of animals born in Scotland.

18 Economics Services

The Economics Services team at QMS ensures businesses involved in the Scottish red meat industry benefit from the latest industry statistics. Publications produced include the "Scottish Red Meat Industry Profile" and "Cattle and Sheep Enterprise Profitability in Scotland".

20 Financials

22 Committees





Chairman's Review

Jim McLaren

Livestock production in Scotland is moving into a new era following reform of the Common Agricultural Policy (CAP), and I am confident producers' apprehension will be steadily replaced by a more focused, driven industry.

Global demand continues to grow – this sampling activity in Asia was undertaken in collaboration with Scotland Food & Drink.



The sense of trepidation earlier in 2014 was particularly keenly felt in the beef sector, where most analysis of the predicted CAP changes suggested a significant reduction in payments by the end of the transition period.

We now have more clarity on the way forward, and I am confident in producers' ability to get to grips with what the changes will mean for their individual businesses.

Strong global influences

Without doubt our industry still has many challenges to face, but the long-term prospects for the Scottish red meat industry remain very positive.

Global demand continues to grow for the top-quality Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork we produce. Recent announcements on negotiations to open up the China market for beef are further evidence of that.

After two years of decline in the sow herd, caused by the closure of pig slaughtering facilities in Broxburn and considerable pressure on producer margins, numbers steadied in 2013. This was helped by the combination of an increase in producer prices and a sharp decline in feed costs as the year progressed.

There are some welcome indications that producers are rebuilding herds and investing to take advantage of the better margins achievable, though we must remain vigilant to prevent the threat of new diseases from overseas.

The UK is around 60% self-sufficient in pigmeat, and around a quarter of domestic production is exported each year, so external factors – such as the strength of the pound – can have a significant influence on the UK market.

Beef Efficiency Scheme

The £45 million "Beef Efficiency Scheme" announced by Rural Affairs Secretary Richard Lochhead in June 2014 is welcome news for our industry.

The package was developed in response to recommendations by the Beef 2020 group set up by the Scottish Government at the end of last year. The aim of the scheme is to increase the efficiency of production of beef from the Scottish farms through increases in productivity and reductions in wasteful and costly emissions.

In a separate development, the increased targeting and funding associated with the Scottish Beef Calf Scheme, and the additional top-up for calves born on the islands, will help to mitigate some of the impact of the support reductions for beef farmers.

Furthermore, the addition of a coupled support scheme for sheep, targeted at the most fragile areas of the country, should help to maintain stock numbers in these areas where sheep production plays an important role in social and economic sustainability.

The Beef 2020 vision is one of a confident market-driven, grass-based cattle industry using leading-edge technologies capable of delivering profitably to the home and world market high-provenance, quality beef from sustainable production systems.

The recommendations set out in the report, which are designed to be owned and adopted by the Scottish beef industry, aim to facilitate collaboration, profitability, confidence and investment at every stage of the Scottish red meat supply chain – factors which are key in ensuring a future marked by sustainable, profitable growth.

Board members

Four new QMS board members were welcomed onto the board in April 2014.

Our thanks go to Professor Phil Thomas, Robert Parker, Andrew Peddie and Gordon McKen who stood down and handed over the reins to Professor Julie Fitzpatrick, Sarah Mackie, Philip Sleigh and George Milne.

The diversity of the QMS board is one of its key strengths, and the new board members bring a great deal of experience and knowledge.

Consumer trends

It is imperative that QMS continues to closely monitor, and respond to, consumer purchasing trends. The period under review saw consumers being careful about what they spent their money on and what they deem to be best value.

Consumers in our target markets are looking for best value red meat to provide guarantees of the integrity and traceability of the products they buy – they expect it to have been reared to a high standard of welfare and to be produced in a natural Scottish environment.

Year of Food and Drink 2015

We are preparing to celebrate Scotland's Year of Food and Drink in 2015, and our industry's world-renowned brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork – are set to play an important part in that. Scotland's red meat industry is quick to move on opportunity, and I have no doubts that a strong UK market, coupled with the growing global demand for red meat and premium products, points to an encouraging future.



QMS Strategy

Overall strategy

To shape a sustainable and prospering Scottish red meat industry.

Specific strategies

QMS will achieve the overall strategy by:

- 1) Creating confidence which promotes industry investment in its future
- 2) Increasing the uptake of innovation and proven solutions to improve industry efficiencies
- 3) Promoting sustainable economic and environmental growth
- 4) Working with the industry to develop and build markets
- 5) Assisting the industry to inform consumers and satisfy customer expectations
- 6) 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.

Critical success factors

Critical success factors for the organisation are to:

- 1) Enhance awareness of, demand for and value of Scotch brands
- 2) Deliver industry benefits from QMS initiatives
- 3) Retain public and Government support for red meat production and consumption
- 4) Maximise multiplier effect of statutory levy
- 5) Retain industry and stakeholder confidence in QMS
- 6) Satisfy Scottish Government requirements in operating as a Non-Departmental Public Body

Measurement of our progress

The development of strategy is the responsibility of the board of QMS, and the management team's role is to ensure its implementation. The Chief Executive reviews the implementation plan through which the day-to-day management of the organisation is delivered and monitors progress on a regular basis with individual managers. The board receives a written report on progress to objectives at each board meeting.

The Scottish Government attends board meetings and, in this way, is kept fully up to date with the progress and performance of the organisation.



Chief Executive's Review

Uel Morton

Duncan Scott pictured at Bayfield Farm, near Nigg, is one of the hosts of QMS's new Grazing Groups. The Scotts' long-term sheep strategy is to almost double the size of their flock, lower costs and increase the kilos of lamb they produce per hectare.



Our industry development team is now supporting around 200 events each year.

The ability to recognise and react to change is an important strength of any good business, and a key aspect of the way QMS operates is looking forward to ensure we are on the front foot to respond to change.

During the year under review, we announced plans to focus sharply one area of the work we do – industry development – on grassroots activities aimed at improving the efficiency, sustainability and confidence of the Scottish red meat industry.

QMS undertook a review of the structure and activities of its industry development department and, following the conclusion of this review, a number of changes were introduced.

One key factor influencing the decision to hone more sharply our industry development activities was keen awareness of the need to tackle the considerable threat, recognised by all parts of the industry, of the falling critical mass of beef cattle numbers.

QMS's overall strategy is to shape a sustainable and prospering Scottish red meat industry, and the shortage of beef cattle numbers is now a significant threat facing the beef industry in Scotland.

Not only does declining livestock supply mean a smaller industry, it also means declining levy income for QMS, and it is vital we continue to target the budget we have available to us to deliver maximum

value for money for our levypayers. To do so, we must remain light on our feet and respond robustly to the challenges and opportunities in front of our industry.

The industry in Scotland has fantastic brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork – which have huge potential for growth in the home and overseas markets. However, without adequate supplies of product long-term, this opportunity is at very real risk of being missed.

Among the key areas considered during the review process were the need to maximise the impact of QMS activity to support livestock production in Scotland, and to take a fresh look at the balance of effort the organisation applies to scientific research compared with the grassroots uptake of technology at farm level.

We have been very pleased with the feedback from the industry on the changes we have introduced.

The changes have seen a new industry development structure introduced to more effectively meet the organisation's remit to improve efficiency. Johnny Mackey has taken over the reins as Head of Industry Development, and Robert Gilchrist and Michael Blanche have been appointed to the two new Knowledge Transfer Specialist roles. Their focus is very much on the uptake of technology

by cattle and sheep producers, and our industry development team are now supporting around 200 events each year – from *"Planning for Profit"* events to our new *"Grazing Groups"* and *"Improving Lamb Supply Chain Efficiency"* events.

We have also appointed a new Brands Integrity Manager, Suzanne Woodman, who is managing the operation of our assurance and licensing schemes, and during the year we welcomed Jenni Henderson to assist with our Health and Education activities. Our total staff number remains unchanged year on year.

