



*Making our industries more competitive and sustainable*

Agriculture and Horticulture Development Board

# Corporate Plan 2012/15

28 March 2012

This is the fifth AHDB Corporate Plan. It covers the three-year period April 2012 to March 2015. It benefits from a consultation period with AHDB's key stakeholders, whose comments and observations are taken into account within the final published version. The performance targets contained in the plan are reported against on an annual basis in the AHDB Annual Report and Accounts, published in July each year.

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## Chief Executive's Foreword

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The recent Foresight report by our leading scientists has analysed the global challenges we are likely to face in addressing the issues of food security, climate change and protecting natural resources. Their simple conclusion was that we need to produce a lot more on the same land area while impacting less.

AHDB has a pivotal role to play in helping our industries to be more competitive and sustainable, led by our farm-level knowledge transfer/exchange activity based on research and development, the provision of essential market information to improve supply chain transparency and market development activity.

My job is to manage the day-to-day operation of AHDB as efficiently as possible, giving good value for money as part of our overall delivery of effective front-line services to benefit our levy payer businesses. As Chief Executive I am responsible to the AHDB Board and as Accounting Officer I am responsible to the Department for Environment, Food and Rural Affairs (Defra) for good governance of what are classified as public funds.

The Minister of State for Agriculture and Food is looking to AHDB to deliver on our potential to be the central professional knowledge exchange co-ordinating body for the farming industry. Certainly, better co-operation, partnerships and co-ordination will be critical to achieve the step-up in production and supply chain changes that are being talked about while operating in a public funding straitjacket. Success in these areas would certainly result in a very significant return on investment for all levy payers.

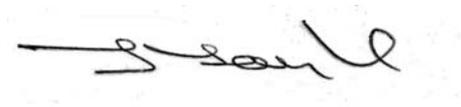
To fulfil the commitment made in the 2010 Cabinet Office Review of Arms Length Bodies to initiate a debate with industry on the future of AHDB, Defra held a Workshop in March 2011. There was strong support for our work to be continued and suggestions for possible improvement in a number of areas, including Board governance, flexibility between sectors, communication with levy payers and a lighter touch from Government, if it could be achieved. The subsequent Defra report and recommendations are with the Cabinet Office for agreement. We anticipate working with Defra over the coming year to implement any recommendations to further develop AHDB as an efficient, relevant and accountable professional body for the farming industry, operating at arm's-length from Government.

Accountability to levy payers is very important and this is reflected in both our structure and the delivery of our levy payer services. We have sector boards, committees and panels comprising levy payers and other industry stakeholders who help shape all our work programmes and propose required levy rates. The chairs from our six sector boards sit on the main AHDB Board. We hold regular open meetings, conferences and workshops for levy payers and industry stakeholders around the UK giving those that choose to, plenty of opportunity to engage. Our teams can be found exhibiting at most of the major agricultural shows. We consult widely on this annually updated three-year Corporate Plan and the proposed levy rates for the year ahead. In addition, the main farming trade press hold us to account.

Sustainability is now right at the heart of our work – sustainability of thriving agriculture and horticulture businesses in a challenging economic climate and environmental sustainability in the context of climate change and natural resource challenges. However, the solutions we help deliver for our industries to become more 'sustainable' must ideally improve business margins and productivity.

The strategies to address these and other very sector-specific challenges are laid out in this top-level Plan.

This Plan also contains a three per cent increase to the 2012/13 levy rate for potatoes in Great Britain as the final part of a three-year programme of 'little and often' potato levy increases. All other levy rates remain at the 2011/12 levels.

A handwritten signature in black ink, appearing to read 'Tom Taylor', is positioned above the printed name and title.

**Tom Taylor**  
**Chief Executive and Accounting Officer**

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## About AHDB

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The Agriculture and Horticulture Development Board (AHDB) is a Non-Departmental Public Body, funded by farmers, growers and others in the supply chain through statutory levies and managed as an independent organisation (independent of both commercial industry and of Government).

As the industry's leading independent professional body we play a pivotal role in improving farm business efficiency and competitiveness in a sustainable way by promulgating factual, evidence-based advice and information.

AHDB serves six sectors representing about 75% of total UK agricultural output:

- Pig meat in England
- Beef and lamb in England
- Commercial horticulture in Great Britain
- Milk in Great Britain
- Potatoes in Great Britain
- Cereals and oilseeds in the UK

We undertake research and development and farm-level knowledge transfer/exchange activity. We provide essential market information to improve supply chain transparency and business decision-making. We also deliver marketing promotion activities to help stimulate demand and we work to maintain and develop export markets.

AHDB also ensures that proper account is taken of Government priorities for agriculture and the agri-food industry, where appropriate.

### **AHDB Purpose**

To make our industries more competitive and sustainable.

### **AHDB Corporate Objectives**

There are five Corporate Objectives:

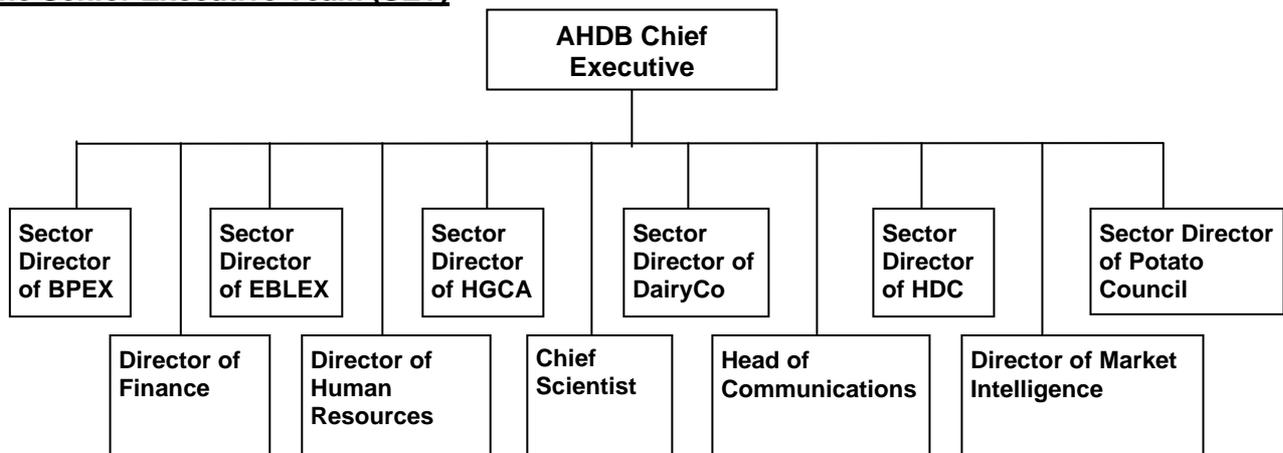
1. Deliver value for money for Levy Payers in everything we do
2. Improve efficiency and productivity in the industry to help levy payers have thriving businesses
3. Improve marketing in the industry to help profitability and customer awareness
4. Improve services that the industry provides to the community
5. Improve ways in which the industry contributes to sustainable development

