

QUALITY MEAT SCOTLAND

Minutes of the Fifty Seventh Meeting of the Board
21st February 2019, 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
P Sleigh

In Attendance:

D.Wilson (Sponsor Team)
A. Clarke (Chief Executive)
P.Byrne
Minutes C.Potter

Apologies:

ACTION

1.0 Minutes of Board meeting on 18th November 2018

1.1 The Minutes were agreed as an accurate record of the meeting.

2.0 Update on Action Points

2.1 It was suggested that QMS offer our sympathies to Australia Beef & Lamb regarding the floods that effected farmers up and down Queensland. Alan & Kate will visit the Australian stand while in Tokyo.

AC

2.2 Levy security deposits – it was suggested that security deposits could be included in our Processor standards, so this was a live issue when inspections took place. It was agreed to look at the implications of this.

SW

3.0 Financial Report 10 months to 31st January 2019

3.1 PB presented the financial report of the 10 months to end of January. The income figures are ahead of our projected figures. Our revised projected short fall in levy by end of the financial year has been reforecast as c £80,000, we had budgeted for a deficit of £150,000. Departmental spending is currently being monitored monthly.

3.2 A discussion took place regarding a levy increase and it was put to the board that we should explore increasing the levy by the annual rate of inflation, opposed to a much larger increase every few years. Positive feedback was received, agreed to explore the mechanisms required to make this happen.

AC

3.3 It was noted the Travel and Subsistence was incorrect, it was the wrong way around, will be corrected.

PB

4.0 Draft Budget

4.1 It was noted that since developing the draft budget paper for the Board, Stuart had informed Paul that he had received further information on cattle figures. The new future cattle figures reviewed by Stuart, could reduce the levy cattle budget by approximately £40,000-£50,000, it was agreed that we would continue with the original figures.

4.2 After discussion the draft budget was approved in principle which included a £150,000 Brexit contingency and a total budget deficit for year ending 2019/20 of £250,000.

5.0 Committee Updates -

5.1 Remuneration Committee

5.2 Ronnie Eunson Chair of the Remuneration Committee presented recommendations from the Remuneration Committee to the Board these included: -

- Changes to QMS Contract of Employment & Handbook
- Changes to the QMS Maternity / Adoption & Parental Leave Pay policy
- Changes to our Travel & Expenses policies
- The introduction of salary bands for each Job within the organisation

After an extensive discussion the proposal from the Remuneration Committee was accepted in full and a staff consultation will take place during March.

AC

5.3 Ann Irvine agreed to review the Board travel and expenses policy at the next audit committee meeting.

AI

5.4 Pork Marketing strategy Group

Philip Sleigh Chair of the Pork Marketing Group presented back on the key issues discussed at the meeting. The group were eager to see the results of the recent pork marketing campaign and how they can build on this. The future of the name Specially Selected Pork was discussed and after Brexit consideration should be given to potentially changing this.

5.5 Butchers Think Tank

Jock Gibson Chair of the Butchers Think Tank reported on a very positive meeting at John Scott Meats in Paisley. The main focus of the visit was to look at carcass classification. Felt it was useful to the wider membership of the Scotch Butchers Club and this is going to be explored.

Other key issues that were covered included: -

- Social media – health/nutrition updates with positive feedback.

- Veganuary, sales were still good for meat, will collate wholesale prices.
- Scotch Butchers club, looking for ways to get people interested in butchery with the thought of Scotch Butchers Academies. Also looking to develop a sustainability charter.
- Point of sale material continuously being developed and the current size and content of booklets received excellent feedback.
- Bench marking project, retail price of meat static but all other costs increasing, perhaps including a sustainability charter. For further discussion.

The importance of placing recipe leaflets close to products was highlighted, also Did You Know leaflets highlighting our animal welfare credentials. It was agreed to raise this with Webber Shandwick as they develop our Meat with Integrity campaign for next year.

Although Vegan January made a lot of media noise it hasn't had an impact on retail sales with Kantar citing the red meat category had increased sales in January and the number of people starting vegan January was substantially higher than those still following a vegan diet at the end of January. Several retailers had also removed vegan products after short trial periods.

5.6 Scotch Beef Marketing Strategy Group

Sarah Mackie updated the Board on the current plans for beef marketing which includes a fully integrated "Know your Beef" campaign which will include TV advertising. She also identified that the current make-up of the Strategy Group is not fully representative of the red meat industry and it was agreed to review this.

Our new Head of Market Development Tom Gibson was conducting retail audits to encourage more retailers to use our logos and to ensure that they are being used correctly.

AC provided an up-date of where we are in our DNA traceability study. The current value of the Scotch Beef Club was discussed, and it was agreed to do a formal review of the Scotch Beef Club, the Scotch Butchers Club and our Brands Licensing schemes.

6.0 Recurring Board Business

- 6.1** A discussion took place regarding recurring Board business and the frequency of agenda items. The recommended changes in the Board paper produced were in principle agreed.

It was agreed that the Audit Committee would formally review the risk register twice per year and Board members were invited to put their names forward to strengthen this committee. Ann Irvine as Chair of the Audit & Risk committee would update the Board on all key issues at each Board meeting.

