MINUTE OF THE MEETING OF THE EXECUTIVE COMMITTEE HELD WITHIN 8/10 NEEDLESS ROAD PERTH, ON WEDNESDAY 13 MARCH 2013

PRESENT:	Ian Faulds	President Elect
	Douglas Scott	Chief Executive
	Beaton Lindsay	Vice President

Honorary President: Arthur Matthew
Past Presidents: Duncan Mackenzie, John Chapman, Jamie Chapman, Adam McLay
Executive Members: Stewart Dempsie, Jack Meade, Neil Cameron, Kenneth Allan, Paul Boyle, George Lees, Stuart Christie, Alan Kennedy
Guest: Sandy McDougall, Food Standards Agency
Minutes: Bruce McCall

WELCOME: Ian Faulds welcomed everyone to the meeting. He welcomed Sandy MacDougall from the FSA Scotland.

APOLOGIES FOR ABSENCE: Wilson Ferguson, Roy Baird, Hugh Pender, James Pender, Jim Preston, Katherine Greer, George Jarron, Scott Jarron.

MINUTE OF PREVIOUS EXECUTIVE MEETING: Minutes of the previous meeting held in October were approved by Alan Kennedy, seconded by Stewart Dempsie.

MATTERS ARISING: no matters arising. Corporate Members: Alan asked for another letter to be sent to Ian Stark at Lawrie & Symington.

NFUS SCOTLAND CONFERENCE: Ian Faulds reported that he had enjoyed the conference. The event held at the St Andrews Bay Hotel was impressive and provided good networking opportunities.

CHIEF EXECUTIVE REPORT: Douglas Scott reported.

Last week we had a meeting with Davidson Chalmers who are to take over our as our Employment Law advisers in September. They are keen to make the transitional through from Peninsula Business Services as smooth as possible. Davidson Chalmers will be providing the Employment Law section for the 2013-14 SFMTA Handbook. They will also review the Employment Law content on the Members Only website and revisit the Employee Handbook and the Contracts of Employment. They continue to say how much they are looking forward to working with the sector and we will be very surprised if members do not get a much more personal response when Davidson Chalmers takes over.

Incidentally we had a visit from Peninsula. Their rep was unaware that we had tendered a six months notice of termination of their contract. He had also not covered off our requests from his previous visit several months ago and had come to renegotiate upwards our fee, claiming that the company was not making any money on our business. His visit was short.

There has been no time to weary since the last Executive meeting. The Horsemeat scandal has been foremost on the media's mind and so far all the publicity has gone in the butchers' favour.

I have attended three stakeholder meetings with Cabinet Secretary Richard Lochhead where testing meat products and then reporting results were discussed. Much concern was about the apparently fraudulent practices deployed by suppliers to the major multiples, caterers, hospitals and schools. Our concern is not so much about those practices but setting of tolerance levels in testing for DNA that makes it hard for butchers to avoid carry over from one species to another during production of sausages and burgers.

FSA Scotland and QMS have been very supportive of butchers and Scottish Government understands that if there is a risk of butchers being implicated in DNA testing it will be from carry over.

SFMTA issued a 12 page bulletin to both members and non members in mid February explaining the situation and warning of the pitfalls. Non members were included for two reasons; 1) we wanted to make sure that they did not tarnish the good reputation of craft butchers and 2) we wanted them to see that SFMTA was taking action.

We have sent out numerous information emails to members and have also at the request of Scottish Government surveyed those on email to ascertain the actual percentage increase in sales. Co-operation of members has been good.

We have also asked SMT assessors and corporate members to feedback comment from the shops. The Perth office does not have the monopoly on good ideas so we were keen to hear any views that might have held the Federation in a bad light.

We have resisted horse posters but as you will hear under Duncan MacKenzie's report we now have plans for posters to support at point of sale. This has taken some time but we did not want to run too early before the middle ground had been established.

SFMTA and its members were interviewed by the national and local media. I did an interview with STV and BBC Radio Scotland Newsdrive. Copy has been provided to several national newspapers and many butchers have taken up the opportunity to be included in advertorials in local newspapers. The commercial departments of newspapers have all seen this as an opportunity to raise advertising revenue and we have declined all the numerous requests for supportive advertising.

Several updates went on to the Members only website and the Federations website and twitter.

In amongst all this an opportunity arose to meet Charles Milne, the Director of FSA in Scotland and Ian McWatt the head of the Meat Inspection team at FSA in Aberdeen. They were both on Perth on Friday 8th February so they dropped in to get an understanding of who SFMTA are and what we can do. This was not to discuss the NFB, merely for background information. Sandy McDougall from FSA in Aberdeen has join us today to explain what the NFB can do and how we can influence its role.

