



Hybu Cig Cymru
Meat Promotion Wales

Business Plan for Hybu Cig Cymru – Meat Promotion Wales (HCC)

2022 – 2026



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Executive Summary

The red meat industry is extremely important to Welsh agriculture and the Welsh economy. Agriculture provides vital economic activity and employment in rural areas, which supports rural community cohesion, provides cultural and well-being benefits and safeguards Wales' rich natural resources.

Vision 2025

A profitable, efficient, sustainable, innovative and competitive industry which is resilient to political and environmental change and benefits the people of Wales

Vision 2025 was launched in May 2018, reconfirmed by the HCC Board in November 2020 and in December 2021; and it provides strategic direction for the red meat sector through to 2025. It sets out a direction for how the HCC Board believe that Welsh Red Meat Levy monies should be focussed in order for HCC to undertake its statutory functions in a way that will bring maximum benefit on behalf of the whole sector.

The Welsh Way

Published in December 2020, the '*Welsh Way*' examines how Wales stands in the global context of sustainability and food security and puts forward a case of where the Welsh red meat sector can make a real positive difference to achieving the nation's goals. The document considers the three pillars of sustainability - economic, environmental and societal. It also uses technical input from world renowned experts to analyse current emissions and carbon sequestration potential of sheep and beef farming in Wales, looks at scope for further improvement, and asserts that sheep and beef farming in Wales has the potential to form a profitable, sustainable, low-emissions system of food production.

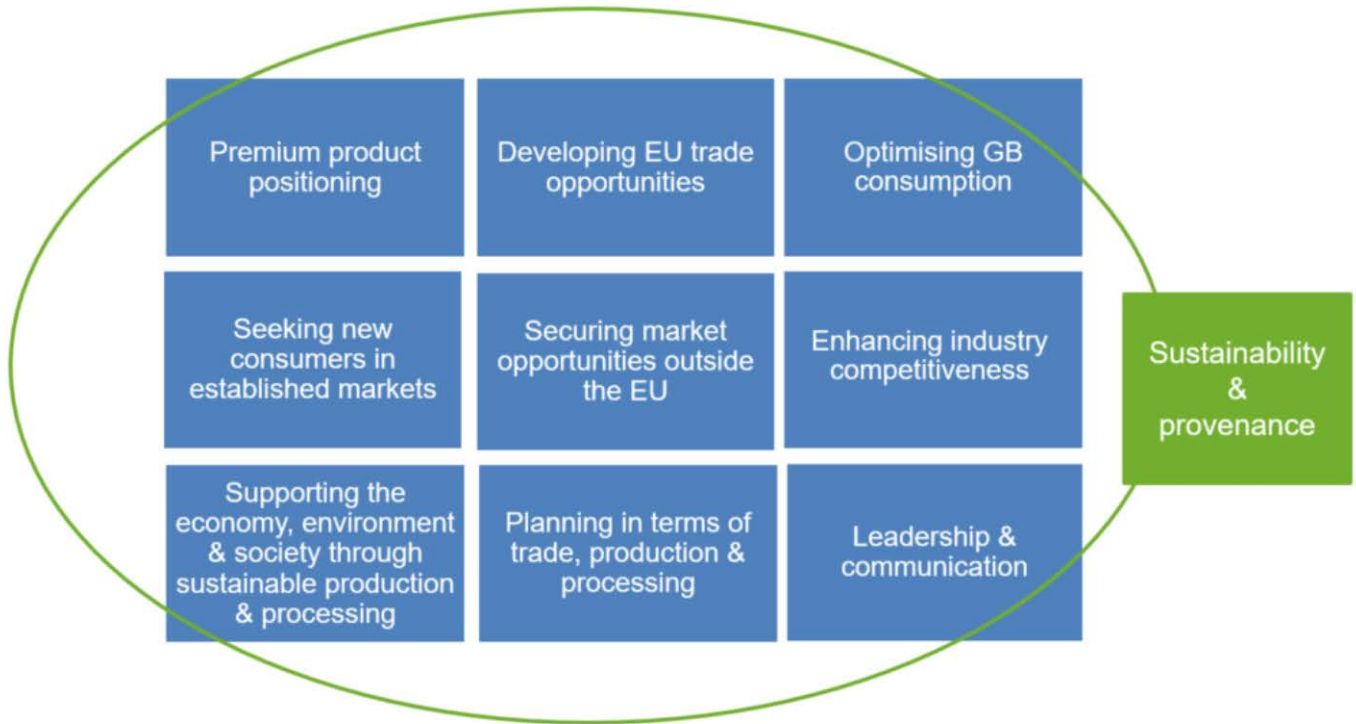
Wales is already one of the most sustainable places in the world to produce red meat, with its non-intensive farming based on abundant rainfall and grass growth which does not depend on imported feed. Our ambition is to sustainably produce high quality red meat which is sought in markets across the globe; providing a competitive advantage for Welsh red meat production.

Strategic Focus

This plan has considered the long-term impacts of planned activities in relation to people and communities, it seeks to address challenges and applies a joined-up approach to supporting the Welsh red meat supply chain.

The following nine priority areas form the foundation of HCC's Vision, with sustainability interwoven.

Vision 2025 - Priority Areas



HCC Delivery Mechanisms (2022-2026)

In line with *Vision 2025*, this four-year plan (2022-2026) sets out the key areas of work that have been prioritised by HCC's Board for the effective use of Welsh Red Meat Levy monies. Six delivery mechanisms have been identified and this plan sets out key performance indicators and outlines expected outcomes for 2022-2026.

HCC Delivery Mechanisms



The coronavirus pandemic is anticipated to continue impacting on HCC delivery during this four-year plan, as are the challenges the industry is facing in relation to rising inflation and food security. This plan therefore adjusts HCC delivery to accommodate these challenges.

This plan is focused on cost-effective delivery and recognises the importance of measuring the impact of investments. Collaboration, cooperation and communication across the industry is integral to achieving success.

About HCC

Vision

A profitable, efficient, sustainable and innovative Welsh red meat industry which benefits the people of Wales; which is resilient to political and environmental change and which is capable of responding competitively to ever changing market trends.

Purpose

HCC is the industry-led levy body organisation responsible for the development, promotion and marketing of red meat from Wales.

HCC collaborates with all sectors of the red meat industry – from farmers to retailers – and works to build the industry and develop profitable markets for PGI Welsh Lamb, PGI Welsh Beef and pork from Wales.

In the UK and in many important markets worldwide, HCC works with retailers, processors and food service operators to strengthen business opportunities and undertakes regular promotional programmes for Protected Geographical Indication (PGI) Welsh Lamb and PGI Welsh Beef. Across the whole supply chain, HCC undertakes research and development, shares information and supports training, to ensure the Welsh red meat industry is in a position to improve quality, increase cost-effectiveness and add value to Welsh red meat products. This is undertaken while Wales' unique sustainability credentials are maintained and, where possible, enhanced.

Funding

HCC's core funding is from Welsh Red Meat Levy which is jointly paid by producers and slaughterers/exporters, raised on all cattle, sheep and pigs slaughtered in Wales (which are fit for human consumption) or exported live. Following the passing of the Agriculture Bill in 2020, since April 2021 HCC are also in receipt of repatriated levy (levy that is calculated on livestock born and reared in Wales that is slaughtered in England or Scotland).

HCC is also in receipt of external funding, provided by the European Agricultural Fund for Rural Development and the Welsh Government, through the Rural Development Programme and the Enhanced Export Programme.

Board of Directors

HCC is wholly owned by the Welsh Ministers and appointments to the HCC Board are made by the Welsh Ministers in accordance with the Commissioner for Public Appointments' code of practice. The Board is representative of farmer and processor levy payers and others who possess skills relevant to the future development of the organisation.

The Board comprises 11 non-executive directors (including the Chair) as detailed at <https://meatpromotion.wales/en/about/corporate-information/hcc-board>.

In addition to the Board, a range of Committees exist to carry out development and advisory work on an ongoing basis.

Introduction

The agricultural sector in Wales provides vital economic activity and employment in rural areas, which supports rural community cohesion, provides cultural and well-being benefits and safeguards Wales' rich natural resources. A thriving agricultural sector also contributes to social capital in rural areas in the form of co-operation and mutual support, both within the farming community and between farm businesses and the wider community.

Vision 2025

Launched in May 2018, *Vision 2025* provides strategic direction for the red meat sector through to 2025. *Vision 2025* considers the strategic risks in terms of trade, production and processing of red meat from Wales, not least of which is the substantial contribution that agricultural support currently makes towards profitability. It also considers possible longer-term opportunities. It sets out a direction for how the HCC Board believe that Welsh Red Meat Levy monies should be focussed in order for HCC to undertake its statutory functions in a way that will bring maximum benefit on behalf of the whole sector.

