

CONFIDENTIAL

QUALITY MEAT SCOTLAND
Minutes of the Fifty Fourth Meeting of the Board
19th April 2018 10.00am Rural Centre Boardroom, Ingliston

Present

J McLaren
R Eunson
J Fitzpatrick
J Gibson
S Henderson
A McNaughton
S Mackie
G Milne
K Rowell
J Scott
L Welsh

In Attendance

A Clarke (Chief Executive)
L Wilson (Office Manager)
H Curran (Sponsor Team)
S Ashworth
C McLaren
S Woodman
S Carlaw
P Byrne

Apologies

P Sleigh

ACTION

1 Minutes of Board Meeting on 22nd February 2018

The minutes of the Board meeting of the 22nd February 2018 were approved.

2 Commercial in confidence

Update on action points

There were no comments on the action points from the last meeting.

3 Financial update

It was noted this paper is draft accounts with the statutory accounts being taken to the Audit & Risk Management Committee on 5th June 2018.

The Audit clearance meeting is scheduled for May 2018.

It was noted that the net deficit of £85k will most likely decrease to a deficit of £80k.

3.1 Levy income

Levy Income of £3,788k is 4.2% below the budget however the sheep levy is continuing to decrease which is a concern. There was an approximate 50% variance on the pig levy of £74k due to the Brechin closure. Lamb production is being threatened due to the lack of lambs for processing. South of the border have been short since prior to Easter. As Easter was earlier in the year and different festivals falling close together there was a higher demand which has never been seen in the UK before. Bad debt has been included in the final deficit figure and has been written off.

3.2 Assurance Scheme Income

The budget for the assurance scheme was estimated at the beginning of 2017 which accounts for some of the variances. The assurance scheme income of £1,503k is 2.8% below budget.

3.3 Grant income

The main move to grant income is the completion of the EU beef and Marketing campaign of £45k. FPMC (Food Processing Marketing Corporation) of £16k will be added to the next budget. Confirmation was received from Scottish Government that monies will be received by end of week commencing 16th April.

3.4 Industry Development

As there is still money to come in from the KTIF grant this figure will continue to fluctuate with the final expenditure.

3.5 Brands Strengthening

The Brands Strengthening grant of £1m received over 2-3 years was due to be spent by 31st March 2018. A extension has been requested from Scottish Government to allow this spend to be carried into the remainder of the year.

3.6 Staff costs

The underspend to staff costs was due to the impact of the change in the “untaken staff leave” accrual. It was noted there is a higher level of untaken staff leave at the end of this year than any other. It was suggested to review this on a quarterly basis to ensure holidays are being used by year end.

LWi

3.7 Travel & Subsistence

Travel costs and subsistence of £60k are 2.2% underspend which was broadly in line with the previous underspend of £10k

3.8 Board and Executive

There was a significantly underspent of £24k to the Board and Executive costs.

3.9 Office Costs

Office costs have increased and are £5k overspend due to office refurbishment and IT update.

3.10 Balance Sheet

It was noted the cash position was significantly higher than the budget of £1m. The main reason for the variance against the budget is due to high creditor balance. These will be paid in April and the balance will drop down.

4 **Review of completed 17/18 Management Plan**

The management plan was reviewed. The new strategy will be reported at the June Board meeting in a new format.

The CE advised that the Executive Team will be looking at how future updates will be reported to the Board. This will include more accurate reporting providing Gantt charts and figures. Monthly 1:1's will be set up with the Executive Team to on track.

5 **Market Report**

The Director of Economics Services delivered the Market Report and a presentation on cattle market. The Chairman thanked Stuart for his presentation and asked him to pass on his thanks to Iain for his input.

6 ***Commercial in Confidence***

Brexit Issues for the Industry / QMS

QMS met with Mike Russell in relation to trade and migrant labour and there is a meeting in the coming weeks on migrant labour in the wider industry and manufacturing. Michael Gove's consultation was mentioned although this is essentially a vision for England but does refer to the rest of the UK. There are a series of whitehall stakeholder meetings also taking place – those from the devolved nations (held 10 days ago) at which Iain represented QMS. Stuart will be drafting response to the consultation and will only refer to chapter 13 – devolution and frameworks
Stuart is attending livestock industry breakfast group on Friday 20th April which is led by the whitehall team.

7 **Committee Updates**

7.1 Audit & Risk Management Committee

The minutes of the Audit & Risk Management Committee on 7th March were noted.

8 **Corporate Governance**

8.1 Risk register

The changes to the risk register were approved. A concern was raised regarding the forthcoming GDPR Regulations and the CE confirmed that QMS are on track to becoming compliant.

8.2 Review of the Standing Orders

The Standing Orders were approved.

8.3 Scheme of Delegation

The wording of the assurance scheme standards should be reviewed due to the changes in the review periods.
Standardise the reference to "Chair" in all TOR's.
The Standing Orders were approved

**LWi / SW
LWi**

8.4 QMS Policies and Procedures

The QMS Policies and Procedures were noted and no new additions were suggested.
Remove SS from ICT's policies and procedures.

LWi

8.5 Membership of QMS Committees

The membership of QMS Committees will be brought to the June Board meeting for a detailed review.

LWi

8.6 Health & Safety report

The Health & Safety Report was noted and an action to add the word "no" to the fourth bullet point was taken.

LWi

9 Chief Executives Report

The Chief Executives report was noted. The CE highlighted the ongoing Levy repatriation negotiations and that the first of 5 trade shows are now taking place with AHDB and HCC.

9a Presentation from Marketing & Comms

The Director of Marketing & Comms presented the new team structure and priorities for 2018 / 19. The Marketing Controller then gave an update on the Scotch Beef Campaign which was received with great enthusiasm from the Board with the following comments:

- How do we ensure Scotch Beef appeals to all and doesn't become a niche?

The CE thanked Suzie and Carol for their work in bringing the departments together and the work on marketing tendering.

10 Chairman's Report

The Chairman provided a verbal update on his activities from the last Board meeting. This included speaking at the Teviot farmers club; attending the Council of rural advisors.

There has been a great response to both the Board and Chair vacancies which closed at midnight on the 16th April. It was noted that new chair and one new board member will attend the September board meeting.

11 Any other Business

The CE gave a presentation on his recent trip to New Zealand which was received positively from the Board. There was a suggestion that the CE should present this to the Cabinet Secretary.

12 Date of Next Meeting

The next Board meeting would be held on Wednesday 6th June at the Royal Highland Centre Boardroom.