We have been very pleased with the feedback from industry on the changes we have introduced, which I am confident will result in a stronger, more effective industry development service for our community of levypayers.

The changes we have introduced will further strengthen our ability to deliver behind our topline strategy of working to shape a sustainable and prospering Scottish red meat industry.

Many thanks, on behalf of the QMS team, to all those levypayers and others in our industry who give up their time to serve on our committees (see pages 22 and 23), give us helpful feedback and support, and assist us with events and activities throughout the year.

Industry Development

The Industry Development team's focus is on the uptake of technology by livestock producers, and QMS is now supporting around 200 events each year, most of which are delivered to farmers free of charge.

A review of the structure and activities of QMS's Industry Development department was undertaken during the 2013/14 year.

Following the review a number of changes were introduced by QMS based on plans to sharply focus its industry development work on grassroots activities aimed at improving the efficiency, sustainability and confidence of the Scottish red meat industry.

In order to deliver this more focused workload, a new industry development structure was introduced to most effectively assist those working in the industry to improve efficiency in line with the organisation's remit to shape a sustainable and prospering Scottish red meat industry.

Johnny Mackey took over the reins as Head of Industry Development, and Robert Gilchrist and Michael Blanche have been appointed into the two new Knowledge Transfer Specialist roles. All three individuals bring the benefit of "sleeves rolled-up" practical farming experience to their roles with QMS.

Range of activities

The Industry Development team's focus is very much on the uptake of technology by livestock producers and QMS is now supporting around 200 events each year, most of which are delivered to farmers free of charge.

The activities undertaken range from initiatives targeting large group numbers,

The "Monitor Farm Programme" celebrated its 10th anniversary during 2013 and continues to go from strength to strength.



More than 100 people attended QMS's Grazing for Growth conference and farm visit.



to those carefully designed to deliver sharply focused work for small group numbers. The approach QMS takes to knowledge exchange projects is based around an awareness that a "farmer to farmer" approach works best.

Among the projects which continue to attract large attendances, and is based on this philosophy, is Scotland's well-established "Monitor Farm Programme" – which celebrated its 10th anniversary in 2013.

This programme continues to go from strength to strength, attracting large numbers of local farmers, keen to see and share the experiences of the Monitor Farmer in improving their business performance. An independent review of the success of the programme got underway during the 2013/14 year.

Grazing for Growth

The strong line-up of speakers and appeal of the topics necessitated a venue change for the QMS "Grazing for Growth" conference which relocated after the event quickly sold out, with more than 100 farmers attending.

The event saw the launch of a new network of QMS grazing groups, focusing on the substantial potential benefits of improving the utilisation of grassland.

The overall objective of the grazing groups is to increase the kilos of liveweight cattle or sheep produced per hectare, and initial meetings on the host farms have been well attended and received.

A network of grass stations, set to provide valuable feedback on grass performance, has also been established by QMS around the country.

WORKING FOR OUR INDUSTRY

**QMS funds
a range of
activities
to improve
profitability
and efficiency
on livestock
farms.**

**Visit [www.
qmscotland.
co.uk](http://www.qmscotland.co.uk) to find
out more.**



Tom Marshall of Mains of Tig Farm at Ballantrae, Ayrshire, hosted one of the Lamb Supply Chain Group meetings.

Lamb supply chain

A lamb supply chain pilot project, funded by QMS, identified a raft of opportunities to add value, reduce waste and develop a more competitive, profitable Scottish sheep sector.

The project was undertaken during the 2012/13 lamb marketing season by SAC Consulting (part of Scotland's Rural College), SAOS and the Scottish Manufacturing Advisory Service, who reviewed the supply chain of farmers' co-operative Farm Stock (Scotland) Ltd. The aim was to identify bottlenecks and inefficiencies in the supply chain which add cost, and ultimately to reduce margins, for each link in the lamb production chain.

A report on the project identified the key challenges facing the Scottish sheep industry as: lack of sheep numbers; the large number (around 50%) of Scottish lambs now processed south of the border; and falling lamb consumption, partly due to lamb being regarded as an expensive product. The reliance of many Scottish livestock farmers on support payments for profitability is also identified as a challenge for the industry.

Following the publication of the report, QMS supported a series of free Lamb Supply Chain workshops and meetings aimed at developing a more competitive and sustainable Scottish sheep sector. A key focus area of these meetings has been identifying ways to improve the communication flow in the lamb supply chain.

The practical and interactive workshop sessions, funded by QMS, Farm Stock (Scotland) Ltd and the Scottish Government Skills Development Scheme and facilitated by SAC Consulting (part of Scotland's Rural College), aim to enhance collaboration and communication in the supply chain, and improve productivity and profitability at all levels.

At each meeting participants hear from a range of speakers from different parts of the supply chain – including producers, hauliers, processors, retailers and industry experts – who will outline the key issues and challenges faced by their businesses as well as making suggestions for improvement.

Planning for Profit

A new "Planning For Profit" initiative aimed at assisting farmers to ensure their businesses are well placed to operate profitably in the face of reduced support payments, was launched during the year.

The initiative, supported by the Scottish Government's Skills Development Scheme, QMS and NFU Scotland, is being rolled out Scotland-wide and has generated packed attendances.

The project will focus on optimising the profitability and competitiveness of livestock and mixed livestock/arable farms, particularly in the face of reduced support payments following the CAP restructure. This may result in a significant reduction in some farm businesses' income from support payments.

"Planning for Profit" aims to encourage farmers to re-tune their businesses in response to CAP reform, and a key objective will be to provide a structured approach for farm business planning.

Building Farm Resilience

QMS is also supporting a series of 30 "Building Farm Resilience" workshops being held around the country to offer farmers the opportunity to take a valuable step out of their daily work and make time to prepare for the challenges and opportunities which lie ahead.



Some of those who attended the Planning for Profit meeting in Perth.

QMS chairman, Jim McLaren, pictured with Andrew Elliott, Chairman of the Scottish Cattle Industry Group, and other members of the group.



The unexpected events and shocks which can seriously challenge farm businesses range from extreme weather to loss of markets, price volatility, personal injury and illness.

This sort of challenge is becoming increasingly common and for any business to thrive long-term, it will be more and more important to have the agility to deal with change and the resilience to cope with unforeseen events.

The project is being supported by the Scottish Government through the Scottish Rural Development Programme (SRDP), QMS and Scottish Enterprise.

Farmer-to-farmer approach

Farm case studies were the focus of a series of workshops funded by QMS and the Scotland Rural Development Programme (SRDP) Skills Development Scheme and aimed at equipping farmers with a better understanding of John's Disease management options.

The initiative showed how different approaches taken by farms can be successful as long as key principles are applied.

The new Scottish Cattle Industry Group established by QMS during the year identified benchmarking as a priority at its first meeting in Stirling.

The group has been established to work closely with QMS to provide feedback, advice and guidance to ensure the organisation's cattle-related projects are sharply focused on grassroots industry needs to maximise benefits for the Scottish cattle industry.

Borders farmer Andrew Elliot, who is based at Blackhaugh near Galashiels, has been appointed as chairman of the new group.

The Scottish Sheep Industry Group is chaired by John Scott, who farms at Fearn Farm, Tain in Ross-shire. John took over the reins from Maime Paterson, who chaired the Group's predecessor, the Scottish Sheep Strategy Group.

IMEQ report

The year under review also saw the publication of the final report on the "*Integrated Measurement of Eating Quality*" (IMEQ) project. The project, jointly funded by the Scottish Government and QMS, has established that meat quality measurement techniques and high-tech robotic equipment can be used successfully at line-speed in a commercial abattoir environment. As well as confirming the potential for the development of future abattoir systems which are less labour-intensive and delivering new information to assist marketing strategies, the findings of the three-year project have opened the door for the commercialisation of a number of new technologies.

