

## QUALITY MEAT SCOTLAND

### Minutes of the Fifty Fifth Meeting of the Board 6<sup>th</sup> June, 2018 10.00am The Hilton, Edinburgh Airport

**Present:**

J McLaren, Chairman  
R Eunson  
J Gibson  
S Henderson  
A McNaughton  
K Rowell  
J Scott  
P Sleight  
L Welsh

**In Attendance:**

D Wilson (Sponsor Team)  
P Byrne  
A Clarke (Chief Executive)  
L Wilson  
M Bennett

**Apologies**

J Fitzpatrick  
S Mackie  
G Milne

**ACTION**

**1 Minutes of Board meeting, 29<sup>th</sup> April 2018**

The minutes of the April Board meeting were approved.

**2 Commercial in Confidence**

**Update on Action Points (paper 14-18/19)**

2.1 A quarterly report on the number of accrued holidays from last financial year that remain to be taken will be produced and the Board updated at the next meeting. **AC**

2.2 All the action points have been successfully completed and a small typo regarding the fourth bullet point of the Health & Safety report that was presented at the April 2018 of the QMS Board has been corrected.

**3 Financial Report 1 month to 30 April 2018 to include update on 5 Year Comparison (paper 15-18/19)**

**3.1 Levy**

The Finance Report was presented by PB. He reported a reduction in levy income for the month of April which was due to a major reduction in the amount of sheep levy collected. He advised the Board that he is working closely with the Director of Economics Services to identify if this a seasonal or a long-term trend which could impact on our projected budget for the year.

The Chairman led a discussion regarding how we could assist to increase the number of sheep that are processed in Scotland, therefore retaining more levy within Scotland. He informed the Board of a presentation that he had seen from AHDB at Scot Sheep on the Halal market and how it is growing exponentially more than any other red meat market.

It was agreed that the Chairman and Chief Executive would explore this further to determine the potential of commissioning a report. The purpose of the report is to identify how we could increase lamb processing in Scotland and combat the significant leakage that is currently leaving Scotland to be processed. This could include how Scotch Lamb could increase penetration within the growing Halal market using stunned Halal processing.

**JMcL /  
AC**

### 3.2 **Balance Sheet**

PB reported on the balance sheet and there were no issues to highlight.

### 3.3 **5 Year Comparison**

PB presented the 5-year comparison of income and expenditure and highlighted the downward trend in levy income and in grant income. It was noted that although some of the project money previously received was to pay fully for project cash costs, there was benefit for levy payers. The Chief Executive highlighted the benefit that we are receiving from the Ring-Fenced Fund which will bring £2M worth of activities this year for red meat levy payers in England, Scotland and Wales.

A discussion took place regarding how to tackle the reduction in income and it was agreed to explore project funding from Scottish Government to replace lost funding opportunities from the EU and to review the potential of a future increase in levy rates. It was also noted that if the recent feasibility study for the potential implementation of DNA testing in Scotch Beef recommends introducing such a scheme then there would be a real need to increase the levy

The layout of the report will be changed to landscape for future Board papers.

**PB**

## 4 **Approval of Accounts for the Year Ended 31 March 2018 (paper 16-18/19)**

There were no issues from the audit and no adjustments were made by the Auditor. The accounts were laid before the Audit and Remuneration Committee on 5<sup>th</sup> June. The Chairman thanked PB and DP for an excellent set of unqualified accounts. The Board approved the accounts for the Year Ended 31<sup>st</sup> March 2018.

## 5 **Fraud, Theft and Bad Debt Report (paper 17-18/19)**

The Fraud, Theft and Bad Debt Report was approved for submission to Scottish Government.

The Chairman asked for a review of the levy deposit scheme and to contact all abattoirs who currently weren't in the scheme to highlight that it is a legal requirement and to take action to collect the required deposit.

**PB**

## 6 **Bank Short Term Deposit Rates & Amounts (paper 18-18/19)**

The Bank Term Deposit Rates & Amounts proposal was reviewed by the Board with agreement to proceed with proposal B.

The following points were discussed:

- The possibility of using an RBS short term account. The Chairman's view was that this would be at the discretion of the Finance Team.
- It was proposed to add another £150k for a 12-month period from June
- Invest a sum of money every 3 months. It was agreed that the Finance team would make recommendations which the Chief Executive would review and approve as appropriate.

## 7 **Implementation Plan Progress Report (paper 19-18/19)**

The Chief Executive presented a hard copy of the new QMS 5-year strategy to each Board member and did a short summary of what had been developed by

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the Board and the Executive Team of QMS. At the end he presented a summary progress report of the plan by strategic objective and a detailed progress report by department.

The Board agreed that the new layout of the report is cleaner way to view the stats. The report will be issued with the Board papers and if the Board members have any queries they should highlight this to the Chief Executive and relevant Executive Team members would be available at the Board meeting to provide an update.

