

QUALITY MEAT SCOTLAND

Minutes of the Fifty Ninth Meeting of the Board
6th June 2019, 10:00am, The Rural Centre Board Room, Ingliston

Present:

K. Rowell, Chair
J. Gibson
S. Henderson
P. Sleigh
A. McGowan
L. Welsh
G. Milne
S. Mackie
A. Irvine
G. Wallace
C. Milne

In Attendance:

H. Curran (Sponsor Team)
A. Clarke (Chief Executive)
P. Byrne (Accountant)
K. McCormack (Minutes)

Apologies:

J. Fitzpatrick

ACTION

1.0 Welcome and Apologies

Kate Rowell welcomed Charles Milne to his first QMS Board meeting. Charles and all Board members introduced themselves with a few words on their working background.

One apology was from Julie Fitzpatrick.

2.0 Additions to the Agenda

Jock Gibson added one agenda item to be covered at the end
– Scottish Craft Butchers Trade Fair, Perth, Sunday 12th May

3.0 Declaration of interests in any agenda item

There was no declaration of interests in any agenda item

4.0 Minutes of Board meeting on 25th March 2019

The Minutes were agreed as an accurate record of the meeting with just a small change to remove Julie Fitzpatrick's name as she had been recorded twice as present. This has now been removed.

5.0 Update on Action Points

The action points were reviewed, and all actions were noted as complete.

6.0 Financial Report 1 month to 30th April 2019 to include update on 5 Year Comparison

Paul Byrne presented the financial report for the first month of the new financial year to the end of 30th April 2019. Paul stated that there was nothing unusual to report.

Confidential

Levy income was close to budget with a small variation. Alan Clarke made a comment that compared to the previous 2 years, this is the first time that levy collected for all three species have risen, the main increase was in the sheep sector.

Assurance Scheme income £50,000 more than budgeted. The first 3 months of the year is when the vast majority of the membership income is received totalling around £1 million in the month of May.

The balance sheet, is where it is to be expected and it was noted that the debtors identified in the older column have since been received.

Paul reviewed the 5 year comparison table, it was noted that external spending for Marketing & Communications had reduced over the years. It was noted that our Market Development and Strategic Engagement departments also contribute to our work in promoting and protecting the industry.

7.0 Approval of Accounts for the Year Ended 31 March 2019

Paul told the Board that the Audit process was now complete and that it ran smoothly and was delighted to say that we had received a clean audit report.

The projected deficit figures for the year were pretty accurate with the actual being just over £24,000 which is the amount budgeted. Nothing else to report.

A small number of changes to be made to the accounts report were agreed. The Board approved the accounts report and the accounts were signed by Alan Clarke and sent to Audit Scotland.

8.0 Fraud, Theft and Bad Debt Report

The report was reviewed with a clean report being presented. The report has sent to Scottish Government.

9.0 Bank Short Term Deposit Rates & Amounts

A discussion broke out regarding QMS's 3 deposit accounts being with the one bank, The Clydesdale. The question was put to the board if we should change and split our accounts with different banks as there were a few concerns. The Clydesdale is one of the only high street banks that gives an interest rate of 1.2/1.4% which is a lot higher than others. The board agreed to stay with the 1 bank for all 3 deposit accounts.

10.0 Market Update

Kate Rowell thanked Stuart Ashworth and Iain MacDonald for their fantastic work on the Market Update Report for May 2019.

A point in the report regarding the consumption of Beef is down by 4% sparked a few questions to Stuart. It was agreed that Andy McGowan and Stuart Ashworth are to have a meeting to discuss this point further and to try and find out what the underlining issues are.

**AM &
SA**

11.0 Implementation Plan Progress Report

Alan Clarke presented on this year's implementation plan which included raising a few of the highlights and challenges from each department that they have experienced in the first couple of months of the new year. The Executive Team were present and answered questions from the Board which resulted in a brief update on Assurance spot checks and Swine Dysentery. Other questions developed a few in depth discussions on bad press from Auctioneers/ Relationships with Retailers and Levy repatriation.

Sarah Mackie offered to help the Market Development team to build their retailer relationships.

**SM &
TG**

12.0 Committee Updates

12.1 Pig Industry Forum

Philip Sleigh gave an update from the last meeting which took place on the 8th May at the Finavon Hotel in Forfar that was attended by 10 members. A few things that were raised included feedback of the TV Advertising campaign, reporting on Swine Dysentery, impact of ASF on producer price globally and the concern that it has now reached Europe.

A discussion took place regarding Swine Dysentery and when to report it which resulted in Andy McGowan and Charles Milne agreeing to discuss the matter further and to look into rules that Scottish Government have in place

**AM &
CM**

12.2 Scottish Cattle Industry Group

Scott Henderson gave an update from the last meeting which took place on the 21st May with a visit to Michael Shannon's Damn Delicious farm and butchery in Symington, Lanarkshire. Michael explained his business model including his grass-based finishing enterprise and farm shop that has evolved over the years and has major plans in the future. Michael explained how much his business had benefitted from being part of the QMS Grazing Groups and Graze plus groups and how valuable being connected to a community of likeminded individuals had helped him try new things that had made his system more profitable.