Pig efficiency and health

Efficiency and health remain key drivers behind QMS's activities in the pig sector. A new Monitor Farm for the pig sector was selected in Aberdeenshire. The "*Monitor Farm Programme*" works slightly differently in the pig sector via a host farm, with most meetings held off site due to a need to protect the health status of the Monitor Farm, which is also supported by three satellite groups meeting in Nairn, Perth

and Dumfries. Trials on feed efficiency, standard operating procedures and selection of pigs for slaughter have been highlights on the new Monitor Farm, which is presently undertaking partial depopulation to improve herd health which, in turn, will improve efficiency. All this work is part of the QMS Pig Business Network, which is co-funded by Skills Development Scheme funding via the EU SRDP programme and includes a Pig Managers group which meets regularly for training sessions on a wide variety of subjects.

Trials to find new sample collection and laboratory testing methods for Scotland are also underway, and Wholesome Pigs Scotland – the abattoir health monitoring scheme – continues to form a crucial part of the story behind the Specially Selected Pork brand. Various projects were also undertaken with environmental commercial partners to ensure best use of resources was occurring in the pig sector, particularly with wastes.

Publications

The range of publications produced by QMS during the year included a new "*Guide to Improving Suckler Herd Fertility*", launched to help producers assess their herd's performance and identify areas for improvement. Another example was the "*Soil and Grassland Management*" publication, produced to help farmers reduce the cost of expensive supplementary feeds by making the most of their grass. Copies of QMS publications are available to download from our website www.qmscotland.co.uk or by emailing info@qmscotland.co.uk or calling 0131 472 4040.

Market Development

The range of market development activities undertaken by Quality Meat Scotland's marketing team is aimed at strengthening the Scottish red meat industry's position in the market.

The team works to deliver vibrant, impactful campaigns behind the industry's brands – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork. However, behind the advertising developed to raise the profile of the brands and drive consumer loyalty lies significant market research and evaluation, which is undertaken by QMS to ensure the advertising is tailored to the target audiences for the brands.

To ensure maximum impact and value for money, it is vital that each campaign is developed with the right tone and messaging for the brand's target audiences.

Scotch Beef PGI – Scotland and Britain

The main promotion behind Scotch Beef PGI was undertaken in February and March 2014, in Scotland, Greater London and the Home Counties.

Eleven million consumers were targeted in the Scotch Beef PGI campaign, which followed a smaller promotion in Greater London in October 2013.

The campaign in Scotland and England – with the focus on South East England and Greater London – highlighted the quality and integrity which underpin the Scotch Beef brand. The aim was to inform and educate consumers and inspire them to choose Scotch Beef, with its much-coveted PGI status.

The Scotch Beef campaign highlighted provenance, traceability and integrity.

Part-financed by the European Union, the eight-week campaign covered 955 poster sites across Scotland, Central London and the South East as well as magazine adverts in major consumer national and Scottish press. Two creative executions were used – “Great Quality of Taste” and “Get Behind the Label” – both of which featured some of the hundreds of farming families throughout Scotland who work hard to produce top-quality beef.

The Scotch Lamb campaign delivered encouraging results and succeeded in raising lamb's profile as an easy-to-cook ingredient and a great mid-week meal.

The multi-channel promotional push also targeted the wider public through digital advertising, which encourages consumers to discover recipes on www.scotchbeefandlamb.com, download the very popular free “Perfect Steaks and Roasts” cooking app and follow social media activity on the “Enjoy Quality Meat” Facebook page.

Three hundred independent butchers, who are members of the Scotch Butchers Club, also received promotional packs with steak sauce recipe cards

and resources to help them boost their sales of Scotch Beef steaks.

Scotch Lamb PGI – Scotland

The main Scotch Lamb PGI campaign delivered during the period under review took place in August and September 2013. The focus of the campaign was younger families and encouraging people to understand that Scotch Lamb is an ideal simple, speedy weekday meal – not just for a Sunday roast. Feedback was sought from focus groups and, building on this, QMS created a new high impact creative platform – “Wham Bam Thank You Lamb” – designed with support from the EU co-funded programme. The campaign ranged from billboard advertising and print advertising in consumer magazines to building profiles online using target websites, Facebook advertisements, and local radio across Scotland. Radio times were booked to coincide with shoppers' journeys from work to do their weekly shop.

The campaign delivered encouraging results and, according to findings by food and grocery research charity, IGD, it succeeded in raising lamb's profile as an easy-to-cook ingredient and a great mid-week meal.

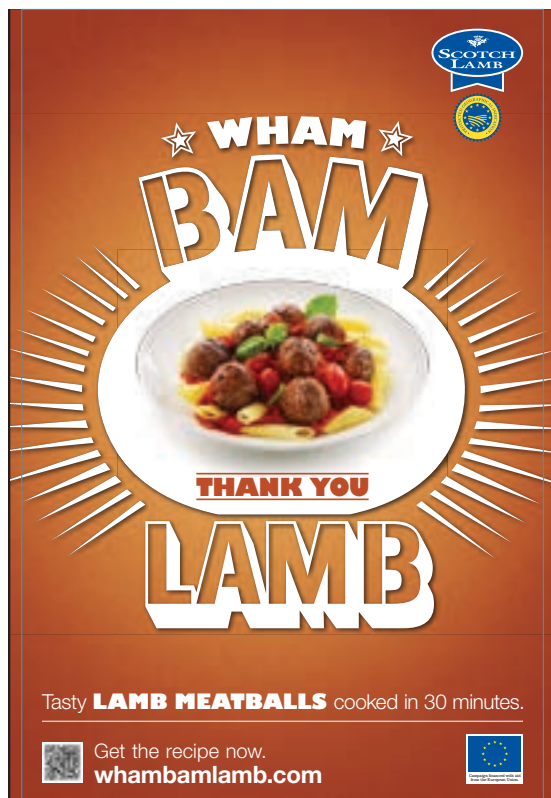
Figures from IGD reveal that following the campaign 61% of the target audience believed that lamb was easy

TO GET OUTSTANDING RESULTS HERE

WE GO HERE
Scotland has some of the most beautiful, unspoiled scenery in the world. This helps in the raising of some of the world's best beef cattle.

AND HERE
Our quality assurance standards are amongst the most rigorous in the world. This helps us guarantee happy, healthy beef cattle.

YOUR SIGN OF OUTSTANDING QUALITY.
For recipe ideas visit www.scotchbeefandlamb.com



Olympic curler Eve Muirhead launched the Wham Bam Thank You Lamb campaign.

Carol Smillie helped to launch a campaign promoting meat pies.



to cook, compared with 57% before the campaign. Additionally, 54% viewed lamb as a great mid-week meal – an increase of six per cent.

The Scotland-wide, six-week campaign included prime-time radio adverts as well as print advertising and a new microsite – www.whambamlamb.com – which featured six “how to” videos showing how quick and easy cooking with lamb really is.

Among the “cook in under 30 minutes” dishes featured in a 16-page recipe leaflet were lamb meatballs, kebabs, biryani, burgers and stir-fry. The campaign also saw extensive use of new media, including Facebook and key websites.

The campaign featured the development of online cooking demonstrations by top Scottish chefs, and the recipes were also demonstrated during in-store activities.

The Wham Bam campaign won two silver awards at the Marketing Society Scotland’s Star Awards in June 2014.

Specialty Selected Pork – Scotland

Due to the reduction in pigmeat levy income as a result of increased numbers of pigs being slaughtered outside Scotland, following the closure of Vion’s Hall’s of Broxburn facility, budget for activity behind Specialty Selected Pork is limited.

The focus, during the year under review, was very much on in-store activities to support retailers who are loyal to the Specialty Selected Pork brand.

Welfare remains a key communication behind the brand, and QMS continues to work very closely with Scotland’s leading animal welfare charity, the Scottish SPCA, as part of this focus.

During the year under review, QMS welcomed a commitment from new retailers to support the industry’s pioneering welfare label. The move saw these retailers using “*Specialty Selected Pork Approved by the Scottish SPCA*” labels on all Scottish-origin fresh pork packs on their shelves in stores throughout Scotland.

