



Minutes of a meeting of the Directors of Hybu Cig Cymru (HCC) held at 10am at Tŷ Rheidol, Aberystwyth on Thursday 11 January 2024

- Present:** Cath Smith (Chair)
Gareth Wynn Davies, John T Davies, Rhys Davies, Jack Evershed, Hugh Hesketh-Evans, Mike Humphreys, Prys Morgan, Emlyn Roberts,
Caroline Sanger-Davies (Teams)
- By Invitation:** Dr Richard Irvine, Welsh Government (Teams)
Maria Richards, Welsh Government
- Executive** Julie Davies-Jones (Secretariat)
Gareth Jones (Newly appointed Head of Finance & Corporate Governance)
Rachael Madeley-Davies (Head of Sustainability & Future Policy)
Laura Pickup (Head of Strategic Marketing & Connections)
Bryan Regan (Head of Finance & Corporate Governance)

To welcome Dr Richard Irvine, Chief Veterinary Officer (CVO), Welsh Government

The Chair welcomed Dr Richard Irvine (CVO) to the meeting, who gave an update on the priority strategic areas and current challenges facing the Welsh Government's Office of the Chief Veterinary Officer (OCVO) followed by a Q&A session.

Board Member, Emlyn Roberts, thanked the CVO for joining the meeting and for updating the Board on the important work of the OCVO.

HCC looked forward to continue working collaboratively with the OCVO on matters of mutual interest on behalf of the Welsh agriculture sector.

The CVO departed the meeting.

1. Welcome and Chair's Comments

The Chair welcomed all to the Board meeting and gave an update on the key events and meetings she had attended since the previous meeting:

9 November 2023 – The Chair joined a meeting of the Royal Welsh Young Ambassadors followed by the HCC Conference (Item 9e refers).

16 November 2023 – The Chair presented at the NFU Cymru Staff Conference.

22 November 2023 - The Chair and Senior Leadership Team (SLT) virtually attended the Welsh Government / HCC Governance meeting.

24 November 2023 – The Chair joined a virtual meeting of the Public Leaders Forum where it was mentioned that Julia Douch, Head of Public Bodies, Welsh

Government had sadly passed away. Condolences to Julia's family from the Board and SLT were noted.

27 – 28 November 2023 - Royal Welsh Agricultural Society Winter Fair (Item 7f refers).

30 November 2023 – Board and Senior Leadership Team (SLT) virtual planning meeting.

30 November 2023 – Downing Street Winter Fair event, London.

14 December 2023 – Farming Connect Programme Board virtual meeting.

4 – 5 January 2024 – The Chair and the Head of Sustainability and Future Policy attended the Oxford Farming Conference.

Regular Teams meetings continued to be held with the Head of Finance and Corporate Governance in his role as Accounting Officer and Interim-CEO.

2. **Introductions – HCC Board & Gareth Jones, Head of Finance & Corporate Governance**

The Chair extended a warm welcome to Gareth Jones, HCC's newly appointed Head of Finance and Corporate Governance who had commenced in post on the 8 January 2024. Roundtable introductions from the Board followed.

3. **Apologies for absence**

Apologies noted from Board Member Vicki Spencer-Francis and Gwyn Howells, CEO (who remained on sick leave).

It was noted that Bryan Regan, Head of Finance and Corporate Governance, currently continued in the role of acting Accounting Officer.

4. **Declarations of Interest**

There were no new Declarations of Interest declared.

5. **To approve the minutes of the Board meeting held on Wednesday 8 November 2023 (HCC 1166)**

The above was taken as read, approved by the Board and signed by the Chair.

6. **Matters arising**

Year-End Review of the HCC Operational Plan 2022 / 2023 – Outstanding Data

The Head of Sustainability and Future Policy confirmed that data had now been received from the Food Standards Agency (FSA) and the outstanding KPIs for the above would be updated and available for the Board to view on Sharepoint.

HCC – HMRC VAT Status

HMRC had determined that VAT was not applicable on Levy and this could not be contested – this also applied in England and Scotland. HCC had accepted this view.

The Board would be updated on developments at the Teams update meeting scheduled for the 1 February 2024.

7. HCC Reports

a. Delivery report (HCC 1167)

The above was taken as read with key HCC activities highlighted by the Senior Leadership Team.

