



Minutes of a meeting of the Directors of Hybu Cig Cymru (HCC) held at 10am at Tŷ Rheidol, Aberystwyth on Thursday 3 October 2024

Present: Cath Smith (Chair)
Gareth Wynn Davies, John T Davies, Jack Evershed, Hugh Hesketh-Evans, Mike Humphreys, Emlyn Roberts, Caroline Sanger-Davies, Vicki Spencer-Francis

Executive: Heather Anstey-Myers, Interim CEO
Gareth Jones, Head of Finance and Corporate Governance
Laura Pickup, Head of Strategic Marketing & Connections
(For items 1 to 7f) John Richards, Producer and Processor Lead; Jason Craig, Market Development Lead; Anne Dunn, Communications and External Affairs Lead
Jo Horder, Secretariat

1. **Welcome and Chair's Comments**

The Chair welcomed all to the Board meeting, in particular the HCC Leads.

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

11 July 2024 – Welsh Government Governance meeting with HCC Executive and the Welsh Government Board Chairs meeting

22 and 23 July – Royal Welsh Show

August and September 2024 – 7 meetings of the SFS Carbon Sequestration Review Panel and 3 formal meetings of the Ministers SFS Roundtable

3 September 2024 – Welsh Government Finance meeting

5 September 2024 – HCC Board Teams update

11 September 2024 – AIMS meeting with Chair John Thorley and Tony Goodger

13 September 2024 – LAA meeting with Chris Dodds, Simon Morgan

18 September 2024 – joined a networking session at the inaugural meeting of the Meat Minds Group

25 September 2024 – Meeting with Paul Davies Chair of the ETRA Committee

26 September 2024 – Chair an evening HCC Webinar - Welsh Lamb trends, market requirements and campaign work

1st October 2024, attending an on-line meeting of the WG Trade Policy Advisory Group

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(TPAG)

It was noted that the Chair had requested a HCC paper for TPAG regarding exports into Europe.

Action: Head of Strategic Marketing and Connections

The Chair expressed her thanks to the HCC Industry Strategic Planning Officer, and HCC Policy Development Lead, for the work in supporting the SFS Roundtable subgroups. It was noted that the Chair had received positive feedback regarding their contribution.

2. **Apologies for absence**

Maria Richards (Welsh Government); Russ Thomas (HCC)

3. **Declarations of Interest**

Gareth Davies reported that he had resigned from the position of CEO of Wynnstay Group PLC.

The Chair reported that she had been invited to become a trustee of FareShare Cymru.

4. **To approve the minutes of the Board meetings:**

a. *The Board meeting held on Thursday 4 July 2024 (HCC 1211)*

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

b. *The Board Teams update meeting held on Thursday 5 September 2024 (HCC 1212)*

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

5. **Matters arising from Items 4a and 4b above**

Minutes of Thursday 4 July 2024

Multi Species Wales update – discussion on data opportunities

It was noted that this will be picked up by the Executive Team.

Multi Species Wales – further update and demo of system

This is ongoing.

Item 6a - results of advocacy and defense campaign to be shared with the Board.

It was noted that this had been uploaded to SharePoint.

Item 6a – acronym list to be updated

This is ongoing.

Item 6c – Board members availability for RWAS.

This had been completed.

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Item 6d – Welsh Beef campaign update

It was noted that the report had been shared with the Board and an update provided on 5 September meeting.

Item 6e – Cattle throughput figures

It was noted that this had been reported in the Management Account / Forecast update.

Item 6g – Downward trend in sheep throughput figures; meeting with Welsh Government to discuss industry issues

Both actions are ongoing.

Item 7b – Audit and Risk Terms of Reference

It was noted that policy document control had been incorporated to capture in-year changes.

Item 7d - Sustainability and Research Group: consideration of future agenda content.

Item on the agenda.

Minutes of Thursday 5 September 2024

Item 3 – HCC's PR Strategy to be shared with the Board

It was noted that this had been shared.

Item 5 – Royal Welsh feedback

It was noted that feedback on lessons learnt will be incorporated into the Board planning meeting in November.