Keeping pace with consumer trends

The QMS marketing team regularly commissions consumer research to ensure processors, retailers and farming organisations are kept up to date with changing consumer trends regarding red meat – and the three brands in particular.

A marketing conference held by QMS – entitled “*Surfing a Changing World*” – paid particular attention to the far-reaching impact of new media, an area which QMS is also embracing.

The QMS “*Perfect Steaks*” app has been downloaded by 66,000 consumers and our Facebook following surged during the year, to around 20,000 likes.

We are also adapting our presence at consumer-facing events such as the BBC Good Food Show in Glasgow, where we had a high-profile presence in 2013.

Working with butchers

During the year under review we developed and delivered eight promotional campaigns, which were targeted specifically at the butcher sector and the 300 plus members of the Scotch Butchers Club.

In collaboration with the butcher sector, we produced a toolkit to help butchers be more confident regarding their marketing and communication skills. QMS also distributed more than 406,000 recipe leaflets through our network of butchers.

Working closely with other organisations was also a priority, and QMS has a positive relationship with the Scottish Federation of Meat Traders Associations and others – such as Scottish Bakers, with whom QMS worked to develop a campaign promoting meat pies.

During the year under review QMS developed and delivered eight promotional campaigns targeted at the butcher sector.

Working with multiple retailers

QMS's marketing team works hard to ensure strong relationships are forged with the major British supermarket chains, Cash & Carry outlets and discounters.

During 2013/14 around 500,000 recipe leaflets were distributed via the supermarkets, along with 11 million secondary pack stickers to increase the visibility of Scotch Beef, Scotch Lamb and Specially Selected Pork at point of sale.

A total of six campaigns with retailers were delivered to support the three brands across Scotland, as well as targeted English regions when appropriate. In total, over 700 in-store activities were undertaken.

Working with restaurants

The Scotch Beef Club has around 330 members, who are loyal supporters of the Scotch Beef brand and all it stands for.

During the year, QMS set up a series of workshops aimed at training chefs to improve their knowledge of red meat.

We also made extensive use of professional websites and publications as well as social media, including Twitter, to communicate with chefs and foodservice professionals.

Exports – traditional markets

The key target overseas markets for QMS are Germany, the Nordics, Italy, Benelux and France, and each of these has an export representative based in the market.

The range of activities undertaken to promote the brands in these markets includes promotional campaigns in food magazines, and activities involving Facebook and bloggers.

We undertook in-store activities to promote Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork to general

QMS ran eight promotional campaigns for the Scotch Butchers Club during the year.



Welfare remains a key communication behind the Specially Selected Pork brand, and QMS continues to work closely with the Scottish SPCA.



consumers, as well as supporting retailers who are identifying the brands in store.

QMS had a major presence at ANUGA in Cologne in October 2013, the largest food fair in the world, to showcase the Scottish red meat industry.

The profile of Scotch Beef PGI and Scotch Lamb PGI was also high at GastroNord, the largest food fair in the Nordic countries, with around 20,000 visitors including premium retailers, foodservice representatives and top European chefs.

Exports – new markets

During the year under review, QMS communicated almost 120 market reports and trade enquiries to Scottish processors.

A keen appetite for Scotch Beef PGI and Scotch Lamb PGI was very much in evidence at the Food and Hotel Asia (FHA) event in Singapore.

QMS attended the event – which attracted more than 40,000 trade delegates from the region's food sector – as part of a Scottish delegation organised by Scotland Development International and Scotland Food & Drink.

A number of inward missions were undertaken, bringing buyers and journalists to visit Scottish farms and better understand the Scottish red meat industry and what the brands stand for.

QMS also works closely with the Scottish Government, Scotland Development International (SDI) and the UK Export Certification Partnership (UKECP), a DEFRA/industry partnership which collaborates with the UK livestock industry to establish export market priorities and free market access in third countries which are closed to red meat imports from the UK.



QMS had a major presence at ANUGA in Cologne, the largest food fair in the world, in October 2013.

Health and Education



Over 100 school children competed in colourful Scotch Beef T-shirts at a Street Soccer Scotland event with a Commonwealth Games theme in Glasgow's George Square.

QMS's health and education activities are focused on improving Scottish families' understanding of the importance of eating a healthy diet and red meat's role in achieving that.

School visits

QMS school visits and demonstrations proved popular with schools across the country with almost 200 sessions taking place during the year under review, reaching over 4000 pupils directly and many more indirectly.

Our health and education team – dietitian Jennifer Robertson and nutritionist Jenni Henderson – led the interactive cooking demonstrations in a number of primary schools with the pupils having great fun getting involved.

Champions in Schools

QMS continued its support for the Champions in Schools role-model programme, which involved around 100 of Scotland's top athletes going into classrooms around the country to deliver a series of inspirational workshops.

During the past year we set up a one-off cook school for the athletes, when 14 top sportspeople were coached by QMS on the role red meat plays in our

diet, and – importantly – in theirs as athletes. They were also shown how to prepare tasty Scotch Beef fajitas, which they went on to demonstrate to schools throughout Scotland as part of their “champions” roles.

Top Student Award

This was a special year for our award as we had two winners. Rebekah Keaney, a pupil at Notre Dame High School, Greenock, and Caitlin Portlock, from Dalkeith High School, achieved the top mark for the Hospitality: Practical Cookery Intermediate II exam in Scotland.

Street Soccer Scotland

QMS and Street Soccer Scotland have further developed their partnership, with many exciting projects during the year. The booklet *“Eat Well Play Well”*, a guide to eating well and keeping fit through football, was launched. Scotch Beef was also prominent at the PwC

Street Soccer Scotland Schools Challenge in Glasgow's George Square, ahead of the Commonwealth Games. This colourful event was a great success.

Young Scot Awards

QMS continued to support the Sunday Mail Young Scot Awards in the past year, sponsoring the Health category. The winner, Emma Sutherland, was presented with her award by X Factor group Union J and the founder of Street Soccer Scotland, David Duke. All attendees were provided with a copy of the booklet *“Eat Well Play Well”* as part of the event's goodie bags.

Scotch Beef Cookery Theatre – Royal Highland Show

QMS again had a strong health and education presence at the 2014 Royal Highland Show. At the Scotch Beef Cookery Theatre in the Discovery Centre, around 1000 children of all ages were able to cook simple, healthy dishes with Scotch Beef, Scotch Lamb and Specially Selected Pork.

The education area of the main QMS stand at the show was given a fresh, engaging new look with lots of information on the industry as well as the animals on the stand.

Another new attraction at the Royal Highland Show was the final of our *“Create a Commonwealth Burger”* competition, developed jointly with the Scotch Butchers



Jenni Henderson, QMS Health and Education Executive, presents the award to Caitlin Portlock.



QMS worked with the Royal Highland Education Trust to cook beef, lamb and pork with around 1000 children in the Scotch Beef Children's Cookery Theatre at the Royal Highland Show.



Top: The winner of QMS's "Create a Commonwealth Burger" competition was Eve Cattanach, pictured with BBC One's "The Voice" finalist Max Murphy and butcher Rod Gillie from Thomas Johnston.



Charline Joiner (endurance cyclist) and Holly Cram (hockey).

Club. More than 300 entries were received with over 45 schools taking part.

The winner, Eve Cattanach, whose recipe was *"The Scotch Bonnet"*, received her prize from BBC's "The Voice" finalist Max Murphy, who performed an acoustic set to entertain the crowd gathered to hear the results.

Go for it Scotland!

Given the surge of interest in sport ahead of this year's Commonwealth Games, there was an exceptional number of applications in the final year of our *"Go for it Scotland!"* bursary initiative. This year's match-funding by SportScotland resulted in 40 bursaries being available, and we received around 380 applications from groups and individuals. With so many being worthy, the task of whittling down to the successful applicants was not an easy one!