The vision for the Welsh red meat industry is:

a profitable, efficient, sustainable, innovative and competitive industry which is resilient to political and environmental change and benefits the people of Wales.

Following reviews of *Vision 2025* by the HCC Board in November 2020 and December 2021, it was determined that the nine priority areas that form the foundation of *Vision 2025* remain relevant. The Board agreed however that there was a need to further integrate the challenges and opportunities sustainability presents the Welsh red meat industry, both in responding to climate change and enhancing the provenance messaging.

The Welsh Way

The climate crisis is urgent and global in scale. Humanity is facing the challenge of producing enough high-quality food and distributing it equitably among a growing population. In response, the 'Welsh Way' of farming has a great deal to offer.

Published in December 2020, the 'Welsh Way' examines how Wales stands in the global context of sustainability and food security and puts forward a case of where the Welsh red meat sector can make a real positive difference to achieving the nation's goals. The document considers the three pillars of sustainability - economic, environmental and societal. It also uses technical input from world renowned experts to analyse current emissions and carbon sequestration potential of sheep and beef farming in Wales, looks at scope for further improvement, and argues that sheep and beef farming in Wales has the potential to form a profitable, sustainable, low-emissions system of food production.

Welsh farmers produce a high-quality nutritious product on marginal land, which is largely unsuited for arable crops. This is done overwhelmingly in non-intensive systems, using grass and rainwater to rear animals, thereby avoiding contributing to deforestation and unsustainable use of water resources elsewhere in the world. Reductions in greenhouse gas emissions and waste have already been achieved and further reductions are possible whilst also contributing positively

to carbon sequestration, soil regeneration and increased biodiversity. Livestock agriculture and food production also sustain the economic and cultural sustainability of vibrant Welsh communities and the Welsh red meat industry is therefore in a strong position to deliver against the three pillars of sustainability.

Further publications flow from this umbrella document, providing more detail on the possible mitigation actions that the Welsh red meat industry might adopt to work towards lower greenhouse gas emissions. Wales should prioritise efficiency measures which reduce emissions while maintaining production, as livestock agriculture and food production sustain the economic and cultural sustainability of vibrant Welsh communities.

Sustainability Statement

Wales is already one of the most sustainable places in the world to produce red meat, with its non-intensive farming based on abundant rainfall and grass growth which does not depend on imported feed.

Our ambition is to sustainably produce high quality red meat which is sought in markets across the globe; providing a competitive advantage for Welsh red meat production. There are three pillars to sustainability - economic, environmental and societal:

- Supporting a thriving rural economy and red meat supply chain
- Protecting the natural environment
- Preserving and enhancing biodiversity
- Addressing climate change
- Aiding community resilience and nurturing the languages and cultures of Wales
- Contributing responsibly towards maintaining a healthy population
- Addressing global food security
- Meeting the needs of the present without compromising, and where possible enhancing, the ability of future generations to meet their own needs

Well-being of Future Generations (Wales) Act 2015

The Well-being of Future Generations (Wales) Act aims to improve the social, economic, environmental and cultural well-being of Wales and this plan seeks to incorporate the sustainable development principles of the Act into HCC delivery contributing to achieving the seven well-being goals.

Seven Well-being Goals



This plan has considered the long-term impacts of planned activities in relation to people and communities, using the five ways of working set out in the Act and it seeks to address challenges and applies a joined-up approach to supporting the Welsh red meat supply chain.

Sustainable development principles	
Five ways of working	Collaboration Acting in collaboration with others to meet objectives
	Integration Considering how objectives may impact upon one another
	Involvement Involving all parties with an interest in achieving the objectives
	Long-term Balancing short-term needs with the need to safeguard the long-term needs
	Prevention Acting to address challenges

Strategic Focus

The following nine priority areas form the foundation of HCC's Vision.

Vision 2025 Priorities	
<ol style="list-style-type: none">1. Positioning red meat from Wales as a premium product2. Developing EU trade opportunities for Welsh red meat3. Optimising domestic (GB) consumption of red meat from Wales4. Seeking new consumers for Welsh red meat in established global markets5. Securing market opportunities for Welsh red meat outside the EU6. Enhancing the competitiveness of the Welsh red meat industry7. Supporting the economy, natural environment and society through sustainable red meat production and processing in Wales8. Planning in terms of future trade, production and processing through horizon scanning and market intelligence9. Demonstrating effective leadership and communication to ensure unity of purpose and proactive advocacy	Sustainability and provenance

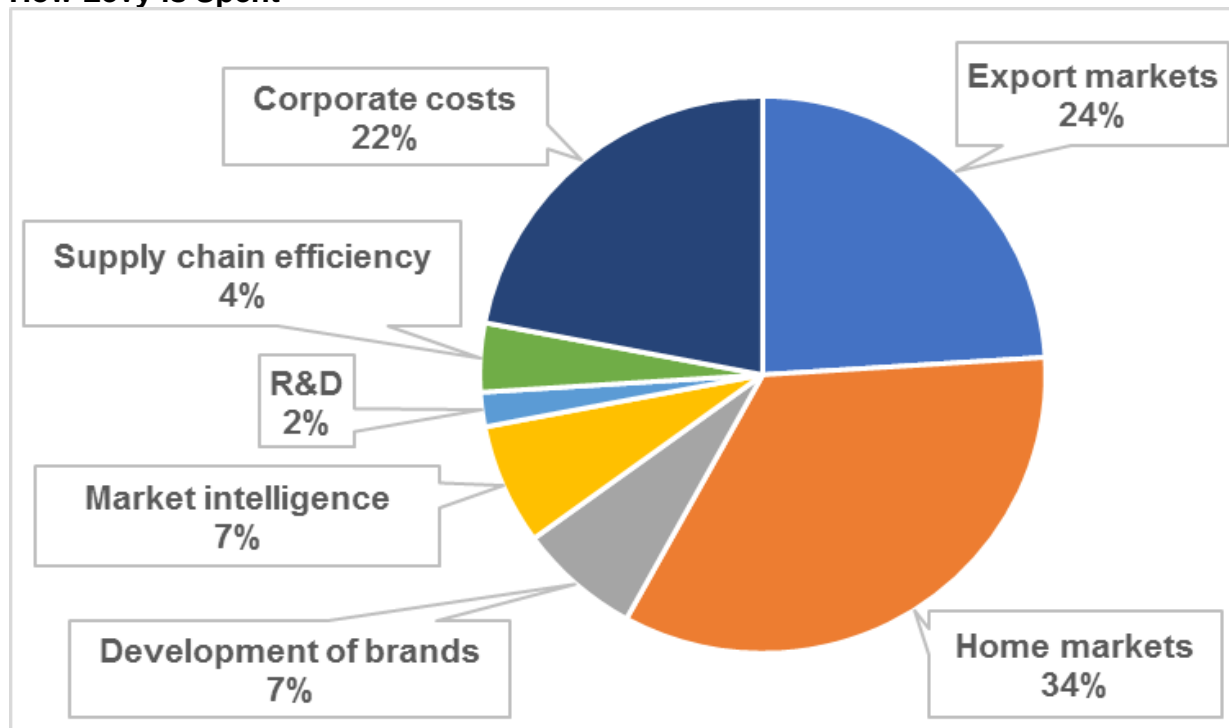
In line with *Vision 2025*, this plan sets out the key areas of work that have been prioritised by HCC's Board for the effective use of Welsh Red Meat Levy monies during the four-year period from 2022-2026. It also takes into account the ongoing coronavirus pandemic which continues to present challenges and considers the challenges the industry is facing in relation to rising inflation and food security.

Six delivery mechanisms have been identified for the next four years, and this plan sets out key performance indicators and outlines expected outcomes for 2022-2026.

HCC Delivery Mechanisms (2022-2026)
<ul style="list-style-type: none">• Develop export markets for PGI Welsh Lamb and PGI Welsh Beef• Develop home markets for Welsh red meat• Develop red meat brands and products to create and sustain a strong and competitive brand position• Collate and disseminate market intelligence and research at Wales, UK and global level• Support relevant programmes of R&D activities• Facilitate and encourage supply chain efficiency <p>Strategy and activity in all these areas to be communicated to HCC stakeholders and the wider public</p>

In implementing these delivery mechanisms, HCC utilises both levy income and grant funding to develop, promote and market red meat from Wales. Whilst expenditure funded by grants is guided by the grant agreements, levy expenditure is determined by the HCC Board. The following chart identifies how levy is typically spent, with expenditure broken down against the six delivery mechanisms and also against corporate HCC running costs.

