

**QUALITY MEAT SCOTLAND**

Minutes of the Fifty Seventh Meeting of the Board  
 15<sup>th</sup> November 2018, 10:00am, The Rural Centre Board Room, Ingliston

**Present:**

- K. Rowell, Chair
- J. Gibson
- S. Henderson
- J. Scott
- A. McGowan
- J. Fitzpatrick
- L. Welsh
- G. Milne
- S. Mackie
- R. Eunson
- J. Fitzpatrick
- A. Irvine

**In Attendance:**

- H. Curran (Sponsor Team)
- A. Clarke (Chief Executive)
- P. Byrne
- S. Straiton

**Apologies:**

- P. Sleigh

		<b>ACTION</b>
<b>1.</b>	<b>Minutes of Board meeting on 20<sup>th</sup> September 2018</b>	
1.1	The Minutes were then agreed as an accurate record of the meeting.	
1.2	It was suggested that the outcomes of conversations were minuted rather than the general discussion.	<b>SS</b>
	<b>Update on Action Points</b>	
2.1	The previous Board meeting asked that the minutes were page numbered. This has been corrected.	
2.2	The previous Board meeting queried the drop in Kantar figures of retailers selling "Beef in Scotland". The team checked this information with Kantar. A coding issue with Kantar data showed a considerable spike in sales of Scottish-origin beef in the Autumn of 2017 at Tesco. This rise and then fall has had a significant impact on the overall sales value and volume of the Scottish-origin product. Kantar have been contacted and they are adamant that any coding problem was a minor issue. However, it remains an action with the team to examine this issue more deeply and discuss with Kantar the findings.	
<b>3.</b>	<b>Financial Report 7 months to 31 October 2018</b>	
<b>3.1</b>	PB presented the financial report of the 7 months to end October. Levy income has improved over the period which has resulted in a 2% improvement in the budget shortfall. Income from the respective species is expected to remain the same as reported to the previous board. Therefore, it is expected that there is an £86,000 shortfall by the end of March. Meetings continue with the Executive Team to manage their spend against this budget.	

<p><b>3.2</b></p> <p><b>3.3</b></p>	<p>LW queried why the Strategic Engagement department's actual spend was well below budget. AC replied that planned spend, such as the Industry Conference and the SIAL stand, had been put on hold or paid for by AHDB. As Tom Gibson has recently joined as Head of Market Development, he will be tasked with running the Industry Conference which will happen in this financial year and therefore come off the budget.</p> <p>SH asked why the same comments are at the end of each financial report regarding levy held for processing companies. PB explained this is a deposit lodged with QMS on behalf of the processing companies. This is a legally required insurance to protect the farmers in the event that a producer goes bust and is related to the amount of processor throughput.</p> <p>There were then some questions around who was responsible for collecting the insurance levy from processors as some processors are not paying it. It was explained that QMS are responsible for collecting this to ensure they are complying with the law. If QMS are unable to achieve this, the organisation can request the Scottish Government to intervene. AC explained that QMS are currently negotiating with those large processors who aren't paying this insurance levy and trying to come to a position where they will pay it without the need for Scottish Government intervention.</p> <p><b>Action</b> for December Board meeting for a report regarding how far the organisation has progressed with obtaining these funds from outstanding processors and the scale of the problem.</p> <p>There were no further questions from the Board on the accounts.</p>	<p><b>PB</b></p>
<p><b>4.</b></p>	<p><b>Benchmarking Report</b></p> <p>PB presented the Levy Organisation Benchmarking Report. This is a desk based report examining the income and expenditure accounts of similar organisations and bodies in the food and drink industry.</p> <p>From the research, there is missing information from 2 organisations. Accounts from LMC are not available as these must be signed off by a Northern Irish minister and at present there is no government there. B&amp;LNZ don't publish their staffing costs. <b>Action</b> for KR &amp; AC to discuss this with the Chair of B&amp;LNZ when they meet for dinner w/b 19<sup>th</sup> November.</p> <p><b>Action</b> for suggestions of other organisations to benchmark against in future reports.</p> <p>AI queried the reserve graph on page 5 of the report. PB explained that the level of reserves held is based against the Reserves Policy which was approved at the September 2018 Board. The forecasted deficit will also reduce QMS's reserves.</p> <p>There were no further questions from the Board on the Benchmarking Report.</p>	<p><b>KR / AC</b></p> <p><b>Board</b></p>
<p><b>5.</b></p> <p><b>5.1</b></p>	<p><b>QMS Committees</b></p> <p>The Executive Team have reviewed the membership of their various committees. A table was presented with membership details: -</p>	