Bruce and I attended a meeting of the Scotch Pie Club Awards organisers on 25th January in Edinburgh. 106 businesses entered. 512 products. Various points were raised with the objective to make the awards and awards ceremony better. It was agreed that in future mystery shopping needs to be extended to four categories.

Moves will be taken to avoid judging products that crop up in the wrong category. Rules for the football pies competition require to include for sale inside ground and confirmation of just who is entitled to the award. Agreed that award is for just the manufacturer and the football club. Hand held / serves one needs inserted in the steak pie category. An Apple Pie category is suggested - any size, apple prime ingredients.

Quality of entries needs to be improved and masterclass courses and tutoring was suggested. Robert Ross will again hold a pastry surgery at this year's Meat Trade Fair.

It was agreed that January is best time for presentations - Wednesday 8th January 2014 – is the preferred date for the next awards lunch. Judging to be on Wednesday 13th November 2013. Re-branding will take place for the 2014 Pie Awards.

NFU AGM: Douglas attended on the Monday afternoon sessions of the conference

FSA SCOTLAND – NEW FOOD BODY: Sandy McDougall reported.

He said now is the time for us to have an influence on what the new food body would look like. We are in the middle of a consultation by Scottish government on what that new football body would be like.

A couple of years ago Jim Scudamore made a study of what a stand alone Scottish Food Standards Agency would look like. Following the Jim Scudamore Review ministers accepted the recommendation of a new food body in Scotland that will have all the functions of the Food Standards Agency in Scotland but also it would be at arms length of the Scottish government. This is one of the key strengths of the organisation. Scottish ministers want this maintained in the new food body. We are in a transition period of two years partly due to there being primary legislation to go through the Scottish Parliament. During that period the priority is for consumer protection to be maintained and the basic core business will continue.

In the last two weeks there has been the launch of two key consultations. The first is a Scottish government consultation which is about roles responsibilities and functions of the new food body.

The minister has also asked Jim Scudamore to lead an expert group to consider action that might be taken and recommendations to improve safety in advance of the new food body being set up. Scottish Government is consulting on what the food body will look like and what it will do and how it will do it.

The FSA has also launched a consultation on three particular area

1) consulting about providing a statutory basis for the food hygiene information scheme. This is about it being mandatory for local authorities to participate and mandating of the display of the outcomes. The Welsh government has already put this in place. Northern Ireland ministers are considering the same.

2) The second is seeking views on whether to provide for powers to enable ministers to create new enforcement sanctions such as administrative penalties. This is about updating enforcement and regulatory regimes. Instead of having criminal offences is there mileage for Scottish ministers in the future for creating typical administrative penalties which are coming in many other walks of life but not at the moment in the food sector.

3) Providing powers for the new food body for seizure of foods which appear non compliant with food standards law as opposed to food safety law. There is some doubt in this area of the law as it stands at the moment.

Alan Kennedy said the FHIS with the pass fail system has its benefits to him is there a move to grading. Sandy McDougall felt that with this consultation it did relieve some what the pressure to take a UK approach in this area. Douglas Scott said the FHIS steering group met earlier today in the SAFMTA office to consider whether they would respond to the consultation. The group felt as it was set up to be voluntary they would respond to say it should continue to be that. Sandy said the consultation is about powers to potentially make it mandatory as opposed to making it mandatory.

Douglas said the Scottish government consultation mentions powers to have administrative penalties. Douglas suggested this would not be popular with industry but added there currently were very few prosecutions as a result of EHO reports. This is a different approach and could be very expensive.

Douglas commented that this has partly come about because of the desire to have meat inspection in Scotland controlled and run by it and he assumed it was a big part of the new role. Sandy said the meat hygiene inspection would be under the control of Scotland and this role would be at arms length of Scottish government so there is that degree of independence. Douglas felt this would

save cost as Scotland is seen as more efficient than the rest of the UK. He asked what assurance where that this body does not become bigger and less efficient than it should be Sandy McDougall felt this should be covered when you respond to the consultation. He felt the priorities were to minimise cost whilst making sure it was fit for purpose.

Douglas asked if there would be stakeholder meetings on the consultation. He said the Scottish government intends to do that but the FSA consultation would not have that.

Sandy McDougall said responses to the consultation had to be in by 22nd May.

Ian Faulds thanked Sandy for coming along and presenting to the meeting what was going on. And it will stimulate some debate amongst us.