## AHDB Structure

In order to deliver effective sector focus and levy payer accountability, AHDB is organised divisionally with six operating divisions representing the commodity sectors covered by our statutory remit. These divisions are supported by shared corporate services (finance, human resources, IT, legal, etc) and a specialist Market Intelligence Division. Each AHDB division is headed by a director or senior executive who sits on the Senior Executive Team (SET). The SET is headed by the Chief Executive and this team is responsible for the implementation of this Corporate Plan and the day-to-day management of AHDB.

All staff are employed by AHDB and sector-specific activity is delivered under the established brands of BPEX (pigs), DairyCo (milk), EBLEX (beef and lamb), HDC (horticulture), HGCA (cereals and oilseeds) and Potato Council (potatoes).

### The Senior Executive Team (SET)



Our philosophy is that levy payers are at the heart of what we do. In order to deliver genuine levy payer focus there is a sector advisory committee (known as 'sector board') for each of the six commodity sectors represented by AHDB. Each sector board comprises levy payers, other stakeholders from the sector and independent members. The main AHDB Board has delegated the responsibility to each sector board **to develop the most appropriate strategies to meet the challenges of the sector; to ensure the relevant levy rate is recommended in order to provide adequate funding for the required work; to monitor strategy implementation and to approve remedies where performance deviates from plan.** The sector board members are appointed by AHDB.

The main AHDB Board consists of the chairman, the six chairs of the sector boards and three independent members. The main AHDB Board members are appointed by the Secretary of State for Defra, acting with Welsh Government Ministers, Scottish Ministers and the relevant Northern Ireland department.

### AHDB Commercial Subsidiary

There is also one commercially trading subsidiary within the AHDB group called Meat & Livestock Commercial Services Limited (MLCSL). It is a wholly owned subsidiary of AHDB and run as a separate company, limited by guarantee, supplying services primarily to the meat and livestock sectors. All its costs are fully accounted for within the company and it returns any profits to AHDB to supplement levy funds.

Additional background on AHDB can be found on its website: [www.ahdb.org.uk](http://www.ahdb.org.uk)

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## Executive Summary

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### AHDB Purpose

To make our industries more competitive and sustainable.

### AHDB Corporate Objectives

1. Deliver value for money for Levy Payers in everything we do
2. Improve efficiency and productivity in the industry to help levy payers have thriving businesses
3. Improve marketing in the industry to help profitability and customer awareness
4. Improve services that the industry provides to the community
5. Improve ways in which the industry contributes to sustainable development

### Main Strategies

The core strategic work programmes for objectives 1 to 5 are as follows:

1. Deliver scientifically-robust and commercially useful outcomes for our levy payers; nurture more joint-sector projects within AHDB through better forward planning; strive to secure match-funding across a wider range of activities through extended partnership/collaborative working; also continue to seek out ways to maximise the efficiency of AHDB operations (procurement, streamlining processes, board/committee/panel costs).
2. Deliver efficient sector-tailored knowledge transfer/exchange programmes based on evidence both from third party science and our own targeted R&D aimed at reducing costs, increasing yields sustainably, improving quality and optimising use of inputs; also encourage benchmarking to help levy payers identify areas for business improvement.
3. In sectors where there is a specific requirement, undertake export market development and work to inspire and inform consumers in order to assist the economic viability of those sectors; also help the industry respond to factually incorrect/unjustified criticisms.
4. Give levy payers and the wider industry access to unbiased, high quality market information; raise awareness of food and where it comes from among school children; give health professionals a better understanding of the health and nutritional benefits of levy payer-produced foods in the diet; help ensure the agriculture and horticulture industries are able to develop and attract workers with the skills needed to operate effectively.
5. Further develop sector-focused environmental industry roadmaps in partnership with other industry organisations and help explain and deliver the roadmaps and also the targets in the industry Greenhouse Gas Action Plan – focusing on water, soils, fertilisers, pesticides, waste and greenhouse gases.

## Funding the Plan

The work of AHDB is funded by a statutory levy (a parafiscal tax) paid by farmers and growers and others in the supply chain. AHDB is legally responsible for the collection of these levies.

The forecast total gross levy for 2012/13 amounts to just over £53M. The funds raised from each commodity sector are ring-fenced to ensure they can be used to the benefit of the sectors from which they were raised.

The sector boards, on an annual basis, recommend the levy rates that should be applied across their sectors in order to fund the strategic work programmes outlined in this Corporate Plan (The Plan) and detailed in our sector specific business plans. The main AHDB Board assesses the recommendations from the sector boards and subsequently proposes the annual levy rates for approval by Defra and devolved administration Ministers.

***This Plan contains a 3% incremental increase to the GB potato levy rate for 2012/13. A summary of the rationale for this increase is given on page 22.***

The other five levy rates (for Beef and Lamb in England, Pigs in England, Horticulture in Great Britain, Milk in Great Britain, Cereals and Oilseeds in the United Kingdom) remain unchanged for 2012/13. The levy rates for April 2012 to March 2013 can be found on page 23.