How Levy is Spent



Levy expenditure is depicted in this chart using the levy expenditure averaged across 2018/2019, 2019/2020 and 2020/2021

Current Status of the Welsh Red Meat Sector

Wales is characterised by an upland and mountainous topography. This landscape, alongside the maritime climate of Wales, result in a large proportion of agricultural land (80 percent)¹ being categorised as ‘less favoured areas’ (LFA). The climate and terrain in Wales therefore dictate the type of agricultural land use, resulting in the majority of the land being best suited to pasture and livestock farming (sheep and cattle).

- Aggregate agricultural output (gross output) in Wales is worth £1.7 billion (2020) to the economy,² with agriculture representing 1 percent of the total Gross Value Added [GVA] for Wales.³
- 52,800 people work directly in the agricultural sector in Wales (2020),⁴ and those working in agriculture, forestry and fishing represent 3.2 percent of workforce jobs in Wales.⁵
- In rural areas there are other businesses that depend on agriculture to make their living, thus extending the economic value of agriculture for the area. The Welsh livestock sector is currently based on a critical mass of small enterprises, contributing to a greater whole which supports economic activity and employment across large areas of Wales.
- The agricultural sector in Wales also makes an essential contribution to preserving the Welsh language. The agriculture, forestry and fisheries sectors have an estimated 10,600 Welsh speakers,⁶ which represents 43 percent of the total working population and is higher than in any other employment category.⁷
- With agricultural production accounting for 90 percent of the land use in Wales,⁸ it clearly also plays a major role in contributing to the wider management of Wales’ natural resources. The livestock sector produces quality food on land which is largely unsuitable for other productive purposes, in non-intensive ways which depend on fewer additional inputs.
- Agriculture in Wales contributes to revenue generated by tourism through management of the landscape and through provision of tourist accommodation and attractions. Tourism contributes £2,844 million to GVA in Wales and supports approximately 122,900 jobs.⁹

¹ Welsh Government. Agriculture in Wales. 2019.

² Welsh Government. Aggregate agricultural output and income. 2020.

³ StatsWales. Gross Value Added in Wales by industry. 2019.

⁴ Welsh Government. Survey of Agriculture and Horticulture: Results for Wales. June 2020.

⁵ Welsh Government. Agriculture in Wales. 2019.

⁶ Data from the 2011 census which is the most recently available population data.

⁷ Welsh Government. Agriculture in Wales. 2019.

⁸ Welsh Government. June 2020 Survey of Agriculture and Horticulture: Results for Wales. 17 December 2020.

⁹ Welsh Government. Agriculture in Wales. 2019.

Red Meat Production

Welsh red meat production is dominated by sheep and approximately 29 percent of the GB flock is based in Wales (2020).¹⁰ The beef breeding herd in Wales declined after the end of ‘coupled’ support payments, although numbers have stabilised in recent years. The pig sector in Wales is small (with the breeding population representing less than one percent of the GB herd) and typified by a relatively large number of very small holdings.



Welsh Government and Cattle Tracing System

The size of the Welsh sheep sector and the fact that 14 percent of the throughput of lambs at auction markets in Wales (2020)¹¹ is considered as “light lambs” (finished lambs weighing less than 32 kg) demonstrates a uniqueness of the Welsh sheep sector, and highlights an opportunity for the industry.

A challenge facing the industry is to make progress in terms of the number of lamb and beef carcasses reaching market specifications and to secure buy-in among producers to the fundamental rationale behind these requirements to make the supply chain more efficient.

As export destinations are pursued that are further afield and opportunities to extend the UK season for Welsh Lamb in particular are sought, efforts must be made across the industry to continually improve the shelf-life of Welsh Lamb. Commercial drivers are already influencing progress in the processing sector and it will be important for producers and auction markets to fully understand their role in terms of presenting clean livestock for slaughter.

The scale of the Welsh red meat sector also means that considerable efforts must be made in preparing red meat producers for a farming future that does not rely on support payments for viability. The most efficient farms will be best placed to respond and so the need to address and lower the cost of production on Welsh sheep and beef farms will be imperative. It will be crucial to support the industry in making the necessary changes in productivity and efficiency. Improvements in technical efficiency can also help mitigate/lower greenhouse gas emissions and the development of climate change indicators for sheep and beef production could provide the ability to measure and promote the sustainability credentials of Welsh red meat production. New technologies can offer practical improvements and potential ways to quantify difficult to measure traits such as meat yield and eating quality.

The red meat sector is also facing new challenges from rising inflation, as increased energy, fuel and food costs all contribute to UK prices rising at their fastest rate for 30 years. Costs of key

¹⁰ Defra and Welsh Government.

¹¹ AHDB and LAA. Liveweight Throughputs, Wales. 2020.

farm inputs such as feed stuffs, fuel and fertiliser in particular have increased dramatically during recent months when compared to year-earlier and historic levels. This led to some producers reducing fertiliser application, which will in turn impact future crop yields. Russia's invasion of Ukraine has also led to disruptions to trade flows of products across the globe. The conflict, along with tight supplies, is providing support to global grain markets, with wheat, maize and barley all experiencing significant price gains. These factors combined will inevitably put pressure on production costs and the profitability of farming systems in the UK and Wales, with many already feeling the effects.

Red Meat Processing

There are currently 18 operational red meat abattoirs in Wales (December 2021) all of which are facing challenges in relation to livestock sourcing, labour shortages, coronavirus restrictions, trade flow disruptions and changing consumer demands. Changes in demand from the retail, foodservice and export markets continue to impact upon weekly throughput levels.

A review of the Welsh abattoir and processing sector undertaken in 2020 indicated that there is capacity for expansion. However, opportunities to optimise throughput in Welsh abattoirs continues to be limited by a number of factors that have a substantial impact on the future performance of the sector. These include factors such as fluctuating livestock numbers, increasing regulatory compliance, cost for disposal of by-products, the relatively low value of hides, skins and offal, as well as the shortage of skilled labour.

A core challenge remaining is how to secure product and supply chain innovation, market intelligence and effective marketing in an industry where primary production is spread between a large number of small businesses, many of which are already under financial pressure, and where the processing industry is dominated by a small number of companies, most of which have their headquarters outside of Wales. Continued co-operation and collaboration across the red meat sector will be essential to help meet this challenge.

Trade in Red Meat from Wales

The coronavirus pandemic impacted all aspects of the red meat supply chain both in Wales and globally during 2020 and 2021. Red meat faced huge changes in demand from the retail and foodservice sectors, which initially caused carcass imbalance issues and some instability in market prices. The same pressures were also exerted on the main export markets for Welsh red meat. Trade recovered relatively well, particularly in markets where our products are well-established in the retail sector, but prolonged disruption to the foodservice sector continued to impact exports to established markets. The high cost of air freight due to the pandemic also hindered efforts to grow trade to destinations further afield, although encouraging growth was still seen in many markets.

Rising inflation and disruptions in trade flows as a result of the Russian invasion of Ukraine present short-term and longer-term challenges for the Welsh red meat industry. The current firm farmgate prices are helping to alleviate the pressure of rising input costs for producers, but as inflation continues to rise at a rapid rate, it is difficult to forecast demand trends for red meat as consumers feel the squeeze on their household expenditure. The conflict in Ukraine putting pressure on global trade flows has further highlighted the importance of independence, self-sufficiency and food security.

With only five percent of the red meat produced in Wales consumed in the home (Wales) market, Wales continues to be heavily dependent on domestic markets - particularly England - and global export markets. More than a third of lamb and 15 percent of beef produced in Wales is exported outside the UK, predominantly to the EU. Currently around 90 percent of exports are destined for the EU. In 2020, approximately 31,000 tonnes of sheepmeat and 16,000 tonnes of beef (fresh/frozen) of Welsh origin was exported from the UK, which alongside exports of offal were estimated to be worth £219 million.¹²

Overseas markets are crucial to help ease the continuing challenge of achieving carcass balance and also to maximise carcass value by seeking the highest value markets for the different cuts. Markets where there is demand for lower-value cuts and offal also deliver improved returns to the Welsh industry, as these products currently have little or no value on the domestic market.

In addition to existing EU and non-EU markets, HCC is currently working alongside Governments to develop Welsh red meat trade in the USA and achieve market access for Welsh Lamb in China.

