

# 2017-2018 Annual Report of Twenty Twenty Vision: Strategic Action Plan for the Welsh Red Meat Industry



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Llywodraeth Cymru  
Welsh Government



## **1. Overview**

The 2020 Vision is the current Strategic Action Plan for the Welsh Red Meat Industry. The Action Plan was produced in 2015 by Hybu Cig Cymru – Meat Promotion Wales (HCC) following an extensive consultation exercise with all links in the red meat supply chain as well as the Welsh Government. Its high level vision is to 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 is capable of responding competitively to ever changing market trends. The Action Plan was devised to reflect the future requirements, aspirations and targets that the Welsh red meat industry should seek to achieve by 2020. It considers the Programme for Welsh Government and the contribution that the Welsh red meat sector can make towards the action plan for the Welsh Food and Drink Industry. The action plan also supports the commitment to the principles of the Wales Animal Health and Welfare Framework with respect to healthy and productive farmed livestock, the priorities for reducing greenhouse gas emissions through improved production efficiency and takes into account the Food Standard Agency's Strategic Plan 2015-2020.

Full engagement with all stakeholders across the supply chain will continue to be required in order to ensure and demonstrate a particular focus on achieving a coordinated approach to delivery of all activities. The Strategic Red Meat Action Plan Monitoring Committee is responsible for the monitoring and evaluation of the Action Plan for the remainder of its term. This Monitoring Committee reports to Welsh Ministers and includes representatives of the Welsh Government, the HCC Board and the Welsh red meat industry. Evidence of achievements and outcomes against the actions within the Action Plan are supplied by all parties in the Welsh red meat supply chain on an annual basis.

This report gives an overview of the performance of the Welsh Red Meat Industry over the financial year 2017/2018 and possible areas for focus and further improvement over the next financial year.

## Desired outcomes by 2020

Through a combination of interventions and close working between all partners, the Welsh red meat industry aims to be a profitable, efficient, sustainable and innovative industry by 2020 which benefits to people of Wales and is committed to safeguarding high quality supply.

It should be a red meat industry which is resilient to political and environmental change and capable of responding competitively to ever changing market trends.

Implementation of the Action Plan is to be funded from a number of sources including the Welsh Government, the Rural Development Programme 2014-2020, Welsh Red Meat Levy and from the industry itself.

The Strategic Action Plan identifies two strategic priorities and their associated objectives and outcomes, which combined work towards the overall vision. See Figure 4.

It seeks to be ambitious, yet realistic and as such specific financial targets for 2020 have been included for the first time, in order to provide a clear and focussed measure of success.

It also acknowledges that circumstances could arise which may have a significant impact on the ability/extent to which the red meat industry may achieve these goals.

The aspiration is that by 2020, the Welsh red meat industry will have achieved the following:

**Increased sales revenue (income at point of sale) from Welsh red meat by at least 34 per cent, to £776 million.**

**Improved on-farm output from the Welsh red meat sector by at least 7 per cent to £31.5 million.**

The Welsh red meat industry can also play a key role in the Welsh Government targets for 2020 of growth in sales in the food and drink sector by 30 per cent to £7 billion.<sup>65</sup>

**By 2020 the Welsh red meat industry's contribution to Welsh food and farming sector turnover will have increased by at least 14 per cent, to £6.5 billion.**

## 2. Background

In Wales, there are 14,023 sheep holdings (4.6 million breeding ewes); 7,435 beef cattle holdings (168,000 beef cows) and 1,369 pig holdings (4,000 breeding pigs) of which 80% are located in the uplands.<sup>1</sup> Over 80% of the agricultural area in Wales is classified as Less Favoured Area (LFA). These are areas of mountain, moor, heath and high ground above the upper limits of enclosed farmland. Within the LFA 84% of the holdings are cattle and sheep holdings, the predominant enterprise being sheep rearing with 92% of the sheep breeding flock situated within the Less Favoured Area (74.3% of which is within Severely Disadvantaged Areas).<sup>2</sup> The land within LFA and SDAs is generally only suitable for extensive livestock production. Grazing by sheep and cattle is an effective and efficient means to produce protein for human consumption from disadvantaged areas

Welsh red meat production is worth an estimated £648 million in total with nineteen Welsh operational red meat abattoirs contributing approximately £460 million per annum to the Welsh economy and directly supporting an agricultural workforce of 58,300.

32% of food manufacturers in Wales are red meat businesses and through the traceability of red meat production and the advertisement of Protected Geographical Indication (PGI) Welsh Lamb and PGI Welsh Beef, red meat is able to contribute to Welsh 'food tourism', promoting a high quality, distinctive, local and sustainable food experience linked to a particular place.

The top Welsh Food & Drink Exports for 2017 were "Meat and meat products" worth 27.8% of value and 19.9%<sup>3</sup> of volume all Welsh Food & Drink Exports. In 2017, approximately 31,000 tonnes of sheep meat and 14,500 tonnes of beef (fresh/frozen) of Welsh origin was exported from the UK, which alongside exports of offal were estimated to be worth £200 million.<sup>4</sup>

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<sup>1</sup> HCC (2018) *Little Book of Red Meat Facts* HCC

<sup>2</sup> HCC (2015) *Twenty Twenty Vision* HCC

<sup>3</sup> Food and Drink Wales (2018) *Agriculture in Wales, Labour Market Review and Future Requirements 2017-2025 - Executive Report*

<sup>4</sup> HCC (2018), using HMRC data.

### 3. Delivery

The Red Meat Action Plan sets out a number of high level strategic priorities and objectives. The summary below highlights key activity that has been undertaken by various stakeholders across the industry, over the reporting period 2017/18, with relation to the objectives and key actions set out in the action plan.

#### **Strategic Objective 1: Increase sales revenue from Welsh red meat**

Targeted activity to:

#### **Strategic Objective 1: Increase sales revenue from Welsh red meat**

Strategic Actions	Delivery (2017-2018)	Outcome
Undertake market research to identify and profile high value markets in order to prioritise efforts and tailor activities appropriately	<ul style="list-style-type: none"> <li>o HCC has undertaken marketing research and communications to identify and understand trade and consumer buying patterns and identify potential new market opportunities including a market 'survey' in Belgium and Luxembourg to identify potential new customers for Welsh Lamb.</li> </ul>	Growth in the Welsh red meat share of market value
Review and develop the red meat brands to create and sustain a strong and relevant competitive brand position in high value [global] markets	<ul style="list-style-type: none"> <li>o Welsh Government has utilised Cymru / Wales branding on stands for all Export trade events carried out including:               <ul style="list-style-type: none"> <li>• FHA, Singapore: 24-27 April 2018</li> <li>• SIAL Canada, Montreal: 2-4 May 2018</li> </ul> </li> <li>o Welsh Government has initiated the development of up to date trade facing export materials.</li> <li>o PGI Welsh Lamb and PGI Welsh Beef scheme membership has been sustained and developed by HCC to help secure ongoing Protected Food Name status (or equivalent) post-Brexit.               <ul style="list-style-type: none"> <li>• Currently 62 members (abattoirs and cutting plants) in the PGI Verification scheme</li> <li>• PGI Manufacturers Scheme membership maintained by HCC and 3 new products developed using Welsh Lamb and Welsh Beef</li> </ul> </li> </ul>	

