



Minutes of a meeting of the Directors of Hybu Cig Cymru (HCC) held at 10am at Tŷ Rheidol, Aberystwyth and via Microsoft Teams on Thursday 7 July 2022

- Present at HCC:** Cath Smith (Chair)
Gareth Wynn Davies, John T Davies (Teams), Rhys Davies (Teams), Jack Evershed, Prys Morgan, Emlyn Roberts and Claire Williams (Teams)
- By Invitation:** Avneet Chana, Kantar (Teams) Agenda item 9b
Kate Havard, Audit Wales (Teams) Agenda items 10a – 10c
James Owen, Welsh Government (Teams)
Maria Richards, Welsh Government (Teams)
- Executive in attendance:** Gwyn Howells (Chief Executive Officer - CEO)
Julie Davies-Jones (Secretariat)
Kirsten Hughes (Red Meat Executive) Agenda items 7a – 7c & 8
Rhys Llywelyn (Market Development Manager)
Glesni Phillips (Data Analyst) Agenda items 9a & 9b
Bryan Regan (Corporate Services Manager)
John Richards (Industry Development and Relations Manager)
Owen Roberts (Communications Manager) (Teams)

The Chair welcomed all to the Board meeting.

To welcome James Owen, Deputy Director Land Management Reform, Climate Change and Rural Affairs Group, Welsh Government

The Board was given an overview of key points in the Welsh Government's outline proposals for the Sustainable Farming Scheme which would offer financial support and advice to farmers to meet the challenges of the climate and nature emergencies alongside sustainable production of food.

The proposed actions in the Scheme had been set out under five characteristics including working with farmers to help them adapt to changes to the environment or market, helping make the best use of their resources and supporting them to become more efficient, lower their greenhouse gas emissions and enhance carbon stocks through sequestration.

The proposals for the Scheme would be tested in a co-design exercise inviting farmers and members of the rural community to feedback via an online survey which would be launched during summer 2022.

There would be a transition period (2025 – 2029) in order to allow time for farmers to prepare for the Scheme. Farmers would continue to be supported throughout the transition period and as the BPS scheme was phased out.

The Chair thanked James Owen for briefing the Board.

The formal part of the Board meeting commenced.

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

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

11 May 2022 – The Chair and CEO attended the HCC / Welsh Government Quarterly Governance meeting (virtual).

12 May 2022 – The Chair and CEO had a catch-up meeting with the Minister, Lesley Griffiths MS (virtual). The Chair attended the RWAS Grassland Event held at Llysfasi College.

15 May 2022 – Attended the sustainable farming event, held at Richard Roderick's farm, Brecon.

18 May 2022 – Attendance at the Women in Meat Conference, London.

24 May 2022 – Welsh Government Public Bodies Recruitment workshop (virtual).

26 May 2022 – Farming Connect Strategic Advisory Board meeting.

31 May 2022 – Chaired the HCC joint sustainability event with the Sustainable Food Trust at event in Lampeter with Diana Rogers (American author and nutritionist).

1 June 2022 – HCC Board Teams update.

7 June 2022 – The Chair and CEO attended the NFU Cymru Celebration of Welsh Food and Farming event at The Senedd.

9 June 2022 – Attended the NFU Cymru Sustainable Farming Conference, Haverfordwest followed by presence with the CEO at the Welsh Government Taste of Wales event, Builth Wells.

4 July 2022 – UK Agricultural Partnership Event (virtual).

2. **Apologies for absence**

Apologies noted from Board Members Melody Chapman, Huw Davies and Rachael Madeley Davies.

3. **Declarations of Interest**

There were no new Declarations of Interest.

4. **To approve the minutes of the Board meeting held on Thursday 5 May 2022 (HCC 1074)**

The minutes of the Board meeting held on Thursday, 5 May 2022 were taken as read, approved by the Board and signed by the Chair.

5. **Matters arising**

Slaughtering Throughput Data across the GB

It was noted that dialogue had taken place with the other Levy Boards and agreement reached on collaboration with regard to providing Governments with accurate / real time data going forward.

Developing the UK Emissions Trading Scheme (UK ETS) deadline 17 June 2022

It was agreed to upload HCC's response to the above on Sharepoint for the Board's information.

6. **HCC Reports**

a. Activities (HCC 1075)

The above was taken as read with key HCC activities highlighted by the Executive.

b. Market Bulletin Summary (HCC 1076)

The above was taken as read.

c. Forthcoming events (HCC 1077)

The above was taken as read.

d. To receive a briefing on HCC's presence at The Royal Welsh Show 18 – 21 July 2022 and the National Eisteddfod, Tregaron 30 July – 6 August 2022

The Communications Manager presented on HCC's presence and activities at this year's Royal Welsh Show.

Arrangements were in hand for HCC's presence at the National Eisteddfod, Tregaron.

