

QUALITY MEAT SCOTLAND
Minutes of the Forty-first Meeting of the Board
17 September, 2015 9.00am Rural Centre Boardroom, Ingliston

Present:

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

In Attendance:

S Ashworth (Item 6)
P Byrne, Accountant (Items 1-4)
G Smith (Sponsor Team)
J Mackey (Items 6 & 7)
U Morton (Chief Executive)
S Woodman (Items 10-12)

Apologies

P Sleigh

- 1 Minutes of Board meeting held on 11 June, 2015**
The minutes of the 11 June Board meeting were approved.
- 2 *Commercial in Confidence – item withheld***
- 3 Financial Report 5 months to 31 August, 2015 (33-15/16)**
 - 3.1 Income and Expenditure**
There were no issues to note regarding income which was close to budget. All expenditure was behind budget, however, there were no areas of concern.
 - 3.2 Balance Sheet**
One of the older levy debts referred to in the report has now been paid and there are no anticipated issues regarding payment of the other levy debt.
- 4 Annual Review of Reserves Policy (paper 34-15/16)**
The Reserves Policy was reviewed and approved.
- 5 Progress Report for Period 2 Jun – 7 Sept (paper 35-15/16)**
 - 5.1** Board members noted the departmental challenges highlighted in the Executive Summary. It was confirmed the Butchers Think Tank was developing a logo for Scotch Butchers Club members. The Board would be updated on this work at the November meeting.
 - 5.2** The Communications team were congratulated on the PR around the launch of the lamb campaign and the excellent coverage received.
- 6 Market Report (paper 36-15/16)**
The Head of Economics Services gave a presentation on the 2015 lamb marketing season and further information was requested on:
 - Scottish lamb consumption figures
 - Public procurement policies and contracts

7 Committee Updates

7.1 Pig Industry Group Scotland (PIGS) – 16 Jun – J Mackey (paper 37-15/16)

The PIGS met on 16 June and a meeting of pig industry representatives was held on 4 August to discuss the Red Tractor requirements for QMS standards to retain equivalence. Two of the requirements were already underway and a Board view was requested on the third requirement to assess real welfare measures by qualified vets. The Scottish pig industry representatives recommend that the real welfare requirements are accepted. The Board agreed the real welfare assessments would be incorporated into the QMS Pigs scheme in order to maintain equivalence with Red Tractor.

The Chairman thanked J Mackey for his contributions to both the Board and Industry Development team and wished him every success in his new role.

7.2 Scottish Cattle Industry Group – 1 Jul – J McLaren

The group discussed the beef market, the need to encourage producers to finish cattle faster, spring calving, the size of steak and cuts of meat in relation to carcass size. It received updates on SPECC, Beef 2020, Beef Efficiency Scheme (BES), Knowledge Transfer and Innovation Fund (KTIF) and the Monitor Farms programme. There was also discussion on the future of the industry and a farm systems project looking at production systems and benchmarking, cattle grading and yield and Johne's disease eradication.

7.3 Butchers Think Tank – 28 Jul – J Gibson

The benefits of customer footfall to establish information on trends were discussed. Feedback from the membership survey was very positive with 99% of members saying membership represented good value for money. Some marketing material was reviewed for effectiveness. The on-line Point of Sale Centre had low usage and this would be reviewed to increase uptake. A new logo had been developed and was being looked at by consumer groups. Recognition for butchers that retailed 100% Scotch product and a Scotch Lamb burger competition were discussed. The group also visited ABP in Perth.

7.4 Cattle & Sheep Standards Setting Body – 29 Jul – L Welsh

The Cattle & Sheep SSB reviewed the standards bearing in mind the Board's request in September 2015 for a period of consolidation. Feedback received from the industry consultation on the standards was incorporated onto a spreadsheet which assisted the standards review process. The SSB members paid their respects to former SSB chair, Mike Gibson.

7.5 Scottish Sheep Industry Group – 4 Aug – J Scott

The group discussed the need to work with the Scottish Cattle Industry Group on Beef 2020. An update on the Lamb Compare project and a presentation on lamb pricing were received.

The grazing groups involving Trevor Cook were very successful.

