



Evidence paper for Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs for Scrutiny on Hybu Cig Cymru at Economy, Trade and Rural Affairs Committee

07/05/2025

Information provided to aid the Committee in advance of the Deputy First Minister's attendance for Scrutiny on Hybu Cig Cymru on 7 May.

Contents

1. Introduction.....	3
2. Evidence in relation to the Terms of Reference.....	4

1. Introduction

- Hybu Cig Cymru – Meat Promotion Wales (HCC) is a private company limited by guarantee and is wholly owned by the Welsh Ministers. It is subject to the companies and other relevant legislation, and the UK Corporate Governance Code.
- HCC was formed to improve the competitive position of the meat and livestock industries in relation to Wales and to give leadership to, and provide co-ordination of, the meat and livestock industries in relation of Wales. The Red Meat Industry (Wales) Measure 2010 (the “**Measure**”) provides the Welsh Ministers with red meat levy imposition, collection and promotion functions. These Welsh Minister functions have been delegated to HCC pursuant to section 7 of the Measure. As a public body, HCC acts as a delivery agent for Welsh Ministers and its role is to fulfil its responsibilities set within the context of the Welsh Government’s strategic aims. This sets out the objectives of the red meat levy as:
 - Increasing efficiency or productivity in the red meat industry;
 - Improving marketing in the industry;
 - Improving or developing services that the industry provides or could provide to the community; and
 - Improving the ways in which the industry contributes to sustainable development.
- The primary source of funding for HCC is the Welsh Red Meat Levy. As these levy funds are effectively a form of tax on the industry, they are subject to general and specific controls on public spending set by HM Treasury and the Welsh Government. The Levy is a charge payable by producers and processors/ exporters on every animal that enters the red meat food chain.

2. Evidence in relation to the Terms of Reference

1. The relationship between HCC and the Welsh Government, including whether the Welsh Government should have more oversight.

- HCC and the Welsh Government have a clear understanding of their remits and responsibilities through the Delegation Agreement and the Framework Agreement which provides robust oversight and are committed to promoting, developing, and marketing Welsh red meat in Wales.

Delegation Agreement

- Welsh Ministers have exercised their power and delegated functions under the Measure to HCC through a delegation agreement, made between the Welsh Ministers and HCC (“the Delegation Agreement”). Through the Delegation Agreement, HCC collects the levy at the point of slaughter in Wales or export and undertakes the Welsh Ministers’ statutory functions under the Measure in relation to the Welsh red meat industry. HCC delivers its services on behalf of the Welsh Ministers within the context of the Welsh Government’s Programme for Government and subject to the directions and instructions of the Welsh Ministers.

Framework Agreement

- The Welsh Government Framework document was drawn up in March 2017 in consultation with HCC ([Meat Promotion Wales: framework document | GOV.WALES](#)). The document sets out the broad framework within which the HCC operates, details the terms and conditions under which the Welsh Ministers may provide resources to HCC, and defines the roles and responsibilities of the Welsh Ministers and HCC as well as the relationship between them. HCC’s articles of association govern the day-to-day management of HCC. Within the framework are the Operational and Business Plans:
 - *Operational Plans* – an annual operational plan setting out the level of service to be achieved in key areas and the performance and output information shall be collected to monitor progress.
 - *Business Plans* – developed within the policy framework set by the Welsh Government to cover the period of the strategic agenda. Business plans will be rolled forward year on year in consultation with the sponsor team as they develop their own plans.

- All public bodies, including Welsh Government-owned companies, are expected to review their Framework Agreement at least once in each term of government. Welsh Government and HCC are currently working together on a revised and updated Framework Agreement.

Ministerial Responsibilities

- The Deputy First Minister's responsibilities include:
 - Appointing Board Directors.
 - Appointing the Chairperson.
 - Keeping HCC informed of Welsh Government activities within the areas to which HCC has been delegated statutory functions (as set out in the Measure); and
 - Agreeing HCC's strategic objectives and aims and key targets.

Accountabilities & Responsibilities of the Principal Accounting Officer

- The Principal Accounting Officer (PAO) for the Welsh Ministers is the Permanent Secretary to the Welsh Government. The Principal Accounting Officer (the PAO) has responsibilities specified by HM Treasury and is accountable to the Senedd (through the Senedd's Public Accounts and Public Administration Committee) and to the UK Parliament (through the House of Commons Committee on Public Accounts) for:
 - the regularity and propriety of the Welsh Government's finances;
 - the keeping of proper accounts of the Welsh Ministers; and
 - the effective and efficient use of resources voted to HCC under the Senedd Annual Budget Motion.
- The PAO is also responsible for ensuring the financial and other management controls applied across the Welsh Government are appropriate and sufficient to safeguard public funds.