7. **HCC Business Plan 2022 / 2026 and Operational Plan 2022 / 2023**

a. To consider the proposed changes to the HCC Business Plan 2022 / 2026 and HCC Operational Plan 2022 / 2023 (HCC 1078)

The above was taken as read.

The Red Meat Executive summarised the changes made to both documents following the Board's feedback at the 3 March 2022 meeting.

Following discussion, the Board was content to approve both documents subject to inclusion of reference to current inflation issues, cost of living crisis and food security.

- b. To approve the revised HCC Business Plan 2022 / 2026 (HCC 1079)

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

- c. To approve the revised HCC Operational Plan 2022 / 2023 (HCC 1080)

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

8. **To consider the Welsh Red Meat Levy Rates for 2022 / 2023 (HCC 1081)**

The paper was taken as read and presented by the CEO and Red Meat Executive.

Following Brexit and the Covid-19 pandemic, the sector had been faced uncertainty and challenges, including new trade deals and forthcoming changes in agricultural support payments. The red meat sector now faced new challenges with rising inflation (increased energy, fuel and food costs all contribute to UK prices rising at their fastest rate for 30 years) and the conflict in Ukraine putting pressure on global trade flows.

However, whilst input costs were on the rise, farmgate prices remained stable. A tightness in supply on the domestic market was providing support to the market. It was noted that the current farmgate prices were helping to alleviate the pressure of rising input costs for producers, but as inflation continued to rise margins would be eroded at a rapid rate. It was also proving difficult to forecast demand trends for red meat as consumers feel the squeeze on their household expenditure.

Welsh Red Meat Levy is utilised to primarily fund market development activities including consumer advertising, export development, support of the brands in the retail and foodservice sectors, new product development and consumer insight activities and research and development. Industry development activities such as genetic improvement support, knowledge transfer and training were primarily funded through an alternate funding mechanism. HCC currently received additional funding through the Red Meat Development Programme (funded by the European Agricultural Fund for Rural Development and the Welsh Government), however this funding would come to an end by June 2023.

The current Levy rates had not increased since 2011, despite increasing inflationary costs incurred in delivering activities for the benefit of the Welsh red meat supply chain. This had led to a situation where HCC has significantly less spending power, in relative terms, with which to support the Welsh red meat industry.

The four proposed options within the paper were discussed in detail.

Following discussion, there was appetite amongst the Board that given the current challenges facing the industry and issues highlighted above, that it was timely to progress with consulting with the industry on a Levy increase. However, the Board felt that further work was needed to be undertaken with regard to options ahead of making a final decision. It was therefore agreed that the Executive would undertake this as noted and the paper would be represented to the Board at 1 September 2022 meeting.

9. **Cost of Living Crisis**

- a. To receive an update on the Cost of Production / Farmer Intentions and Consumer Behaviour survey research work

It was noted that work was in progress to undertake an online survey. The survey would ascertain farmer intentions relating to the escalation in costs of production and would be undertaken during September / October 2022. Results from the survey would be analysed and reported / communicated upon thereafter.

The Board would be kept updated on developments.

- b. To receive a presentation on Consumer Red Meat Purchasing Trends - Kantar

An informative presentation / overview of the Meat, Fish and Poultry (MFP) performance with a focus on how inflation was impacting the behaviour of consumers / shoppers was given.

The presentation would be uploaded to Sharepoint.

10. **HCC Committees**

Audit and Risk Committee

- a. To receive a verbal report and adopt the minutes of the Audit and Risk Committee meeting held on Wednesday 8 June 2022 (HCC 1082)

The above was taken as read, utilized as a report to the meeting and adopted by the Board.

- b. To receive a summary of key points of the Financial Statements 2021 / 2022 (HCC 1083)

Deferred until the 2 November 2022 Board meeting.

- c. To receive and approve the Annual Report and Financial Statements for 2021 / 2022 (HCC 1084)

Deferred until the 2 November 2022 Board meeting.

Flock and Herd Health and Welfare Working Committee

- d. To adopt the minutes of the FHH&WW Group meeting held on Wednesday 27 April 2022 (HCC 1085)

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

Communications Committee

- e. To adopt the minutes of the Communications Advisory Committee meeting held on Thursday 5 May 2022 (HCC 1086)

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

Marketing Advisory Committee

- f. To receive a verbal report of the Marketing Advisory Committee meeting held on Tuesday 28 June 2022

HCC's Chair (in the absence of the Committee Chair) gave an update to the Board on the above.

Research and Development and Knowledge Exchange Advisory Committee (R&D&KE)

- g. To receive a verbal report and adopt the minutes of the RD&KE Advisory Committee meeting held on Wednesday 1 June 2022 (HCC 1087)

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

The minutes were utilized as a report to the Board with no matters raised.

11. **Any other business**

There was no other business.

12. **Dates of forthcoming meetings**

HCC Board meeting – Thursday 1 September 2022 time TBC
Board Teams update – Thursday 6 October 2022 at 9.30am.

Signed.....
Chair of HCC