There is a Scottish government team set up which Sandy is part of and they will be happy to come along and update us on where we are in the process to set up the new food body. He did not know the names but the group consisted of 4 people from the FSA and 4 people from the Scottish government

Sandy left the meeting at this stage.

Douglas felt the Animal Health function would be good to go under the new food body.

TRAINING & DEVELOPMENT REPORT:

We currently have a total of 189 trainees funded through Skills Development Scotland.

96 trainees have achieved their Modern Apprenticeship since 1 April 2012.

SKILLS DEVELOPMENT SCOTLAND CONTRACT: The existing contract finishes on 31 March 2013 and we have put our bid in for trainee numbers for next year. We are on course to fulfil our existing contract and all new trainees will be inducted by the 27th March 2013.

ADOPT AN APPRENTICE: Skills Development Scotland has an incentive available for new employers of trainees who are made redundant. If a new employer agree a contract with the trainee to employ them for at least a year and also to allow them to complete their Modern Apprenticeship then they will be eligible for a £2,000 incentive. We have had five trainees re-employed through this scheme in this contract year.

TASTY JOBS: We are currently working with the National Skills Academy on a project which introduces possible employees to companies that are looking to recruit. The initiative is called Tasty Jobs. There are no costs involved for companies and it is an ideal way for them to select personnel that are interested in their company and the industry. It is an ideal initiative for recruiting personnel that genuinely want to work with the company.

We have successfully completed the first Tasty Jobs initiative at McIntosh Donald and the next course is scheduled to commence on 11th March at A K Stoddart in Broxburn.

MEAT MANAGERS HYGIENE AND HACCP TRAINING COURSE: Legislation sets out general rules that make clear that primary responsibility for food safety within a food business lies with the operator. It is therefore necessary to ensure that food safety procedures prevail in the business and are being carried out effectively.
We successfully ran four one-day courses on Meat Managers Hygiene and HACCP:

22nd January 2013 – Bathgate
23rd January 2013 – Orkney
25th February 2013 – Kilmarnock
26th February 2013 – Kirkcudbright

Course Tutor is Paul Bache, an authority on HACCP implementation. He also appears on the 2012 FSA DVD on Avoidance of Cross Contamination.

Feedback from candidates has been very positive and all felt that the course was useful to their businesses.

SCOTTISH QUALIFICATIONS AUTHORITY: We have had two audits from Scottish Qualifications Authority (SQA). The first was a Systems Verification audit to ensure that our internal practices are robust. We scored very highly on this audit. The second was the Qualification Verification Visit and again we scored very highly with only one area of improvement on the professional development records which have now been done.

MEAT SKILLS COMPETITION: The judging is currently underway for the Meat Skills Competition with the final on the 12 May 2013 at the Trade Fair. We have had a total of 45 entries from all over Scotland and the judges have a tight schedule to fit in all the competitors. Stewart Dempsie said they had judged their 14th entrant today all the boys so far and their bosses have been very enthusiastic. Douglas said the participants were appreciative of the knives they were receiving which McDonnells (Queen St.) gave us a very generous discount on.

Stuart Christie said that getting trainees straight from school was better for training them than being unemployed for 18 months. Douglas said that the scheme he was referring to was for support for salary for the first six months for those unemployed for 18 months or more and it operates in a limited amount of local authority areas. Douglas said that there are plenty youngsters looking for jobs so you need to keep trying to find the right ones for your business. Beaton Lindsay said he deals directly with the school guidance teacher and finds that a useful way to recruit.

FINANCE COMMITTEE: Douglas Scott reported.

The finance committee met today to consider the accounts for February which is halfway through our year.

MEMBER SERVICES: Subscriptions we are forecasting to be hopefully ahead of budget. We are at the stage the stragglers have to pay so this is where the risk applies. The corporate members subscriptions appear on target. The other income at the moment is for the trade fair stands. The advertising promotions aims to spend £10,000 over the year and still within budget. We are producing material in the next week to go out to members.

SCOTTISH MEAT TRAINING: The income through since December has not been particularly good. There have been difficulties getting achievements, difficult to get employers to release trainees to see assessors. Our target is £262K. They will have to do pretty well before 31 August to achieve that. We have new starts ands the first two milestones are achieved quicker than the next six. We still have a fair amount of money outstanding from ESF. It seems they are very under staffed. There has been some movement on the claim for £20k from the LUPS area. We have income from Tasty Jobs and private funded training which is ahead of schedule. The income target for the year is £337K with costs of £337,009 so it is a very tight budget. The important thing is to get achievements when the assessors go out to businesses.