	<ul style="list-style-type: none"> <li>• Names in Red – are those standing down from the respective Committee</li> <li>• Names in Green – are those moving into a Committee role or whom the Director intends to approach</li> <li>• Names in Black – are those who will stay on the Committee</li> </ul> <p><b>5.2</b> The Board raised various points regarding Committee membership.</p> <ul style="list-style-type: none"> <li>• Redefine what people do within Committees</li> <li>• Committees should be a training ground for people to join the Board, and an opportunity to utilise levy players to bring input to the Board.</li> <li>• Reward and recognition for Committee members. They are taking time away from their businesses. It may not be the best use of levy to pay people, but instead invite to conferences such as SIAL / ANUGA</li> <li>• Introduce presentations from Directors to enhance the experience at Committee meetings. Topics could include an area of interest, learning opportunity, or spark debate</li> <li>• Make Committee appointments 2 years</li> <li>• Fewer members on each Committee so that members feel obliged to turn up.</li> <li>• Monitor attendance, and thank and farewell non-attenders</li> <li>• Committee Chairs to take a proactive approach to meetings and increase the amount of feedback to the Board</li> <li>• Try to encourage young people to be involved in Committees.</li> </ul> <p>The Board and respective Director then reviewed membership of Committees.</p> <p><b>5.3 <u>Industry Development</u></b></p> <p><b>Scottish Cattle Industry Group</b> The Board approved the names in green to join the board. SH happy to become Chair.</p> <p><b>Pig Industry Forum</b> The Board approved the changes</p> <p><b>Sheep Industry Group</b> The Board approved the changes, noting that 3 farmers would possibly leave the Committee.</p> <p><b>5.4 <u>Marketing &amp; Comms</u></b></p> <p><b>Beef Marketing Strategy Group</b> The Board approved the changes. The Board suggested there should be greater representation from the consumer end of the supply chain. For example, ScotBeef, Butchers, Food Service reps. This would mean that both ends of the supply chain would be working together on a cohesive strategy.</p> <p><b>Scotch Lamb Marketing Strategy Group</b> The Board approved the changes. They noted that as Debbie McGowan is on the SCIG Committee, an alternate suggestion was required. As with the Beef Marketing Strategy Group, the Board said that people with experience of direct marketing to customers would be beneficial to the Committee. For example, food bloggers or processors.</p> <p><b>Pork Marketing Group</b> The Board approved the changes; there were no further comments.</p>	
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<p><b>5.5</b></p>	<p><b>Butchers' Think Tank</b> The Board approved the changes; there were no further comments.</p> <p><b><u>Brands Integrity</u></b></p> <p><b>Processor Standards Setting Body</b> The Board approved the changes; there were no further comments.</p> <p><b>Pigs' Standards Setting Body</b> The Board approved the changes; there were no further comments.</p> <p><b>Haulage Standards Setting Body</b> The Board approved the changes; there were no further comments.</p> <p><b>Cattle &amp; Sheep Standards Setting Body</b> The Board approved the changes. The Board advised that this is an excellent platform for farmers to make a contribution to the standards they then have to follow.</p> <p><b>Auction Marts</b> The Board approved these changes; there were no further comments.</p> <p><b>Feeds Scheme Committee</b> The Board approved these changes. The Board asked why Harbro are not involved. SW advised this is an administrative scheme.</p> <p><b>Standards Co-ordinating Body</b> The Board approved these changes; there were no further comments.</p>	
<p><b>5.6</b></p>	<p><b><u>Corporate Services</u></b></p> <p><b>Audit &amp; Risk Committee</b> The Board approved these changes. AI raised a concern regarding the quorum of three for the Committee and there only being 3 Committee members, especially with the Committee's role now encompassing Governance. The solution suggested is with two new Board members due to join the Board in the coming months, there is an opportunity to volunteer one or two of them to join this Committee.</p> <p><b>Remuneration Committee</b> The Board approved the changes; there were no further comments.</p>	
<p><b>6.</b></p>	<p><b>Implementation Plan Highlight Report</b></p>	