The Board members requested that they would like to see the notes section completed for any Amber or red issues within the report. The report will be updated for the September Board meeting. **AC**

A discussion took place on several operational issues: -

- The Chairman suggested the possibility of the Farm Assurance Assessors training farmers on how SPECC works and the benefits of this. The reason is to try and reduce the number of enquires that come through to the Brands Integrity Department. A Board member queried the developments on the seasonal holdings paper that was brought to the April 2017 Board. The Brands Integrity Manager was actioned to update the Board on the outcome. **SW**

- The issue of public procurement was raised and the Board members would like to hear what QMS's plans are for tackling this in the coming year. Also, a concern was raised with regards to the consultation from Scottish Government on food in schools. John Davidson from Scottish Government has been involved in both and will be invited to a future Board meeting to present on this to the Board. **AC**

- NOTE In an update post the meeting, the Cab Sec has asked the Chairman if QMS can provide comprehensive evidence relating to the role of red meat in a healthy balanced diet, with a view to influencing the consultation. **CM**

- An update was given on our current recruitment identifying when we hope to be back to our full contingent of staff within each department.

The Chairman expressed his thanks to the Chief Executive and asked him to extend to the Executive Team for their hard work.

## **8 Progress Report on Achievement of Critical Success Factors (paper 20-18/19)**

This was deferred to a future Board meeting. The Chairman and Chief Executive will review it before the September Board Meeting. **AC / JML**

## **9 Committee Updates**

### **9.1 *Scotch Butchers Think Tank – 15<sup>th</sup> May – J Gibson***

The Committee Chairman reported that due to school holidays the attendance was lower than average but it was great to have the Director of Marketing & Comms and the Marketing Controller attending.

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- The committee reviewed the red meat market update and there was a lot of discussion around the price of lamb and how it was stifling innovation and eradicating profits.
- Richard Thomson discussed the new PoS material, there was very positive feedback for the steak book and the BBQ booklet which is now out.
- The committee discussed establishing regional networks for Monitor Butchers but with a note of caution about people / businesses speaking to one another. A visit to an auction mart is being planned to identify what good looks like and there was also discussion about renewing the membership of the group.

### 9.2 **QMS PIGS – 29<sup>th</sup> May – P Sleigh**

The Chairman reported that they had agreed to change the name of the group to the Pig Forum, he also thanked the Chief Executive for attending the meeting and presenting our new strategy. *Andy McGowan gave a presentation of the pig strategy.* He advised the Board that we were still trying to get antibiotic use data from AHDB and that the Pig Health charter *has been signed by all QMS assured farmers. We are also looking at what we could do with our pig assurance scheme to allow small scale pig keepers to join.*

### 9.3 **Scotch Beef Marketing Strategy Group – 29<sup>th</sup> May – A McNaughton**

The Chairman reported that it was a positive meeting with a number of areas covered as follows:-

- Beef sales in the north of England have increased but across the UK the volume and penetration levels are up but the average price is down. However, penetration levels and average price in Scotland have fallen.
- In the last 2 years there has been a 17% decline in Scottish origin beef in Scotland and it was suggested to focus a campaign in Scotland which was agreed by the Board.
- Further innovation is required in the catering sector to promote Scotch Beef Brands to restaurants. S Carlaw is reviewing data to identify the demographic of Scotch Beef buyers.
- The plans are underway for the 2018 / 2019 Scotch Beef Campaign with one quarter of the budget being used to target consumers in London and the North East. The remaining 75% will be used for promotion and advertising campaigns in Scotland.
- Webber Shandwick have been appointed as our new joint marketing & PR Agency and are planning a new campaign for all cuts which will be launched in Scotland in November, February and March. They have also been tasked with looking at the potential of a future combined marketing campaign for all 3 Scotch brands. Individual campaigns will go ahead as planned for this year.

### 9.4 **Audit & Risk Management Committee – 5<sup>th</sup> June – A McNaughton**

The end of year accounts were audited and there were no issues. The internal HR & Recruitment audit highlighted 1 priority 1 issue and 5 priority 2 issues. However, this was the first audit on these processes and all issues were procedural with no serious risk to the organisation. All issues raised have

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now been reviewed and procedures in place for future.

The Risk Register was reviewed, and some minor amendments were made. The Committee met with the auditors without staff members for a discussion. The Chairman thanked A McNaughton for his time as Chairman of the Audit committee..

### 9.5 **Remuneration Committee – 5<sup>th</sup> June – R Eunson**

The Chief Executive gave an update on the resignation of the Director of Strategic engagement. L Vernet was planning to leave QMS in September 2019 as he has been training as a Methodist minister. He has been offered a parish placement in September 2018 and will now be leaving QMS on 31<sup>st</sup> August 2018. A first draft of the job description has been created with the new job title of Director of Market Development and will focus on access to markets within the UK and internationally, protecting our PGI's and delivering trade shows and engaging with our key stakeholders.

Staff appraisals have been carried out and completed for the period October 2017 to March 2018. The second round of appraisals will be completed by end July 2018 on the new online software Actus. It was agreed that appraisals will continue twice per year.