## Corporate Plan Production Timetable

The process that is followed to finalise this AHDB Corporate Plan is laid out below:

DATE	ACTION
15 November 2011	<b>AHDB Board Meeting</b> – Board signs off draft AHDB Corporate Plan and provisional budgets for industry consultation
22 November 2011 to 17 January 2012	<b>Stakeholder Consultation</b> – Draft plan, recommended levy rates and provisional budgets put out for eight-week consultation with industry stakeholders, Defra and devolved administrations
31 January 2012	<b>AHDB Board Meeting</b> considers and agrees an amended draft taking into account the industry feedback. The Board also signs off the levy rates to be recommended to Ministers
9 February 2012	<b>Ministerial Approval</b> – Final draft plan including provisional budgets put to UK Ministers for endorsement of the plan and approval of recommended levy rates for 2012/13.
Mid-March 2012	<b>Levy Payer Notification</b> – Levy rates which will apply for the coming 12 months are communicated to industry
27 March 2012	<b>AHDB Board Meeting</b> – Board agrees final budget for 2012/13 and outline budget for 2013 to 2015
1 April 2012	<b>Publication</b> – AHDB Corporate Plan, including the final budgets, published on AHDB website

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## AHDB Strategic Plan

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### Analyses of the Challenges

In our Autumn 2011 planning process, we have considered the key challenges and opportunities facing the UK agriculture and horticulture industry through a detailed PESTLE analysis process (Political, Economic, Sociological, Technological, Legislative and Environmental). For each factor we considered, we looked at the potential impact and, given that the six commodity sectors we work with are affected by the factors to varying extents, we ranked each (High, Medium or Low), for the effect on each sector. A copy of the PESTLE analysis can be found in the corporate plan section of the AHDB website: <http://www.ahdb.org.uk/publications/corporate.aspx>

The PESTLE analysis is a planning tool (at a single point in time) and as part of the strategy-setting process, the PESTLE challenges have then been considered in the light of the relatively limited levy resources available with which to address them, the individual industry sector priorities and the degree to which any AHDB levy-funded intervention could produce a tangible benefit for levy payers. Therefore, not all the issues highlighted are necessarily addressed within the final strategy.

### Horizon scanning

The AHDB Board held a horizon scanning strategy day in October 2011 to consider the kind of challenges and opportunities that UK agriculture and horticulture may face towards 2030. With the recent UK Foresight Report, our Government's Natural Environment White Paper and the huge focus by governments, NGOs and media globally on food security and climate change over the last few years, the issues discussed were not new and revolutionary.

Two key strategic challenges that emerged for AHDB to take away and develop were:

- The need to improve the uptake of science into practice by levy payers
- The need to devise strategies which concentrate on boosting the economic performance of levy payer businesses in a way that is environmentally sustainable

### AHDB Strategic Plan

AHDB's role is to deliver value to agriculture and horticulture sectors where there is a market failure need. Demand for this work is increasing as the challenges faced by all levy payers continue to mount.

The framework for the AHDB Plan is provided through the corporate objectives which are derived from the statutory functions defined in the Agriculture and Horticulture Development Board Order 2008.

The Plan itself is built up from discussions around the PESTLE analysis and how these dovetail with the practical production priorities identified by the sector advisory boards and the professional staff of AHDB. The resources with which to address the many challenges identified by the PESTLE analysis are limited. We therefore have to prioritise which elements to address in line with the specific needs of each commodity sector and AHDB's corporate objectives.

The key outcomes in the following table are what we are seeking to achieve/help the industry to achieve through the successful delivery of The Plan.

## CO1: Deliver value for money for levy payers in everything we do

Delivering good 'value for money' back to levy payers is a cornerstone of AHDB policy. AHDB is increasingly linking with other organisations to develop partnership working arrangements to the advantage of our levy payers. This search for efficiencies includes improving our procurement of services and work not only to ensure good pricing but also, in the area of research and development, to ensure what we procure is most relevant to the needs of the industry (whether strategic or tactical), is managed effectively and delivers scientifically-robust and useful outcomes for our levy payers.

Third party funding has historically always been an important addition to levy funds, however, with the current economic downturn and the squeeze on public finances this has significantly reduced over recent years.

*Examples of work in this area for the 2011/12 year to date include:*

- *Within Horticulture, HDC continues to manage the SCEPTRE crop protection HortLINK project which draws together cross-sector crop protection issues in edible crops and addresses them within a strategic framework rather than in a piecemeal fashion. Also, to draw on international work and ensure that we do not repeat work that has already been funded elsewhere, our internal HDC expertise is used to 'mine' data on relevant projects from other organisations, including CAFRE in Northern Ireland and Teagasc in Eire.*
- *Potato Council has secured EU co-financing for a campaign to promote generic fresh potatoes in conjunction with France and Belgium. This is delivering €810,000 of investment in promoting potatoes over three years ending 2013. Grant applications prepared for Business Improvement (through Scottish Development Scheme) achieved £50K and Business Improvement groups are now up and running in Scotland. As part of a cross-sector application, Potato Council has also secured £25K funding for engagement on Catchment Sensitive Farming at events in 2011/2012. In Seed and Export, co-funded presence at Potato Europe generated a further £25K income.*
- *With the cereals and oilseeds division, HGCA costs continued to be driven out of the system during the year. Year-on-year reductions in team numbers led to staff costs reducing 9% in the period. Increasing benefits came from being part of the larger AHDB organisation. Savings included joint procurement of media monitoring and market research, mailing, in-house editing, printing and copying.*
- *EBLEX division, as well as benefiting from the AHDB structure by sharing support services such as finance, human resources and IT, has also helped deliver considerable internal efficiencies. As a result, EBLEX spend on support costs has been reduced from 16% of beef and lamb levy income to less than 10%.*
- *The Pig Health Improvement Project (PHIP) is a new nationwide initiative to energise collaboration among pig producers, vets indeed the whole supply chain. This work, which is being spearheaded by BPEX is almost entirely funded via rural development grants, likewise, much of the training delivered by the KT team is similarly funded.*
- *The DairyCo Research Partnerships are a clear demonstration of value for money for levy payers because these levy-funded programmes allow other projects to be added-on which benefit levy payers at no additional cost to the levy. For example, the University of Nottingham led partnership, planned for 5 PhD projects but will deliver 15 because non-levy funding has been secured to support post-graduate studentships - the results of which will be available to levy payers. There is the further benefit of training more good young scientists in aspects of dairy production, some of whom will go on to have careers in the GB dairy industry.*