6. To consider the 6-month review of the HCC Operational Plan 20204-25 Performance Against KPIs

The Producer and Processor Lead presented the above.

It was noted that all KPI measures in the plan were in hand. The 6-month update will be reported to the Board in December and end of year results in May 2025.

The presentation of the measures was discussed. It was noted that it would be helpful to include a clear link back to the strategic outcomes in the Operational Plan in future KPI documents for the Board.

7. HCC Reports

a. Delivery report (HCC 1215)

The above was taken as read.

An update was provided including the latest regarding Bluetongue cases in the UK and Wales. HCC sits on the Welsh Government Animal Disease Preparedness Working Group and receives regular updates. All communication is coordinated by Welsh Government.

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It was noted that research publications are not mentioned in the R & D updates within the report. It was agreed that it would be beneficial to collate and publish reports on the website to publicise the individual research projects and the R & D element of HCC's work.

Presentation – Vision and Planning Overview

The Producer and Processor Lead presented the above.

The main points included;

- The current position regarding Vision 2025, HCC statutory functions and HCC strategic and operational plans;
- The current levy situation, trends and implications for the future;
- Sheep numbers in Wales; trends, patterns and influences;
- Farm incomes and profitability;
- Sheep and beef import and export trends.

The timetable for the development of the new Vision was outlined, aiming to complete by 2026 in line with Welsh Government elections and Ministerial appointments. The Board confirmed they were in agreement with the timescales proposed.

The Board agreed the presentation was very thought provoking and communicated the stark reality facing the industry.

b. Market Bulletin (HCC 1216)

The above was taken as read.

It was agreed that it would be helpful to provide the Board with a report on scenario modelling regarding the consequences of China's ability to consume protein and how that affects supply.

Action: Producer and Processor Lead

c. To receive an update on HCC's presence at SIAL Paris 19-23 October 2024

The Market Development Lead provided a verbal update on the above.

SIAL is the biggest trade show in the EU. With an attendance of 265K, it attracts global trade, including from China and the USA, and is an important show for HCC to attend, as 70% of Wales sheep exports is to the EU and the key processors have main offices in the EU.

HCC will have a stand in the main hall. The schedule will include receptions, meetings, cooking samples and an evening dinner. There will be four main processors in attendance.

Because there is no international stand this year, Welsh Government will be sharing the HCC stand, showcasing other Welsh food products.

It was noted that information will be collated at the event to help provide an assessment of the value and benefit of attending. The impact regarding any

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investment outcomes will take 6 to 12 months to realise.

Feedback will be provided to the Board after the event.

d. To receive an update on HCC's Annual Conference 14 November 2024

The Communications and External Affairs Lead provided a verbal update on the above.

The conference is taking place in the Members Centre at the Royal Welsh Showground. The objective of the event is to inform industry about global and domestic operating environments and how producers and processors can succeed in these markets.

The agenda includes;

- Introduction from the Chair;
- Address by the Cabinet Minister (attendance to be confirmed);
- GIRA speaker – overview of global demand drivers;
- Head of Strategic Marketing and Connections – HCC strategy;
- AHDB speaker – demand drivers for Halal customers;
- HCC Campaigns Executive - Lamb marketing campaign;
- Sky Adsmart speaker – overview of marketing and advertising;
- JS Sainsbury and two farmer suppliers – market spec, retailer demands and production to meet needs.

Panel discussions and Q & A sessions are included on the agenda.

Communications planning had started, including discussions with media regarding coverage of the event. It was acknowledged that the communications would need to include a wide variety of channels to ensure a cross section of attendees.

e. To receive an update on HCC's presence at the Winter Fair 25-26 November 2024

The Communications and External Affairs Lead provided a verbal update on the above.

The objective will be to follow on from the Conference themes and consider what the industry needs to focus on to achieve success in global markets.

The HCC stand will be the same as last year, engaging with both levy payers and consumers.

The programme has started to take shape and will include the HCC Breakfast, cooking demonstrations, the final of the Best Sausage Forward competition, educational sessions and processor sessions. Other items are also being considered, including involvement from the Meat Minds Group.

f. Forthcoming events (HCC 1217)

The above was taken as read.