AI

6.2 The standards review dates were agreed.
It was agreed to invite Mr Ewing Cabinet Secretary to join one Board meeting per year. **AC**

6.3 It was agreed to host a Parliamentary Reception, where MSP's and key members of the Scottish red meat industry would be invited to highlight and disseminate the current work of QMS. **AC**

6.4 At the end of this session the Chair thanked John Scott & Ronnie Eunson for their hard work and commitment to QMS. She also reminded the Board that Gordon Wallace and Charles Milne are joining the board this year.

7.0 Update on Brexit

7.1 SA up-dated the Board on the current state of Brexit and highlighted that there were still many unknowns. Government have been involved in drawing up contingency plans in case of a hard Brexit and QMS were contributing to this.

7.2 There are still many concerns in relation to tariffs, TRQ;s, Border Inspection Posts, export certificates, future administration, access to labour, finance and markets.

He highlighted the concept of Dynamic alignment in the event of a hard Brexit. Negotiations are going on to enable the UK to align with EU legislation for a period of 9 months until future direction was agreed. Being dynamic this means that the UK would follow current EU legislation and any future legislation that comes into place during the next 9 months.

7.3 SA outlined potential interventions for the sheep industry and the future issues that could face our PGI's.

8.0 Chief Executives Report

8.1 General

The Chief Executive highlighted that the recent onslaught that the red meat industry has faced shows no signs of letting up. This has led to us strengthening our ability to protect our industry through the establishment of a new department called Strategic Engagement. The purpose of the new department is to engage with our key stakeholders and to develop position papers on our 3 key areas of challenge:- human health, animal welfare and climate change.

8.2 We have reviewed our Scotch Lamb PGI marketing campaign, developed our Specially Selected Pork campaign and developed our Scotch Beef PGI campaign which is due to commence in March 2019. We have only been able to achieve this with the additional financial support of £325,000 from Scottish Government. Initial results are positive, and we will monitor this over the coming months.

Confidential

8.3 We have been prudent with our strategic and operations plans for next year and have budgeted for a contingency amount, if required, to support our industry during the Brexit transition.

8.4 We have conducted a high amount of stakeholder engagement meetings and the CE highlighted the key points covered at a recent meeting with the MD and Sales Director of Karro. A strategic partnership agreement would be developed to provide support once the levy repatriation bill was passed and a suitable system implemented.

8.5 A proposal by Pete Ritchie from Nourish was discussed and it was agreed to give evidence to the commission that he is aiming to establish.

DB

8.6 Confidential Levy Repatriation

We continue to work with AHDB and HCC to deliver this year's activities under the Ring-Fenced Fund (RFF). In addition, we are planning for next years activities and working to agree a mechanism to fairly identify levy which is trapped across the 3 nations that should be repatriated back to the producer's country.

SA

We will be able to put this process in place once the new Agriculture Bill passes into law which enables a legal mechanism for levy bodies to pay each other.

8.7 Staff

As well as creating the new Strategic Engagement Department we have had a number of staff changes. Stephen has left us to be an ISO 9000 auditor, Katie & Jackie have left our Brands Integrity team and Emily Grant has decided to set up her own consultancy.

8.8 We have recruited Carol Potter as Executive Assistant to Kate and currently have live recruitment for a Technical Manager in Brands Integrity and Project Officers for Strategic Engagement and Industry Development.

8.9 As part of our future development we will develop an annual training plan for our team. Also, we will look at ways to engage all of the QMS team with our Board and would like to discuss at the Board meeting.

8.10 DNA Feasibility Study

Jonathan Birnie of Birnie Associates has completed the draft report and a further meeting of the steering committee will take place in March where we will agree whether to take the project to a further stage. This further stage will identify the potential methodology, costs, benefits, policy implications and key stakeholders required to make this work effectively.

AC

9.0 The Future of Industry Development

Sarah Miller gave a very in-depth presentation on the key issues and challenges we are currently facing and her plans for the future of the department.

Confidential

The Board agreed the future direction of travel and Sarah and Alan will work closely together to deliver this.

10.0 Chairs Report

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.

There were no further questions from the Board.

11.0 Implementation Plans 2018/19

AC gave a presentation of current progress against this year's implementation plans. It was noted that 95% of our activities were on track. Areas that we will complete this year were highlighted and it was agreed to progress these during the new financial year.

12.0 Draft Strategy and Implementation Plans 2019/20

AC presented our overall strategy and it was agreed that the 4 key points of Supporting our Industry, Developing our Industry, Promoting our Industry and Protecting our Industry would be at the heart of this year's business plan

12.1 Each of the Executive Team presented on their key work packages to achieve this strategy and highlighted key parts of their implementation plans.

12.2 After lengthy discussions the Board requested some fine tuning to the plans including a fully costed plan which will be presented at the April Board meeting.

12.3 A preview of our Scotch Beef advert was premiered and very well received. Special thanks was given to Carol McLaren and her team for their efforts on this project.

13.0 A.O.B

GM, highlighted the need to look at markets for light lamb after Brexit.

There being no further business the meeting was closed, and the next Board meeting will take place on Thursday 25th April 2019