Strategic Actions	Delivery (2017-2018)	Outcome
<p>Open up new domestic and export markets and further develop existing markets for Welsh red meat</p>	<ul style="list-style-type: none"> <li>o HCC awarded the £1.5 million Enhanced Export Development Programme.</li> <li>o HCC participated in trade missions and fact finding missions to Hofex, Hong Kong .</li> <li>o HCC participated in a trade mission to USA.</li> <li>o HCC participated in trade mission to Qatar.</li> <li>o HCC attended 2 key European Shows (Tutto Food, Italy and Anuga, Germany) alongside Welsh red meat exporters and supported importers presence in other worldwide target markets (Gulfood, UAE and Hofex, Hong Kong)</li> <li>o HCC have worked with agents in key markets to identify and target potential wholesale, foodservice and retail customers for Welsh red meat.</li> <li>o HCC has supported 2 Welsh red meat exporters and their customers at SIAL Canada, Toronto, to promote PGI Welsh Lamb and find potential new customers in retail and food service sector.</li> <li>o HCC attended Tutto Food, Italy to identify new customers in retail and food service.</li> <li>o HCC has facilitated an Italian consumer press Inward Mission, on farm visit and butchery demonstration for 5 journalists.</li> <li>o HCC has supported the launch of Welsh Lamb into 2 retail chains in Ontario.</li> <li>o HCC supported in-store tasting at an independent retail and chefs table event in Vancouver.</li> <li>o Farming Connect (FC) has supported a European Innovation Partnership project with the Cambrian Mountains Group to develop and expand their short supply chain for beef looking at training and advice to improve knowledge and understanding of the markets they are targeting.</li> <li>o Farming Connect's Management Exchange programme is supporting ambitious individuals in learning about new and improved ways of working in the farming or forestry sectors. The Farming Connect Exchange programme supports individuals in undertaking a visit to other farm situations within the European Union (EU) and/or host a suitably trained and experienced farm manager to visit the holding; whilst disseminating findings from the learning experience with the wider industry through Farming Connect</li> </ul>	<p>Growth in the Welsh red meat share of market value</p>
<p>Create a measurable point of difference for Welsh red meat that does not rely on provenance alone (specifically considering product quality and eating quality)</p>	<p>HCC is identifying and qualifying additional attributes of red meat from Wales based on factors such as meat eating quality and environmental credentials</p>	

Strategic Actions	Delivery (2017-2018)	Outcome
Develop trade marketing programmes that will protect Welsh red meat interests and maintain or grow shelf space allocated to Welsh red meat in retail and food service suppliers	<ul style="list-style-type: none"> <li>o HCC has carried out activity with retail, wholesale and foodservice customers to promote Welsh red meat and sustain levels of Welsh red meat listings</li> <li>o 9.6% of UK retail fixture space maintained in 2017/18</li> <li>o HCC has assisted with the increase in number of listings of Welsh red meat by foodservice wholesalers in priority export markets including Welsh Lamb listed in premium range of German foodservice supplier and 3 additional lines of Welsh Lamb cuts in Hong Kong foodservice supplier.</li> <li>o HCC has delivered a recruitment and retention programme for Porc.Wales</li> </ul>	Increased trade and consumer demand for Welsh red meat products in both the domestic and export markets
Develop mechanisms to increase the volume of branded Welsh red meat available in order to achieve retail premium in retail and foodservice	<ul style="list-style-type: none"> <li>o Welsh Government has provided support for Small Medium Enterprises (SME) RDP 2014-2020 schemes to improve performance and competitiveness, to respond to consumer demand, to encourage diversification, to identify, exploit and service new emerging and existing markets.</li> <li>o Welsh Government has awarded funding awarded total grants of £1,490,457 under Food Business Investment Scheme (FBIS), awarded to 4 businesses in the red meat sector, total grants of £22,148 under Rural Business Investment Scheme (RBISF), awarded to 2 businesses in the red meat sector.</li> <li>o HCC delivered a recruitment and retention programme for the Welsh Lamb Butchers Club and it now has 217 members.</li> <li>o HCC delivered a retention programme for Welsh Lamb Club - 53 members retained</li> </ul>	
Develop new red meat products in line with current and emerging global market demands:	<ul style="list-style-type: none"> <li>o FC, through Agrisgôp, has supported a group of young farming entrepreneurs who have pooled their resources to open a new burger restaurant in Aberystwyth which will serve locally supplied beef and lamb burgers.</li> <li>o Another Agrisgôp group of Shorthorn Beef producers are exploring ways to improve their profit and return on their herds. Members of this group will be working towards establishing a successful way to raise the profile of Shorthorn Beef cattle and look at possible routes to market to uplift their income. Looking at having stock slaughtered and cut locally and sold to local customers who are looking for a quality product from a sustainable source with low carbon footprint and high animal welfare.</li> <li>o HCC has worked with the Food Innovation Centres and other organisations to identify opportunities and develop collaborative proposals to support new product development for lamb to enhance carcass balance, provide new marketing opportunities and add value to low cost cuts, including those opportunities aimed at improving the nutritional composition of meat and/meat derived products, including facilitating a workshop on valorisation of animal by-products</li> </ul>	

Strategic Actions	Delivery (2017-2018)	Outcome
Establish import substitution programmes to make Welsh red meat more attractive to UK supply chains (including mechanisms to support public procurement opportunities)	<ul style="list-style-type: none"> <li>o HCC continued collaboration with National Procurement Service (NPS) and key public sector influencers to make Welsh red meat more attractive to UK supply chains</li> <li>o HCC continued to support food service companies focusing on supply into Local Authority purchasers and other public procurement bodies through targeted key account support work.</li> </ul>	Increased trade and consumer demand for Welsh red meat products in both the domestic and export markets
Develop relationships that will allow better access to high value markets which currently have no access, or restricted access	<ul style="list-style-type: none"> <li>o Farming Connect exchange programme offers the opportunity for primary producers to develop relationships with potential high value markets and to stimulate demand for Welsh red meat brands.</li> <li>o In 2017-2018 3 red meat producers completed their Management Exchange.</li> <li>o Welsh Government has assisted with the penetration of MENA (Middle East and North Africa) markets, under the Enhanced Export Development Programme, so that three Welsh processors are now the only UK based plants to be authorised to export to Gulf Cooperation Countries (GCC) countries:</li> <li>o Accreditation for Welsh Lamb obtained through a Halal Certification body.</li> <li>o Trade resumed with UAE and requirements for access to Qatar, Kuwait and KSA in place.</li> <li>o KSA access being further developed with in-market contacts, UK Export Certification Programme (UKECP) and Animal and Plant Health Agency (APHA).</li> <li>o HCC maintained active participation in UKECP meetings, UK forums and WG forums and provided direction to Export Certification Ltd. with respect to priority/target markets for Welsh Lamb and Welsh Beef</li> </ul>	
Identify markets that can offer best prices for different parts of the animal and operate a portfolio approach	<ul style="list-style-type: none"> <li>o HCC undertook trade and marketing research to identify potential new market opportunities - research findings have been passed onto relevant processors in Welsh red meat industry.</li> <li>o HCC has undertaken bespoke activities to develop suitable product listings for different markets with relevant processors</li> </ul>	
Exploit opportunities to enhance the shelf life of Welsh red meat to assist the industry in increasing competitiveness and reducing waste	HCC developed and submitted an application for RDP funding to undertake activity on 'Shelf-life'	



Strategic Actions	Delivery (2017-2018)	Outcome
Further develop the existing red meat brands to ensure that they have global relevance and appeal to consumers and the red meat trade on a worldwide basis	<ul style="list-style-type: none"> <li>o The FC Agri Academy Business &amp; Innovation group visited Switzerland in October 2017 and visited their country's leading meat importer, GVFI. Each member presented their "story" as beef/sheep farmers and promoted the value of Welsh lamb and beef as a premium product.</li> <li>o Gulfood 2018 trade show attended by HCC to raise awareness of PGI Welsh lamb and PGI Welsh beef, resulting in leads with M&amp;S in the Middle East.</li> <li>o HCC sustained promotion of Welsh red meat through retail marketing, advertising and PR, provision of point of sale materials, maintenance and development of consumer and trade websites.</li> <li>o Sales and consumer awareness of PGI Welsh Lamb and PGI Welsh Beef maintained in domestic (UK) markets</li> <li>o Sales and consumer awareness of PGI Welsh Lamb and PGI Welsh Beef maintained or increased in existing EU markets               <ul style="list-style-type: none"> <li>- Germany: maintained at 4%</li> <li>- Italy: increased to 8%</li> <li>- Sweden: increased to 5%</li> <li>- Denmark: increased to 3%</li> </ul> </li> </ul>	Increased awareness and improved consumer perception of Welsh red meat
Communicate and promote the red meat brands to stimulate demand for Welsh red meat brands	HCC sustained promotion of Welsh red meat through retail marketing, advertising and PR, provision of point of sale materials, maintenance and development of consumer and trade websites.	
Educate/inform consumers about the benefits of Welsh red meat as part of a balanced, healthy diet	<ul style="list-style-type: none"> <li>o The Wales Women in Agriculture Forum's key note speakers were Dr Carrie Ruxton and Professor Robert Pickard who shared evidence of the benefits of red meat in a healthy balanced diet.</li> <li>o HCC networked with key influencers in the health and education sector to disseminate information regarding red meat in a healthy diet and included health and versatility messages in consumer communications.</li> <li>o HCC attended 'Nursing In Practice' - 200 nurses visited HCC stand</li> <li>o HCC has attended an Education conference</li> <li>o HCC has produced and mailed new education posters to all secondary schools in Wales</li> <li>o HCC included Health and Education assets and content in consumer communications including an article on 'Protein Outdoor Fitness'</li> </ul>	