Duncan Mackenzie asked if we would make a profit on the trade fair. Bruce McCall said the cabinets are the biggest cost to us and given the lack of sponsorship this time for these a surplus might be difficult to achieve.

MEMBERSHIP AND DEVELOPMENT REPORT: Bruce McCall reported.

Renewal notices were sent out for subscriptions at the beginning of January.

288 members have joined this year so far with 83 additional branches.

5 members are not renewing which were reported last time.

There are 30 companies have not renewed so far and a reminder letter was sent requesting payment. A second reminder letter will be send next week advising non payment by 31 March will result in services withdrawn.

1 new member joined Graemes butcher, Paisley.

CORPORATE MEMBERS – 20 corporate members have renewed.
Introductory letters were sent to,
Bako Northern & Scotland
Braehead Foods
Lawrie & Symington
Vicar Game Ltd

REGIONAL MEETINGS: Two Course dinner Regional meetings were held at the following venues with these attendances:- Selkirk (14), Ayr (12), Stepps (28), North Queensferry (14), Inchture (25), Oban (7), Castle Douglas (9). Subjects covered were Christmas Trading, Lamb Prices, Loyalty Scheme, Training, Horsemeat, EHOs etc

The next meetings will be held at
Redgarth Hotel, Oldmeldrum - Tuesday 19th March
Waterside Hotel, Inverness – Wednesday 20th March
Kirkwall Hotel, Orkney – Monday 20th May
Kverdsro House Hotel, Lerwick – Tuesday 21st May

HANDBOOK: Advertising income committed is £2520. The handbook will be produced by the end of April with the current membership list. Cost of printing will be £3728 and there will be a cost for cover design on top of that.

TRADE FAIR: Sale of space has been good; 37 of the 45 stands have gone indicating just how important the trade suppliers feel this event is to them.
The finals of the Meat Skills Scotland competition will be staged on the day, presentations will be made to trainees and prizes will be presented for the Craft Butcher awards that are being judged this week and for the Haggis and Pork Sausage competition that will be judged on the day.
Sponsorship has been secured for all these awards bringing in £2800.
QMS will also present the prizes for the Premium Sausage evaluation that also takes place this week.

A full programme of demonstrations will be mounted to include demonstrations on knife sharpening, tray sealing machines, new products from Lucas Ingredients, and cutting and cooking venison.

The usual flyers will be printed to publicise the event and a directory will be complied to give members advance notice of the exhibitors. I trust that we can count on your support by attending on the day and giving the exhibitors some business. Bruce read out the names of the current stallholders in case the executive felt people were missing.

Beaton Lindsay said is there no meat suppliers interested. Douglas said an extensive list is written to but none of the meat wholesalers has taken it up but James Whannel has attended in the past.

LIVESTOCK REPORT: Alan Kennedy reported.

Having had a long period of relative calm, stock prices seem to be on the upward spiral once again. This seems to be as a result of many factors, but the horsemeat affair has put strong pressure on the supply of manufacturing beef. At Forfar market last week, the second half of the sale went mad, and the better quality cattle were topping £2.60/kg live. Assuming a good dead percentage- say 65%- this translates into a price of £4.00/kg deadweight before allowing for the weight of kidney suet etc.

Allowing for, say, a 5% reduction in carcase weight to bring the carcase to UK spec, this will bring the price to £4.20/kg. Given perhaps a 5% reduction in carcase weight during 2 weeks' hanging, and this brings the cost of the side to £4.40/kg. Add other costs of say 30p/kg for delivery, slaughter etc and a top quality side of beef delivered is costing £4.70/kg. Assume, being a quality carcase, a second percentage of 65%, this gives you 211.25kg of useable flesh from a 500kg live animal (I know 500kg is on the small side nowadays, but it makes for easy calculations). At £2.60/kg this animal has cost £1300. Divide £1300 by 211.25 and this equates to about £6.15/kg cost price for a boneless side of beef. Therefore, to achieve a 50%gp the average sale price has to be *at least* £12.30/kg. I know that this is a very top-end example, but my own feeling is that this is going to be the norm within a relatively short time.

As you can see, to buy an average carcase boneless using the spreadsheet as a guide brings the cost of a boneless side in at about £6.07/kg (£571.38 divided by 94.1kg).

We, as an industry, have experienced a boost through the problems experienced by our multiple competitors, but this is the downside of lack of supply. Given market conditions, demand for beef at all levels of quality is going to be very high, so members should not be complacent about raising prices.

Today the market in Forfar stated high but settled back to a degree. He felt by the time it is calculated out his prices would be slightly lower than last week. He felt on the back of everything that is happening prices will continue to rise. He said business is good at the moment but the downside is the prices at the moment.