The ability to attract a premium for Welsh red meat is key to success. PGI status is therefore important to the Welsh red meat industry as Welsh Lamb and Welsh Beef are an intrinsic and valuable part of food production in Wales and the brand of Wales uses the iconic Welsh landscape in combination with its unique social and cultural influence. The PGI status provides a guarantee of provenance and a mark of quality; re-enforcing consumer confidence in the products and allowing them to be sold at a premium. Both domestic and global gains rely on the effective premiumisation and the ability to differentiate and promote branded products. Opportunities to build on the PGI brand must be explored and utilised to include other factors such as eating quality and consistency.

The reliance of the Welsh red meat sector on export markets brings with it a susceptibility to political and economic volatility and the value of the pound. Efforts must therefore be made to identify and develop markets that can spread both the economic and political risks.

Red Meat Consumption

Changing demographics of smaller households with busy lifestyles and the need for quick and easy meal solutions continue to drive demand. Within this there has been a move for a more consistent size of carcass that can be processed into cuts more cost-effectively. Price remains a key driver and red meat faces increasing competition from cheaper sources of protein such as chicken, fish and non-meat proteins.

¹² HCC estimates based on UK HMRC data

A long-term trend of flat or gradually declining beef and lamb consumption in the UK and other western countries was reversed in 2020. Changing lifestyles during coronavirus restrictions led to challenging times in the foodservice sector, but buoyant retail sales as consumers – particularly families - experimented with more adventurous home cooking. This led to a 15-20 percent growth in year-on-year retail sales of red meat, with particularly strong sales of premium cuts. This helped reverse the gradual increase in the proportion of beef sold as low-value mince, an issue long-identified as a problem for profitability in the beef sector. As restrictions have been easing since Spring 2021, the foodservice sector has begun its recovery. Due to an increase in the number of out-of-home meal occasions, spend at retail was predicted to fall in line with changes in consumer spending. During recent months, this has been true for spending on both lamb and beef at retail as consumers returned to eating and drinking at restaurants and bars, however the value of retail purchases remains significantly above 2019. It is uncertain to what extent these new patterns represent permanent shifts in consumer demand.

Consumers are currently experiencing rising food prices as a result of the conflict in Ukraine, supply chain issues and increasing raw material costs. During April 2022, grocery price inflation accelerated to its highest level since December 2011.¹³ In response, consumers have started to mitigate price increases by buying more in retailers perceived to be cheaper due to a combination of reduced in-home needs, fuel prices limiting travel, and potentially due to a longer-lasting change from shopping ‘little and often’ following the numerous lockdown periods. Changing consumer behaviours present a challenge to the industry, which may put further pressure on the market.

Wider social and political factors continue to exert considerable influence on consumer purchasing. Public perception of the possible adverse effect of red meat within their diet on health and the move towards flexitarian eating is increasing. These, together with debate on the environmental impact of livestock production, present particular challenges with respect to red meat consumption.

These societal factors generate increasing pressure to develop new, innovative and healthy Welsh red meat products that can provide versatile convenient solutions for consumers and assist in achieving carcass balance.

There is also increasing need to educate consumers about the importance and health benefits of red meat as part of a balanced diet, and to counter the sometime negative public perception of a subsidised industry that has an adverse effect on the climate.

¹³ Kantar, April 2022

SWOT analysis

Red meat businesses in Wales operate within a number of constraints so it is important they maximise opportunities and strengths.

Red Meat Industry SWOT

There are a number of political, economic, social, technological and environmental considerations for the Welsh red meat industry, many of which will have a substantial impact on future resilience, performance and profitability of the sector.

Strengths

- Large supply of lambs and cattle produced mainly off natural grass/ forage systems – appeals to consumers who have a strong perception of red meat from Wales and its high environmental and animal welfare credentials
- Topography and climate of Wales is ideally positioned for grassland production which support sustainable red meat production
- Reputation of red meat sector allows for differentiation as premium product
- Production mainly from a base of family farms - traditional base of experience in good stock farming coupled with environmental management
- A variety of breeds and production systems to meet differing domestic and export demand requirements
- Well-developed international and domestic sales experience (lamb in particular) has created a strong image and reputation of PGI Welsh Lamb and PGI Welsh Beef
- Ability to segment markets and to identify niche market opportunities
- Repatriation of levy is financially supporting the industry further
- The variance of abattoir sizes and structure (from very large to micro businesses) allows for supply to a range of potential markets (multiple retail through to boxed meat)

Weaknesses

- Heavy reliance amongst primary producers on support payments
- Relatively high primary cost of production which exacerbates the need for premiumisation of red meat from Wales
- Primary production is spread between a large number of small businesses, which limits product and supply chain innovation and gathering market intelligence
- Limited exploitation of advancing animal and plant genetics
- Seasonality of production and potential variable carcass quality restricts marketing opportunities
- Limited communication, coordination and collaboration between supply chain partners
- Heavily dependent on supplying into the markets close at hand, particularly England and near neighbours in the EU, which poses a risk should market conditions change and demand in these markets decline or cease
- The reliance on export markets brings with it a susceptibility to political and economic volatility and the value of the Pound
- Reliance on migrant workers in the abattoir and processing sector has resulted in a labour shortage following Brexit and is expected to remain a challenge for the short to medium-term

Opportunities

- The ability to differentiate the 'Welsh Way' of production from a global norm which is perceived as environmentally damaging would help to enhance consumer perception of red meat from Wales
- Attract people to work within the industry through training provision and supporting agricultural related studies
- Maintain and enhance the recognition and positive perception of the Welsh red meat brands amongst target consumers in existing and emerging UK markets - consumers are increasingly seeking the reassurance of a high-quality sustainable product of known origin. The PGI designation allows the Welsh red meat industry to demonstrate its traceability credentials and the Welsh Way demonstrates the industry's positive message on sustainability
- New product development can be focused on a changing consumer base and for a different generation of consumer so that the industry is well placed to supply specific sections of society with premium Welsh red meat
- Demographics and demand drivers are altering the demand for red meat products and there is now an increasing demand for cuts and consistent sized carcasses - Wales has considerable scope to increase the number of lamb and beef carcasses that reach the target specifications
- Targeted marketing of red meat (lamb in particular) within countries that are geographically close presents many advantages but the industry must continue to seek markets outside of the EU in order to maximise opportunities and spread risk. Overseas markets are crucial to help ease the continuing strain on carcass balance by seeking high value markets for the different cuts
- Growing demand for red meat in the Middle East and North Africa (MENA) and Indian Sub-Continent
- Development of new, innovative and healthy Welsh red meat products will provide versatile solutions and assist in achieving carcass balance
- Increased shelf-life of lamb through processors in Wales could help in opening up market opportunities in overseas markets
- Capitalising on halal sales in domestic and export markets presents an opportunity in underpinning sheepmeat sales
- Inform and educate consumers about the importance and health benefits of red meat as part of a balanced diet
- Opportunities to reduce cost of production through on-farm efficiency, uptake of relevant training and knowledge transfer
- Increased market intelligence will enable producers to understand market requirements
- Investment in relevant R&D will enable the red meat sector to take advantage of technological advancements in order to compete in a global marketplace
- On-site improvements through R&D and market intelligence could bring about advancements in innovation and technology – automation of abattoir processes could offer improved efficiencies and long-term cost savings
- The Red Meat Development Programme provides an opportunity to help the industry to efficiently and sustainably produce high quality products

Threats

- Climate change, and limited public and media understanding of the differences between farming systems across the world (adaptation and mitigation - pressures to reduce greenhouse gas emissions from livestock, and challenge to meat consumption)
- Rising inflation presents a significant challenge, impacting on the cost of production for both beef and lamb systems in Wales. Key farm input costs - including fuel, energy, fertilizer, and feed – have both a direct and indirect impact on a number of businesses within the agricultural sector. Producer margins are squeezed as farmers manage inputs to maximise production and processing plants may be impacted if supply is affected
- The resilience of the red meat supply chain could be further challenged if producer margins are narrowed further. Lower retention rates and higher cull numbers (of both cattle and sheep) would impact the critical mass in the country, and lead to lower red meat production levels during future years. This would impact on the self-sufficiency of the UK in terms of domestic food production, and increase the reliance on imports from across the globe
- The need to continue supplying red meat whilst dealing with the threat to public health from the coronavirus has created a new, significant challenge for the Welsh red meat industry. The industry must adopt new ways of working, consider ways to shorten and simplify supply chains and seek to respond to evolving consumer demands
- Changing consumer behaviour - in response to changing circumstances as a result of the coronavirus pandemic and as a result of inflation increases - presents a challenge to the industry
- The UK's decision to leave the EU, its single market and the CAP continues to create a challenge, as the industry responds to non-trade barriers
- New trade deals between the UK and countries around the world present a possible threat to the industry in terms of competitiveness in the domestic market and brand protection elsewhere
- Public perception of red meat could be adversely affected by public health scare
- Increasing imports reduces trade demand for Welsh red meat
- Exchange rate fluctuation
- Ageing farmer population and few new entrants
- Animal health and traceability issues may undermine consumer confidence and lead to fall in demand for Welsh red meat
- Price remains a key driver and red meat faces increasing competition from cheaper sources of protein such as chicken, fish and non-meat proteins
- Public perception of the possible adverse effect of red meat within their diet on health and the move towards flexitarian eating
- Fluctuating livestock numbers, rising production costs, animal disease outbreaks, increasing regulatory compliance, cost for disposal of by-products, the decreasing value of hides, skins and offal, as well as the shortage of labour limits opportunities to optimise throughput in Welsh abattoirs
- Changing demands on land that would otherwise be used for livestock production (tree planting or biofuel production) threaten to disrupt and distort the market

SWOT for Corporate HCC

There are also a number of strategic strengths, weaknesses, opportunities and threats facing HCC.

