

QUALITY MEAT SCOTLAND
Summary Minutes of the Thirty-Third Meeting of the Board
17 April, 2014 10.00am Rural Centre Boardroom, The Rural Centre

Present:

J McLaren, Chairman
R Eunson
J Fitzpatrick
S Mackie
A McNaughton
G Milne
J Scott
P Sleigh
L Welsh

In Attendance:

P Byrne, Accountant (Items 1-5)
J Mackey (Item 9)
H Curran (Sponsor Team)
U Morton, Chief Executive
L Vernet (Item 12)

Apologies

J Craig
M Morgan
D Sole

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- 1.1 The Chairman welcomed the four new Board members – Julie Fitzpatrick, Sarah Mackie, George Milne and Philip Sleigh to the meeting as well as Heather Curran from Scottish Government representing the Sponsor Team.
- 1.2 **Declarations of Interest**
There were no declarations of interest.
- 1.3 **Minutes of the Meeting Held on 20 February, 2014**
The minutes of the meeting held on 20 February were approved and signed by the Chairman.

2 *Commercial in Confidence – item withheld*

3 **Financial Report 12 months to 31 March, 2014 (paper 2-14/15)**

3.1 Income & Expenditure

There was a surplus of almost £93k against the breakeven budget. This was mainly due to an underspend in Industry Development (ID) activities and staff costs which were partially offset by a shortfall in levy and grant income. The assurance schemes income variances included an under-estimation of the pig scheme budget. The auction market scheme was expected to return to budget as a number of payments had been received since the report was prepared. It was noted the assurance scheme reconciliation was to be completed and the net position may change. The variances in grant income were discussed and it was noted some of this income had been affected by reduced or delayed ID activity.

External expenditure was 2.4% below budget with the variances shown on page 4 of the report. Overheads were in line with expectations and there may be a slight change once adjustments are made relating to untaken leave.

3.2 Balance Sheet

There were no areas of concern regarding the cash position, debtors or creditors.

- 4 Bank Short Term Deposit Rates & Amounts (paper 3-14/15)**
The Board was asked to review and discuss the proposals for short term deposits. Proposal B was agreed with the proposed 3 month investment increased to a 6 month period.
- 5 Levy Organisations Benchmarking Report (paper 4-14/15)**
Board members noted the benchmarking report and the positive message for levy payers regarding QMS' performance when compared with other levy bodies.
- 6 Progress Report for Period 12 Feb – 31 Mar (paper 5-14/15)**
The progress report was tabled. Clarification was requested on the reference to farmer group meetings regarding Scotch Beef PGI in-store promotions in England.
- 7 Review Completed 13/14 Management Plan (paper 6-14/15)**
- 7.1 Board members were asked to note the following updates to the ID section of the report:
P37 Business Improvement Groups case studies – amend to Partially Achieved and Amber.
P41 – GHG emission monitoring- status has been checked and confirmed as partially achieved
P41 – evidence based information for key stakeholders - change to Achieved and Green
- 7.2 In discussion the following points were noted:
- Funding for carbon accounting in the livestock sector was believed to be linked to the Forestry Commission
 - The Brands Licensing scheme work will include auditing on lamb and building links with the Food Standards Agency and other relevant bodies
 - Food Scotland Bill consultation – opportunity to feed in comments on whether the FSA should have powers to fine Scottish companies that are committing food fraud
 - Any follow up work on IMEQ would be subject to industry interest and demand for further work in this area
 - QMS future representation at CAMERAS would be reviewed
 - The refocus of ID during the year had resulted in an unusually high number of red and amber areas in the Completed Management Plan
 - Further information was requested on the plans for developing a new salmonella monitoring scheme for pork
- 8 Market Report (paper 7-14/15)**
Clarification was requested on the figures on regional price comparisons. It was believed that in the pig industry in some countries the abattoir pays for haulage costs which means comparison figures may not be on a like for like basis.

9 Committee Updates

9.1 Scottish Sheep Industry Group – J Scott

The Scottish Sheep Strategy group would become the Scottish Sheep Industry Group. At the meeting in February the Chief Executive updated the group on the ID review. The group discussed the terms of reference and expanded the group's remit. An outline activity plan included more emphasis on KT activity such as Planning for Profit, grazing and grassland groups. CT scanning subsidy and Scots sheep were also discussed.