An updated Succession Planning Document was reviewed and noted with the main issue being the resignation of the Director of Strategic Engagement.

The following points were noted on the QMS Board Member appointments:

- Alan McNaughton and Jim McLaren will be standing down in September 2018.
- John Scott and Ronnie Eunson stepping down in March 2019.
- Julie Fitzpatrick, Sarah Mackie, George Milne and Philip Sleigh have been reappointed for the next 4 years.

There were no gifts or hospitality valued more than £50 declared in the year.

### 9.6 **Sheep Industry Group – 24<sup>th</sup> May – J Scott**

There was an update from the team on KT activity including Grazing Group and Monitor Farms with a discussion on the integration between the sheep and beef groups. It was felt that there is scope to work together on projects and ideas and having a joint meeting once a year was suggested.

Presentations were given by SRUC employees and Philip Skuth of Moredun on SEFARI.

There is a lot of work being undertaken by SRUC and there are opportunities for SSIG and QMS to collaborate with them, helping shape research and disseminate information.

The team visited the new SRUC mobile sensory laboratory which was excellent and it was proposed that a visit there could form part of the Board away day in September.

## 10 **Membership of QMS Committees**

As we develop our stakeholder map the executive team will review the membership of our committees. A review of our committees will be brought to the September Board, all Board members were asked to send suggestions for new committee members to the executive team.

**Board**

**11 Draft Board Meeting Dates 2019/20 (paper 22-18/19)**

The Board meeting dates for 2019/20 were noted and agreed.

**12 QMS 2018 Draft Conference Programme (paper 23-18/19)**

The QMS 2018 Draft Conference programme was reviewed and agreed by the Board.

The following points were noted:

- Title to be changed to Future-proofing the Red Meat Industry
- Dates to avoid – school holidays and SIAL Paris
- Potential to have organisations hire stands to generate income
- A 1-day conference and review the potential of additional regional conferences to avoid long travel for attendees.
- Board members were asked to send comments and thoughts on speakers and themes to the Chief Executive. One suggestion was Eve Turow Paul, a blogger from New York.

**13 Chief Executive's Report (paper 24-18/19)**

**13.1 DNA**

A steering group has been established and has met twice to date. Dr Jonathan Birnie has been appointed to lead on this work, he has conducted telephone and face to face interviews with key stakeholders and has met with the NFUS Livestock committee.

A report is being produced on the implications, benefits, constraints and cost benefit of introducing DNA testing into all beef in Scotland. A recommendation from the steering committee will be brought to the Board in due course. It was also noted that FSS are considering their own isotope testing, which could complement the DNA work if we introduce it.

**13.2 Levy Repatriation**

We have now moved into our operations phase with 2 international trade shows being the first joint activities that we have done in collaboration with AHDB and HCC, the feedback from both has been very good. The Chief Executive will circulate photographs of the 3 stands to the board. All other projects will be starting within the next 3 months.

**AC**

**13.3 Staff Update**

Ashley Little, Office Assistant and Emily Symonds, Project Officer have joined the team since the last Board meeting and are settling in well. Brands Integrity and Industry Development are continuing their recruitment process. A draft job description for the Director of Market Development has been produced and recruitment will commence in June 2018.

**14 Chairman's Report**

The Chairman updated the Board on the Chair and Board appointment process which is ongoing. There was a good response to the advert with interviews taking place week commencing 11<sup>th</sup> June.

It has been raised with Scottish Government that there has been a lack of feedback for the unsuccessful candidates and the correspondence has been very poor. The reason given was there are thousands of applicants that go through the public appointments and they cannot personalise every reply.

**15 Annual Board Health Check (paper 25-18/19)**

Board members were asked to complete and return a questionnaire which would be evaluated, and results reported to the September Board.

**16 Any Other Business**

There was no other business to note.

**17 Royal Highland Show Briefing**

The Board were given a briefing presentation from Maggie Bennett on the preparations for the Royal Highland Show. The Marketing & Comms team were congratulated on the work to date and the wide range of activities planned.

**18 Scottish Pig Strategy Update**

Andy McGowan, Chief Executive of Scottish Pig Producers presented the Scottish Pig Strategy to the Board and requested feedback. He presented their ambition of doubling the Scottish pig industry value to £500m by 2030 and on their 4 new strategic themes: -

- Building Integrated, Innovative, Sustainable & Profitable Supply Chains
- Increasing the Demand for and Value of Specially Selected Pork
- Driving Investment in Infrastructure, People, Skills and Herds
- Leading the Way on Herd Health & Welfare Improvements

The Chairman applauded the ambition from Scottish Pig Producers for adding a monetary figure on the SF&D vision and looked forward to its launch at the Royal Highland Show.

**20 Date of Next Meeting**

The next Board meeting would be held on Thursday, 20<sup>th</sup>September at **9am** at The Hilton, Edinburgh Airport and would be preceded by the Board Away Day on Wednesday, 19<sup>th</sup>September.