Food Education Partners

QMS has been working hard at developing links with other food education partners, and this has resulted in attendance at several events. These included: Dundee Food and Flower Festival as a Food Education Partner; Education Scotland's *"Adding Flavour to 2014"* teachers event; Skills Development Scotland Careers events; the Scottish Food and Drink Federation and Scottish Qualifications Authority launch of a new qualification in Food and Drink Manufacturing; and

Charline Joiner at Pitlochry High School

the *"Make it with Meat"* project with the Scottish Food and Drink Federation and two West Lothian high schools.

Teachers' CPD event

QMS also delivered a very successful teachers' CPD event in collaboration with Seafood Scotland. Around 50 teachers and students from both primary and secondary schools attended. They were all updated by the two organisations on the health and education activities that can support the curriculum, as well as receiving a cookery demonstration similar to those given in schools.

This has resulted in increased requests for QMS involvement in schools and interest in offering CPD across Scotland.



We have also collaborated with dietetic resource organisation NDR-UK for the development, accreditation and distribution of our popular publication *"Getting the Balance Right"*.

Farm visits and events

QMS continued to work closely with the Royal Highland Education Trust (RHET) during the year and regularly supported food and farming events and other RHET-led initiatives. Support and attendance have also been provided at events such as the Border Union Countryside Show for children and SRUC's Oatridge Farm's Open Farm Sunday. Scottish farmers taking part in Open Farm Sunday were able to request recipe booklets and other resources from us to offer to the public at their events.

Communications

The Communications team uses a range of routes to communicate with QMS's wide-ranging audiences. Given the breadth of the activities the organisation undertakes, it is important the most effective channels are found to deliver this wide variety of information to these audiences.

The workload ranges from raising awareness through traditional and social media of the latest technology or advice to improve livestock producers' efficiency and profitability to planning and delivering PR campaigns to dovetail with QMS's marketing campaigns.

QMS's communications team also focuses on ensuring consumers and target groups, such as teachers and health professionals, are aware of the role of red meat in a healthy diet.

Media relations

QMS's communications team provides the media with a constant stream of varied stories, accompanied by strong photography.

Over the past year, we have also been successfully producing short videos on key topics to provide an additional route to engaging with our target audiences.

Our target media includes the farming and meat trade press, the consumer-read media and the food service media, along with specialist food and lifestyle publications. Developing and maintaining strong relationships with key media, including the news desks and planning teams, helps ensure we are in a strong position to tackle potentially negative stories.

We work closely with our sister organisations elsewhere in the UK and with the communications teams of other key organisations in our industry. During the period under review, QMS also undertook and supported a number of



Top left: QMS has a strong presence at the Royal Highland Show.

Top right: A good relationship with the media is very important.

Left: QMS worked with the Border Union Agricultural Society to support the Border Union Bicentenary Roux Apprentice Award with Andrew Fairlie at Gleneagles.

visits by journalists and influential food bloggers from the UK and overseas.

Encouraging Young Chefs

Top Scottish chef Nick Nairn launched a new north-east initiative to track down the Taste of Grampian Aspiring Young Chef 2014.

The award, which was supported by QMS, Native by Nick Nairn and North East Scotland College Hospitality Team, is aimed at encouraging young people to consider a culinary career and at kindling a real passion for top-quality local produce among chefs of the future.

The competition final saw a cook-off taking place on June 7th at Taste of Grampian, which is now firmly established as one of Scotland's top food events. The competition is open to all young people aged 16 to 19 with a passion for food, from those working as commis chefs to college students and school pupils.

QMS also worked with the Border Union Agricultural Society (BUAS) to launch the Border Union Bicentenary Roux Apprentice Award with Andrew Fairlie at Gleneagles.

In May, six trainee chefs from the Scottish Borders cooked for Albert Roux OBE, KFO, one of the world's greatest restaurateurs and chefs who, along with Andrew Fairlie, is a great supporter of Scotch Lamb.

QMS's involvement with the award, run in association with Borders College, also saw Scotch Beef and Scotch Lamb served at a lunch and dinner in the presence of the Countess of Wessex.

Carol Smillie backs Leftovers campaign

Scottish TV personality Carol Smillie launched a QMS campaign to encourage consumers to appreciate how to make the most of meat and take the strain off their shopping budget.

Left: Two of Scotland's favourite musicians, Aly Bain and Phil Cunningham, launched *Stovies Reloaded*.

Right: Alistair and Anne Foubister pictured with their award for Scotch Beef Farm of the Year.

With 566,000 tonnes of food and drink thrown away from our homes every year in Scotland, Government research has found that people could save more than £400 a year, rising to over £600 for a family with children, if they better utilise the food they buy.

Food wastage also has an environmental impact, with most discarded food ending up in landfill. However, research by WRAP, the government-funded waste reduction organisation, and by other organisations shows that most people's major concern when it comes to food waste is wasted money.

In a bid to encourage consumers to make the most of their weekend roast and save some cash by using the leftovers, QMS produced a leaflet packed with recipes and advice including money-saving recipes, such as curries and soups, as well as top tips on the basics of cooking a roast.

QMS's website
www.qmscotland.co.uk
was redesigned to offer a user-friendly way to access the latest market prices and events plus a range of tools, reports and resources.

Showcasing the brands

Scotch Lamb enjoyed a high profile at the Sunday Mail Great Scot Awards, which celebrated the achievements of unsung heroes and community champions from throughout Scotland.

Numerous VIPs were among the 700 guests who attended the awards ceremony in Glasgow, which kicked off with a sampling of Scotch Lamb dishes from Quality Meat Scotland's "*Wham Bam Thank You Lamb*" campaign, highlighting how easy it is to cook simple, quick lamb dishes.

Scotch Beef rib-eye steak was the centrepiece later on at the star-studded dinner in the Thistle Hotel, Glasgow, hosted by one of Scotland's favourite comedians, Kevin Bridges, and BBC news presenter Jackie Bird.

Scotch Beef Farm of the Year

The aim of the Scotch Beef Farm of the Year Award, run by QMS and AgriScot, is to showcase excellence in the production of cattle in Scotland and raise the profile of the dedication and stock management skills behind the production of Scotch Beef.



The overall winner in 2013 was Netherton Farm, Holm, Orkney, run by Alistair Foubister in partnership with his wife Anne. The other two finalists were Calla Farm, near Carnwath in Lanarkshire, run by David Baillie in partnership with his son, also David, and Brownhill Farm at Auchnagatt, Aberdeenshire, run by Thomson Wilson and his son Michael.

The determination and drive of the beef producers running the three farms which were selected as finalists in the 2013 Scotch Beef Farm of the Year augurs well for the future of the Scottish industry, according to the assessors who visited the farms.

Launch of Stovies Reloaded

Two of Scotland's favourite musicians, Aly Bain and Phil Cunningham, took to the bustling streets of Edinburgh with QMS to launch "*Stovies Reloaded*".

The publication was developed by experts from Aberdeen University's Rowett Institute of Nutrition and Health to help Scots enjoy healthier versions of some of the country's most famous fare.

The award-winning musical duo, who joined Jackie Bird to welcome in the New Year on BBC Scotland's Hogmanay Live, encouraged Christmas shoppers to sample the healthier version of traditional stovies, one of 20 recipes which appear in the new book.

The verdict from the accordionist and fiddler pair, whose festive banter provided plenty of entertainment at the launch, was: "*We are huge fans of quality Scottish produce and we are known to be partial to a bowl of stovies, or two!*"

"It's a great idea to come up with a healthy take on traditional Scottish recipes, as we could all do with a bit of healthier eating!"



Communication with levypayers

QMS's website **www.qmscotland.co.uk** was redesigned during the year under review.

It now offers a user-friendly and accessible way for farmers and others involved in the Scottish red meat industry to access the latest market prices, press releases and events plus a range of tools, reports and resources.

New features of the website include expanded content and video clips covering a range of topics, from butchery skills to business improvement. The redesign also incorporates bold colours and graphics and completely new, easy-to-use navigational tools.

With the use of social media still increasing, the new website also links to the QMS Twitter feed, "*MooTube*" channel and Facebook page, which feature up-to-the-minute news about QMS's wide-ranging activities on behalf of the industry.