The Board requested feedback on the National Education Show on 4 October.

Action: Head of Strategic Marketing and Connections

g. Financial – Management Accounts to 31 August 2024 (HCC 1218)

The above was taken as read and summarised by the Head of Finance and Corporate Governance.

Key matters for the Board to be aware of were highlighted:

- There had been an operating surplus of £139k, which is £42k behind budget out-turn;
- There is an under-spend to date against expenditure (£132k), negating a period 5 shortfall in levy income of £168k;
- Income realisation to period 5 shows a negative variance to original budget of £168k, with sheep down by £223K against profile;
- Levy income comparison at the low forecast rate (supported by contingency funds) is £60k down on profile for the first 5-months;
- Quarter 1 repatriation calculations had been delayed due to QMS having changed the survey work, delaying the confirmation of breeding ewe numbers. Levy bodies agreed that provisional figures be used for quarter 1, and reconciled for the quarter 2 submission. Quarter 1 return (£358k) provides a significant increase on redistribution owed to HCC in comparison to 2023 (increase of £100k), but caution is required with these figures;

It was noted that there were some positive outcomes reported. However, it was anticipated that the June survey results will continue to show a downward trend in livestock numbers.

h. Financial – Amendment to Bank Mandate (HCC 1219)

The above was taken as read and summarised by the Head of Finance and Corporate Governance.

The current bank mandate was last updated on 23 April 2009 and has been in effect since that time. Recent changes in the company's executive team necessitated a review and update of the mandate as detailed in the report.

The resolution was approved by the Board.

i. Financial – Framework Agreement (HCC 1220)

The above was taken as read and summarised by the Head of Finance and Corporate Governance.

Key points highlighted were;

- There was a delay in replacing the 2017 Framework Agreement due to a proposal to include 'cash management' restrictions, imposing a cash reserves tolerance of 2% at year-end. This was delaying the issuing of the Agreement Letter by Welsh Government;
- It had been agreed with Welsh Government officials to present a proposal outlining a rationale for maintaining and building HCC cash reserves;
- A response had been received from Welsh Government stating that their Governance and Finance Team had considered the proposal but concluded

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there was no flexibility on the 2% carry-over;

- Imposing a 2% carry-over will result in committed expenditure exceeding liquidity levels almost immediately, and with regular monthly frequency;
- To allow HCC to continue trading, the drawdown mechanism from Welsh Government would need to be reinstated or a considerable commercial overdraft facility would be required. HCC does not receive grant-in-aid;
- The governance requirements and funding differences between HCC and other ALBs were set out in the paper.

The Head of Finance and Corporate Governance highlighted key points from a presentation he had attended by Lisa Thomas, WG Finance Team, to the Chief Executive Officer ALB Group in June and to the Finance Leaders Group in July, on “Why levels of Reserves and Cash in the public sector have to be managed”. Two key points within the presentation were that “the last thing WG wants is for any ALB to run out of cash”, and a clear message that “no one size fits all”, with cash tolerance levels “through discussion” set to organisational needs. These messages appear to contradict the Welsh Government decision.

HCC’s concerns and disappointment with the decision had been conveyed to Welsh Government officials. A meeting had been arranged with the Welsh Government Finance Team on 17 October to discuss the matter further.

The matter will also be discussed with internal and external auditors in the interim to seek their views.

The paper was noted and the issue discussed by the Board. Fundamentally HCC is funded through levy payments and must use funding raised by the levy solely in connection with the performance of the Delegation Agreement under the Red Meat Industry (Wales) Measure 2010.

It was felt that the Board could not support an agreement that goes against HCC’s obligations to levy payers and would put the organisation at substantial risk. The Board strongly defended the position put forward in the proposal.

The Board will be updated on the situation following the meeting with Welsh Government.

8. **Review and Approval of Key Documents**

a. *Recruitment and Selection Policy and Procedure (HCC 1221)*

The Head of Finance and Corporate Governance presented the above.

This was a new HCC policy developed to provide clear guidance to ensure delivery of a fair and consistent recruitment process and outlining requirements when seeking authorisation for a vacancy.