Strategic Actions	Delivery (2017-2018)	Outcome
Inform/educate consumers about the versatility, convenience and cost effectiveness of Welsh red meat	<ul style="list-style-type: none"> <li>o HCC promotions included messages on the versatility, convenience and cost effectiveness of Welsh red meat.</li> </ul>	Increased awareness and improved consumer perception of Welsh red meat
Consider mechanisms to enhance country of origin labelling	<ul style="list-style-type: none"> <li>o Wales now has a total of 15 registered food and drink PFNs, with 4 of these within the red meat sector (PGI Welsh Lamb, PGI Welsh Beef, Carmarthen Ham PGI, Traditionally Reared Pedigree Welsh Pork TSE)</li> <li>o A further PFN for Cambrian Mountain Lamb has been submitted</li> </ul>	
<p>Develop marketing programmes that will stimulate interest and demand from new consumer segments</p> <p>Develop marketing programmes that will stimulate interest and demand from new consumer segments</p>	<ul style="list-style-type: none"> <li>o HCC's marketing activity focussed on 2 main groups. Existing customers over the age of 45 with the aim of inspiring them to purchase different cuts and purchase more frequently, and the under 45 age group who were less likely to purchase and consume lamb, aimed at getting them to substitute in lamb for another protein which they commonly used</li> </ul>	Increased consumption of Welsh red meat
Develop an understanding of specific communities' needs	<ul style="list-style-type: none"> <li>o Welsh Government and the FSA in Wales continued to work with an industry led consortium to deliver the evidence that demonstrates a safe and hygienic method of production for smoked skin on sheep meat with no increased risk to public health, in order to explore the possible legitimising of this currently illegal trade. This aims to meet the demand for smoked skin on sheep meat which particularly appeals to ethnic groups in the UK and beyond.</li> </ul>	

## **Strategic Objective 2: Increase on-farm output from the Welsh red meat sector**

Targeted activity to:

Strategic Objective 2: Increase on-farm output from the Welsh red meat sector

Strategic Actions	Delivery	Outcomes
Collate and disseminate market intelligence at Wales, UK and global level to provide the industry with the knowledge to better inform decision making	<ul style="list-style-type: none"> <li>o Welsh Government has undertaken a consultation on mandatory sheep carcass classification and has updated current legislation on beef and pig carcass classification and price reporting to improve transparency.</li> <li>o HCC produced and disseminated horizon scanning reports and up to date market bulletins to the Welsh red meat industry including the Little Book of Meat Facts 2017.</li> <li>o HCC's corporate website contains timely and relevant technical information, including updated market prices</li> </ul>	Enhanced industry knowledge and understanding of market needs and trends
Inform/educate producers, livestock markets and processors about maximising carcass utilisation and producing a product that meets the specific needs of their market outlet:	<ul style="list-style-type: none"> <li>o FC have assisted with 59 Red Meat Discussion groups which meet on a regular basis to improve the sustainability of their business by improving production efficiencies and Key Performance Indicators's; reducing costs; and meeting the market specification.</li> <li>o FC has held 69 strategic awareness events to educate red meat farmers on improving production efficiency and animal husbandry.</li> <li>o FC held 22 clinics to educate red meat farmers on improving production efficiencies and animal husbandry.</li> <li>o FC has introduced 19 new projects on the demonstration network to inform producers on how to produce a product that meets market requirements.</li> <li>o FC has held a total of 135 on farm open events and progression events linked with red meat and the demonstration network.</li> <li>o HCC delivered 18 Lamb Selection for Slaughter training courses at abattoirs, on farms and at events, and established a system for monitoring impact of training on producer competence and improvements in selection post-training.</li> <li>o HCC communicated material on livestock selection - press releases issued during the year on the importance of understanding meeting market requirements.</li> <li>o HCC Scholar presented at NSA Next Generation, the Winter Fair and the HCC Conference on carcass utilisation when meeting market specifications</li> </ul>	

Strategic Actions	Delivery	Outcomes
<p>Develop new business-focussed programmes to improve the management, efficiency and profitability of Welsh red meat businesses</p>	<ul style="list-style-type: none"> <li>o FC discussion groups are updating their data onto Measure to Manage regularly</li> <li>o 19 additional FC Demonstration Network Projects have been established</li> <li>o 135 FC Demonstration Network Events held with a link to red meat. Topics include: Feed efficiency for sustainable lamb production, finishing beef from grass, adding value to the Welsh Uplands: food, fibre and the environment</li> <li>o 23 FC Business review surgeries have been held</li> <li>o 4 FC Financial management surgeries have been held</li> <li>o 20 FC Market and Diversification surgeries have been held</li> <li>o 783 FC training completions came from the Red Meat Sector and during the period some of the most popular courses were: Business planning and development, Financial recording and VAT, Marketing your Business.</li> <li>o 210 Red Meat Businesses applied through the FC Advisory Service for Business Planning support. This includes 153 one-to-one advice and 23 individuals in 11 Joint Ventures</li> <li>o HCC undertook a range of industry development activities and disseminated information to the industry on an ongoing basis, including advice and technical support on grassland management, animal health and welfare, producing stock for market requirements, genetic improvement, on-farm efficiency and R&amp;D</li> </ul>	<p>Improved business management skills and industry resilience</p>
<p>Establish mechanisms to facilitate and encourage widespread uptake of genetic improvement to improve productivity and efficiency within a diverse range of production systems and to ensure that red meat products can meet and sustain market demands:</p>	<ul style="list-style-type: none"> <li>o A number of progression and open events have been held on the FC demonstration network to enhance farmers' understanding of genetic improvement.</li> <li>o FC discussion groups have looked at genetic improvement to improve productivity such as the role of genetics in rearing beef and genetics and breeding of the suckler herd.</li> <li>o 55 Red Meat Businesses applied through FC Advisory Service for Technical Livestock Management and Performance advice. This includes 12 one-to-one advice and 43 individuals in 12 groups.</li> <li>o Genetic evaluation information disseminated to Welsh producers by HCC via knowledge transfer and innovation support activities - industry meetings/events, case studies, continued investment in Egenes and Signet performance recording services, press releases and articles and press interviews</li> </ul>	

Strategic Actions	Delivery	Outcomes
<p>Establish mechanisms that will maximise outputs from grass-based systems and reduce reliance on bought in (imported) feed</p>	<ul style="list-style-type: none"> <li>o 60 FC Demonstration network events with topics including: field to feed - getting 2017 silage right, forage and grazing project, autumn grazing management and reseedling options.</li> <li>o 18 FC clinics held on the following topics: soils clinic, rotational grazing, NVZ.</li> <li>o 9 FC technical articles including the impact of climate change in grass-based agriculture, better soil management.</li> <li>o FC supported an European Innovation Partnership (EIP) project on alternative forage systems for marginal land.</li> <li>o 757 Red Meat Businesses applied through FC Advisory Service for Technical - Grassland and Crop Management advice. This includes 45 one-to-one advice and 712 individuals in 177 groups.</li> <li>o Key areas for grassland improvement on sheep and beef farms communicated by HCC via knowledge transfer and innovation support activities.</li> <li>o HCC has input into working groups on RB209, pesticides and grassland management, produced press releases and utilised social media and the HCC website to communicate messages, developed case studies and publications (including the Recommended Grass and Clover List) and provided technical support to relevant Farming Connect knowledge transfer activities</li> </ul>	<p>Improved business management skills and industry resilience</p>
<p>Establish mechanisms to encourage new personnel to work within the industry (including young entrants)</p>	<ul style="list-style-type: none"> <li>o FC has designed a number of delivery mechanisms to encourage and support new personnel to work within the industry: Venture, Mentoring Scheme, Farm and Forestry Management exchange, Lifelong learning and development programme, Agrisgôp, Advisory service. 16 opportunities are currently being offered via the FC Venture programme for red meat production.</li> <li>o 23 Red Meat Businesses applied through FC Advisory Service for Business Planning support for set up of new Joint Venture which includes seekers and providers setting a new joint farming agreement. This includes 23 individuals in 11 Joint Ventures. 8 new red meat joint ventures have been established to date via the FC Venture programme.</li> <li>o FC Succession Surgeries have taken place.</li> <li>o HCC engaged with YFC and Welsh Colleges/Universities, promoting the use of new technologies and tools to help meet market requirements reduce costs and sustain a profitable red meat enterprise including 'On-farm' student sessions held at Pencoed College and IBERS; 10 lamb livestock selection events held specifically with students/YFC.</li> <li>o HCC promoted market requirements to forward-looking future farmers through engagement with NSA Next Generation, FUW Future Voice of Farming and FC Agri Academy</li> </ul>	