Two postal newsletters were issued during the year to update levypayers on the activities QMS is undertaking for the industry. Our free weekly e-newsletter is issued to more than 4000 subscribers – to sign up, visit our website.

Media support

We support those working in the industry behind the scenes by offering advice and information to organisations and individual farmers and butchers approached by the media.

To assist with this, we have produced a guide for farmers and others in the industry to help them make the most of media opportunities. The guide is available free from QMS by calling 0131 472 4040 or you can download from **www.qmscotland.co.uk**

To carry the Scottish red meat industry's three premium brand labels – Scotch Beef PGI, Scotch Lamb PGI and Specially Selected Pork – an animal must have been born, reared and slaughtered in Scotland, spent its entire life in Scotland and have been QMS farm-assured throughout its life.



This “whole of life” brand eligibility is delivered by a suite of six assurance schemes: two livestock (Cattle and Sheep, and Pigs), and four non-livestock (Feeds, Haulage, Auction Market and Processor). Whole chain assurance underpins the integrity of these premium brands and provides reassurance to consumers of provenance, highest standards of production, animal welfare and wellbeing, all of which deliver a quality eating experience.

QMS owns these six voluntary consumer assurance schemes, which are managed independently from the other activity QMS undertakes on behalf of the Scottish red meat industry. The schemes are self-funding, with membership fees used exclusively to cover the costs of independent assessments, scheme administration and certification services.

Standards setting

Each assurance scheme has its own standards document. This is set by the standards setting body, which is comprised of individuals with a broad range of knowledge and expertise, ensuring the views of all stakeholders involved are taken into account.

The standards are reviewed annually to maintain EN45011 accreditation, the recognised European standard for product certification. This annual review takes into account changing circumstances in the industry and the wider operating environment.

A full list of QMS Committees can be found on pages 22 and 23.

Scheme membership

Cattle and sheep	9,812
Pigs	114
Haulage	113
Feeds	106
Auction markets	33
Processors	26
Total	10,204

The number of members, as at April 2014, was 10,204 – almost identical to the previous year. An increase in cattle and sheep membership offset the decline in pig membership following the Vion plant closure and relocation of the Karro units.

Over 90% of Scotland's breeding cattle population and 80% of breeding sheep are covered by farm assurance. In the pig sector, almost 100% of significant pig farming businesses are covered by farm assurance.

Appointment of independent certification bodies

Assessment and certification bodies are appointed on a three-year basis following a competitive tendering process. This tendering process was carried out in 2013, and Scottish Food Quality Certification Ltd (SFQC) was appointed to operate all six assurance schemes – Cattle and Sheep, Pigs, Feeds, Auction Market, Haulage and Processor – for the period 1 April 2014 to 31 March 2017.



**Around
50,000 jobs
are dependent
on the Scottish
red meat
industry.**



Economics Services

QMS's Economics Services team focuses on ensuring businesses involved in the Scottish red meat production chain benefit from the latest industry statistics. Regular market updates are published online and in the media, and an annual industry overview and benchmarking publications are also produced.

The publications produced during the period under review include *"The Scottish Red Meat Industry Profile"*, which gives a comprehensive update of the size and scale of both the primary livestock sector and the red meat processing industry operating in Scotland.

"Cattle and Sheep Enterprise Profitability in Scotland" is released in the autumn and offers a detailed analysis of the financial state of Scottish farm businesses. It identifies the most cost-effective methods of production and shows the gap between producers at the top end of efficiency and the bottom end.

The two-strong team also publishes a twice-yearly review of the macroeconomic business operating environment facing the red meat sector.

Livestock numbers

A difficult 12 months for producers culminated in an across-the-board decline in breeding stock numbers reported in the June 2013 Agricultural Census. Over the previous year, producers had faced significant pressures from a prolonged period of wet weather. The December 2013 census confirmed the decline in breeding cows and ewes, but the sow herd stabilised after a period of industry restructuring.

The suckler herd accounted for 73% of all breeding cows in Scotland in 2013, down slightly from the 2010 to 2012



period, but in line with the four years prior to that. The change in cow numbers, coupled with increased mortality and poorer conception rates due to the poor weather of April 2012 through to May 2013, resulted in a significant decline in calf registrations during 2013 of around 4.5% to 551,500 head. The decline in year-on-year calf registrations continued in the first quarter of 2014, before some recovery took place during April and May.

A prolonged period of historically firm producer prices in the sheep sector appeared to have halted the decline in breeding ewes as numbers increased during 2012. However, as the poor weather of late 2012 and early 2013 led to increased culling and higher mortality, the ewe flock contracted in 2013, leaving fewer ewes to produce lambs in 2014. The better winter and spring of 2013/14 will have, in all likelihood, returned the national lambing percentage to its historical level, suggesting an increased lamb crop in 2014. The much higher number of lambs reaching the market in May and June of this year are a reflection of this.

After two years of decline in the sow herd, caused by the closure of pig slaughtering facilities in Broxburn and considerable pressure on producer margins, numbers steadied in 2013. This was helped by the combination of an increase in producer prices and a sharp decline in feed costs as the year progressed. Though producer

prices have now fallen behind year earlier levels again, this has been more than offset by further downwards pressure on feed costs, offering the prospect of some herd expansion this year.

Livestock slaughterings and meat production

Following restructuring of the abattoir sector in 2012, fewer licensed red meat abattoirs operated in Scotland in 2013. Twenty-four abattoirs submitted levy returns to QMS, one of which closed during the year. Cattle were processed at 22 sites, sheep at 21 and pigs at 18. Largely as a consequence of the changes of late 2012, direct employment at Scottish abattoirs is estimated to have fallen by one-third to approximately 2,700 people in 2013.

Falling breeding livestock numbers, poor livestock growth rates, increased competition among GB processors and abattoir restructuring combined to result in a reduction of 12% in the total number of animals slaughtered in Scottish abattoirs to 2.135m head. However, the quantity of meat leaving Scottish abattoirs fell to a slightly lesser extent of 11% to 217,300t. This was due to cattle making up a greater proportion of the total kill. More than three-quarters of this meat was sold outside Scotland, but lower overall volumes and poor consumer confidence on mainland Europe resulted in a reduction in sales outside the UK.

Retail prices and consumption

UK red meat consumption fell for the third consecutive year during 2013. Beef consumption fell 2% as domestic production declined and imports steadied, while pigmeat consumption fell by 1.5% as overseas demand increased by more than domestic production. However, there was a recovery in sheepmeat consumption to a three-year high as a better supplied global market pushed down prices and made it a more price-competitive protein.

Although the UK economy ended the year on a positive note and consumer confidence strengthened markedly in the second half of the year, wages continued to rise at a slower pace than the general

level of prices. As a consequence, life continued to be difficult for those selling red meat and, in particular, beef and pork, as their prices increased faster than the general level of inflation. However, lower retail prices for imported lamb did help stimulate lamb consumption.

The real difficulty for processors and retailers was that tight livestock supplies pushed up producer prices while the continuing downwards pressure on household disposable incomes limited their ability to pass on these increased raw material costs. For example, whereas the average retail price of beef increased by 6% in 2013, the farmgate price of beef moved 12-13%

higher. Meanwhile, pigmeat retail prices also rose more slowly than producer prices (5% vs 9%). However, lamb processors are likely to have fared somewhat better, with average home-killed lamb retail and farmgate prices relatively steady in 2013.

It should also be noted that lower abattoir throughputs meant that the fixed cost base had to be spread over a smaller level of production. This meant that, across all species, the costs per tonne of saleable meat produced increased, thereby placing further pressure on processor margins during 2013. However, the turnaround in supplies and prices this year will have seen these forces ease somewhat in 2014.