Strengths

- High quality motivated staff with breadth of experience and high work ethic
- Good standing with farmer stakeholders and good relationship with trade associations
- Good communication and political network
- Delivery focused remit
- Red meat levy repatriation

Weaknesses

- Seeking to compete with larger competitors
- Spreading finite resources broadly - wide statutory remit
- Managing stakeholder expectations - market and industry activities have a long gestation period before reaching fruition

Opportunities

- Greater efficiencies through closer working with other sector bodies
- DEFRA and Welsh Government funding
- Use of new communications technologies to enhance reach and to facilitate more targeted and interactive engagement with a wide range of audiences

Threats

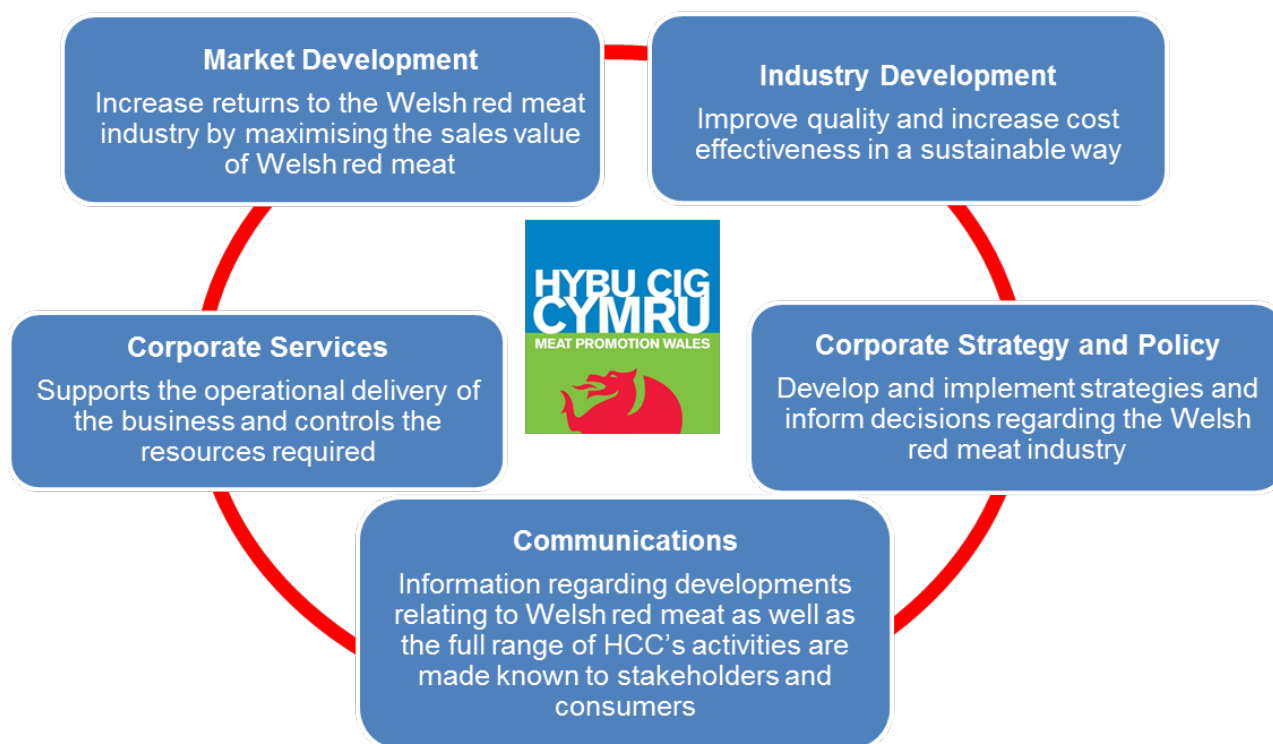
- Government policies could lead to reduced livestock numbers, affecting levy income
- Access to European structural funds ceased
- Increasing importance of UK Government in terms of negotiating trade and lack of direct HCC influence on UK policy
- Increasing expectation of levy payers in terms of levels of delivery against remit and within a limited budget
- Business interruption due to public health considerations may result in an inability of HCC to fulfil its functions
- Role and functions of HCC affected by AHDB sector ballots and consultations

Delivery Mechanisms 2022-2026

This plan is directed by *Vision 2025*, which identifies nine priority areas for action. This plan is focused on cost-effective delivery and recognises the importance of measuring the impact of investments. Collaboration, cooperation and communication across the industry is integral to achieving success.

The focus for delivery is through two operational departments (Market Development and Industry Development) and these are supported by the Communications, Corporate Strategy and Policy, and Corporate Services departments.

HCC Delivery Departments



The coronavirus pandemic is anticipated to continue impacting on HCC delivery during this four-year plan as are the challenges the industry is facing in relation to rising inflation and food security. This means that resources cannot focus on just one or two key areas and must continue to be deployed across a wide range of export and domestic marketing activities.

Continued HCC input into Welsh Government groups, policy forums and other future industry shaping meetings will be essential to keep the survival of the Welsh red meat industry at the heart of all discussions regarding trade, regulation and land use as well as discussions surrounding the future of the rural economy and communities that rely heavily on red meat production and processing. Communications activity will also need to ensure that decision-makers and levy-payers are aware of the likely impact of potential scenarios and of HCC's contingency planning insofar as that is appropriate.

The planned HCC delivery for 2022-2026 is summarised below.

Vision	A profitable, efficient, sustainable, innovative and competitive industry which is resilient to political and environmental change and benefits the people of Wales						
Well-being Goals	Prosperous	Resilient	Healthier	More equal	Cohesive communities	Vibrant culture & thriving Welsh language	Globally responsible
Objectives	<p>Increase demand for Welsh red meat products (thereby increasing sales and returns)</p> <p>Improve production efficiency (thereby increasing quality supply) whilst maintaining the environment and landscape of Wales</p>						
Priorities	<ol style="list-style-type: none"> 1. Positioning red meat from Wales as a premium product 2. Developing EU trade opportunities for Welsh red meat 3. Optimising domestic (GB) consumption of red meat from Wales 4. Seeking new consumers for Welsh red meat in established global markets 5. Securing market opportunities for Welsh red meat outside the EU 6. Enhancing the competitiveness of the Welsh red meat industry 7. Supporting the economy, natural environment and society through sustainable red meat production and processing in Wales 8. Planning in terms of future trade, production and processing through horizon scanning and market intelligence 9. Demonstrating effective leadership and communication to ensure unity of purpose and proactive advocacy 						
HCC Delivery	<ul style="list-style-type: none"> • Develop export markets for PGI Welsh Lamb and PGI Welsh Beef • Develop home markets for Welsh red meat • Develop red meat brands and products to create and sustain a strong and competitive brand position • Collate and disseminate market intelligence and research at Wales, UK and global level • Support relevant programmes of R&D activities • Facilitate and encourage supply chain efficiency <p>Strategy and activity in all these areas to be communicated to HCC stakeholders and the wider public</p>						
Sustainability ambition	To sustainably produce high quality red meat which is sought in markets across the globe; focussing on the three pillars to sustainability (economic, environmental and societal) whilst providing a competitive advantage for Welsh red meat production						

The following tables highlight the key activities and indicators of success (KPIs) for HCC for the next four years (2022-2026) and provide an indicative budget for each delivery area.