Strategic Actions	Delivery	Outcomes
Undertake sector-based skills development and training to develop a professional and business focussed workforce	<ul style="list-style-type: none"> <li>o Through FC a total of 772 Personal Development Plans were created during the period (01.04.17 - 31.03.18)</li> <li>o FC completed a total of 487 e-learning courses during this period, some of the courses completed relating to the Red Meat sector were Biosecurity, Business Planning, Lambing, Anthelmintic Resistance on Sheep Farms, Sheep Scab, Beef Herd Fertility, PGE and Lungworm in Cattle, Farm Liver fluke Management</li> <li>o FC completed 35 Personal Development Plan Surgeries and 10 IT Surgeries</li> <li>o FC supported on farm projects on the demonstration site network looking at synchronizing suckler cows to increase productivity, BVD testing, animal health planning, enhancing fertility through technology, cow size and productivity, grassland management options to increase productivity</li> </ul>	Improved business management skills and industry resilience
Invest in the red meat industry, including support for Welsh abattoir/processing facilities to retain capacity in Wales	The Welsh Government has made £1.1m available to small and medium-sized slaughterhouses to support welfare-friendly infrastructure and facilities.	

Strategic Actions	Delivery	Outcomes
<p>Develop and encourage flock and herd health planning, disease prevention and effective quarantine practices to improve biosecurity and reduce the impact of disease</p>	<ul style="list-style-type: none"> <li>○ Over 50% of activities undertaken by Farming Connect addresses Animal Health and Welfare, activities include: Project work, Discussion Groups, Strategic Awareness Events, Surgeries, Clinics, Mentoring Programme, Agrisgôp, E-Learning</li> <li>○ All FC demonstration Sites have undertaken baseline studies which include animal health planning.</li> <li>○ The Knowledge Exchange Hub have written 10 technical articles relating to Animal Health and Welfare, which includes some of the following topics- Improving lamb survival, Ectoparasites of sheep: Sheep scab, The nutritional requirements of the ewe during gestation. 45 press releases have also been issued that address Animal Health and Welfare, examples include, Understanding mastitis control in your herd, Parasite control: Liver fluke, BVD Programme launch.</li> <li>○ FC has supported an European Innovation Project on reducing antibiotic use on sheep farms at lambing by improving nutrition and hygiene is looking at how management actions can improve the overall health of the flock and reduce the need for antibiotic interventions.</li> <li>○ 55 Red Meat Businesses applied through FC Advisory Service for Technical Livestock Performance advice. This includes 12 one-to-one advice and 43 individuals in 12 groups.</li> <li>○ The Wales Animal Health and Welfare Framework Group commissioned a task and Finish Group to consider Animal Health Planning (AHP). The AHP task and finish group report was submitted to the Framework group for approval and was accepted. It has recently been used to support organisations submitting applications under the Wales RDP Strategic Initiative (SI). It will provide those delivering AHP in Wales with guidance on approaches and standards.</li> <li>○ Animal health information disseminated by HCC to Welsh producers via knowledge transfer and innovation support activities - HCC provided input into FUW Animal Welfare Committee, represented and input into animal health centred meetings/groups (i.e. SCOPS/COWS), delivered press releases using information from COWS and SCOPS, attended the RUMA Conference and inputted into the Sheep Antibiotic Group, facilitated the Flock and Herd Health and Welfare Working Group, collaborated with Farming Connect to ensure that consistent messages are disseminated to producers, liaised with relevant industry organisations on health and welfare standards and animal identification and movements; and included key messages in producer meetings, booklets, website and case studies</li> </ul>	<p>Improved animal health, welfare and disease prevention</p>

Strategic Actions	Delivery	Outcomes
Seek to reduce the impact of TB by supporting the TB Eradication programme	<ul style="list-style-type: none"> <li>o FC have supported a demonstration site event, Wales Bovine Viral Diarrhoea (BVD) eradication and TB accreditation schemes, an Agrisgôp group meeting, Chairman of the North Wales TB Eradication Board and Strategic Awareness Event and offered BVD Eradication scheme updates</li> </ul>	Improved animal health, welfare and disease prevention
Raise standards of animal health and welfare throughout the supply chain, in line with the Wales Animal Health and Welfare Framework	<ul style="list-style-type: none"> <li>o 59 FC Red Meat Discussion Groups. All groups are involved in benchmarking which includes benchmarking animal health elements of their business.</li> <li>o 13 Projects across the FC demonstration network have a link to animal health and welfare and these projects include: Liver fluke control and farm mapping, efficient dry cow nutrition and land use, future proofing a beef unit - embracing technology to deal with an uncertain future, reducing the use of antibiotics at lambing and tackling joint ill</li> </ul>	
Consider the development and introduction of eradication programmes which are focussed on disease priorities (including BVD, Johne's and sheep scab)	<ul style="list-style-type: none"> <li>o 13 Projects across the FC demonstration network have a link to Animal Health and Welfare.</li> <li>o Tackling BVD is a priority for the Wales Animal Health and Welfare Framework Group. It supported the development of "Gwaredu BVD" the industry led eradication scheme and since September 2017, it has tested over 5,865 farms in Wales with 27% of the screened herds testing positive for antibodies. There are 164 Persistently Infected (PI) hunts either completed or ongoing, with 7 laboratories analysing samples</li> </ul>	
Enhance industry understanding of economic benefits of optimising animal health and improving efficiency through effective husbandry	Animal Health and Welfare has been the main focus of a number of FC Red Meat discussion groups, including Aberystwyth Sheep group which has been established in conjunction with Ystwyth Vets. The group have met three times during the period, looking specifically at a) Lameness diagnosis and treatment b) Hygiene at lambing joint ill and other new born lamb diseases and c) worm burden and control. These meetings have been underpinned by benchmarking, therefore enhancing the industry understands of the economic benefits of optimising animal health	



Strategic Actions	Delivery	Outcomes
Undertake and review the livestock industry and government contingency planning, giving consideration to the preparedness, response and recovery phases to minimise the impact of exotic animal disease outbreaks	<ul style="list-style-type: none"> <li>o The Office of the Chief Veterinary Officer (OCVO) have lead on a disease emergency exercise in Wales, working closely with APHA, but also with key stakeholders, including representatives from the Red Meat Sector, to consider impacts of animal disease and our contingency actions on the industry and to test our capability to deal with such an incident. This is inline with an EU requirement on the UK Government to test contingency plans for animal disease preparedness twice within a 5 year period. In addition the Welsh Government has worked collaboratively with the UK Government on the development of the Lumpy Skin Disease Control Strategy</li> </ul>	Improved animal health, welfare and disease prevention
Consider new mechanisms to improve carcass grading systems and support the development of payment systems based on carcass meat yield	<ul style="list-style-type: none"> <li>o HCC has continued to promote and encourage the development of new approaches to carcass evaluation and the rewarding of producers based on quality and consistency.</li> <li>o The Transmissible Spongiform Encephalopathies (Wales) Regulations 2018 (due to come into force 1st Oct 2018) will enable alternative methods to carcass splitting to be considered and approved by the FSA for the safe removal of the spinal cord from sheep and goat carcasses aged over 12 months, should they become available. This has the potential to reduce the impact that carcass splitting has on devaluing the carcass</li> <li>o Over the reporting period HCC undertook 18 'Live to Dead' training courses with an average of 8 farmers attending each.</li> </ul>	Improved supply, transparency and consistency of product and enhanced supply chain linkages
Develop mechanisms to deliver feedback of information to producers on carcass weight and quality	<ul style="list-style-type: none"> <li>o The Ladies who lamb FC Agrisgôp group have participated in a live to dead training course.</li> <li>o WG have undertaken a consultation on mandatory reporting for sheep carcasses</li> </ul>	

