

QUALITY MEAT SCOTLAND

Minutes of the Sixty Fourth Meeting of the Board
4th June 2020, 9.30am – 12.30pm, Zoom Video Call

Present:

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

In Attendance:

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

Apologies:

J. Fitzpatrick

Minutes:

K. McCormack

		ACTION
1.0	Welcome and Apologies Kate Rowell welcomed everyone to the sixty fourth QMS Board meeting. There was one apology from Julie Fitzpatrick.	
2.0	Additions to the Agenda There were no additions to the agenda.	
3.0	Declaration of interests in any agenda item There was no declaration of interests.	
4.0	Minutes of Board meeting on 20th February 2020 The minutes were agreed as an accurate record of the meeting with no changes to be made.	
5.0	Update on Action Points The action points were reviewed with no further updates. Alan Clarke thanked the Board for their support for the action on crisis communications and towards helping promote the Make It campaign and encouraged them for it to continue. A discussion was had regarding the lack of Scotch branded products available in supermarkets. Andy McGowan agreed to contact Sainsburys Head Meat Buyer, Gavin Hodgson to set up a meeting between Gavin, Alan Clarke and Tom Gibson.	ALL AM

<p>6.0</p>	<p>Financial Report 1 month to 30th April 2020 to include update on 5 Year Comparison</p> <p>Paul apologised and explained that the April accounts had not been finalised yet. This was due to major technical issues with Sage Accounts and with the accounts audit not been completed till a later date than expected. He advised that the accounts audit needs to be completed before the 2019/2020 accounts in sage can be closed. When closed, the balances should be carried over into the new year however it failed twice on doing so. The information then needs to be imported into the Accounting software (APS), but again there was technical issues therefore the April accounts report could not be produced.</p> <p>Paul was able to advise the levy income for April:</p> <p>Levy income budget was £288,000, actual was £295,000. A positive variance of £7000, 2%.</p> <p>Cattle – Positive variance of £10,600, 10% Sheep – Negative variance of £2000, £3% Pigs – Negative variance of £1,700, 4%</p> <p>It was agreed that when the April accounts have been finalised, Alan Clarke will email this to the Board.</p> <p>When the May accounts have been finalised, Alan Clarke will email the report and ask the Board for any questions.</p>	<p>AC</p> <p>AC</p>
<p>7.0</p>	<p>Approval of Accounts for the Year Ended 31 March 2020</p> <p>Paul presented the Accounts for 2019/2020. He advised that this had been reviewed along with the auditors at the Audit & Risk committee meeting which took place on the 3rd June.</p> <p>Paul expressed that it had been a very different audit to what QMS had been used to in previous years with others being more of a light touch audit. The audit took longer than expected due to the difficulties of it being done remotely which meant that simple things such as answering questions were having to be done through emails and phone calls instead of face to face in the office and also paperwork not being available due to it being in the office.</p> <p>Alan Clarke thanked Paul and Debbie Phillips for their hard work pulling everything together and for the extra time spent which resulted in a clean audit with no significant findings.</p> <p>Paul highlighted a few changes to figures on the management accounts that had been previously reported. The previous deficit amount of £96,000 has now increased to £107,000. This was due to, 2 amendments to the accounts, 1 being towards the KTIF grant income which received £8,000 less than budgeted for. The other was due to £1,000 in Board fees and expenses that had not been accounted for.</p> <p>Paul advised that he came across £5,500 of bank interest that had been sitting in the 32-day account and has not been included in the accounts. He advised that once the account is closed, this amount will be received and included into the accounts.</p>	

	<p>Alan Clarke raised that along with the annual accounts report, we also produce another report, the Annual Review, which is sent to all our stakeholders. Alan advised that later this year he is hoping to look at combining the two reports but make a lighter version for stakeholders that will not have sensitive information.</p> <p>The Board agreed with Alan’s proposal of combining the two reports.</p> <p>Charles Milne highlighted that on page 8 of the report there is a table of traffic light colours but with no explanation of what the colours mean. Charles suggested that perhaps we could explain the methodology used but not use the colours in reports going forward.</p> <p>Alan advised that although its himself and Paul that put the report together, Audit Scotland give guidelines on what the report should look like. Alan agreed to check with Audit Scotland if the table with traffic light colours is something that must be included or if it’s something that could be changed for next year.</p> <p>The Board approved the accounts report and the accounts will be signed by Alan Clarke and sent to Audit Scotland.</p>	<p>AC</p> <p>AC</p>
<p>8.0</p>	<p>Fraud, Theft and Bad Debt Report</p> <p>Paul Byrne presented the clean report which had been sent to Scottish Government.</p> <p>Paul highlighted that there is no specific work done to provide evidence in this report and that it is work that is done through internal audit, external audit and the monthly accounts that Paul produces.</p>	
<p>9.0</p>	<p>Bank Short Term Deposit Rates & Amounts</p> <p>Paul Byrne presented the paper which showed the two amounts currently placed on deposit which mature in August and in November this year.</p> <p>Paul highlighted the table which advises the forecast for the bank balance in the coming year. He advised that the peak is due in June instead of May when it normally is. This is due to receiving Assurance Scheme renewal payments later as there was a delay in getting renewal letters issued due to COVID-19.</p> <p>A discussion was had regarding the short-term deposit that is due to mature in August and if the amount should be made available or be reinvested.</p> <p>It was agreed for Paul to look at the best available rates for instant access accounts for both deposits and to potentially split the amount into different banks.</p> <p>The next Board meeting will be in September when Paul will raise the status of the deposits and the Board can decide if they would like to maintain or change this process for the November deposit.</p>	<p>PB</p> <p>PB</p>
<p>10.0</p>	<p>QMS Committees – Audit & Risk Management – 3rd June 2020</p> <p>Ann Irvine gave an update from the recent Audit & Risk Management Committee meeting where the two main agenda items was the 2019/2020 Accounts Audit and the Risk Register.</p>	