## AHDB Strategic Plan 2012/15

<b>Corporate Objective 1: Deliver value for money for levy payers in everything we do</b>	
<b>Core Strategies:</b> <i>Deliver scientifically-robust and useful outcomes for our levy payers; nurture more joint-sector projects within AHDB through better forward planning; strive to secure match funding across a wider range of activities through extended partnership/collaborative working; also continue to seek out ways to maximise the efficiency of AHDB operations (procurement, streamlining processes, board/committee/panel costs)</i>	
<b>Key Outcomes</b>	<b>Owner</b>
Tendering introduced as a means of ensuring value for money for levy payers from HDC-commissioned research; links developed or improved with BBSRC, Scottish Government (SG) and Defra to help map HDC strategic activity onto outcomes of basic research programmes to the benefit of levy payers	HDC
The Potato levy payers benefit from supplementing of levy funds through securing match-funding opportunities across Potato Council's range of activities	Potato Council
Improved relationships with key businesses and trade associations, evaluation and communication of economic benefits of HGCA projects and new comprehensive stakeholder communications programme	HGCA
The maximum level of beef and sheep levy funds to be deployed on front-line activity to directly benefit levy payers as a result of seeking out and exploiting the benefits of the AHDB framework through sharing services and the synergies of working together	EBLEX
BPEX customers have a fuller understanding of the range of products and services that BPEX can provide individual businesses; more effective targeting appropriate KT to different business types including producers, AIG, vets and processors	BPEX
The milk levy is kept to the lowest reasonable level to deliver the required services	DairyCo
Drive cost reductions via improved procurement to ensure we get best value for money on the purchase of all goods and services and achieve the target of reducing AHDB support costs as a percentage of income by 1% year-on-year	AHDB Corporate

## **CO2: Improve efficiency and productivity in the industry to help levy payers have thriving businesses**

It is clear that the issues of agricultural productivity (essentially, efficiency in terms of resource use, including land) should be a high priority for AHDB and this is also now being reflected in the national and international emphasis which is being placed on issues of food security. Improvements and innovation based on the translation of science into practice is the route to greater efficiency, competitiveness, profitability and sustainability for the agri-food sector. Much can be achieved by the better and more widespread application of existing knowledge some of which resides with practitioners as well as those with scientific and technical expertise. AHDB plays a pivotal role in getting science put into practice within the UK.

*Examples of work in this area for the 2011/12 year to date include:*

- *HDC continues to deliver production-related horticultural research projects addressing key agronomic concerns, for example: developing breeding and selection tools to reduce spoilage of soft fruit and wastage in the supply chain (HortLINK) (HDC project SF 106); evaluation and development of new rootstocks for apples, pears, cherries and plums (TF 172); funding the National Cut-Flower Trials Centre Programme for 2010-2012 (PO/BOF 002); and identifying critical soil P (phosphorous) levels in vining pea crops (FV 380).*
- *The horticulture sector is also undertaking important work to ensure that the tools required by growers for effective crop protection remain available by continuing to work with the horticulture and agrochemical industries to develop Specific Off-label Approvals (SOLAs) for key crop protection products.*
- *Potato Council has recognised recent increased risks in relation to non-endemic diseases such as Ring Rot and Dickeya and has developed a Plant Health Programme to ensure industry awareness and buy-in to deal with domestic issues and emerging threats. We will continue to support the Safe Haven Certification Scheme and other activities that aim to help protect the industry's high health status.*
- *The HGCA Arable Business Groups (ABG's) programme was independently reviewed and it was found that using CropBench has the potential to identify business changes where the production costs for feed wheat can be improved by as much as £46/t, for milling wheat £58/t and for oilseed rape up to £95/t. The ABG programme continues to develop with 30 groups in operation representing over 120,000 hectares. The HGCA mycotoxin campaign also continues to go from strength to strength with 91% completed Don scores on grain passports in 2011 compared to 64% in 2010; and the new HGCA Grain Storage Guide was launched in autumn 2011 providing growers with up-to-date information and recommendations on the safe storage of grain.*
- *EBLEX has had a workstream to improve genetic selection methods for significant market traits, improving growth rates through better feed methods, improving animal health and welfare through health planning and better biosecurity and providing practical responses to climate change mitigation and adaptation. As a result, top commercial sheep breeders using estimated breeding values (EBVs) are seeing a benefit averaging £4 per lamb. The top beef breeders using EBVs are seeing a benefit averaging £48 per head.*
- *A total of 65% of producers who attended the EBLEX 'Better Returns Programme' events, aiming to convert R&D outputs into actionable steps for producers to implement on their farms, said they used the information to improve their business operation.*

- *BPEX is concentrating a lot of effort on the Two-tonne Sow project which aims to bring our pig productivity up to the same level as our major competitors in Europe. Latest figures show the top third of producers have reached the target and work is now concentrating on bringing the rest up to the same level.*
- *The DairyCo Mobility Score system is now the industry standard for assessing lameness and is part of the “Healthy feet” programme which is a national mobility improvement programme, launched at the Dairy Event in 2011. The uptake of the Milkbench+ service has exceeded the target of 350 farmers in 2010/11 and continues to grow with interest from retail supply groups and the Prince’s Rural Action plan. Breeding+ continues to enhance its services to assist the UK dairy breeding industry. The strategy to secure Genomic evaluations has delivered a partnership with North America and Italy. The first evaluation using genomic data has been tested and the first run in 2012 is expected to incorporate the new data.*
- *During the past year we have delivered a ground-breaking arrangement with the Welsh Government (WG) regarding the delivery of DairyCo services in Wales. Our on-the-ground KT activities were combined with the WG Farming Connect Dairy Development Programme activities to provide one set of co-ordinated activities in Wales – delivering more for Welsh dairy farmers. This partnership has been reviewed by the Welsh Government and received an excellent report overall.*