Strategic Actions	Delivery	Outcomes
Encourage collaborative working within the supply chain to enhance communication amongst the industry:	<ul style="list-style-type: none"> <li>○ The Prince's Trust Lamb group is a Farming Connect Discussion Group working closely with Dunbia. The group meet 4-6 times a year and compare KPI's and gain knowledge across the supply chain from Dunbia's agricultural team. Similarly, the South Pembrokeshire beef finishing group consists of Dunbia beef suppliers.</li> <li>○ Feeding cattle correctly is critical to meet market requirements for lighter carcasses, a message put across to Farmers during a Farming Connect event and issued in a press release following the event.</li> <li>○ HCC undertook a range of industry development activities and disseminated information to the industry on an ongoing basis, including advice and technical support on grassland management, animal health and welfare, producing livestock for current market requirements, genetic improvement, on-farm efficiency and R&amp;D.</li> <li>○ HCC engaged with a number of individuals and organisations within the supply chain during the year. Within this HCC undertook a project which looked at how individual processors could collaborate to gain efficiency and lower cost, the result of this work was disseminated to the wider industry</li> </ul>	Improved supply, transparency and consistency of product and enhanced supply chain linkages
Create novel approaches to enhance supply chain linkages so that supply can be tailored to meet demand	<ul style="list-style-type: none"> <li>○ The FC Cambrian Mountains Beef Operational Group is investigating ways to improve its short supply chain to ensure the requirements of the customer are met. They are doing this through a series of bespoke training workshops looking at alternative meat cuts, marketing and addressing production systems to ensure demand can be met</li> </ul>	

Strategic Actions	Delivery	Outcomes
<p>Consider mechanisms to arrest the decline in livestock numbers (specifically the supply of beef) including opportunities to retain the production base in upland areas</p>	<ul style="list-style-type: none"> <li>o FC Demo Network Projects include a focus on improved grassland management techniques to enhance productivity and utilisation enabling improved productivity and output for both cattle and sheep.</li> <li>o 59 FC Red meat discussion groups include beef specific groups, sheep groups and a mix of sheep and beef groups.</li> <li>o A group of farmers from Harlech undertook a Study Visit to the Luing Cattle Society sale in Castle Douglas to get more information regarding the cow's ability to rear and survive in the Welsh uplands</li> </ul>	<p>Improved supply, transparency and consistency of product and enhanced supply chain linkages</p>
<p>Inform/educate the industry about cost saving and conservation, energy and water efficiency, ways to reduce waste and ways to improve knowledge, openness and transparency</p> <p>Adopt methods to respond to environmental policy and regulations (including investigating and encouraging alternative methods for the disposal of fallen stock on farm)</p>	<ul style="list-style-type: none"> <li>o 18 FC on farm projects have a link to sustainable management of natural resources.</li> <li>o Strategic awareness events, by FC, have been held on the topic of 'Farming for the Future'.</li> <li>o FC Clinics have been held on soils, problem fields and rotational grazing clinic and fodder beet.</li> <li>o All FC demonstration sites have completed baseline studies which are reviewed annually which include energy audits.</li> <li>o HCC developed and delivered technical information to improve processor knowledge and understanding of markets and opportunities for cost-reduction through increased carcase utilisation and waste reduction.</li> <li>o HCC worked collaboratively with Aberystwyth University on a processor workshop, which centred on increasing efficiency through the valorisation of animal by-products.</li> </ul>	<p>Increased uptake of techniques which support climate change targets and minimise greenhouse gas and methane emissions</p>

Strategic Actions	Delivery	Outcomes
<p>Inform producers about the impact of production efficiency on climate change targets, including improving longevity of breeding stock and addressing feed conversion efficiency</p>	<ul style="list-style-type: none"> <li>o FC supported a livestock farmer who adopted a rotational grazing system to fatten lambs; 8% more lambs were finished to market standards and gained an additional 1.5kg live weight per lamb.</li> <li>o FC has establishing a Focus Site project to evaluate the pros and cons of rotational grazing to share with other farmers.</li> <li>o 23 articles published under the Knowledge Exchange section of the Farming Connect website which support climate change targets and minimise greenhouse gas and methane emissions.</li> <li>o Welsh red meat industry represented by HCC on all key climate change industry groups and C2025 working groups throughout the year.</li> <li>o Key climate change messages to industry were interwoven into HCC's industry development activities on grassland management, animal health and welfare, market requirements, genetic improvement, on-farm efficiency and research and development.</li> <li>o HCC supported a Defra funded beef feed efficiency programme which looked to highlight how careful livestock selection can lead to on-farm efficiency gains</li> </ul>	<p>Increased uptake of techniques which support climate change targets and minimise greenhouse gas and methane emissions</p>
<p>Further develop the Welsh Red Meat Roadmap principles across the red meat supply chain</p>	<ul style="list-style-type: none"> <li>o 605 FC activities have underpinned the greenhouse gas reduction message in the Red Meat roadmap</li> </ul>	

Strategic Actions	Delivery	Outcomes
<p>Support relevant programmes of research and development activities to enhance production and processing efficiencies and provide solutions to adapting to climate change and coping with extreme weather conditions:</p>	<ul style="list-style-type: none"> <li>○ The FC demonstration network continued to embrace and demonstrate new technology including genomic selection, technology to improve productivity, new techniques to improve grassland productivity and utilisation and trial new grassland varieties.</li> <li>○ HCC maintained a research and development portfolio that is relevant to the needs of Wales and kept abreast of technological developments.</li> <li>○ HCC attended relevant partner meetings to maintain relationships with technology providers and commercial providers, attended technical conferences/meetings to keep abreast of new developments, contributed to joint levy bodies R&amp;D meetings and co-ordinated quarterly HCC R&amp;D committee meetings.</li> <li>○ HCC disseminated R&amp;D findings to the Welsh industry through press releases, social media and On-Farm events delivered at Pencoed College and IBERS.</li> </ul>	<p>Increased productivity and efficiency</p>
<p>Establish appropriate proof of concept programmes that can support production and create a measurable point of difference for Welsh red meat products including product consistency, eating quality, quality standards and shelf life</p>	<ul style="list-style-type: none"> <li>○ HCC has been working with WG and other industry bodies to develop sustainability values to underpin Brand Wales (including PGI Welsh Lamb and PGI Welsh Beef)</li> </ul>	

Strategic Actions	Delivery	Outcomes
<p>Deliver new technology transfer activities that can demonstrate practical industry solutions to encourage uptake of new technology</p>	<ul style="list-style-type: none"> <li>o The FC Knowledge Exchange Hub bridges the gap between the latest research and farming practices. Information from the Hub is communicated in a variety of mechanisms, eg through CPD for advisors and FC network of staff, press releases, factsheets, demo site projects etc.</li> <li>o The FC Demo Network of projects provides the opportunity to demonstrate the latest technology on farms across Wales.</li> <li>o Two HCC scholarships awarded on beef grading systems and on Technograzing.</li> <li>o HCC celebrated 20 years of the HCC scholarship, with an event at the Royal Welsh Winter Fair.</li> <li>o HCC continued to support a wide ranging research and development portfolio, which included investigating novel ways of detecting animal health issues such as 'penside' tests for liver fluke in ewes</li> </ul>	<p>Increased uptake of techniques which support climate change targets and minimise greenhouse gas and methane emissions</p>
<p>Deliver knowledge transfer activities that promote innovation and encourage the uptake of best practice</p>	<ul style="list-style-type: none"> <li>o The FC Agri Lab remit is to showcase the latest technology to farming businesses in Wales.</li> </ul>	

## 4. Key Achievements

### Objective 1

Since the introduction of the Strategic Action Plan in 2015, there has been a steady increase in the sales value of Welsh red meat (of six percent), with exports significantly contributing towards the overall sales value and UK retail and foodservice sales remaining relatively static during the period.

The market conditions experienced during 2017 were much improved on the previous years, particularly for lamb. A major contributor to this was export prices being supported due to the Sterling being significantly weakened against both the Euro and the Dollar as a consequence of the uncertainty caused by the EU referendum results in June 2016. As with lamb, beef price for the reporting period were above year earlier levels for most of the year, with the market being buoyed by a steady and continual demand for product.