Mid-year estimates of Scottish livestock population ('000 head)

	2009	2010	2011	2012	2013
Total cattle	1,869	1,884	1,859	1,840	1,797
Beef breeding herd	458	468	471	462	447
Dairy breeding herd	169	168	164	167	166
Total sheep	6,921	6,755	6,801	6,736	6,571
Breeding flock	2,708	2,645	2,642	2,624	2,616
Total pigs	396	411	390	363	319
Breeding herd	33	39	36	32	28

Scottish livestock production

	2011		2012		2013	
	Slaughterings (head)	Meat produced (t)	Slaughterings (head)	Meat produced (t)	Slaughterings (head)	Meat produced (t)
Prime cattle	460,205	161,678	414,818	147,031	411,719	144,346
Cows and bulls	63,572	22,174	65,426	22,779	62,622	21,605
Lambs	1,489,800	30,142	1,338,745	27,201	1,329,790	26,415
Ewes and rams	30,134	995	24,834	810	29,052	853
Prime pigs	627,932	49,801	581,478	45,415	299,389	23,716
Sows and boars	952	144	2,091	294	2,918	391

Scottish livestock average carcase weights (kg)

	2011	2012	2013
Prime steers	373.9	376.5	373.2
Prime heifers	325.1	327.1	323.9
Prime young bulls	344.4	342.9	346.7
Cows	344.4	343.6	339.6
Lambs	20.2	20.3	19.9
Ewes	33.0	32.6	29.4
Prime pigs	79.3	78.1	79.2
Sows	143.3	140.1	134.2

Summary

Financial Information for 2013/14

The full Annual Report and Accounts for the financial year ended 31 March 2014 is available on the QMS website at www.qmscotland.co.uk or by telephoning 0131 472 4040 to request a copy.



Financial results

QMS made an operating surplus, before bank interest, of £59,000 for the year to 31 March 2014 (2012/13 – £307,000 deficit).

The operating deficit in 2012/13 consisted of a budgeted operating deficit of £0.18m and a decrease in statutory levy income against budget. The budgeted operating deficit reflected the final year of a three-year, Board-approved contribution to an Integrated Measurement of Eating Quality Project (IMEQ) in partnership with The Scottish Government. The decrease in statutory levy income (£0.52m against budget, mainly due to the closure of Vion's Hall's Broxburn pig abattoir) led to a mid-year review and reprioritisation of spending plans by the Board. It was agreed that expenditure would be reduced to compensate for the shortfall in income, and the use of reserves was authorised to support key areas of investment. The drawdown from reserves amounted to £0.11m.

Income

During the year, QMS received £4.09m (2012/13 – £4.43m) in statutory red meat levy, £1.41m (2012/13 – £1.40m) in fees from consumer assurance schemes, £1.7m (2012/13 – £1.035m) in grants and £0.05m (2012/13 – £0.05m) in bank interest and other miscellaneous income.

QMS received 20 grants from the Scottish Government. Four of these grants were received under the Marketing Development Scheme; three of these were used to assist with the continued employment of Market Development Managers in France/Benelux countries, Germany and Nordic countries, and the other for the continued development of lamb markets in Italy. Other grants assisted with Industry Development projects including: Monitor Farm projects; the continued facilitation of a Business Network to improve information sharing in the pig meat supply chain; the operation of twenty-two Business Improvement

Groups for the beef and lamb sectors to facilitate financial and performance bench-marking; a project to develop industry infrastructure for pig health data sharing; a project to improve business competitiveness; a project to help farmers manage and reduce on-farm infection of Johnes; and a project to improve the efficiency of the lamb supply chain through collaboration and communication. The EU programme helped promote consumer awareness of quality schemes for Scotch Beef and Scotch Lamb.

Statutory red meat levy

There was no change to the rates of Statutory Red Meat Levy collected in Scotland for the year from 1 April 2013.

Levy Rates			
Species	Paid by Producer per Head	Paid by Slaughterer per Head	Total Levy per Head
Cattle	4.20	1.30	5.50
Calves (up to 68kg)	0.07	0.07	0.14
Sheep	0.60	0.20	0.80
Pigs	1.02	0.24	1.26

OPERATING COST STATEMENT (for the year ended 31 March 2014)

	2013–14 £	2012–13 £
Income		
Statutory red meat levy	4,088,578	4,428,247
Consumer assurance scheme fees	1,414,292	1,403,730
Other income	1,733,299	1,052,011
	<hr/> 7,236,169	<hr/> 6,883,988
Expenditure		
Staff employment and board costs	974,591	930,835
Depreciation	9,476	9,903
Other operating costs	6,192,748	6,249,866
	<hr/> 7,176,815	<hr/> 7,190,604
Operating surplus/(deficit)	59,354	(306,616)
Finance income	17,785	35,627
	<hr/>	<hr/>
Surplus/(deficit)	77,139	(270,989)

STATEMENT OF FINANCIAL POSITION (as at 31 March 2014)

Non-current assets		
Property, plant and equipment	10,139	14,011
	<hr/>	<hr/>
Current assets		
Inventories	3,179	4,297
Trade receivables and other current assets	1,231,515	1,238,539
Deposits and advances	700,000	1,000,000
Cash and cash equivalents	931,107	746,700
	<hr/>	<hr/>
Total current assets	2,865,801	2,989,536
Total assets	2,875,940	3,003,547
	<hr/>	<hr/>
Current liabilities		
Trade payables and other current liabilities	1,565,061	1,769,807
	<hr/>	<hr/>
Total current liabilities	1,565,061	1,769,807
	<hr/>	<hr/>
Assets less liabilities	1,310,879	1,233,740
	<hr/>	<hr/>
Reserves		
General reserve	1,310,879	1,233,740
	<hr/>	<hr/>

STATEMENT OF ACCOUNTS SHOWING SOURCES OF INCOME AND AREAS OF EXPENDITURE (for the year ended 31 March 2014)

	2013–14			2012–13		
	Levy £	Non Levy £	Total £	Levy £	Non Levy £	Total £
Income						
Statutory red meat levy	4,088,578	0	4,088,578	4,428,247	0	4,428,247
Consumer assurance scheme fees	0	1,414,292	1,414,292	0	1,403,730	1,403,730
Grant income	0	1,701,738	1,701,738	0	1,035,421	1,035,421
Miscellaneous income	0	31,561	31,561	0	16,590	16,590
Bank interest	0	17,785	17,785	0	35,627	35,627
	<hr/> 4,088,578	<hr/> 3,165,376	<hr/> 7,253,954	<hr/> 4,428,247	<hr/> 2,491,368	<hr/> 6,919,615
Direct expenditure						
Marketing and promotions	1,887,406	1,242,024	3,129,430	2,321,630	668,115	2,989,745
Industry development	807,938	449,330	1,257,267	1,018,264	383,896	1,402,160
Communications and economics services	709,659	40,950	750,609	793,144	0	793,144
Assurance scheme operating costs	0	1,454,438	1,454,438	0	1,459,736	1,459,736
Corporate services	567,286	17,785	585,070	510,192	35,627	545,819
	<hr/> 3,972,288	<hr/> 3,204,527	<hr/> 7,176,815	<hr/> 4,643,230	<hr/> 2,547,374	<hr/> 7,190,604
Surplus/(Deficit) on ordinary activities	<hr/> 116,291	<hr/> (39,151)	<hr/> 77,139	<hr/> (214,983)	<hr/> (56,006)	<hr/> (270,989)

Committees

(Membership at summer 2014)

The figure in brackets after each Committee indicates the number of meetings held each year.