#### **AHDB Strategic Plan 2012/15**

<b>Corporate Objective 2: Improve efficiency and productivity in the industry to help levy payers have thriving businesses</b>	
<b>Core Strategies:</b> <i>Deliver efficient sector-tailored knowledge transfer/exchange programmes based on evidence both from third party science and our own targeted R&amp;D aimed at reducing costs, increasing yields sustainably, improving quality and optimising use of inputs; also encourage benchmarking to help levy payers identify areas for business improvement.</i>	
<b>Key Outcomes</b>	<b>Owner</b>
Horticulture crop production per unit area of land increased for key field crops with no loss of crop quality; profitability of horticultural businesses measurably increased	HDC
Levy payers benefit from more opportunities to share relevant technical knowledge derived from targeted R&D with meaningful business-related outcomes relating to marketable yield and profitability	Potato Council
Recommended Lists help to increase yields and value; input costs optimised/reduced through management of projects and raised awareness of benefits	HGCA
Sheep and beef producers more consistently achieve the optimum sale/slaughter price as a result of practical improvement of primary beef and sheep producers through uptake of genetic selection methods, fertility improvement and selection for slaughter techniques	EBLEX
Communicating new and existing knowledge on pig production techniques which results in individual businesses changing their behaviour to improve pig physical performance and delivers two tonnes of pig meat for every sow per year	BPEX
Improved technical and business performance on GB dairy farms through high quality information and knowledge transfer support	DairyCo
An integrated data management system enables AHDB teams to streamline its project management, its communication channels, and improve its customer segmentation and targeting	AHDB Corporate

### **CO3: Improve marketing in the industry to help profitability and customer awareness**

*Examples of work in this area for the 2011/12 year to date include:*

- *The Potato Council integrated marketing promotion campaign to improve perception within pre-/young family markets by 2% per annum in attitudes towards potatoes being healthy and people likely to cook potatoes for weekday meal resulted in a 7% change in attitudes in the target groups.*
- *The programme to bring cereal and oilseed growers in closer contact with end users started successfully, with an initiative in the malting sector. It forms the blueprint for a new HGCA programme called 'Meet the Processor' designed to improve communications along the supply chain and reduce waste in production.*
- *The HGCA Farmhouse Breakfast campaign was also re-launched in 2011 with a new theme 'Shake up your wake up' with revised materials and resources promoting healthy eating and the nutritional value of a farmhouse breakfast among consumers. The campaign also generated 80,000 orders of the new wholegrain goodness booklet.*
- *The mainstream EBLEX consumer media and PR campaigns on promoting the Red Tractor Good Food Story for beef and lamb have helped to generate a premium for assured livestock – beef and sheep producers receive between 5% and 15% premium through branding such as QSM and Red Tractor, which equates to between 13p and 40p per kg deadweight. The average premium was approximately 25p per kg dwt.*
- *AHDB believes that farm assurance schemes are in the best interest of producers and consumers. AHDB is therefore part way through a three-year, £1 million funding programme to support Assured Food Standards (AFS) to reach a self-sustaining business model. AFS licence food suppliers to use the popular Red Tractor quality assurance mark on their products. The funding is in the form of tapering support over the period 1 April 2010 to 31 March 2013, linked to a formal agreement with AFS to provide certainty and good governance to both sides. AHDB's marketing teams continue to work closely with the AFS team on promoting the benefits of assured food products.*
- *For over 10 years, the core BPEX marketing strategy has been the differentiation of high welfare against lower welfare imports. The Pork Promise Campaign – launched in October 2011 is an integrated campaign, led by posters, press, magazine and social media activities aimed to increase consumer understanding of the benefits of Red Tractor pork and pork products. British Sausage Week in late October saw the British Sausage Appreciation Society team touring the country tasting more than 100 finalist sausages with former Slade frontman Noddy Holder awarding the best of the best with their very own Legendary British Bangers Gold Discs. Early returns show a 10% to 15% sales rise as a result.*
- *On export market development AHDB has a place on the Government/industry Agrifood and Drink Exports Forum which has helped develop Defra's Exports Action Plan launched in January 2012.*
- *The BPEX/EBLEX joint trade mission to Beijing was supported by 10 companies with an interest in exporting, mainly 5<sup>th</sup> quarter products, to mainland China. While in China, the case was pressed with government officials for the registration of British pork processors that have already undergone inspections to Chinese requirements. As a result, pork was included among the several trade deals announced when the Chinese Premier visited the UK in late June 2011.*

- Also on exports, EBLEX has divided activity across three main areas: France, the rest of Europe and work outside Europe. Lamb exports have been sustained at 30% and beef exports are rising at 0.5% per month from the 10% in March 2011.

### AHDB Strategic Plan 2012/15

<b>Corporate Objective 3: Improve marketing in the industry to help profitability and customer awareness</b>	
<b>Core Strategies:</b> In sectors where there is a specific requirement, undertake export market development and work to inspire and inform consumers in order to assist the economic viability of those sectors; also help the industry respond to factually incorrect/unjustified criticisms	
<b>Key Outcomes</b>	<b>Owner</b>
The scope for collaboration with other organisations on the collection of horticultural market intelligence established to assist the industry with business decision making	HDC
Levy payers benefit from continued improvements in consumers' perceptions of potatoes versus their carbohydrate competitors and key stakeholders recognise the strategic importance (nutrition and sustainability) of the potato	Potato Council
Industry decision making ability improves through uptake of benchmarking, marketing options, price risk strategies and market information (inc. overseas market opportunities for UK grains)	HGCA
The profitability of levy payer businesses is improved through the development of export markets helping to underpin the price paid to producers and increase the value that abattoirs can get from the carcass; promoting the Red Tractor good food story to help maintain the price premium for assured beef and lamb; and disseminating factual information to underpin the image of red meat with consumers and health professionals	EBLEX
As a result of marketing activities, the retailer stocking and identification of Red Tractor pork/bacon/ham rises; consumer understanding of the core values of Red Tractor Pork improves	BPEX
Better recognition of levy value and improved farmer performance	DairyCo
Help AHDB sectors defend the industry from unjustified criticism and help manage related issues to minimise any unwarranted adverse consumer reaction	AHDB Corporate

## **CO4: Improve services that the industry provides to the community**

For AHDB this covers two main areas of work, skills development and dissemination of the information we gather to better inform all players within the industry, allowing them to make better business decisions.

