

QUALITY MEAT SCOTLAND

Minutes of the Sixty Second Meeting of the Board
20th February 2020, 10am, The Rural Centre

Present:

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

In Attendance:

A. Clarke (Chief Executive)
D. Wilson (Sponsor Team)
P. Byrne (Accountant)

Minutes:

K. McCormack

		ACTION
1.0	Welcome and Apologies Kate Rowell welcomed everyone to the sixty second QMS Board meeting. There were no apologies.	
2.0	Additions to the Agenda Philip Sleigh raised the issue of an Aberdeenshire farmer being convicted of stealing cattle and asked if they were members of our Quality Assurance Scheme. Alan Clarke reported that the farmer in question was a member of our scheme and had been removed. Since the Board meeting, it has come to light that the member has now reapplied. Currently there is nothing in our standards to prevent this. Therefore, we are developing a new policy to state that anyone removed from the Quality Assurance Scheme, cannot reapply until a fixed period of time, e.g 1 year or 2 years.	
3.0	Declaration of interests in any agenda item There was no declaration of interests.	
4.0	Minutes of Board meeting on 14th November 2019 The minutes were agreed as an accurate record of the meeting with no changes to be made.	

5.0	<p>Update on Action Points</p> <p>The action points were reviewed, and all actions were noted as complete including the outstanding action point from agenda item 10.3 Audit & Risk Committee regarding the list of committees being put onto the website before the 20th February. Kirsty McCormack advised that this had been completed and committees are now available to view on the website.</p>	
6.0	<p>Financial Report 10 month to 31st January 2020</p> <p>Paul Byrne presented the financial report for the last 10 months to the 31st January 2020. Paul stated that there were no major issues to report. He gave a summary of the income and expenditure accounts highlighting that the total income and levy income is above budget with total income at 9.5% above and 1.6% above for levy income.</p> <p>Expenditure, External Spending is underspent by 6.8% however there are no areas for concern. Staff costs are underspent due to vacancies throughout the year. Travel & Subs cost is 10% over budget however flight costs to countries to attend International trade fairs are included in these figures and income that is recovered from AHDB is included in a separate income category to cover these costs.</p>	
7.0	<p>Review of Reserves Policy</p> <p>Paul Byrne presented the QMS Reserves policy explaining that this will now be reviewed twice a year in February and in September as agreed by the Board at the November meeting. Paul advised that the QMS appetite for risk be set at medium, proposing a total of £1,145k as to the current £1,053k.</p> <p>After a discussion regarding our balance sheet, the Board reviewed and approved the Reserves Policy with the appetite for risk being set at medium with a total of £1,145k.</p>	
8.0	<p>2020/ 2021 Budget for Approval</p> <p>Paul Byrne presented the proposed budget and highlighted the key areas. He explained that with the contingency of £150,000 and no secure grant income for marketing that we benefited from during this year, this means that we have reduced overall external spending by departments on average by 7%. Paul expressed that this means we must endeavour to be more prudent when planning our activities and that this be reflected in our proposed implementation plans.</p> <p>Paul advised that the software system we have in place lets staff have more control over their budget however all purchase orders need to be raised and approved before money can be spent. Paul advised that each department has regular budget review meetings after 6 months of the year which will continue to happen.</p> <p>Paul advised that Economics Services budget has increased by £30,000 from last year as last year's budget was incorrectly set as it was uncertain if the Enterprise Profitability publication was going to be issued or not. It has been confirmed that a new issue of the publication will be released this year.</p> <p>It was explained that Strategic Engagement's budget had been reduced from £50k to £20k as last year the only spend was on the Parliamentary Reception. As the department is</p>	