	<p>Ann expressed how delighted she was for QMS to receive a clean audit report with no qualifications and thanked Alan Clarke, Paul Byrne and Debbie Phillips for their hard work pulling everything together for the audit to get this result.</p> <p>Ann asked for the Board to approve the following changes to the Risk Register:</p> <ul style="list-style-type: none"> ▪ Risk P – Trend should be changed to static and Inherent Risk be set to 5 and 5 and Residual Risk to 5 and 4 ▪ Risk R – Keep at a medium risk ▪ Risk V – Split into Risks P and R and include World Health Organisation ▪ Brexit Risks - No changes ▪ Agriculture Bill – Add into Risk K. Inherent Risk be set at 3 to 4 resulting to 20 making it Critical ▪ Significant reduction in any sales channel – e.g. foodservice due to global pandemic – Add in another line into Risk J. Wording to be confirmed. ▪ Scotch brands disappearing from retail packs due to retailers maximising processing throughput and reducing packaging costs / downtime. – Put into Risk J under labelling issues. <p>The Board approved all the above changes and the Risk Register will now be updated.</p>	<p>DP</p>
<p>11.0</p>	<p>Audit Risk Management Committee Annual Report 2019/ 2020</p> <p>Ann Irvine presented the report to the Board. No questions were asked.</p>	
<p>12.0</p>	<p>Remuneration Committee Annual Report 2019/ 2020</p> <p>George Milne presented the report to the Board. No questions were asked.</p>	
<p>13.0</p>	<p>Draft Board Meeting Dates 21/ 22</p> <p>The Board agreed with the proposed dates.</p> <p>Kirsty McCormack will send out meeting invites to put these in Board member’s diaries.</p>	<p>KM</p>
<p>14.0</p>	<p>QMS Recovery Plan</p> <p>Alan Clarke presented the plan to the Board which for now is just a template to use going forward.</p> <p>The Board agreed that they were happy with template and direction of travel. Alan asked the Board that if they have any suggestions towards the plan, to email Kirsty McCormack.</p>	<p>ALL</p>
<p>15.0</p>	<p>Scottish Red Meat Industry Recovery Plan</p> <p>Alan Clarke presented the plan to the Board, which for now is just a template to use going forward.</p> <p>The Board agreed that they were happy with template and direction of travel.</p> <p>Alan asked the Board that if they have any suggestions towards the plan, to email Kirsty McCormack.</p>	<p>ALL</p>

<p>16.0</p>	<p>Chief Executive’s Report</p> <p>Alan Clarke highlighted a few areas which he and each department have been working on over the last couple of months during the current Covid-19 situation. This included:</p> <ul style="list-style-type: none"> ▪ Confidential Levy Repatriation ▪ Phone calls with Mr Fergus Ewing MSP ▪ 19/20 Financial Audit ▪ Farm Assurance Renewals ▪ Scotch Beef PGI Traceability DNA Project ▪ Sustainable Red Meat Action Groups ▪ QMS Pigs Assurance Scheme Standards ▪ Standards Comparison ▪ Business environment updates ▪ Extension of Livestock haulier drivers’ hours ▪ Retailer and Processor Engagement ▪ Export Development ▪ Make it Campaign ▪ Health & Education Teach Toolkits ▪ Brexit ▪ Farmer Communications <p>Derek Wilson communicated that Mr Fergus Ewing MSP found the recent phone calls with QMS very informative and was impressed of all the work that QMS has been and is doing to help the Scottish red meat industry.</p>	
<p>17.0</p>	<p>Chair’s Report</p> <p>Kate Rowell updated the Board on the meetings and activities that she has been a part of over the past month:</p> <ul style="list-style-type: none"> ▪ Farming Round Table meeting, once a week ▪ QMS Podcast ▪ Meeting with Dr Susan Jarvis, Senior Lecturer in Animal Science at Edinburgh University. Also took part in a short interview for an online course for their BSc Agricultural Science students ▪ SBA Meeting ▪ Calls with Mr Fergus Ewing MSP ▪ Shape the future of Rural Scotland Meeting with Ms Rachael Hamilton MSP ▪ Phone calls to farmers to assess COVID-19 impact 	
<p>18.0</p>	<p>Any Other Business</p> <p>Alan Clarke updated the Board on the recent meetings with Mr Jim Walker which he and members of the Executive Team have been attending. This led to discussions around how this work would feed into our beef sector plan and that we would have the opportunity to review our brands criteria.</p> <p>It was agreed to review the issue of further developing our brand criteria in light of the recent changes to Red Tractor.</p>	<p>AC</p>

Confidential

	<p>There being no further business, the meeting was closed, and the next Board meeting will be on Thursday 24th September 2020.</p>	
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