There has been good progress by the whole agriculture and horticulture industry on the skills front over the last 12 months to identify the skills gaps in the different sectors and design courses, apprenticeships and Continuous professional Development (CPD) schemes to start to address them. There is still more work to be done in this area and to address the perception that Agriculture and Horticulture is not currently seen as a good career choice for graduates and those working at largely manual tasks in the industry.

Although at AHDB we do not see our primary role as being a training organisation, much of our knowledge transfer/exchange work results in up-skilling managers and farm workers. AHDB is also a partner organisation supporting the industry's AgriSkills strategy. We also work with others to provide some specific skills development and CPD schemes as well as encouraging post-graduates to consider a career in agriculture and horticulture through funding studentships and supporting the recipients in understanding the employment opportunities in the industry.

On the information front we are a knowledge house for our industries producing essential pricing, statistics and market analysis to assist in market transparency and business decision making. We target our information to producers, supply chains, health professionals, the education sector and media.

On a wider scale, the thrust of all our workstreams to deliver more efficient, profitable and sustainable agricultural and horticultural businesses, have a positive knock-on impact on our rural communities.

*Examples of work in this area for the 2011/12 year to date include:*

- *All AHDB sectors have input into the schools and education programme working in partnership with the British Nutrition Foundation (BNF) to build on [www.foodfactoflife.org.uk](http://www.foodfactoflife.org.uk), Food a Fact of Life, an online suite of curriculum-based resources primarily targeting teachers.*
- *HDC introduced a Fellowship scheme in 2011, co-financed with the Horticultural Trades Association (HTA) and East Malling Trust (EMT), aimed at supporting key post-doctoral expertise in the applied horticultural research base and to encourage the development of 'successor' scientists. HDC also runs training workshops for growers (eg weed control, biological control) as appropriate to the needs of the industry.*
- *The Potato Council has developed the agricultural training facility at the Sutton Bridge Crop Storage Research Centre to meet EMDA required training targets. The facility is now in use for a wide range of training and dissemination across R&D, KT and marketing and more than 400 industry people have been involved in its training activities in year to September 2011.*
- *HGCA continues its support for the raising of skills among combinable crop growers, particularly ensuring that new technologies will result in maximum benefit to the industry because the workforce is able to implement the outputs from the work. HGCA's input into the AgriSkills Forum has helped focus both on existing skills and those for the future, as well as succession planning.*
- *On wider dissemination of information, HGCA has launched two new social media channels in the last year; a HGCA Facebook page and Twitter account. This has increased HGCA outward communications with over 700 Twitter followers joining in the first eight months.*

- *EBLEX has been exploiting all forms of media, including new digital media, to proactively disseminate information. The targeted market information collected in the UK and EU market surveys is estimated to have a potential value to the beef and lamb industry of up to £8.75 million per year.*
- *To improve pig industry skills and knowledge, pig producers from across the UK took part in the first BPEX Live interactive online workshop. Focusing on BPEX's recently launched Pig Health Improvement Project (PHIP), delegates heard how the industry could eliminate diseases such as Porcine Reproductive and Respiratory Syndrome (PRRS) through teamwork between producers, veterinarians, and the industry. The webinar was a huge success with requests for further workshops.*
- *DairyCo has added to and expanded the consumer-facing website [www.thisisdairyfarming.com](http://www.thisisdairyfarming.com) which is now achieving Google first page rankings on many of the relevant searches. The most obvious additions are the short video pieces from farmers and experts explaining how modern dairy farming works. In addition, DairyCo continues with its main business information services for customers, such as the fortnightly Dairy Market Update and maintaining the core website service. Additionally, the team has successfully published several high profile reference documents and reports including the Dairy Statistics Pocketbook, the Company Strategy and Performance Report, the price transmission report and the Dairy Supply Chain Margins report.*

#### AHDB Strategic Plan 2012/15

<b>Corporate Objective 4: Improve services that the industry provides to the community</b>	
<b>Core Strategies:</b> <i>Give levy payers and the wider industry access to unbiased, high quality market information; raise awareness of food and where it comes from among school children; give health professionals a better understanding of the health and nutritional benefits of levy payer-produced foods in the diet; help ensure the agriculture and horticulture industries are able to develop and attract workers with the skills needed to operate effectively</i>	
<b>Key Outcomes</b>	<b>Owner</b>
Employment opportunities in horticulture improved for graduate/post-graduate entry; better opportunity for skills development and vocational training for staff without graduate-level qualifications	HDC
Children and young people engaged with potatoes	Potato Council
Up-to-the-minute information available and used by the industry through the development of online databases; health and nutrition messages around whole grains received by consumers, health professionals and, through educationalists, to communicate messages to children and families	HGCA
Industry players have greater understanding and are able to make better informed business decisions as a result of the dissemination and greater access to market information	EBLEX
The diverse needs of the pig industry are better reflected in the suite of skill development packages; external funding enables wider delivery of skills development to English pig producers; new entrants are attracted to the industry	BPEX
Improved efficiency of milk production systems on Welsh dairy farms through more efficient use of resources from a number of providers in a co-ordinated way	DairyCo
Raised awareness among its audiences of how AHDB is helping improve farming and horticulture businesses making it a more regular reference point for the media, the industry and consumers	AHDB Corporate

## CO5: Improve ways in which the industry contributes to sustainable development

“Sustainability” is recognised as being important for future generations and is part of farming culture to want to nurture the land and want to hand down a viable business to the next generation. According to the Foresight report, a sustainable future will demand more food production with less land, water, emissions, energy and waste. The UK has the potential to show the way by virtue of its resilient soils, a sufficiency of water, a warming climate and a high level of intellectual capacity and innovation. Truly sustainable systems of production based exclusively on renewable products and practices are still somewhat distant. However, advances in engineering, information technology and bioscience are moving us in the right direction. The important factor for adoption of new more sustainable practices is that they need to be cost neutral or generate a cost-benefit to the agricultural/horticultural enterprise.

The Water Framework Directive is starting to create change in what is allowable on farm and the rainfall in 2011 presented a forewarning of future challenges in terms of water availability in some regions. AHDB divisions are working on R&D and KT strategies to ensure we are able to provide new information on soil and water management that allow farmers and growers to meet compliance targets and minimise any impact on productivity.