<p><b>6.1</b></p> <p><b>6.2</b></p> <p><b>6.3</b></p>	<p>AC presented an overview of organisational performance.</p> <p>There are 199 tasks which make up the plan. AC outlined a number of highlights and challenges which the organisation has faced.</p> <p><b><u>Highlights</u></b></p> <p>KR has been approved as the new organisation Chair. AC &amp; KR has been visiting various places around the country on a series of Road Trips. As part of this, they have been delivering a "This is QMS" presentation at stakeholder events, including regional NFU meetings.</p> <p>QMS successfully launched a Scotch Lamb PGI Marketing Campaign which has been well received. Figures for the impact of this campaign are due towards the end of November.</p> <p>A successful SIAL trade show was had in Paris. This showcased the brands to many different international buyers and companies.</p> <p>Via Brands Integrity, QMS has also responded positively to an industry request to amend our Cattle &amp; Sheep Standard 6.8, to allow use of PAS 100 composted green waste as a bedding material.</p> <p>Through liaison with MPs and attendance at UK Parliamentary Committee, QMS has added an amendment to the Agricultural Bill. Should the Bill receive approval, this will lead to a £1.5m increase in levy income for Scotland.</p> <p>Two new members of staff have been recruited to bring the team to its full complement. Both staff members have strong retail backgrounds. Kirsty Fox has been recruited from Aldi to become Marketing Manager, while Tom Gibson has been recruited from Scotmid to replace Laurent Vernet and become the Head of Market Development. Tom gave a brief introduction to the board regarding himself and his background.</p> <p><b><u>Challenges</u></b></p> <p>The uncertainty from the impact of Brexit and the future shape of rural policy and trade / market access.</p> <p>Acoura contract management.</p> <p>Identification of an isolated BSE case.</p> <p>The organisation has also faced a number of challenges in the media and wider society regarding red meat (examples include BSE; veganism; climate change; sheep shearing; dairy bull calves). However, these issues have required a robust response from QMS and this response has been received very positively from stakeholders.</p> <p>The board asked questions around the Agricultural Bill amendment particularly if it were to go through, what the additional investment would be used for. GM suggested that the recent Lamb Campaign advert would be an excellent fit to be shown in the London market, using part of the money gained from levy repatriation.</p>	

7.	<p><b>Potential for Introducing Spot Checks in our Cattle &amp; Sheep Farm Assurance Scheme</b></p> <p>SW delivered a presentation regarding the proposal to introduce spot assessment audits into the cattle &amp; sheep assurance scheme.</p> <p>SW outlined how other schemes in the UK operated and how they are used to mitigate against risk and exposes within the sector. Spot check schemes in Wales and Northern Ireland are currently operating with little resistance from farmers.</p> <p>The new Red Tractor spot check scheme was explained to the Board. This scheme is being introduced in direct response to a media expose which has had a damaging financial cost to their brand.</p> <p>The Red Tractor scheme is banded 1-5, with 1-2 following standard assessment cycles, and those in 4-5 receiving increased assessments and potential "unannounced" visits.</p> <p>There were various questions from the Board regarding the spot checks proposal and Red Tractor scheme.</p> <ul style="list-style-type: none"> <li>• What percentage of QMS assured pig farmers would fit into Red Tractor's bands 1-2. SW stated 55%.</li> <li>• Notice periods for unannounced visits; risk that farmers are genuinely not available or have other things to complete that day and wouldn't have time. SW said 24hrs notice but any longer than this and the farmer would have time to improve ahead of the visit.</li> <li>• Would the scheme take into consideration the mental wellbeing of the farmer; the extra stress that spot checks may put on them.</li> <li>• Can Acoura identify the farms that are struggling first and then target the spot checks at them?</li> <li>• Can Acoura identify the poorer farms that might benefit from earlier intervention</li> <li>• Would there be less assessments for farmers that are doing well.</li> <li>• What kind of "education piece" or stakeholder engagement would take place for farmers regarding the scheme to prevent any "backlash".</li> <li>• What kind of penalty or incentive would there be for the Red Tractor band 4-5 equivalent farmer to improve.</li> <li>• Would the spot checks system be rolled out into other schemes.</li> </ul> <p>The Board concerned about random versus targeted assessments, with preference falling for targeted assessments.</p> <p>The Board also said that the spot checks proposal was not as onerous as faced by the food production processors or butchers whom face regular and on the spot health and hygiene inspections.</p> <p>HC from Scottish Government was also in favour of the proposals.</p> <p>Further opportunity to discuss the spot check proposals at the Acoura Assessors' meeting on 20<sup>th</sup> November.</p> <p>The conclusion was that further work needs to be done on a communications and education strategy to farmers and stakeholders within the industry regarding the</p>	<p><b>SW</b></p>
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	benefits of spot checks. This should then be taken to a meeting of the Cattle & Sheep Standards setting body to determine the next steps.	
<b>9.</b>	<p><b>Market Report</b></p> <p>The Market Report and EU / Brussels review was presented to the board.</p> <p>There were no further questions from the Board.</p>	
<b>10</b>	<p><b>Committee Updates</b></p> <p><b>Audit &amp; Risk Management Committee</b>  AI reviewed the minutes and the outcome of the meeting on 24<sup>th</sup> October. The Risk Register will be altered to a monochrome format for legibility.</p> <p>There were no further questions from the Board.</p> <p><b>Remuneration Committee</b>  RE provided an update from the Remuneration Committee held on 14<sup>th</sup> November. Staff contracts have been passed to the solicitors Morton Fraser to rationalise and update based on changes to employment law.</p> <p>A paper on proposed staff salary bands was discussed. The Board asked if the bands had been benchmarked against other organisations which AC confirmed there had been a small benchmarking exercise.</p> <p>There was also a proposal at the Committee to introduce a new Director role for a department which may be called "Policy". The Board discussed the merits of this role and the impact on Economic Services and Industry Development of this change. The Board also had concerns about too many small teams and suggested that the "Policy" Director role could be a branch of another team.</p> <p><b>Action</b> for AC to pull together a paper regarding the introduction of a "Policy" Director and bring to the December Board.</p> <p><b>Sheep Industry Group</b>  JS provided an update on the work of the Sheep Industry Group held on 25<sup>th</sup> October. They had visited Woodheads Abattoir and discussed with them the issues the abattoir were having recruiting and retaining staff.</p> <p>There were no further questions from the Board.</p> <p><b>Specially Selected Pork Marketing Group</b>  AMcG provided an update from the meeting held on 18<sup>th</sup> October. An advertising campaign is proposed for Specially Selected Pork to run in the New Year and an application for grant funding has been submitted to the Scottish Government to assist in the advertising campaign.</p> <p>There were no further questions from the Board.</p> <p><b>Scotch Beef Marketing Group</b></p>	<b>AC</b>