9.2 Pig Industry Group Scotland – J Mackey

This was the final meeting of the Pig Forum before becoming the Pig Industry Group Scotland, to be chaired by new Board member Philip Sleight. Discussions included the announcement of grant funding for Brechin abattoir, subject to one inspection to take place shortly 100% of pig farms in the QMS Pigs Assurance Scheme have been inspected by SSPCA. An update on marketing was received with two retailers carrying the SSP SSPCA branding and discussions underway with another retailer.

9.3 Audit & Risk Management Committee – A McNaughton (paper 8-14/15)

The minutes of the Audit & Risk Management Committee were included in the Board papers. The Committee discussed the risk register, internal audit, reappointed Chiene & Tait as internal auditor for one year, internal audit report on nominal ledger and budgetary control. The internal audit annual report had confirmed substantial assurance. The next internal audits would be on HR policies and procedures, income streams and corporate credit cards and staff expenses. The Committee also reviewed the Board Standing Orders, a report on Freedom of Information requests and revised the expenses regulations in relation to attendance at events and meetings outwith Scotland.

The Chairman recorded his thanks to the Corporate Services team for achieving the substantial assurance on internal audit.

9.4 Scotch Beef Marketing Strategy Group – A McNaughton

The group discussed the general beef market, the decrease in English and Welsh cattle slaughtered in Scotland as well as slaughter of Scottish cattle and the December census. On Scotch Beef (SB) labelling the group would consider whether the brand guidelines should state that where possible where the SB PGI brand is used all other on-pack labels should refer to Scotch, not Scottish or British etc. It was noted there were other factors to consider such as some product lines being very small and the commercial practicalities of running different labels. The timing of the QMS funded SB promotion was agreed for Feb/Mar 2015. Kantar information was presented on consumer purchasing.

9.5 Scotch Lamb Marketing Strategy Group – L Welsh

The group were aware the budget for lamb marketing had reduced and it would be important to get value for money on expenditure.

Also discussed was the growing presence of NZ lamb and TV advertising by individual retailers on low cost lamb for Easter. The Wham Bam Lamb campaign was scheduled for end Aug – mid Oct with a final decision on timing to be taken in June.

The date for the Love Scotch Lamb Day farmer led tastings in 12 retailers, in conjunction with NFUS and NSAS is still to be confirmed. The next meeting would receive information on consumer attitudes to Scotch Lamb versus lamb from other countries. The Wham Bam Thank You Lamb campaign had been shortlisted for two marketing awards.

Further detail would be sought regarding Woodheads possible reduction of lamb numbers at their Turriff plant.

10 Committee Appointments (paper 9-14/15)

A paper was tabled with the proposed Board Participation on Committees and approved. The full list of Committee membership would be circulated to Board members.

11 Update on Brands Licensing Scheme (paper 10-14/15)

The paper contained background on Board discussions on the Brands Licensing Scheme and an update on progress to date. The Brands Integrity Manager will be taking forward development of the scheme and an update will be provided at the June Board.

12 *Commercial in Confidence – item withheld*

13 Draft Programme of Recurring Board Business 14/15 (paper 12/14/15)

The programme of recurring Board Business was noted.

14 Corporate Governance (papers 13, 14 & 15-14/15)

14.1 Approve Risk Register

The amendments to the Risk Register were reviewed. Risk 5 would be adjusted to include reference to pandemic disease and with this amendment the Risk Register was approved. It was noted, Risk 2 may need adjusted once participation in CAMERAS had been reviewed. Board members would be kept updated on any referendum discussions with the Sponsor Team.

14.2 Review Board Standing Orders

The Board Standing Orders were approved.

14.3 Review Scheme of Delegation

The Scheme of Delegation and associated appendices were approved.

15 Chief Executive's Report (paper 16-14/15)

There were no queries raised regarding the Chief Executive's Report.

16 Chairman's Report including Beef 2020 update (verbal report)

16.1 Since the February Board the Chairman had participated in the New Entrants Event, Climate Change meeting, Moredun EPIC meeting, Lantra, NFUS' Independence Debate, Sportscotland bursary judging, NFUS Pillar 2 meeting, QMS staff conference, NFUS Presidential Team, press briefing on the year ahead and spoke at a Farmers Club Committee meeting.

16.2 Beef 2020

The first two Beef 2020 meetings focussed on the SRDP consultation response. The meeting on 6 May will look at co-operation within the industry, collection of data and receive a presentation from James Graham of SAOS.

17 Any Other Business

There was no other business raised.

18 Date of Next Meeting

The next Board meeting would take place at 10am on Thursday, 12 June in the Rural Centre Board Room.