The retail price for both lamb and beef within GB increased when compared to the previous year. The result of this was a marked fall in consumption of lamb, whereas beef consumption remained relatively stable, this highlights how the GB consumer perceives beef to be a more versatile and affordable product.

Key Performance Indicators	Achievement by:				Data Source
	2015	2016	2017	Change (2015-2017)	
Increase the UK retail value of Welsh red meat by 2020	£323 million	£327 million	£321 million	- 1%	HCC
Increase the UK foodservice sales value of Welsh red meat by 2020	£34 million	£35 million	£35 million	+ 3%	HCC
Increase the export sales value of Welsh red meat by 2020	£157 million	£161 million	£189 million	+ 20%	HCC
<b>Total Value:</b>	<b>£514 million</b>	<b>£524 million</b>	<b>£545 million</b>	<b>+ 6%</b>	

*(Figures may not add up due to rounding)*

## **Objective 2**

The ability for the red meat industry to make significant progress in all areas of activity during the period under review reflects a number of economic and environmental factors which must be considered.

The impact of the weather on the industry during 2016/17 varied considerably. Lambing and spring calving was helped by a warmer than average spring however following a dry beginning to the summer, the weather turned wet at the start of August. A pattern that continued for the rest of 2017 and also into 2018. This had the impact of impeding farmer's ability to finish lambs, and to a lesser degree prime cattle, effectively. There were also structural and procurement changes at some Welsh meat processors during the year, this meant that the penalties for supplying slightly over-finished lambs were reduced. The likely impact of this was that producers held onto their lambs for longer thus decreasing the amount of lambs meeting the standard market requirements stated in this report but meeting their own processors demand.

Key Performance Indicators	Achievement by:				Data Source
	2015	2016	2017	Change (2015-2017)	
1. Increase the proportion of lambs meeting standard market requirements by 2020	58.4%	57.1%	56.5%	- 3%	AHDB
2. Increase the proportion of prime cattle meeting standard market requirements by 2020	54.9%	56.1%	56.3%	+ 3%	AHDB
3. Decrease the proportion of lambs marketed in the superlight and light lamb categories by 2020	14.9%	15.5%	14.8%	- 1%	AHDB
4. Decrease the average calving interval by 2020	428 days	428 days	426 days	- 0.5%	BCMS
5. Sustain the number of breeding pigs within Wales by 2020	4,000 head	3,800 head	3,500 head	- 13%	Welsh Government
6. Sustain the number of fattening pigs within Wales by 2020	21,300 head	19,400 head	21,000 head	- 1%	Welsh Government

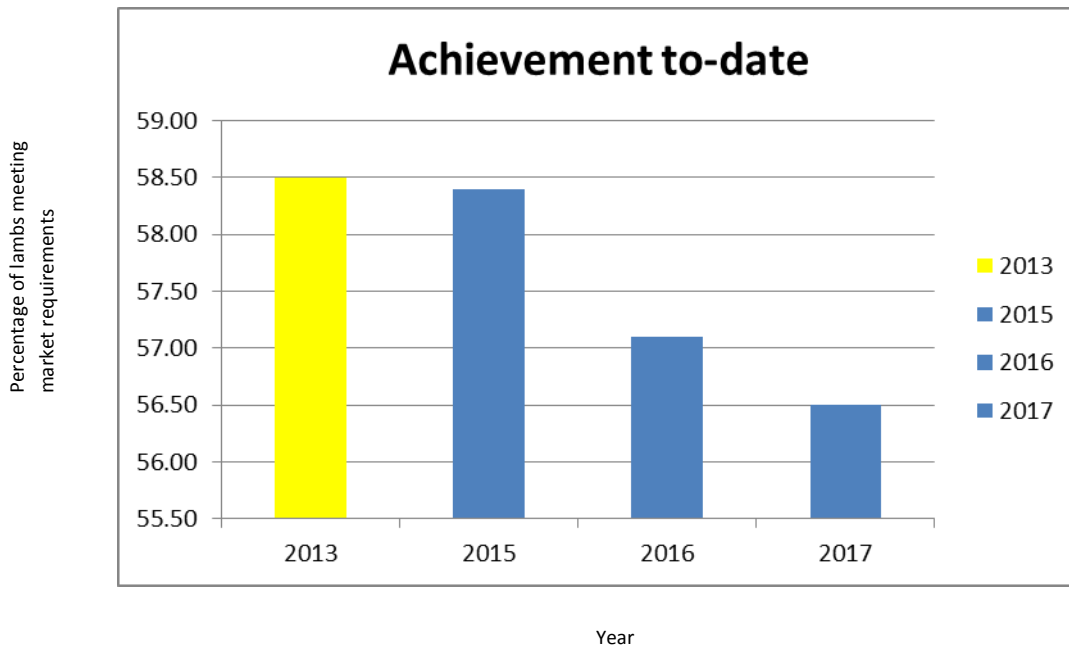


Key Performance Indicators	Achievement by:				Data Source
	2014/15	2015/16	2016/17	Change (2014/15-2016/17)	
7. Increase the average number of lambs reared per ewe by 2020	1.36 per head	1.34 per head	1.36 per head	0%	FBS
8. Increase the average weight of lambs produced per ewe by 2020	55kg	54kg	54kg	- 2%	FBS
9. Increase the average weight of weaned beef produced per cow by 2020	276kg	286kg	281kg	+ 2%	FBS

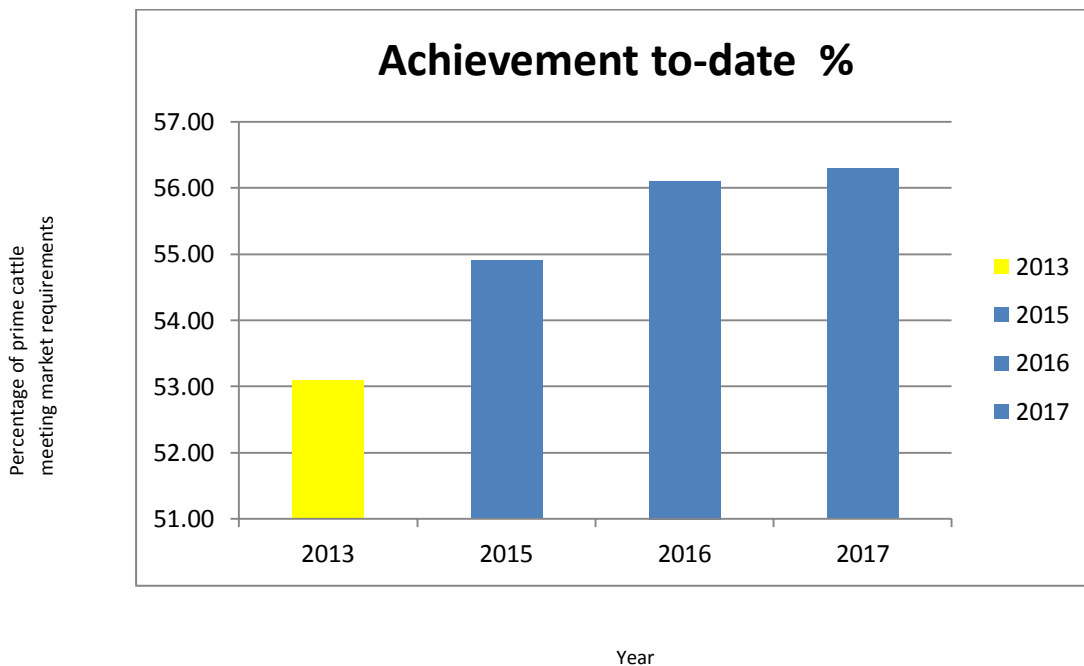
## Performance against Targets

\*2013 data has been included in all graphs as a baseline figure and not for consideration with regards to wider performance.