HCC's PGI Welsh Lamb Campaign 2023

The Head of Strategic Marketing and Connections informed that an evaluation on HCC's PGI Welsh Lamb Campaign for 2023 was underway. Initial results indicated that targets had been exceeded significantly.

A presentation on the results would be given to the Board at the 7 March 2024 meeting.

Action: Head of Strategic Marketing and Connections

Livestock Auctioneers Association (LAA)

Conversations continued between HCC and the LAA regarding access to aged data. This information would be useful in order to undertake broader analysis work.

HCC Farmer Forum meetings

HCC's Farmer Forum meetings continued to be arranged – the next one would be held at Bridgend College, Pencoed on the 18 January 2024 and a live webinar scheduled for the 5 February 2024. The Executive presented to stakeholders on marketing activities, market data and sustainability. An evaluation exercise on the value of these meetings would be undertaken with feedback to the Board in due course.

b. Market Bulletin Summary (HCC 1168)

The above was taken as read and a detailed discussion of key data followed.

Concerns were raised with regard to figures showing that the total number of sheep and lambs in the UK as of 1 June 2023 stood at 31.8 million head. This was a notable decrease of 4% (1.4 million head) on the year following two consecutive years of increases. The current flock size was the smallest on record since 2011, with the recent decline driven by decreases in all sheep categories. The overall size of the female breeding stock fell

by 2% to 15.4 million, with those intended for first time breeding driving this decline – down 6% on the year.

It was clear that the agriculture landscape would change significantly going forward.

The Executive would undertake some analysis work based on data available to establish a realistic view in the supply chain.

Action: Head of Sustainability and Future Policy

Industry matters and the Levy situation were kept under constant review by the SLT.

c. *Forthcoming events (HCC 1169)*

The above was taken as read.

d. *HCC Farmer Intentions Survey Phase 2 results update (HCC1170)*

The above was taken as read with key findings summarised by the Head of Sustainability and Future Policy.

e. *To receive feedback on HCC's Annual Conference – 9 November 2023*

The Board felt the conference had gone exceptionally well with very positive comments received from those in attendance. 167 delegates had registered with 145 attending on the day. The Board Q&A had been positive and the departmental stands had worked well in terms of networking and showing delegates the work of HCC. Positive feedback was received with regard to the speakers especially the farmers who brought something different and refreshing to the platform.

The Chair thanked the Board and Executive for their involvement with the successful conference.

f. *To receive feedback on HCC's presence at the Winter Fair*

The Board commended the Executive on HCC's presence at this year's Winter Fair. The breakfast had been successful and was well attended with over a 110 present. The Chair and members of the Executive undertook a number of media interviews. The blend of a farmer and consumer facing stand had worked very well. Activities had been well received in particular the cooking slots with the Markham family who had also appeared in HCC's PGI Welsh Lamb campaign work. Over 1900 competition cards had been completed indicating the high number of visitors to the stand.

g. *Financial update*

Bryan Regan gave an update on HCC's current financial situation:

The current financial situation was noted.

The Board discussed the overall financial position and requested a further update at the 1 February 2024 Board Teams update. In addition, the Levy income summary for December 2023 would be shared with the Board in due course.

Action: Head of Finance and Corporate Governance

8. **To consider the Welsh Red Meat Levy Rates for 2024 / 2025 (HCC 1171)**

The above was taken as read and presented by Head of Sustainability and Future Policy.

The sector continued to be impacted by the long-term effects of both Brexit and the Covid-19 pandemic, with a continuation of uncertainty and challenges, including the drawn-out impacts of trade deals and changes in agricultural support payments. The red meat sector was also in its second year of considerable input inflation, and despite output prices remaining buoyant industry margins remain tight.

HCC continued to seek alternative funding streams to supplement Levy income, however the funding landscape had changed significantly since EU exit, and it was therefore unlikely that funding on the scale seen under the Rural Development Programme would be received again.

Despite the Levy increase in April 2023, HCC was still impacted by increased inflation and the knock-on effect to its spending power. In addition, the Red Meat Development Programme funding came to a conclusion in September 2023. HCC would also be impacted by a change in its VAT position with HMRC which will further limit the spending power from April 2024.