It was agreed that the policy should be reviewed after the first 12 months.

The policy was approved by the Board.

b. *Sexual Harassment Policy (HCC 1222)*

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The Interim CEO presented the above.

The document aimed to ensure HCC had a clear and up to date sexual harassment policy, taking into account organisational changes and legislative changes taking effect in October 2024.

The draft policy was discussed and the following comments noted;

- It was felt that the policy was too detailed and prescriptive in places; the process and steps to take could be made clearer;
- Responsibilities were not clear in some areas, including the responsibilities of the Board;
- Links with other policies, e.g. harassment policy, were not clear.

The draft will be reviewed in line with the comments received and presented back to the Board for approval. This would be via e-mail if sign-off was required during October.

Action: Interim CEO

9. **HCC Committees**

Audit and Risk Committee

a. *To receive a verbal report of the Audit & Risk Committee meeting held on Thursday 18 July 2024*

The Committee Chair reported on the above. Key points highlighted were;

- The risk management work is ongoing. The Board Assurance Framework will be presented to the Audit and Risk Committee in October 2024 and to the Board in December 2024;
- Following evaluation of the Internal Audit Tender submissions, the recommendation was to appoint Azets as internal auditors for 2024 – 2027. Assurance had been provided by Azets that they could deliver the required services following a restructuring of their company. HCC will be working with a new team based in Scotland. The Head of Finance and Corporate Governance confirmed he was confident that Azets retained the specialist skills and expertise required to provide the service;
- Four audit areas had been identified for 2024-25, in line with the strategic risks identified in the Corporate Risk Register;
 - Review of current systems and procedures
 - Budgetary control
 - Business continuity and incident management
 - Health and Safety compliance;
- The Committee approved three policies; Anti-bribery Policy; Anti-fraud Policy and Procedure; Freedom of Information;
- The audit of accounts has started and is progressing as planned. Audit Wales are confident they will meet the agreed timescales.

Sustainable Innovation and Research Group

b. To adopt the minutes of the Sustainable Innovation and Research Group held on Thursday 16 May 2024 (HCC 1223)

The minutes of 16 May 2024 were adopted by the Board.

c. To receive a verbal report of the Sustainable Innovation and Research Group held on Thursday 19 September 2024

The Group Chair gave a verbal update on the meeting.

The key points were;

- HCC's Research and Development and Sustainability Executive), provided a HCC R & D update;
- Members provided an update on relevant activities and innovation in their area of work and industries;
- The Head of Strategic Marketing and Connections provided a communications update, highlighting the role of R & D and innovation in underpinning the marketing strategy;
- James Cooke (Welsh Government) presented on the Alternative Land Use Assessment Tool. This included stark projections regarding future land use and yields in areas of Wales most prone to drought conditions;
- The positioning paper on Livestock in Wales had been parked for now and it was decided instead to concentrate more on evidencing messaging on the benefits of red meat.

The meeting had been productive and the venue, Aberinnovation, had worked well. The Group will look at opportunities to hold the meetings in different venues and areas.

The role of the Group was discussed, including opportunities for co-working and pursuing funding opportunities for research that will benefit the industry into the future, for example, management tools to mitigate drought impact.

10. **Any other business**

a. To receive and update on Sustainable Farming Scheme (SFS) Partnership Working

The Chair reported that the work of the Ministerial Roundtable is ongoing.

The Chair had been supported on the Carbon Sequestration Review Panel by HCC Policy Development Lead. This panel is now coming to an end.

HCC Industry Strategic Planning Officer, had been attending the SFS Officials Group.

There had been good co-working and co-operation between all of the stakeholders involved. Progress had been made, but there is still a lot of challenging work to be done.

b. To receive and update on CEO recruitment process

It was noted that the candidate pack is nearing a final draft, with the aim to start the recruitment process in October.

11. **Dates of forthcoming meetings**

Board Teams update - Wednesday 6 November 2024 at 9.30am
HCC Board meeting – Thursday 5 December 2024 at 10am

HCC Board Closed Session

A separate and confidential meeting of the Board followed.

Signed.....
Chair of HCC