Also discussed were working with Mordeun and NSA on sheep scab and Central Progeny Testing which was dependent on funding. The group agreed to fund two people to attend the Sheepbreeders Roundtable.

- 7.6 The Audit and Risk Management Committee minutes and Remuneration Committee minutes were noted.

**8 Feedback to Board on Annual Healthcheck Questionnaire and Review of Annual Reports for Formal Committees
Review of Board Healthcheck Questionnaire Results (paper 40-15/16)**

- 8.1 The Chairman gave responses and details of the action plan for the areas in the questionnaire where Board member responses were 'I don't know' or 'We do some of this but we need to do more'. Statement 31 would be re-recorded for the next healthcheck as newly appointed Board members will not have participated in a yearly cycle of Board meetings.

Review of Audit & Risk Management Committee Annual Report (paper 41-15/16)

- 8.2 It was noted internal audits had priority 1 and priority 2 categories. There was also a section for suggestions for process improvement for more minor issues. The Chairman and Accountable Officer confirmed they were content with the Audit & Risk Management Committee Annual Report.

Review of Remuneration Committee Annual Report (paper 42-15/16)

- 8.3 The Chairman and Accountable Officer confirmed they were also content with the Remuneration Committee Annual Report.

9 Review and Approve Risk Register (paper 43-15/16)

- 9.1 The Risk Register was reviewed and the following actions agreed:
- The risk register methodology would be revised to place greater emphasis on impact rather than likelihood. The suggested formula for this was impact x likelihood plus impact. (Post-meeting note: the Audit & Risk Management Committee discussed this further on 28 October, 2015 and agreed to maintain the currently methodology as this provides appropriate relativity and is in line with the methodology recommended in the Treasury Orange Book: Management of Risk - Principles and Concepts.)
 - The impact would be reduced in risk 1 due to the level of reserves held by QMS.
- 9.2 The Risk Register was approved subject to implementing the actions above.

**10 Assurance Schemes
Cattle & Sheep Standards (paper 44-15/16)**

- 10.1 The summary paper explained the process prior to the Standards Setting Body meeting and highlighted the key changes.
- 10.2 Board members reviewed the proposed changes to the Cattle and Sheep Standards and agreed the following further amendments:
- Introduction, page 2, last sentence – insert 'currently' before 'carried'
 - Standard 1.1 – one Board member felt this would be difficult for sheep breeders to comply with and this would be discussed separately
 - Standard 1.5, first line – reinstate the words 'for slaughter'
 - Standard 10 Crustacean Shells – second last line – replace 'an appropriate' with 'the recommended'

10.3 The remaining proposed changes to the Standards were approved.

10.4 *Commercial in Confidence – item withheld*

11 Sheep 2025 – short life committee (paper 46-15/16)

The first meeting of the committee took place on 10 September where there was open and positive discussion. Another meeting will be held soon and the committee would welcome any thoughts from Board members on what the sheep industry should be aiming for in 10 years time. Two initial comments were that the sheep sector needs to focus on producing what the market wants and it should be trying to produce as much meat as possible due to the climate change agenda.

12 *Commercial in Confidence – item withheld*

13 *Personnel Issues – item withheld*

14 Chairman's Report including Update on Beef 2020

14.1 Since the June Board, the Chairman had attended Beef Efficiency Scheme (BES) meetings, the Scottish Cattle Industry Group and the launch of the Scottish Government Vision document at the Turriff Show.

14.2 Beef 2020

The BES is being progressed by Scottish Government in close liaison with the NFUS Livestock Committee on the data that farmers will be required to input such as weighing and calving ease. The Beef 2020 Core Implementation Group will meet on 8 October.

15 Any Other Business

Marketing of Light Lambs

15.1 A Board member asked if there was anything that could be done for the light lamb market. It was felt this would be worth exploring however consumer testing would be required now in order to plan for next year. It was agreed a meeting of the Scotch Lamb Marketing Strategy Group should be arranged to discuss this issue. The Sheep 2025 group would also welcome a speaker on light lambs for its meeting so it can consider any recommendations.

15.2 *Commercial in Confidence – item withheld*

16 *Confidential Chairman's Closed Session – item withheld*

17 Date of Next Meeting

The next Board meeting will be held on Thursday, 12 November in the Rural Centre Boardroom.