	<p>SM provided an update from the meeting held on 25<sup>th</sup> September.</p> <p>There were no further questions from the Board.</p>	
<b>10.</b>	<p><b>Remuneration Committee Annual Report 2017/18</b></p> <p>The Chair presented this and highlighted that some changes are required to the committee membership due to various members stepping down having completed their terms. The Committee had also acted as a "sounding board" for the Chief Executive during the department restructure that took place earlier in the year.</p> <p>There were no further questions from the Board.</p>	
<b>11.</b>	<p><b>Review and Approve Risk Register</b></p> <p>AI provided an update on changes to the Risk Register, in particular the move to monochrome to improve legibility.</p> <p>The Risk Register was approved.</p> <p>There were no further questions from the Board.</p>	
<b>12.</b>	<p><b>Chief Executive's Report</b></p> <p>There was a discussion about the advantages and disadvantages of QMS remaining a NDPB. Not being an NDPB would increase control over who can be Chair and recruited to the Board. However as an NDPB it improves the ability to collect the levy as there is legislative backing. It also provides a governance structure for the organisation.</p> <p>The Board decided to remain as an NDPB as there are a range of more pressing issues going on.</p> <p>The Board discussed the merits of creating a Vice Chair position. KR stated that she sees each Board member as a potential Vice Chair and therefore there is no need to create a formal position.</p> <p>AC discussed a historical complaint which remains unresolved. Action for DP to provide details of the complaint to George Burgess (Scottish Government).</p> <p>An update from the DNA Feasibility Study Steering Group meeting on 12<sup>th</sup> November was provided to the Board. The feasibility report was well received and initial project costs of £3m could be offset through collaboration with other research institutes and organisations. JF suggested the Edinburgh City Deal as a potential route to co-funding.</p> <p>There were no further questions from the Board.</p>	<b>DP</b>
<b>13.</b>	<p><b>Chair's Report</b></p>	

	<p>The Chair provided an update on the various engagements, visits, radio, and television appearances she has made over the past two months. She has met with a wide range of people at all levels in the industry, from those in the political side through to processors and farmers.</p> <p>There were no further questions from the Board.</p>	
<b>14.</b>	<p><b>Brexit Issues</b></p> <p>SA presented a report on the current issues facing the sector regarding Brexit. A key factor already hitting the industry has been the reduction in migrant labour which in turn reduced the capacity and throughput of processors.</p> <p>There were no further questions from the Board.</p>	
<b>15.</b>	<p><b>Red Meat Levy Board Briefing Paper</b></p> <p>There were no questions from the Board on this paper.</p>	
<b>16.</b>	<p><b>Board Planning Session</b></p> <p>This was moved to be part of the next meeting to be held in December.</p>	
<b>17.</b>	<p><b>Any other business</b></p> <p>JG suggested that due to the increasing profile of red meat and climate change that a working group be established to counter some of the arguments. The Board said QMS should take a more proactive role in communicating sustainable livestock or sustainable red meat production to the media.</p> <p>JS asked if there has been mental health training for the team when working with farmers. AC replied that staff had attended the Talk with Doug Avery in September, however there had been no formal mental health training carried out.</p> <p>The Board requested a 9:30am start for the meeting in December.</p>	<b>SS</b>
<b>20.</b>	<p><b>Date of Next Meeting</b></p> <p>9:30am, Thursday 6<sup>th</sup> December, Rural Centre Board Room, Ingliston</p>	