Douglas said if more people want to inform us of their prices each month they would be welcomed into the survey. Alan Kennedy asked how many contribute at the moment. Bruce replied 14 and it covers people from all round the country. He said there did not seem to be much movement on the prices in the survey. Beaton felt it was about keeping it tight and adding too much would scare people away. He said that lamb was getting back to where it was and we are probably going to have to charge a bit more for it. If lamb goes up to £4.50p/kg deadweight you cannot avoid putting prices up. Stuart Christie said lambs out of Paisley this morning were costing £5.51p/kg. Beaton Lindsay said Scotch Premier were £4.60p/kg. Alan said his lambs were £4.20p/kg deadweight last week from Forfar.

Jamie said hides were £34 and skins £4.50. Alan said his hides were £29 and £2 for skins.

John Chapman said cattle are scare in Scotland. At Lanark market they come from the north of England to buy stores but now they are coming from the south of England. This is making the situation more difficult.

ST ANDREWS ABATTOIR: The EGM which was called by Murray Mitchell on 3rd January has been arranged for Monday 25th March. The EGM will consider to elect as directors of the company Scott Jarron, George Jarron and Douglas Scott. Also to discuss the option to build a new abattoir if the existing was sold. A letter has been drafted to go to shareholders from Scott Jarron today or tomorrow which states the position and options going forward which status quo. Closing down the company or re-investing the proceeds of the sale in a new abattoir. He is hoping that the third option is the one which is worth investigating and the shareholders would support the election of the new directors. The proxy votes for those not attending need to be back by 21st March

PROMOTIONS REPORT: Douglas Scott reported.

The Craft Butchers Product Evaluation will be held this Friday 15th March in Dunfermline. This time includes a Beefburger evaluation, sponsored by Lucas Ingredients, including mystery shopping to determine the Best Beefburger in Scotland. There will also be Poultry Products and Venison Products evaluations with Gold and Silver awards and trophies for the winners. This evaluation has been sponsored by KRH Ltd.
QMS have sponsored a Premium Sausage evaluation to be judged at the same time. This is to highlight high meat content speciality sausages with over 72% meat that are now made by butchers. There are 75 entries in the Pork category and 46 in the beef. The overall winners will be analysed to verify meat content. All the awards will be presented at the Meat Trade Fair in May.

Following the horsemeat scandal members have been looking for point of sale material to exclaim their strengths. Three new posters have been designed and these will be sent out to members later this week extolling the Scottishness and quality of our product and also to emphasise butchers make their own products.
It is not within our budget to print and distribute recipe leaflets but with customers turning away from supermarkets ready meals there was an increased interest in recipes using mince. For example Lasagne, Cottage Pie, Chilli Con Carne. Quality Meat Scotland kindly emailed us a Word document of their Recipes with Mince booklet and these were emailed to members for them to copy and print off. Images for use on screens were also sent to members on email.

LEGISLATION REPORT:

SFAC meeting: this was held on 28th February to gauge Scottish views ahead of the FSA board meeting which was held last week. Bruce attended on our behalf but there was nothing reported that we did not know.

FHIS IMPLEMENTATION GROUP: There was a £250K awareness campaign mounted. The adverts were placed in national newspapers. They are claiming the publicity has been very good with an increase in numbers to the website. The scheme is currently in23 of the 32 local authority areas. There is still two local authorities still to start launch plans which are South Lanarkshire and West Lothian.

There is a Cabinet Secretary report in the middle pages of the agenda. Douglas noted that all the testing was being done by industry was being reported back to industry we felt it was not a transparent way for it to happen. It was agreed that SFMTA feels the results should go back to an independent arbiter. The results which came back positive for products were all for products already reported where there was a problem. This is probably what we would have expected from the testing.

Ian Faulds said that trust has been measured in QMS research. Unfortunately only 38 out of 300 members responded, he felt it was not a representative survey but this is what the Cabinet Secretary has taken on board.

ANY OTHER COMPETENT BUSINESS:.

Douglas asked for as many people as possible to respond to the wages survey.

Jamie Chapman asked if the Executive meetings could be held on the second Wednesday of the month. Ian Faulds asked for this to be looked at moving forward. Douglas said he would be happy that 8th May be date for the next meeting.

George Lees asked who funds the flights for the Meat Skills judges to Stornoway. Douglas replied it is paid out of Scottish Meat Training but we will be able to claim back 70% of the cost from Highlands and Islands EU project.

DATE OF NEXT MEETING: Wednesday 8th May 2013.