	<p>mostly policy there are no costs involved therefore the budget is not needed for the year ahead.</p> <p>Alan advised that although staff costs were increasing, consultancy costs would reduce, and we were hopeful that other grants would become available throughout the year.</p> <p>Paul notified the Board of the proposed deficit of £240,000.</p> <p>The Board agreed the proposed budget for 2020/ 2021.</p>	
9.0	<p>Market Update</p> <p>Kate Rowell thanked Stuart Ashworth and Iain Macdonald for their report. Jock Gibson raised a question, why with a global shortage of protein, pig and lamb prices are good, but beef is lagging? Kate advised for Jock to speak to Stuart or Iain after the Board meeting.</p>	JG
10.0	<p>QMS Committees</p>	
10.1	<p>Cattle & Sheep Industry Advisory Group – 13th January 2020</p> <p>Scott Henderson gave an update of the groups second meeting which took place at the Huntingtower Hotel in Perth.</p>	
10.2	<p>Butchers Marketing Advisory Group – 3rd February 2020</p> <p>Jock Gibson gave an update of the groups meeting which was held at the QMS office.</p>	
10.3	<p>Beef & Lamb Marketing Advisory Group – 5th February 2020</p> <p>George Milne gave an update from the meeting that was held at the QMS office and highlighted the great attendance and enthusiasm throughout the meeting.</p>	
10.4	<p>Remuneration Committee – 5th February 2020</p> <p>George Milne gave an update from the recent meeting that was held at the QMS office with full attendance.</p>	
11.0	<p>2020 Pigs Assurance Scheme Standards Update</p> <p>Philip Sleigh updated the Board on where QMS are on issuing the new Pigs Assurance Scheme Standards. He advised that the last Pigs Standards Setting Review meeting was held on the 4th December where the group reviewed and discussed thoroughly the feedback from the stakeholder consultation that had been issued in the previous months asking for suggested changes to the current standards.</p> <p>Philip advised that since the meeting, the new draft pig welfare codes have been issued and there are several changes that will affect the standards. Therefore, the committee agreed to put the Pigs Assurance Scheme Standards on hold until the confirmation of the pig welfare codes have been issued.</p> <p>Andy McGowan raised the point that it would be good if the vet form could be updated and issued separately to the standards being issued. Philip Sleigh agreed to look into this.</p>	PS

	<p>Philip advised that he hopes to present the changes to the standards at the April Board meeting.</p>	
<p>12.0</p>	<p>Draft Programme of recurring Board Business The Board approved the programme of recurring Board business for 2020/ 2021</p> <p>Andy McGowan asked a question relating to table 2 on the paper, Formal reviews and interim updates of assurance standards, He asked if interim dates are really necessary. Alan Clarke advised that the new person in charge of the Brands Integrity department, when appointed will review this as well as looking at the relationship between the contractors and assurance schemes.</p>	
<p>13.0</p>	<p>Implementation Plan 2019/ 2020 Highlight Report With the Executive Team in attendance, Alan Clarke highlighted QMS's overall highlights and challenges for the last few months.</p> <p>The Board agreed that they were very pleased with the new layout of the Cattle & Sheep standards and look forward to all of the standards to follow the same format which are easier to read.</p> <p>Jock Gibson highlighted that QMS had done an excellent job on combatting the bad press over vegan's etc however he noticed that a message we had put out which AHDB had also released, we had a different stat to them. He advised that we need to make sure that we are putting out the same correct messages, all reading from the same page.</p> <p>Andy McGowan highlighted that the colour coding on the implementation plan for Brands Integrity needs to be looked at as it doesn't look correct with some things being coded green when it shouldn't be. Alan Clarke advised that he will look into this for the final plan that will be presented at the April meeting.</p>	<p>AC</p>
<p>14.0</p>	<p>Corporate Business Plan 2018 – 2023 Implementation Plans & Budget for 2020/ 2021</p> <p>Alan Clarke presented the updated Business plan 2018 – 2023 along with QMS's strategy for 2020/ 2021. Each member of the Executive Team then presented their strategy plans for the year ahead.</p> <p>The Board asked a few questions during each presentation and gave feedback to Alan and the Executive Team for them to then take on board when finalising their plans which will be presented at the April Board meeting.</p> <p>Charles Milne raised a point that the plans do not show that QMS has a leadership role in the red meat industry. Alan agreed to review and re word a few areas.</p> <p>A point during the Industry Development plans regarding safety in the industry was also raised. As Sarah Millar was not at the meeting, Alan is to speak to Sarah regarding this point.</p>	<p>AC</p> <p>AC</p>