Develop export markets for PGI Welsh Lamb and PGI Welsh Beef				
Priorities:				
<ul style="list-style-type: none"> • Securing market opportunities for Welsh red meat outside the EU • Developing EU trade opportunities for Welsh red meat 				
Outcomes:				
<ul style="list-style-type: none"> • Growth in the Welsh red meat share of market value • Increased trade and consumer demand for Welsh red meat products in the export market 				
Well-being Goals:				
A Prosperous Wales				
A Resilient Wales				
Activity	Target Date			
	22/23	23/24	24/25	25/26
EU markets + Switzerland				
<ul style="list-style-type: none"> • Provide support to Welsh processors in established export markets to identify new opportunities and increase volume and value of sales 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> • Provide key account support in established export market to build on existing relationships with customers 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> • Attend relevant trade events in established markets to identify new opportunities for Welsh Red Meat processors and build on relationships with existing customers 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> • Devise, develop and deliver consumer, retail, food service and wholesaler marketing campaigns in established markets to increase brand awareness and improve perception of Welsh Lamb and Welsh Beef 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
Developing markets (Hong Kong, Singapore, Canada & UAE)				
<ul style="list-style-type: none"> • Provide support to Welsh processors in developing export markets to identify new opportunities and increase volume and value of sales 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> • Identify, prioritise and participate in relevant trade events in developing markets to engage with potential new importers, retail and wholesale customers and build on relationships with existing clients 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> • Work to improve relationships that assist in the development of trade in developing markets such as government agencies and officials 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> • Devise, develop and deliver consumer, retail, food service and wholesaler marketing campaigns in developing markets to establish brand awareness and improve perception of Welsh Lamb and Welsh Beef 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4

Develop export markets for PGI Welsh Lamb and PGI Welsh Beef (continued)				
Activity	Target Date			
	22/23	23/24	24/25	25/26
New markets (Japan, Qatar, Jordan, Kuwait & Saudi Arabia) and Potential new markets <ul style="list-style-type: none"> Continue to participate in UKECP meetings and UK and Welsh Government forums to advise and keep abreast of developments and provide direction to UKECP with respect to priority/target markets to ensure efficiency Collaborate with GB levy bodies to maximise benefits from non-competitive work to deliver the highest level of value for money for Welsh levy payers Participate in trade events and development opportunities in new and potential markets to maximize the visibility of Welsh red meat in markets 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
Deliver the Enhanced Export Programme against agreed outputs and outcomes	Q1-Q4	-	-	-

Develop export markets for PGI Welsh Lamb and PGI Welsh Beef (continued)				
KPIs	Target			
	22/23	23/24	24/25	25/26
EU markets + Switzerland <ul style="list-style-type: none"> Maintain sales maintained, evidenced by volume and value data on sales to region provided by HMRC Increase consumer engagement within PGI Welsh Lamb and Welsh Beef marketing channels in established markets measured using social media analytic software 	Maintain volume/ value ≥ 4% increase	Maintain volume/ value ≥ 4% increase	Maintain volume/ value ≥ 4% increase	Maintain volume/ value ≥ 4% increase
Developing markets <ul style="list-style-type: none"> Maintain sales, evidenced by volume and value data on sales to each country provided by HMRC 	Maintain volume/ value	Maintain volume/ value	Maintain volume/ value	Maintain volume/ value
New markets <ul style="list-style-type: none"> Maintain sales, evidenced by volume and value data on sales to each country provided by HMRC 	Maintain volume/ value	Maintain volume/ value	Maintain volume/ value	Maintain volume/ value
Potential new markets <ul style="list-style-type: none"> Increase the number of new markets where trade is established 	1 new market	1 new market	1 new market	1 new market
Budget <ul style="list-style-type: none"> - EU markets + Switzerland - Developing markets - New markets & potential new markets - Enhanced Export Programme 	<u>£000</u> £ 888	<u>£000</u> £ 840	<u>£000</u> £ 840	<u>£000</u> £ 840
	<u>£000</u> £ 187	<u>£000</u> £ 140	<u>£000</u> £ 140	<u>£000</u> £ 140
	<u>£000</u> £ 62	<u>£000</u> £ 60	<u>£000</u> £ 60	<u>£000</u> £ 60
	<u>£000</u> £ 100	<u>£000</u> £ 0	<u>£000</u> £ 0	<u>£000</u> £ 0

Develop home markets for Welsh red meat				
Priorities:				
<ul style="list-style-type: none"> Optimising domestic (GB) consumption of red meat from Wales 				
Outcomes:				
<ul style="list-style-type: none"> Growth in the Welsh red meat share of market value Increased trade and consumer demand for Welsh red meat products in the domestic market 				
Well-being Goals:				
A Prosperous Wales				
A Resilient Wales				
A Healthier Wales				
A Globally responsible Wales				
Activity	Target Date			
	22/23	23/24	24/25	25/26
Retail				
<ul style="list-style-type: none"> Provide key account support in the retail sector including multiple, online and independent businesses 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> Support red meat sales through independent retailers through the delivery of a strategic programme of activity 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
Consumer				
<ul style="list-style-type: none"> Manage the undertaking of integrated campaigns for consumers 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> Identify and develop brand partnerships to bring added value to consumer facing campaigns 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> Educate/inform consumers of benefits of Welsh red meat in a healthy diet 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
Foodservice				
<ul style="list-style-type: none"> Increase volume and value of Welsh red meat procured by public bodies 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> Develop support to Welsh red meat customers in the HoReCa sector 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4

Develop home markets for Welsh red meat (continued)				
KPIs	Target			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> • Increase consumer engagement within PGI Welsh Lamb, Welsh Beef and Pork from Wales marketing channels in the UK market, measured using social media analytic software and google analytics <ul style="list-style-type: none"> - Welsh Lamb - Welsh Beef - Porc.Wales • Increase awareness of Welsh Lamb brand, evidenced by YouGov research • Increase Welsh red meat procured by public bodies in Wales. Evidenced by information provided by public body procurement services • Increase the number of multiple retailers/ food service businesses engaged in promotional activity • Increase the total number of SKUs of Welsh Lamb and Welsh Beef in multiple retail outlets • Maintain the number of members within the Butchers Club 	> 2.5% increase	> 2.5% increase	> 2.5% increase	> 2.5% increase
	>1% increase	>1% increase	>1% increase	>1% increase
	> 3% increase	> 3% increase	> 3% increase	> 3% increase
	+1 business	+1 business	+1 business	+1 business
	≥ 4% increase	≥ 4% increase	≥ 4% increase	≥ 4% increase
	≥ 125 members	≥ 125 members	≥ 125 members	≥ 125 members
Budget	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
- Retail	£ 238	£ 200	£ 200	£ 200
- Consumer	£ 956	£ 900	£ 900	£ 900
- Foodservice	£ 97	£ 70	£ 70	£ 70

Develop red meat brands and products to create and sustain a strong and competitive position				
Priorities:				
<ul style="list-style-type: none"> Positioning red meat from Wales as a premium product 				
Outcomes:				
<ul style="list-style-type: none"> Growth in the Welsh red meat share of market value Increased awareness and improved consumer perception for Welsh red meat 				
Well-being Goals:				
A Prosperous Wales				
A Resilient Wales				
Activity	Target Date			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> Sustain the number of members within the PGI Welsh Lamb and Welsh Beef scheme, and increase where possible Further develop the reputation of Welsh Lamb and Welsh Beef by exploring innovative ways to ensure integrity Work with Defra, the Welsh Government and industry stakeholders to raise awareness of the new UK GI scheme logos Explore opportunities for New Product Development (in relation to lamb) and seek collaborative funding opportunities for research and development Communicate key messages on the factors which influence the shelf-life of Welsh Lamb and continue to develop an industry blueprint for all sections of the supply chain Research halal market opportunities and encourage sales Develop resources and support education and health care professionals 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
KPIs	Target			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> Sustain the number of members within the PGI scheme Increase the shelf-life of lamb through processors in Wales Increase stakeholder awareness of HCC activity (measured through surveys) Increase the use of resources for education and health care professionals, measured by visits to resource pages 	≥ 50 members	≥ 50 members	≥ 50 members	≥ 50 members
	≥ 5% increase	≥ 5% increase	≥ 5% increase	≥ 5% increase
	> 2% increase	> 2% increase	> 2% increase	> 2% increase
	> 6% increase	> 8% increase	> 10% increase	> 15% increase
Budget	£000 £ 280	£000 £ 250	£000 £ 250	£000 £ 250

Collate and disseminate market intelligence and research at Wales, UK and global level

Priorities:

- Enhancing the competitiveness of the Welsh red meat industry
- Seeking new consumers for Welsh red meat in established global markets
- Planning in terms of future trade, production and processing through horizon scanning and market intelligence
- Demonstrating effective leadership and communication to ensure unity of purpose and proactive advocacy

Outcomes:

- Enhanced industry knowledge and understanding of markets needs and trends
- Enhanced productivity and efficiency
- Growth in the Welsh red meat share of market value

Well-being Goals:

A Prosperous Wales

A Resilient Wales

Activity	Target Date			
	22/23	23/24	24/25	25/26
• Collate and analyse Welsh, UK, EU and global market intelligence data	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
• Undertake trade and marketing research that will identify and illustrate buying patterns (trade and consumer) and potential new market opportunities	Q3	Q3	Q3	Q3
• Research findings incorporated into targeted plans and campaigns	Q4	Q4	Q4	Q4
• Communicate intelligence data, policies, consumer and retail trends and the work of HCC to levy payers, stakeholders and policy makers	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
• Represent the red meat sector in discussions and relevant WG policy forums providing valued and insightful market and trade intelligence	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
• Deliver a strategic communications programme, incorporating PR, electronic media and public affairs activity, which grows the knowledge, recognition and support for the sector among stakeholders	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
• Inform decision-makers so that they are aware of the impact of current and future public policies and trade agreements on the red meat industry	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
• Deliver a programme of communication activities to ensure the positive messages of the 'Welsh Way' and the three pillars of sustainability (economic, environmental and societal) to support the premiumisation of Welsh red meat products	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4

Collate and disseminate market intelligence and research at Wales, UK and global level (continued)

KPIs	Target			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> • Increase the understanding of micro and macro-economic factors on the red meat industry • Increase the number of individuals within the supply chain that receive updates on market and consumer trends • Increase engagement of email communications to stakeholders 	≥ 80% understanding ≥ 5% increase ≥ 70 email bulletins issued ≥ 33% open rates ≥ 4% clickthrough rates	≥ 80% understanding ≥ 5% increase ≥ 70 email bulletins issued ≥ 34% open rates ≥ 4% clickthrough rates	≥ 80% understanding ≥ 5% increase ≥ 70 email bulletins issued ≥ 35% open rates ≥ 5% clickthrough rates	≥ 80% understanding ≥ 5% increase ≥ 70 email bulletins issued ≥ 36% open rates ≥ 5% clickthrough rates
<ul style="list-style-type: none"> • Increase engagement on corporate Facebook, Twitter and Instagram accounts • Increase engagement via corporate website (visitors) • Increase media coverage of proactive press releases and articles reinforcing key messages 	5% increase 5% increase 2% increase	5% increase 5% increase 2% increase	5% increase 5% increase 2% increase	5% increase 5% increase 2% increase
Budget	£000 £ 401	£000 £ 390	£000 £ 390	£000 £ 390

Support relevant programmes of R&D activities				
Priorities:				
<ul style="list-style-type: none"> Enhancing the competitiveness of the Welsh red meat industry 				
Outcomes:				
<ul style="list-style-type: none"> Improved business management skills and industry resilience Enhanced productivity and efficiency 				
Well-being Goals:				
A Prosperous Wales				
A Resilient Wales				
A More equal Wales				
Activity	Target Date			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> Regularly communicate with research bodies to keep abreast of developments that could benefit the red meat sector Evaluate R&D priorities to ensure their relevance to current and possible future production and processing challenges Maintain a research and development portfolio relevant to the needs of Wales, and work collaboratively where possible to maximise levy expenditure Disseminate and communicate R&D activity to levy payers 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q3	Q3	Q3	Q3
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
KPIs	Target			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> Issue regular updates on R&D activity to individuals within supply chain Increase producer understanding of relevance of R&D portfolio to their businesses 	≥ 5 increase	≥ 5 increase	≥ 5 increase	≥ 5 increase
	≥ 80% understanding	≥ 80% understanding	≥ 80% understanding	≥ 80% understanding
Budget	£000 £ 142	£000 £ 126	£000 £ 126	£000 £ 126

Facilitate and encourage supply chain efficiency				
Priorities:				
<ul style="list-style-type: none"> Enhancing the competitiveness of the Welsh red meat industry Supporting the economy, natural environment and society through sustainable red meat production and processing in Wales 				
Outcomes:				
<ul style="list-style-type: none"> Improved business management skills and industry resilience Improved animal health, welfare and disease prevention Improved supply, transparency and consistency of product and enhanced supply chain linkages Increased uptake of techniques which support climate change targets and minimise greenhouse gas emissions Enhanced productivity and efficiency 				
Well-being Goals:				
A Prosperous Wales				
A Resilient Wales				
A Wales of cohesive communities				
A Wales of vibrant culture and thriving Welsh language				
Activity	Target Date			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> Provide information to help producers to improve technical efficiency through genetic improvement, improved flock and herd health and welfare and better utilisation of grass/ forage 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> Provide information to help red meat sector mitigate against climate change 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> Cultivate relationship with Farming Connect to influence and provide a strategic steer in delivery of the annual programme 	Q1-Q4	Q1	-	-
<ul style="list-style-type: none"> Deliver Livestock Selection training (lamb and beef) and monitor impact to improve producer understanding of market requirements 	Q2-Q4	Q2-Q4	Q2-Q4	Q2-Q4
<ul style="list-style-type: none"> Develop and deliver technical information to improve processor knowledge and opportunities for cost-reduction through increased carcass utilisation and waste reduction 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4
<ul style="list-style-type: none"> Work to substantiate the brand position of Welsh Lamb and Welsh Beef, working with industry stakeholders and using evidence from the Welsh Way 	Q1-Q4	Q1-Q4	Q1-Q4	Q1-Q4

Facilitate and encourage supply chain efficiency (continued)				
Activity	Target Date			
	22/23	23/24	24/25	25/26
Deliver the Red Meat Development Programme against agreed outputs and outcomes <ul style="list-style-type: none"> • Flock and herd health planning • Hill ram genetics • Lamb meat eating quality 	Q1-Q4	Q1	-	-
KPIs	Target			
	22/23	23/24	24/25	25/26
<ul style="list-style-type: none"> • Increase the level of understanding of market requirements and livestock selection following attendance at events • Reduce waste produced by Welsh red meat processors • Increased the level of understanding within the red meat industry of genetic improvement, flock and herd health and welfare, better utilisation of grass/ forage and GHG lowering mechanisms following attendance at events 	≥ 80% understanding ≥ 2% reduction ≥ 80% understanding	≥ 80% understanding ≥ 2% reduction ≥ 80% understanding	≥ 80% understanding ≥ 2% reduction ≥ 80% understanding	≥ 80% understanding ≥ 2% reduction ≥ 80% understanding
Budget <ul style="list-style-type: none"> - Supply chain efficiency - RDP Red Meat Development Programme 	<u>£000</u> £ 84 £ 2,623	<u>£000</u> £ 75 £ 842	<u>£000</u> £ 75 £ 0	<u>£000</u> £ 75 £ 0

Finance

Income

HCC's core funding is from Welsh Red Meat Levy, However HCC is also in receipt of external funding.

Welsh Red Meat Levy Funding

HCC's core funding is from Welsh Red Meat Levy which is jointly paid by producers and slaughterers/exporters, raised on all cattle, sheep and pigs slaughtered in Wales (which are fit for human consumption) or exported live.

Since April 2012 the Welsh Ministers have been responsible for setting and raising Welsh Red Meat Levy. Through a Delegation Agreement, HCC collect the levy from sheep, beef and pigs at the point of slaughter in Wales and undertake the statutory functions in relation to the Welsh red meat industry.

Following the passing of the Agriculture Bill in 2020, since April 2021 HCC are also in receipt of repatriated levy (levy that is calculated on livestock born and reared in Wales that is slaughtered in England or Scotland).

Statutory levy has existed in the red meat sector for a number of years to fund activities to assist with the development of this sector, notably work that would not be done under normal market conditions. This results from the fact that producers in these sectors, and in many cases processors too, are too small to be able to resource such areas of work themselves.

The Chief Executive of HCC, being the Accounting Officer, is personally responsible for ensuring levy is spent appropriately.

External Funding and Resources

Enhanced Export Programme (Welsh Government)

The Welsh Government has approved funds for 22-23 to assist with marketing of Welsh red meat in the USA and Middle East.