*Examples of AHDB work in the area for the 2011/12 year to date include:*

- *Within horticulture we continue to promote our Growsave campaign on efficient energy use in protected crops, linking with other organisations such as the Carbon Trust where appropriate. HDC has also closely monitored the current and likely future impacts of the implementation of the EU Pesticides Thematic Strategy and the Water Framework Directive on the availability of crop protection products and run projects to mitigate these where possible – for example, on infection of overwintered cauliflower and Brussels sprout by Turnip yellows virus (TuYV); further crop safety screening of Dual Gold (s-metolachlor) and Sumimax (flumioxazine); evaluating new IPPM systems for spider mite control in tomato and cucumber; and the development of temperature day-degree-based models to predict pest development on strawberry for optimisation of control strategies.*
- *Vital research on crop storage has featured heavily within Potato Council’s plans to assist industry in managing energy and carbon footprint and to ensure continued access to existing sprout suppressants such as CIPC. In 2011, the Potato Council also began testing industry’s appetite for a greater focus on sustainability through discussions at levy payer meetings. Initial feedback suggests an industry that is already progressing against sustainability targets but is confused regarding how to define targets more precisely, which tools to use to measure progress and where to find the toolbox of techniques and practices that meet desired targets. In 2012 a clear roadmap for sustainability will be developed that will define more precisely what additionally needs to be done to create an industry with a sustainable future.*
- *HGCA plays a key part in the delivery of the industry GHG Action Plan. In addition, HGCA is developing a plan, known as the Environmental Roadmap, which is initially focusing on carbon and nitrous oxide, but will develop to include water and phosphorus. It is focusing on the farm situation at present and intends to propose a framework for the measurement of the carbon footprint in cereals and oilseeds to allow reliable comparisons to take place.*
- *Our beef and sheep division, EBLEX, has produced the third chapter to the beef and sheep industry environmental roadmap. These are helping to develop on-farm carbon footprint measurements and systems, examining ways of reducing the carbon footprint on farm and benchmarking English production against other livestock-producing nations to ensure we have a competitive climate change position. This work shows the benefit to the economy of using available agriculture landscape for beef and sheep is £63.8 million per year, rising to £0.9 billion when considering the wider landscape.*

- *Additionally, monitoring and analysis of costs of production for beef and sheep enterprises in England has highlighted that top third producers can be performing nearly 66% more effectively than average producers. Also a recent UK project concentrating on the use of offals saw a £2.2 million cost of disposal turned into an income of £13.3 million.*
- *The 2011 Pig Industry Environment Road Map, ‘Advancing Together’, has set ambitious targets to reduce the environmental impact of pig production in 4 key areas – climate change, eutrophication, acidification and abiotic resource depletion. The Environment team supports the industry in addressing the challenges on compliance with existing legislation and ensuring appropriate development and interpretation of new legislation. In addition, the Green Pig project is looking at replacing imported soya protein with home grown sources of protein. This dovetails with a project examining cutting the amount of protein in pig diets without impeding grow rate or eating quality. Both of these have the capability of bringing environmental benefits.*
- *DairyCo has taken the lead in the industry on measuring GHG emissions from dairy farms by committing to funding the measurement of average GHG emissions from a statistically robust selection of farms. This will demonstrate to consumers and government that the industry is taking the issue of reducing GHG seriously and will demonstrate what progress we are making over time. Data from 400 farms has been collated and analysed giving a national benchmark for g Carbon per litre of milk produced. In addition, the Dairy Roadmap was published in May 2011 with updated reports against targets and, for the first time, support from retailers.*

#### **AHDB Strategic Plan 2012/15**

<b>Corporate Objective 5: Improve ways in which the industry contributes to sustainable development</b>	
<b>Core Strategies:</b> <i>Further develop sector-focused environmental industry roadmaps in partnership with other industry organisations and help explain and deliver the roadmaps and also the targets in the industry Greenhouse Gas Action Plan – focusing on water, soils, fertilisers, pesticides, waste and greenhouse gases</i>	
<b>Key Outcomes</b>	<b>Owner</b>
Reduced carbon footprint for similar or greater productivity in field and protected crops as compared with available benchmarks set in 2010; alternative crop protection methods in place to replace those made vulnerable by the EU Pesticides Thematic Strategy and Water Framework Directive; recommendations from HDC strategic water review implemented	HDC
Industry understands the consequence of new/proposed legislation, recognises Potato Council role and takes part in its development	Potato Council
Delivery of Environmental Roadmap for carbon and water assists the cereals and oilseeds industry in meeting its obligations set out in the Greenhouse Gas Action Plan	HGCA
English beef and sheep supply chains are able to run their businesses more sustainably and benefit from a competitive climate change position as a consequence of the English beef and sheep environmental roadmaps and the annual benchmarking work modelling of costs of production	EBLEX
Improvements achieved by the pig industry in climate change, eutrophication, acidification and abiotic resource depletion through delivery of the English pig industry environmental roadmap	BPEX
Reduced GHG cost per litre of milk produced as a consequence of DairyCo knowledge transfer work	DairyCo
The industry meets the targets for GHG emissions reduction that have been set within the industry Greenhouse Gas Action Plan	AHDB Corporate

## Measuring Progress

These are the key performance indicators we will report progress against in the Annual Report