The afternoon session took place at The Tinto Hotel where Stuart Ashworth gave a very comprehensive market update. The whole group expressed their disappointment and frustration that the industry was no further forward in receiving genetic information back from the Beef Efficiency Scheme (BES). Sarah Millar is taking this forward with who run the BES Knowledge transfer workshops.

Confidential

12.3 Scottish Sheep Industry Group

Kate Rowell gave an update from the last meeting which took place on the 22nd May at Neil and Debbie McGowan's, Inchoch Farm in Perthshire who won the Scottish Sheep Farm of The Year in 2018. The group enjoyed a tour of the McGowans farm before the main meeting started.

Kate highlighted 2 key areas that arose at the meeting. The first was discussion around how we can ensure that the research institutes including RESAS decide on the strategic research themes and PHD work that is funded. The point was made that the industry isn't always clear about what it wants- but there was a definite feeling that we needed to proactively engage with research institutes. Sarah Millar is going to speak to RESAS as a start and will come back to the group with ways that we could ensure industry is feeding into research need.

The second key area was regarding the funding of Signet which QMS contributes too. The group will review this at their next meeting and make a decision on the future funding arrangement. The board discussed their thoughts on the topic. Kate suggested that this be put onto the agenda for the September meeting.

**AC &
KM**

12.4 Scotch Lamb Marketing Strategy Group

George Milne gave an update from the last meeting which took place on the 3rd June at the QMS office that 11 members attended. There were 4 main topics on the agenda: QMS Update, Market Update, 2019/ 2020 Marketing Plans and Scotch Lamb Naturally 2019 Plans. Concerns were raised and discussed for the sheep sector now that the Brexit date has been moved to October.

The year ahead was outlined to the group, covering our main brand activations as well as proposed seasonal activity. A thorough briefing on Meat with Integrity was also provided detailing the rationale behind the campaign and planned media.

A de-brief of the 2018 Scotch Lamb, Naturally campaign was given to the group alongside initial ideas for the 2019 marketing and PR activation, these were warmly received.

Prior to the campaign, QMS are to engage with butchers and chefs alongside SAMW to gauge interest and support required for campaign. With the Scottish Rugby activation, QMS are to explore opportunities to encourage existing food sellers to promote Scotch Lamb on match days.

George Advised the group that he plans to write to Cabinet Secretary Fergus Ewing regarding the issue of Brexit and the negative impact it could have on the Scottish Sheep Industry at peak selling time.

GM

Charles Milne raised the issue of animal health scrutiny especially for export markets.

Confidential

Current QMS market development activities were outlined, highlighting strong opportunities in the Canadian market as well as Japan and China. The group discussed the requirements for a response to Veganuary, QMS to keep the group updated with this.

George thanked Scottish Government again for the £200,000 for the Lamb campaign and hoped this could assist during this difficult time.

12.5 Audit & Risk Management Committee

Ann Irvine presented an update from the last Audit & Risk Committee which took place on the 5th June at the QMS office. The committee welcomed George Milne to his first meeting.

Our external and internal audits were now complete and was delighted to confirm as per Paul Byrnes update earlier that we have been given a clean financial audit report. Ann also highlighted that this year's financial audit was more thorough and in depth than in previous years. Ann thanked Debbie Phillips for all of her hard work pulling together the information needed for the auditors over the couple of weeks they were in.

Ann then reviewed our Internal audit report for Marketing & Communications, she stated that she had never seen such a long list of best practice examples in an audit report before and passed on her thanks and congratulations to Carol McLaren and her team.

The Audit Plan for 2019/ 2020 has been confirmed for the following 3 areas; Payroll, GDPR and Industry Development.

The Risk register was reviewed in detail by the team. These included a few key external & internal issues to continue to keep a close eye on Brexit, especially the sheep sector/ Anti Red Meat lobby/ Climate change/ Budgeted deficit for 2019/ 2020 and current key staff changes.

As discussed at the last board meeting, a new reporting format of the risk register was to be looked at as although the current format of the risk register worked well in the past, it is not presented in the best and easiest way to understand. Ann confirmed that Debbie brought examples to the meeting and that there are 2 examples that she will be looking into in a bit more detail for her to bring to the next Audit & Risk Committee meeting to then present at the November Board meeting.

DP

The proposed Reserve Policy level is recommended at medium risk. This policy will be reviewed by the board at the September board meeting. It will be put on as an agenda item.

**AC &
KM**

The next meeting of the Audit & Risk Committee will be on the 23rd October 2019

13.0 Review of QMS Committee Structure

Ann Irvine presented the QMS Committee Structure review paper and Ann thanked the Executive Team and the Board for all of their thoughts and suggestions to update this paper and assured that all of these were taken on board.

Confidential

In the paper there were 15 decisions to be made on the day by the board. After an in-depth discussion on each, they were all agreed with and it was also agreed to have a review after 12 months and to make any necessary changes where things do not work well.