Red Meat Development Programme (European Agricultural Fund for Rural Development and the Welsh Government)

This five-year programme commenced in July 2018 and aims to improve efficiency and profitability in the Welsh red meat supply chain. The Programme consists of three projects which focus on flock and herd health planning, hill ram genetics and lamb meat eating quality. These three elements will help the red meat industry to efficiently produce high quality products that will grow market share at home and abroad, as the future trading landscape continues to evolve.

Other

HCC will also work collaboratively with other GB levy bodies and relevant organisations in order to seek funding and establish projects.

Expenditure

The structure of the Income and Expenditure account reflects the nature of the activity undertaken – Annex 1 graphically shows the split for the four years outlined in this plan.

Summary Income and Expenditure

	Budget 12 months to Mar 23 £000	Budget 12 months to Mar 24 £000	Budget 12 months to Mar 25 £000	Budget 12 months to Mar 26 £000
INCOME				
Levy				
Cattle Gross	885	900	900	900
Sheep Gross	2,078	2,100	2,100	2,100
Pigs Gross	37	40	40	40
	3,000	3,040	3,040	3,040
Levy Repatriation				
Cattle Gross	484	500	500	500
Sheep Gross	615	600	600	600
Pigs Gross	29	30	30	30
	1,128	1,130	1,130	1,130
TOTAL GROSS LEVY	4,128	4,170	4,170	4,170
RDP Red Meat Development Programme	2,623	842	0	0
WG Export Enhancement	100	0	0	0
	2,723	842	0	0
Other Income	89	20	20	20
TOTAL INCOME	6,940	5,032	4,190	4,190
EXPENDITURE				
Export				
- EU markets + Switzerland	888	840	840	840
- Developing markets	187	140	140	140
- New markets & potential new markets	62	60	60	60
- WG Export Enhancement	100	0	0	0
Home				
- Retail	238	220	220	210
- Consumer	956	900	894	879
- Foodservice	97	70	70	70
Development of brands	280	250	250	250
Market intelligence	401	390	390	390
Research & Development	142	126	126	126
RDP Funded Programmes	2,623	842	0	0
Supply chain efficiency	84	75	75	75
Corporate costs	962	1,119	1,125	1,150
TOTAL EXPENDITURE	7,020	5,032	4,190	4,190
Surplus/(Deficit)	(80)	0	0	0

Monitoring and Evaluation

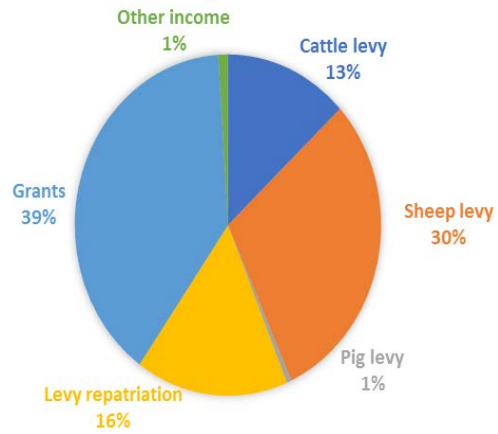
As part of the fulfilment of its objectives, HCC has an established monitoring framework which:

- Allows HCC to measure progress in meeting its objectives;
- Provides valuable management information to the management team and Board of HCC;
- Allows HCC to communicate its performance to external stakeholders on an ongoing basis; and
- Provides a basis for evaluation at an appropriate time.

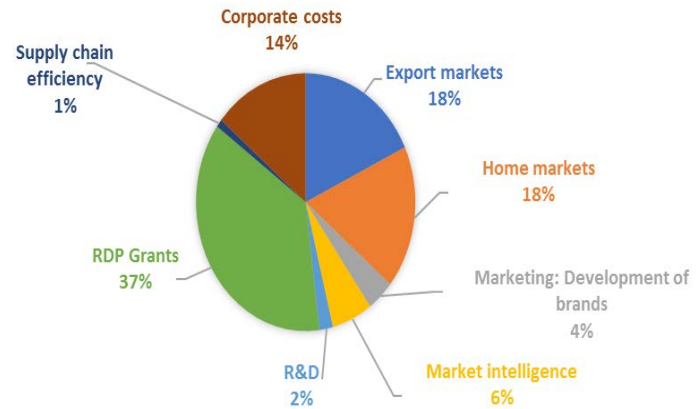
The monitoring framework extracts the actions and measurements from within the Operational Plan and monitors the performance against these targets throughout the year.

Annex 1 – Graphical Presentation of Financial Summary

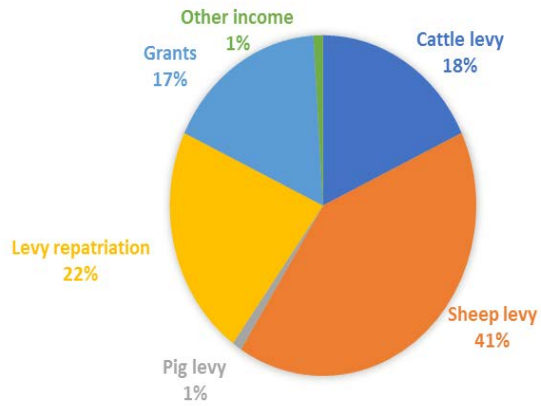
BUDGETED INCOME 2022/2023



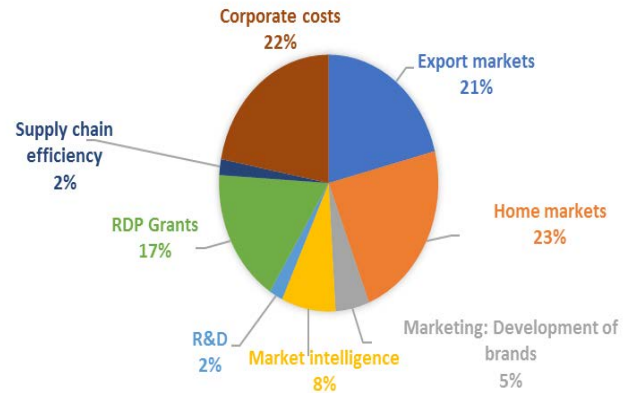
BUDGETED EXPENDITURE 2022/2023



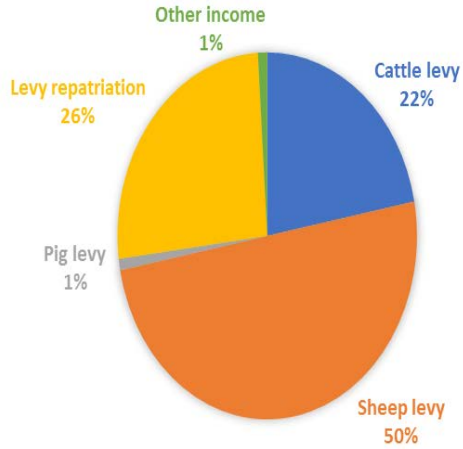
BUDGETED INCOME 2023/2024



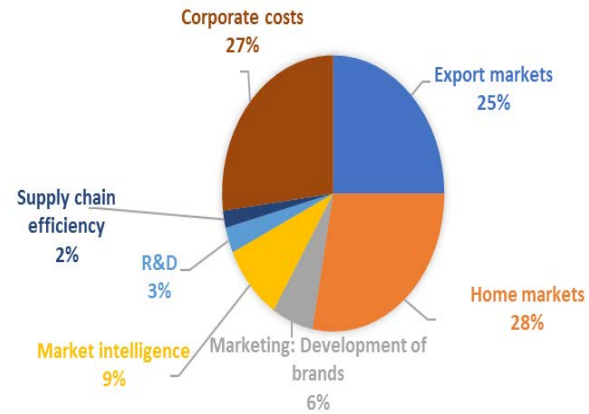
BUDGETED EXPENDITURE 2023/2024



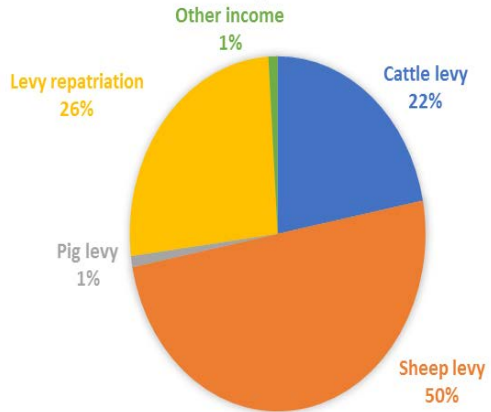
BUDGETED INCOME 2024/2025



BUDGETED EXPENDITURE 2024/2025



BUDGETED INCOME 2025/2026



BUDGETED EXPENDITURE 2025/2026