Audit & Risk Management Committee (3)

Alan McNaughton (Chair)	QMS Board member
Ronnie Eunson	QMS Board member
Louise Welsh	QMS Board member
'Uel Morton	QMS Chief Executive

Remuneration Committee (2)

Ronnie Eunson (Chair)	QMS Board member
Jim McLaren	QMS Chairman
George Milne	QMS Board member
'Uel Morton	QMS Chief Executive

Scotch Beef Marketing Strategy Group (2)

Alan McNaughton (Chair)	QMS Board member
John Bell	Farmer
Malcolm Hetherington	Consultant
Lucy Husband	AK Stoddart
Alistair Martin	Farmer
Jim McLaren	QMS Chairman
Isla Roebuck	Dawn Meats
Laurent Vernet	QMS Head of Marketing

Scotch Lamb Marketing Strategy Group (2)

Louise Welsh (Chair)	QMS Board member
Frank Clark	McIntosh Donald
Sybil McPherson	NSA Scotland
George Milne	NSA Scotland
Bryan Robb	Highland Glen
John Sleigh	NFUS Livestock Committee
Jimmy Taylor	NFUS Livestock Committee
Suzie Carlaw	QMS Marketing Controller

Specially Selected Pork Marketing Strategy Group (2)

Philip Sleigh (Chair)	QMS Board member
Wayne Godfrey	Brown Brothers
Barry Robertson	Robertson's Fine Foods
Alan Stannett	Farmer
Willie Thomson	Harbro
David Whiteford	Farmer
Jack Broussine	QMS Marketing Executive

Butchers Marketing Strategy Group (3)

Henry Graham (Chair)	Former QMS Board member
Alex Christie	Butcher
John Davidson	Butcher
Duncan Fraser	Butcher
Katherine Green	Butcher
Isobellanne Johnston	Consumer
Nigel Ovens	Butcher
Jack Broussine	QMS Marketing Executive

Scottish Cattle Industry Group (3)

Andrew Elliot (Chair)	Farmer
Stephen Allardyce	Farmer
Andrew Baillie	Farmer
Donald Brown	Nutrition
Robert Fleming	Farmer
John Kyle	Auctioneer
Bill MacKinnon	Processor
Mike Martin	Farmer
John McIntosh	Farmer
Jim McLaren	QMS Chairman
Frank Ross	Processor
Michael Shannon	Farmer
John Sproat	Vet
Robert Gilchrist	QMS Knowledge Transfer Specialist

Scottish Sheep Industry Group (3)

John Scott (Chair)	QMS Board member, Farmer
Alexander Brewster	Farmer
Carole Ingram	Farmer
Graeme Lofthouse	Farmer
Neil MacLeod	Crofter
Roddy Macleod	Farmer
Willie McCulloch	IAAS
Maimie Paterson	Farmer
Charlie Russell	Farmer
Kevin Wiggins	Farmer
Jamie Wylie	Farmer
Michael Blanche	QMS Knowledge Transfer Specialist

Pig Industry Group Scotland (3)

Philip Sleigh (Chair)	QMS Board member, Farmer
Neill Hamilton	Karro Food Limited, Farmer
Sandy Howie	Farmer
Gordon McKen	Scottish Pig Producers Limited
Alan Stannett	Farmer
David Strachan	Vet
Jill Thomson	Scotland's Rural College (SRUC)
Willie Thomson or Robb Milne	Harbro
David Whiteford	Farmer
Jonathan Whitehead	SFQC
Mike Wijnberg	Tulip Ltd
Allan Ward	QMS Pig Specialist

Standards Coordinating Body (1)

Jim McLaren (Chair)	QMS Chairman
John Craig	QMS Board member, AK Stoddart
John Gregor	Former QMS Board member, ANM Group
'Uel Morton	QMS Chief Executive
Keith Redpath	Farmer
Philip Sleigh	QMS Board member
Stuart Smellie	L S Smellie & Sons
Louise Welsh	QMS Board member
Suzanne Woodman	QMS Brands Integrity Manager

Cattle and Sheep Standards Setting Body (2)

Louise Welsh (Chair)	QMS Board member
Charlie Adam	NFU Scotland Livestock Committee
Wendy Barrie	Consumer Representative
John Bell	Chairman C&S TAC, Farmer
Julie Fitzpatrick	QMS Board member
Tom Gatherer	Scottish SPCA
John Gregor	IAAS
Scott Henderson	Chairman SBA, Farmer
Hamish McBean	Farmer
Jim McLaren	QMS Chairman
Neil McLeod	Scottish Crofting Foundation
Alan McNaughton	QMS Board member, SAMW Executive
Sybil McPherson	Chair NSA Scotland, Farmer
'Uel Morton	QMS Chief Executive
Louise Prentice	SFQC
Stuart Smellie	AIC Scotland, Chairman QMS Feeds SSB
Frank Stephen	BVA Scotland
Suzanne Woodman	QMS Brands Integrity Manager

Auction Market Standards Setting Body (1)

John Gregor (Chair)	IAAS
Robin Anderson	IAAS
John Bell	Chairman C&S TAC, Farmer
Ronald Davidson	Haulier
Tom Gatherer	Scottish SPCA
Willie McCulloch	IAAS
Billy Neilson	SFQC
Louise Prentice	SFQC
Hamish Waugh	Farmer
Steven Wilson	IAAS
Andrew Wright	IAAS
Suzanne Woodman	QMS Brands Integrity Manager

Processor Standards Setting Body (1)

Alan McNaughton (Chair)	QMS Board member, McIntosh Donald
Jamie Chapman	SFMTA
Malcolm Hetherington	Consultant
David McLay	Lynch Quality Meats
Carol Milne	AK Stoddart
Suzanne Woodman	QMS Brands Integrity Manager

Feeds Standards Setting Body (1)

Stuart Smellie (Chair)	LS Smellie
Martin Brown	BOCM Pauls
Billy Davidson	Davidson Bros
Mark Goodwill	Harbro
Ian Henderson	Immediate Past Chairman, AIC Scotland
Cliff Lister	AIC Legal & Scientific Affairs Committee
Sarah Mackie	QMS Board member
Charlie MacLaren	Feed Merchant/Feeds TAC Chairman
Darragh Magee	Dietetic Complementary Feeds
Colin Morgan	Scotland's Rural College (SRUC)
Louise Prentice	SFQC
Ian Watson	Harbro
Suzanne Woodman	QMS Brands Integrity Manager

Haulage Standards Setting Body (1)

Keith Redpath (Chair)	Farmer
Derek Armstrong	Haulier
Dan Cathcart	Haulage consultant
Ronald Davidson	Haulier
Geordie Dun	Haulier
Andrew Kerr	SFQC
Hamish MacKintosh	Scottish SPCA
Gordon McKen	Scottish Pig Producers
George Milne	QMS Board member
Louise Prentice	SFQC
Sandy Taylor	Haulier
Neil Walker	Haulier
Richard White	Haulier
Andrew Wright	IAAS
Suzanne Woodman	QMS Brands Integrity Manager

Pigs Standards Setting Body (1)

Philip Sleight (Chair)	QMS Board member
Roderic Bruce	Scottish Pig Producers, Farmer
Hamish MacKintosh	Scottish SPCA
Mike McLaughlin	ARM
Colin Shaw	Scotlean, Farmer
Christo Shepherd	Scottish Pig Producers, Farmer
Jonathan Whitehead	SFQC
Suzanne Woodman	QMS Brands Integrity Manager

Pig Industry Group Scotland Health Sub Committee (3)

Grace Webster (Chair)	Vet
Roderic Bruce	Farmer
Carla Gomes	Scotland's Rural College (SRUC)
Colin Macaldowie	Scottish Government
Jamie Robertson	Livestock Management Systems
Jill Thomson	Scotland's Rural College (SRUC)
Robin Traquair	Farmer
David Strachan	Boehringer Ingelheim
Allan Ward	QMS Pig Specialist

QMS greatly values industry input to the work of our committees – please contact us if you are interested in getting involved. Our committees are refreshed at regular intervals, and further information on how they operate is available by emailing info@qmscotland.co.uk or calling 0131 472 4040.



Quality Meat Scotland

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

0131 472 4040

info@qmscotland.co.uk

www.qmscotland.co.uk

© Quality Meat Scotland September 2014



This document is printed on Lumi Silk which has been independently certified according to the rules of the Forest Stewardship Council® (FSC). The fibre is bleached in a Process Chlorine Free (PCF) process and the virgin fibre is Elemental Chlorine Free (ECF) bleached and sourced from well managed forests.