	Another action was for Alan and the Executive Team to review the wording in the implementation plans to demonstrate what progress/ success is.	AC
16.0	<p>Chief Executive's Report</p> <p>Alan Clarke gave an update to the Board covering the main topics highlighted in the paper.</p> <p>Alan advised that we have now agreed with AHDB that the Ring-Fenced Fund for 2020-21 will be increased from £2M to £3.5M. Mr Ewing would announce this at the QMS Conference.</p> <p>The finance budget is still to be finalised. He advised that it's also been agreed how the scheme will work and this is detailed in the paper as Appendix A for sign off by the Board.</p> <p>The Board agreed to sign off this agreement.</p>	
17.0	<p>Chair's Report</p> <p>Kate Rowell provided a report of activities that she has undertaken to engage with the Scottish red meat industry which included:</p> <ul style="list-style-type: none"> ▪ Monitor Farm Meetings ▪ NFUS Regional Meetings ▪ Brechin Abattoir Visit ▪ Women in Agri Summit ▪ Oxford Farming Conference ▪ SAMW Conference ▪ NFUS Conference ▪ Farming Scotland Conference ▪ AIC Scotland Dinner ▪ AHDB Board Meeting <p>Kate advised that all Board appraisals have been completed apart from those for Gordon Wallace and Charles Milne who will be included in this years once the complete their first year.</p>	
18.0	<p>Any other Business</p> <p>There was no other business raised.</p>	
19.0	<p>Update on key Brexit issues</p> <p>Kate Rowell welcomed Scott Walker & Andrew McCornick from NFUS to the meeting. The QMS Executive Team were also present</p> <p>Stuart Ashworth advised the group of key Brexit dates and updated on key issues which started in depth discussions between the group.</p> <p>A paper with a list of these key dates and notes from Stuart Ashworth has been attached to the back of these minutes for information.</p>	

20.0	QMS Conference Update Tom Gibson presented to the Board the final programme for the QMS Conference – MEAT the Future, which is being held at The Radisson Blu Hotel, Glasgow on Tuesday 25 th February 2020. Tom advised that we are expecting around 430 attendees coming from all areas of the red meat industry including farmers, processors, butchers, chefs, journalist etc.	
21.0	NFUS Chief Executive & President <ul style="list-style-type: none">- Scott Walker, Chief Executive- Andrew McCornick, President The Board, Executive Team, Scott Walker and Andrew McCornick had an in-depth discussion regarding how NFUS and QMS can work together to protect the industry.	
	There being no further business, the meeting was closed, and the next Board meeting will be on Thursday 30 th April 2020.	

Update on key Brexit Issues

Key Dates

31st January 2020

UK leaves EU and Transition begins

February 2020

EU and UK publish position papers and discussions start.

There appears to be a willingness to work towards a tariff free quota free trade arrangement, but the challenge will remain over non-tariff barriers like export certification and documentation, product safety requirements and entry ports. UK Government does not want any commitment to aligning rules in perpetuity (dynamic alignment) but will call for equivalence.

EU:

<https://www.consilium.europa.eu/media/42736/st05870-ad01re03-en20.pdf>

UK:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/868874/The_Future_Relationship_with_the_EU.pdf

17th – 18th March 2020

EU Summit in Brussels - to gauge progress of talks

June 2020

UK/EU summit expected and clarity around deal will emerge

30th June 2020

Deadline for transition period extension (although experience suggests that this may be “flexible”).

Potential exists for a single extension period of one or two years. Current position of the UK government is that no extension will be asked for or expected.

November 2020

Last sign off date for and UK/EU deal if no extension has been granted.

31st December 2020

Final EU/UK FTA (if agreed) and transitional period ends.

1st January 2021

Businesses adhere to new requirements in relation to any deal with EU.

Confidential

Comment

UK government preparation activities continue, but at different time frames.

Migration remains a key area for clarity and Westminster has published a migrant labour policy using a points based system with no specific provision for low paid unskilled labour. A salary threshold of £25,600 will apply with those earning less than this not being considered unless they are on a very limited list of “shortage occupations” as defined by the Migration Advisory Council; while

veterinarians are on the current list abattoir workers, agricultural workers and food processing workers are not. A contingency for 10,000 seasonal agricultural workers remains.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866664/CCS207_CCS0120013106-001_The_UKs_Points-Based_Immigration_System_print.pdf

UK government has published a consultation on proposed future trade tariffs to apply from 1 January 2021 which seeks to simplify and band existing tariff rates by rounding them down.

The HMRC Customs Support Fund remains open until 31 January 2021. This among other things offers grants/support for training course for businesses seeking to understand how new customs declarations will operate and offering training for IT systems and capability of staff to use the new systems.

QMS receives regular updates from DEFRA’s agri-food chain engagement unit which it shares with its processing sector contacts.

Additional guidance on procedures can be found at:

<https://www.gov.uk/guidance/trading-with-the-uk-as-an-eu-business-after-brexit>

<https://www.gov.uk/guidance/the-food-and-drink-sector-and-preparing-for-eu-exit>

<https://www.gov.uk/guidance/importing-animals-animal-products-and-high-risk-food-and-feed-not-of-animal-origin-if-the-UK-leaves-the-EU-with-no-deal>

Stuart Ashworth
February 2020