There were a few suggestions to some of the 15 decisions points required;

- 4. Cattle & Sheep Industry Group to be combined?
 - To possibly have 1 separate meeting a year for Cattle & Sheep or to have sperate task meetings after each combined meeting.

- 5. Beef & Lamb Marketing Strategy Groups to be combined?
 - To change the name to Beef & Lamb Marketing Advisory Groups
 - To have one meeting a year for Beef, Lamb & Pork

- 6. Establish a Red Meat Industry Resilience Group to support our Strategic Engagement?
 - To add to the suggested group, a representative from the SFMTA representing butchers. A representative from IAAS representing auction marts.

- 7. Consider the potential of a QMS Consumer Group or have a consumer representatives organisation on our Marketing Strategy Group?
 - Agreed not to have a QMS Consumer Group but to include consumer testing in our marketing campaigns.

For the direction in travel to have the chair of the committees to report back to the Board. Also at the next Board meeting, Alan Clarke will check that there is a board member on each committee group.

AC

Alan Clarke to email Board members with the terms of reference for the Red Meat Resilience Group.

AC

14.0 Draft Board Meeting Dates 2020/21

All dates were agreed with the board. Kirsty McCormack to send diary appointments to Board for each date.

KM

2020		Venue
Thursday 20 th February	Board Meeting	The Rural Centre Boardroom
Thursday 30 th April	Board Meeting	The Rural Centre Boardroom
Thursday 4 th June	Board Meeting	The Rural Centre Boardroom
Wednesday 23 rd September	Board Away Day	Venue TBC
Thursday 24 th September	Board Meeting	The Rural Centre Boardroom
Thursday 12 th November	Board Meeting (AM) Planning Session (PM)	The Rural Centre Boardroom
Thursday 10 th December	Planning Day	The Rural Centre Boardroom

2021		
Thursday 25 th February	Board meeting	The Rural Centre Boardroom

Alan Clarke to invite Cabinet Secretary Mr Fergus Ewing to the board meeting on Thursday 14th November 2019.

AC

15.0 Chief Executives Report

Alan Clarke highlighted that it has been a very busy couple of months for all staff at QMS with many challenges. One of the main challenges being changes in staff with there being a few additional changes since the board papers were sent out. All staff updates listed below;

- Laura Strang joined the Industry Development department on the 13th May
- Beth Alexander joined the Strategic Engagement department on the 10th June 2019
- Kirsty McCormack confirmed as Executive Assistant to Chair & Chief Executive
- Ashley Little appointed as Finance Assistant
- Kathryn Kerr appointed in the Brands Integrity department as Technical Specialist and will join us on the 26th August.

In addition to the above, Alan also confirmed that in the last couple of weeks, Carol McLaren has announced that she will be leaving QMS on the 26th July. It has been a very difficult decision for Carol but one that she has had to make for her family. Carol is moving on to be the director of Marketing & Communicans at Glenalmond College. Carol has done a fantastic job in the 10 years she has been here. As there will not be another Board meeting before Carol leaves, Alan, Kate and the Board thanked Carol and wished her all the best with everything in the future. With this, there will be a restructure in the Marketing & Communications department.

Alan discussed the plans for a QMS Red Meat Industry Conference in November sometime for between 200 – 250 people to attend. He went through the draft programme to give an idea of what the setup of the day could potentially look like and with the type of speakers we are looking at. Alan mentioned that an idea from one of the Executive Team members could be to have ministers at the conference were attendees would be split into different groups and would have a chance to discuss matters with the ministers. Or perhaps have ministers on the stage and have a Q&A session.

All Board members are to give their thoughts & suggestions for the conference to Alan.

ALL

16.0 Chairs Report

Kate Rowell provided a report of activities that she has undertaken to engage with the Scottish red meat industry which included;

- Agricultural Productivity Working Group, London – 2nd May
- HRH Event, London – 9th May

Confidential

- Taste of Grampian, Thainstone – 1st June
- NFFN Reception, Scottish Parliament – 4th June
- JTC meeting, Glasgow, 5th June

17.0 A.O.B

Scottish Craft Butchers Trade Fair, Perth, Sunday 12th May

Jock Gibson raised this point which led to a discussion within the team. Feedback from the show regarding Scotch Butchers Club membership is that many of those who are not joining or who have left the club say it is down to the quality of Scotch Beef and the availability. More people are wanting Scottish meat and not Scotch because they do not know the difference.

Alan Clarke stated that there was to be a review of the Scotch Beef Club, Scotch Butchers Club and Brands Licensing Scheme with a view to a relaunch early in 2020.

Afternoon Presentations

After lunch there were presentations and discussions on the following agenda points;

- DNA Feasibility Update presented by Jonathan Birnie, Birnie & Associates Consulting Ltd
- Market Development Activity, presented by Tom Gibson
- Royal Highland Show Briefing, presented by Claire Higgs
- Protecting the Industry, presented by Doug Bell

There being no further business, the meeting was closed, and the next Board meeting will be on Wednesday 25th September 2019.