Accountabilities & Responsibilities of the Additional Accounting Officer

- The Principal Accounting Officer for the Welsh Ministers is assisted in their duties by the Director General for Local Government, Housing, Climate Change and Rural Affairs (LGH&CCRA), who they have designated as the Additional Accounting Officer ("AAO") and to whom they have delegated responsibility for the Division within which the HCC partnership team sit.
- The AAO has designated the newly appointed CEO as the Accounting Officer to HCC. As Accounting Officer, the Chief Executive is personally responsible for the proper stewardship of the public funds for which they

have responsibility; for the day-to-day operations and management of HCC; and for ensuring compliance with the requirements of “*Managing Welsh Public Money.*”

Partnership Team

- Day-to-day management of relations between the Welsh Government and HCC is undertaken by the partnership team within the Rural Affairs Directorate of Welsh Government. Specific responsibilities include:
 - Monitor and review HCC’s performance against targets, reporting to Ministers and Senedd Committees as appropriate;
 - Monitor HCC’s financial position and performance against plans through regular meetings;
 - Reporting to Ministers and appropriate Senedd Committees on financial performance;
 - Undertaking the Chair’s performance appraisals.

Public Bodies Leadership and Governance Team

- The Public Bodies Leadership and Governance is charged with ensuring that all Welsh Government public bodies within its remit (including Welsh Government-owned companies) are subject to the relevant controls and given appropriate freedoms to manage their responsibilities, including agreed levels of financial delegation to public bodies to ensure both freedom of action for the body and appropriate assurances of control for the Welsh Government.
- We have collaborated with the Leadership and Governance Team to revisit our partnership arrangements and confirm they are appropriate.

HCC/Welsh Government Relationship

- The Deputy First Minister meets with the Chair, the Board and the CEO regularly and as required. Officials are in regular contact with HCC, including regular meetings between the Director of Rural Affairs and the Chair and CEO.
- To ensure robust governance on the HCC board, current board members have a wide range of skills and experience i.e. governance, marketing, finance, research, animal health and welfare, both in the private and commercial sectors. Five of the board members are also levy payers.
- HCC is a member of the Welsh Government’s Sustainable Farming Scheme Ministerial Roundtable, Carbon Sequestration Panel and the

Official's Group.

2. **HCC's performance in delivering against its current priorities. The appropriateness of HCC's purpose, priorities and activities, and whether they should be revised.**

- Welsh Government continues to support HCC in ensuring the organisation continues to deliver its important work for the red meat sector in Wales.
- Welsh Government regularly monitors HCC's key performance indicators against delivery through the quarterly Governance meetings. These meetings provide a formal opportunity to share information and ensure the work of HCC is monitored and undertaken effectively to enable HCC to be resolutely focused on delivering value for money to levy payers and promoting our red meat industry.

Vision 2026

- The current Vision and Strategic Direction for the Welsh Red Meat Sector comes to an end in 2025. HCC are commencing the development of a new vision in readiness for 2026 through to 2030. HCC have begun initial industry engagement with levy payers and stakeholders which will continue more formally through the Royal Welsh Show and Winter Fair and presence at Christmas livestock markets and other stakeholder events. Welsh Government will support HCC in development of the Vision and ensure it is aligned to Welsh Government objectives.

3. **The relationship between HCC and the farming and meat processing/exporting sector, including whether HCC is delivering value for money to levy payers.**

Stakeholder Engagement

- The HCC Board is responsible for ensuring strategies are developed for meeting the HCC's objectives in conjunction with the Welsh Ministers, and other relevant stakeholders, for example employees, customers and funding providers. For instance (and this list is not exhaustive):
- HCC's yearly conference provides engagement with stakeholders and industry. The conference invites key notes speakers to attend and host a Q & A session with board members to provide an opportunity for levy payers to query all aspects of HCC's activities. Welsh Government officials also attend the conference.
- HCC has yearly presence at the Royal Welsh Show and the Winter Fair.

- HCC also provides regular industry updates on its web platform as well as social media channels.
- HCC attend quarterly meetings with the levy boards from the other UK nations.
- HCC supports a range of health and education development activity including exhibits to health professionals, teaching professionals and presence at the National Education Show in 2024-25.
- HCC also has presence in international export trade shows to highlight Welsh Lamb and Welsh Beef and facilitate the establishment of new customers in existing and new markets as well as strengthening existing ones.

Value for Money

- HCC must prepare an Annual Report and Accounts, including a Governance Statement, in accordance with, the Government Financial Report Manual and the Companies Act 2006.
- The annual financial statements for 2023/2024 were approved by the Deputy First Minister and laid in the Senedd and were unqualified accounts.
- The Annual Report and Accounts confirm that, despite the uncertainties experienced during the reporting period, there is no indication that the important work HCC is delivering for the red meat sector in Wales has been negatively impacted.

4. Whether HCC is the most effective vehicle for developing, promoting and marketing red meat from Wales, and whether a red meat levy is the most effective means of funding this activity.

- HCC undertakes research and development, shares information and supports training relevant to each part of the supply chain, 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 across the whole of our industry.
- 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. The PGI status provides a guarantee of provenance and a mark of quality.
- We recognise the challenging financial situation for HCC due to a number of factors including a reduction in the red meat levy income and

look forward to working with them as they develop their priorities through the Vision 2026 and build on its reputation of promoting the red meat sector.

- Welsh Government believes that the current structure and governance arrangements relating to powers Welsh ministers have delegated to HCC are appropriate and effective. Welsh Government expects that HCC will continue to play a central role in working with Welsh Government and stakeholders in delivering a sustainable future for farmers across the breadth of Wales.