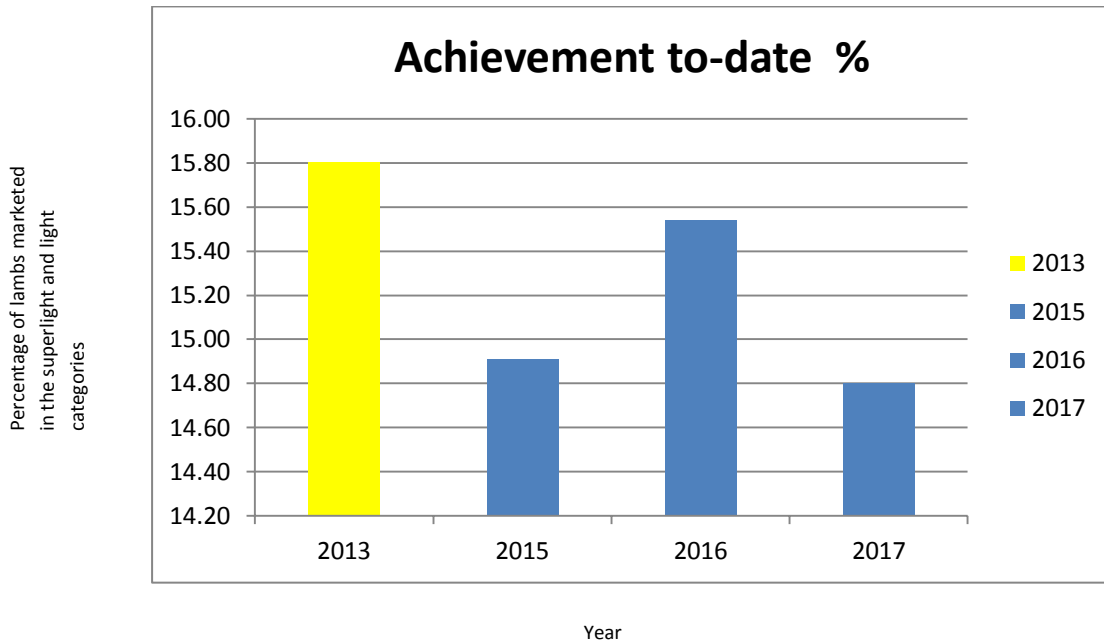
### **KPI 1 - An increase in the proportion of lambs meeting standard market requirements**



### **KPI 2 - An increase the proportion of prime cattle meeting standard market requirements**

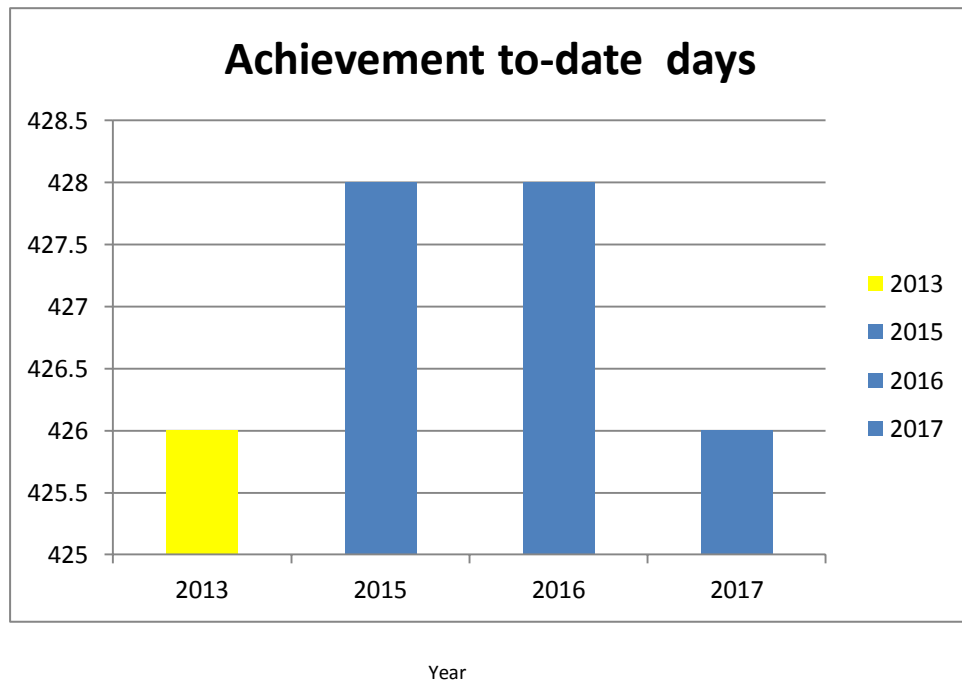


**KPI 3 - A reduction in the proportion of lambs being marketed in the superlight and light lamb categories**

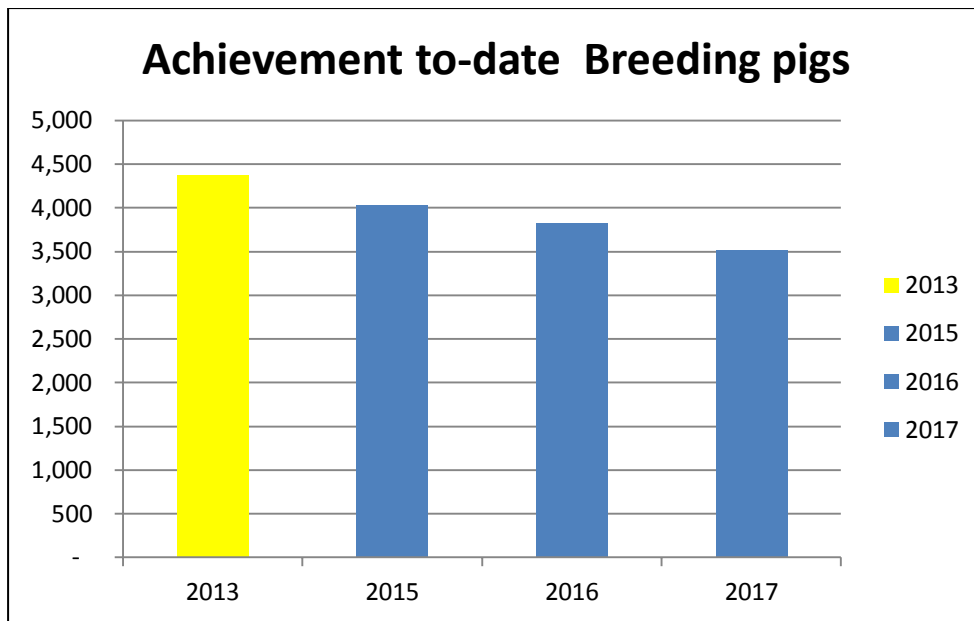


**KPI 4 - An increase in the national cattle herd performance, in terms of a decrease in the average calving interval**

Number of days:

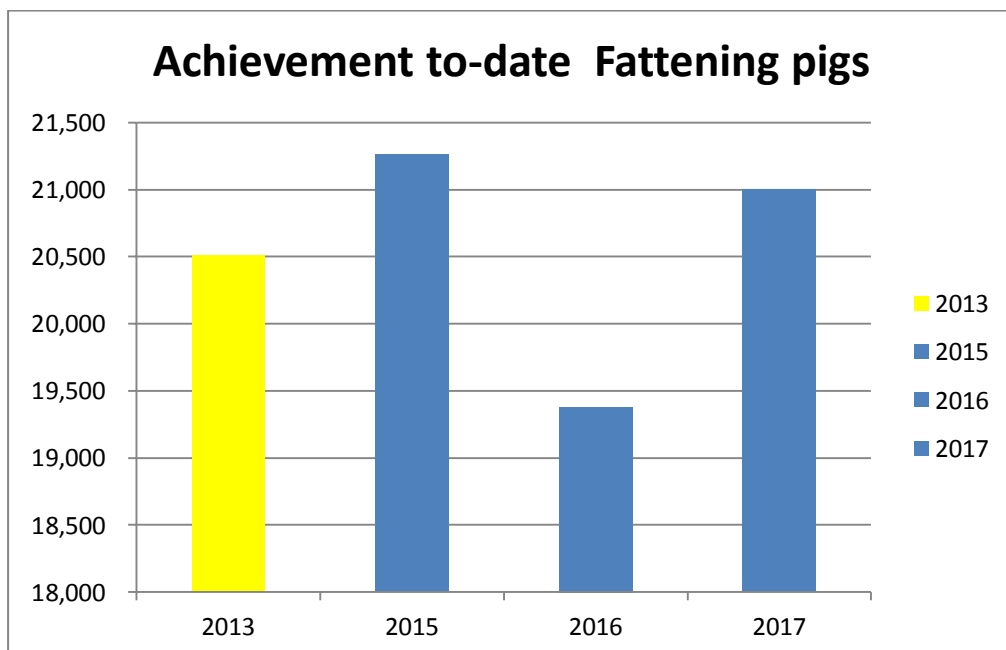


**KPI 5 - Sustain the number of breeding pigs within Wales by 2020 (per head)**



Year

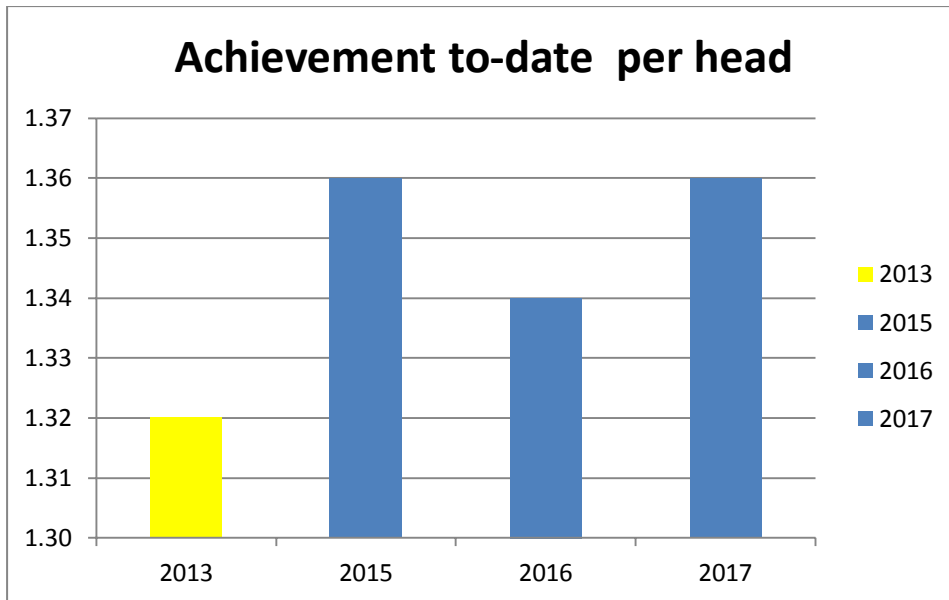
**KPI 6 - Sustain the number of fattening pigs within Wales by 2020 (per head)**



Year

**KPI 7 - Increase the average number of lambs reared per ewe by 2020**

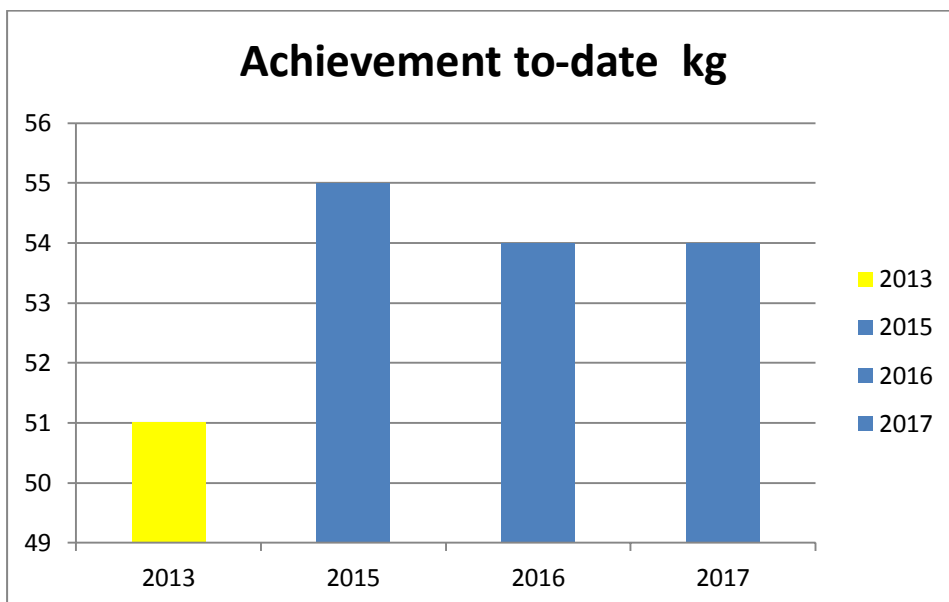
Number of Lambs:



Year

**KPI 8 - Increase the average weight of lambs produced per ewe by 2020**

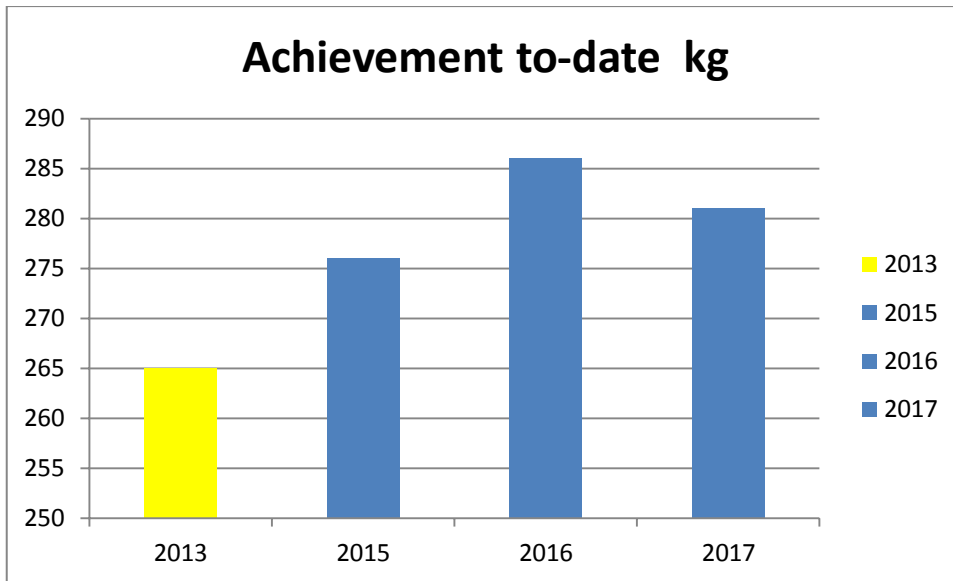
Average Weight (kg):



Year

### KPI 9 - Increase the average weight of weaned beef produced per cow by 2020

Average weight (kg):



Year

## 5. Future Focus

The red meat industry in Wales has faced a number of significant challenges over the last 12 months. The harsh conditions of a long winter saw a natural increase in the overall numbers of livestock lost during the period with a significant impact bore upon ewe and new season lamb numbers. There has also been the on going uncertainty of the implications of Brexit and any trade deal agreement, with farmers and producers alike making immediate changes to their enterprises and production systems to provide contingency.

Future focus needs to be maintained on specific aspects of the action plan where little improvement has been evidenced, however it must be acknowledged the last 12 months has seen an unusual climate of change which has disproportionately affected the red meat sector.

Despite inevitable forthcoming change there is indicative need for continued delivery against all targets but increased focus needs to be concentrated on activity that can influence the following areas:

- *Increasing the UK retail value of Welsh red meat*
- *Increasing the proportion of lambs meeting standard market requirements.*
- *Increasing the average number of lambs reared per ewe*
- *Sustaining the number of breeding pigs within Wales*
- *Sustaining the number of fattening pigs within Wales*

As we move closer to leaving the EU, the red meat sector should consider the benefits of ensuring that a viable red meat industry in Wales is sustained post-Brexit, that the industry is competitive, productive and able to thrive regardless of the political and economic climate; and that businesses are run with efficiency and sound strategic plans. These considerations will influence improvements in the strategic targets.

## **6. Conclusion**

The last financial reporting year has evidenced substantial investment into activities directed to improving performance across the red meat industry. Numerous activities have focussed specifically on the strategic actions set out in the action plan and have contributed to the improvements in performance that has been recorded.

There has been an improvement in performance against the majority of strategic objectives however there is still a way to go to achieve all targets by 2020.

HCC's "Vision 2025" has extended the strategic focus for the red meat industry to include our exit from the European Union. It acknowledges the need to review priorities for the red meat industry in light of the potential impacts of Brexit and addresses the strategic opportunities, challenges and risks in terms of trade, production and processing.

Irrespective of the final outcome of Brexit, the ultimate strategic vision for the industry remains – 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 is capable of responding competitively to ever changing market trends.