It was essential that the Welsh red meat industry had a sufficiently funded red meat body to undertake development, promotion and marketing of Welsh red meat, both at home and abroad.

The SLT proposed that the Board considered the application of the increase mechanism for the Levy rates from April 2024. The CPIH for December 2023 would not be available until the middle of January 2024, therefore the indicative value of 4.2% from November 2023 data had been used to calculate the potential impact.

It was noted that Agriculture and Horticulture Development Board (AHDB) would be progressing with a Levy increase in England with effect from 1 April 2024 and discussions were ongoing with Quality Meat Scotland (QMS).

Roundtable discussion took place and the Board agreed that further consideration was needed ahead of making a decision. Therefore, the matter would be an agenda item at the Board Teams update meeting on the 1 February 2024.

Action: Secretariat

9. **Corporate**

a. **To consider HCC's draft Business Plan 2021 / 2026 (HCC 1172)**

The above was taken as read and an overview given by the Head of Finance and Corporate Governance.

b. **To consider HCC's draft Operational Plan 2024 / 2025 (HCC 1173)**

The above was taken as read.

The SLT presented on the proposed delivery programmes, activities, outputs, impacts and key performance indicators (KPIs).

The SLT had taken a prudent and realistic view on what could be delivered with the impact of the VAT issue on the budget and the reduction in spending power.

Both plans would be updated and presented to the Board for further consideration and approval at the 7 March 2024 meeting.

Action: SLT

c. To consider HCC's Draft Programme for 2024 / 2025 (HCC 1174)

The above was taken as read.

A further draft would be presented at the 7 March 2024 Board meeting to include the confirmed dates for the HCC Sustainable Innovation and Research Working Group.

Action: Secretariat

10. **HCC Committees**

a. To adopt the minutes of the Audit and Risk Committee meeting held on Wednesday 8 November 2023 (HCC 1175)

The above was taken as read and adopted by the Board.

b. To receive an update on the formation of the HCC Sustainable Innovation and Research Working Group

The first meeting of the Working Group would be face to face and held at HCC on the 27 February 2024.

The Chair proposed that Board Member Emlyn Roberts served as Chair for the Group and Mike Humphreys to also represent the Board. The proposal was agreed by the Board.

A list of the Group Membership was in the process of being finalised and would be shared with the Board in due course.

Action: Head of Sustainability and Future Policy

11. **Paper for information: PGI Welsh Lamb and PGI Welsh Beef approved Abattoirs and Cutting Plants (HCC 1176)**

The above was taken as read.

The information provided within the paper highlighted the current position and some of the challenges faced by the processing sector in Wales and beyond. HCC would continue to seek opportunities to support the sector and highlight the importance and potential benefits of processing and branding PGI Welsh Lamb and PGI Welsh Beef.

It was worth noting that, all major UK retailers continued to have processing sites that can supply branded PGI Welsh Lamb and PGI Welsh Beef products. This highlighted the continued consumer recognition and demand for lamb and beef from Wales, both in this country and in export markets.

The Executive would continue to engage with the processing sector at regular intervals during 2024.

12. **Any other business**

Information for the Board

It was agreed to prepare papers on supply chain inflation and changes to Bovine Tuberculosis (bTB) rules for the 7 March 2024 Board meeting.

Action: Head of Sustainability and Future Policy

Bryan Regan highlighted that following his departure, and in his role as Accounting Officer, there were matters that would need to be handed to the new Accounting Officer.

Action: Accounting Officer

Retirement – Bryan Regan, Head of Finance and Corporate Governance

On behalf of the Board, Jack Evershed thanked Bryan Regan for his dedication and contribution to HCC over the past twenty years in his role as Head of Finance and Corporate Governance and in particular as acting Accounting Officer during the past seven months.

The above was followed by words from Gareth Wynn Davies (Chair of Audit and Risk Committee) on behalf of the Audit and Risk Committee who commended Bryan for his exceptional, dependable and prudent delivery in his role during his time with HCC and wished him well for a long, happy and healthy retirement.

13. **Dates of forthcoming meetings**

Board Teams update - Thursday 1 February 2024 at 9.30am
HCC Board meeting – Thursday 7 March 2024 at 10am

14. **HCC Board Closed Session – Remuneration Committee update**

A separate and confidential meeting of the Board followed.

Signed.....
Chair of HCC