Key Performance Indicators	
<b>CO1: Deliver value for money for levy payers in everything we do</b>	
<ul style="list-style-type: none"> <li>At least three research areas let by Tender by 2012 and mechanisms in place with Defra, SG and BBSRC to ensure regular liaison</li> </ul>	Horticulture
<ul style="list-style-type: none"> <li>2 cost-benefit analyses published for each Potato Council function by August 2012</li> </ul>	Potatoes
<ul style="list-style-type: none"> <li>Increase levy payer satisfaction score for identified key activities by 5% year on year as measured in annual stakeholder 'intentions' survey</li> </ul>	Cereals
<ul style="list-style-type: none"> <li>90% satisfaction rating for EBLEX published material measured in stakeholder 'intentions' survey and feedback forms</li> </ul>	Beef and Lamb
<ul style="list-style-type: none"> <li>Improve annual customer survey score to 1.75 (1 = excellent; 5 = poor)</li> </ul>	Pigs
<ul style="list-style-type: none"> <li>Achieve an overall satisfaction score for the 'overall performance of DairyCo' of 3.0 for dairy farmers surveyed (1 = not at all useful; 5 = very useful)</li> </ul>	Dairy
<ul style="list-style-type: none"> <li>Reduce Support Costs as a percentage of income by 1% year-on-year bringing it down to 12% by 2014</li> </ul>	Corporate
<b>CO2: Improve efficiency and productivity in the industry to help levy payers have thriving businesses</b>	
<ul style="list-style-type: none"> <li>Measurable change in output adjusted by crop area in some horticultural crops by March 2014</li> </ul>	Horticulture
<ul style="list-style-type: none"> <li>Commission new research in the priority areas identified by the Potato Council R&amp;D strategy review. This will include topics that address production and storage issues and end-market quality</li> </ul>	Potatoes
<ul style="list-style-type: none"> <li>From an evaluation of the R&amp;D programme against a 2010 baseline, deliver a 5:1 cost benefit per crop tonne from HGCA-funded R&amp;D</li> </ul>	Cereals
<ul style="list-style-type: none"> <li>Improved carcass weights against number of lambs born, measured by kg of carcass weight per breeding ewe. Also, improved carcass weights for beef measured against the age of slaughter by looking at kg carcass per day gain, both measured on a three-year rolling average</li> </ul>	Beef and Lamb
<ul style="list-style-type: none"> <li>Deliver the Two Tonne Sow by 2013 measured by the average weight of carcass meat from a sow's progeny per year</li> </ul>	Pigs
<ul style="list-style-type: none"> <li>Deliver knowledge transfer services to at least 3,500 individual dairy farmers as face-to-face work</li> </ul>	Dairy
<ul style="list-style-type: none"> <li>Scope, design and deliver an AHDB-wide Project Management System by 2013 to enable effective 'birth to death' commissioning, resourcing, accounting, running and assessing research and other projects</li> </ul>	Corporate
<b>CO3: Improve marketing in the industry to help profitability and customer awareness</b>	
<ul style="list-style-type: none"> <li>Assess need for combined 'horticulture data' booklet by June 2012</li> </ul>	Horticulture
<ul style="list-style-type: none"> <li>Run campaigns to deliver attitude change and act as a platform for industry collaboration – 1 million visits to the consumer website per annum by March 2013; 2 million recipe views; 175m 'opportunities to see' (OTS) per annum</li> </ul>	Potatoes

<b>Key Performance Indicators</b>	
<b>Cont . . . CO3: Improve marketing in the industry to help profitability and customer awareness</b>	
<ul style="list-style-type: none"> <li>Deliver a 5% increase in proportion of crops grown for specific end markets, including exports, over the three year period to 2015 as measured in the annual stakeholder 'intentions' survey</li> </ul>	Cereals
<ul style="list-style-type: none"> <li>Sustain current percentage of lamb exports at 30%, increase beef exports to 20% by end of 2012</li> </ul>	Beef and Lamb
<ul style="list-style-type: none"> <li>Consumer understanding of Red Tractor Pork to rise by 10% measured by consumer research</li> </ul>	Pigs
<ul style="list-style-type: none"> <li>Achieve a recognition of DairyCo products and services so that 65% of GB dairy farmers can name at least one product or service (currently 61%)</li> </ul>	Dairy
<ul style="list-style-type: none"> <li>Combined website page visits for Market Intelligence materials – 2.25 million / year</li> </ul>	Corporate
<b>CO4: Improve services that the industry provides to the community</b>	
<ul style="list-style-type: none"> <li>Success of Horticulture studentship programme measured by employment status of completed recipients of studentships; successful completion of 'horticultural summer school' placements via HDC/EMT/HTA Fellowship funded at Harper Adams University</li> </ul>	Horticulture
<ul style="list-style-type: none"> <li>Maintain number of schools participating in Grow Your Own Potatoes at 13,000 (62%) whilst rolling out Cook Your Own Potatoes to 10% of secondary schools</li> </ul>	Potatoes
<ul style="list-style-type: none"> <li>10% year on year increase in website visitors accessing key information</li> </ul>	Cereals
<ul style="list-style-type: none"> <li>Increase digital statistical information available on website by 30%</li> </ul>	Beef and Lamb
<ul style="list-style-type: none"> <li>Improve consumer tracking study measures on the healthiness of pork by 2 percentage points</li> </ul>	Pigs
<ul style="list-style-type: none"> <li>Implement a Customer Relationship Management system for GB dairy farmers to allow differentiated communication</li> </ul>	Dairy
<ul style="list-style-type: none"> <li>Increase combined Market Intelligence publications circulation from 23,900 to 24,700 per month</li> </ul>	Corporate
<b>CO5: Improve ways in which the industry contributes to sustainable development</b>	
<ul style="list-style-type: none"> <li>At least 10% reduction of carbon footprint of horticultural business by March 2014; improved methodology for Re-entry intervals agreed with the Chemicals Regulation Directorate (CRD) by December 2011; initial crop protection product gaps identified by SCEPTRE project filled by March 2012</li> </ul>	Horticulture
<ul style="list-style-type: none"> <li>Establish best practice platform for pesticide and environmental stewardship activities and deliver ongoing Chlorpropham (CIPC) stewardship action plan (metrics agreed with Advisory Committee for Pesticides)</li> </ul>	Potatoes
<ul style="list-style-type: none"> <li>Year on year increase in the proportion of research projects which include environmental improvement factors</li> </ul>	Cereals
<ul style="list-style-type: none"> <li>Audit 60 farms to establish the Carbon footprint and monitor for 3 years for improvement in response to changes in management and performance</li> </ul>	Beef and Lamb
<ul style="list-style-type: none"> <li>Improve GHG equivalent impact of pork production by 4%</li> </ul>	Pigs
<ul style="list-style-type: none"> <li>Deliver the DairyCo component of the Milk Roadmap to time and budget in order to help reduce the GHG cost per litre of milk produced</li> </ul>	Dairy
<ul style="list-style-type: none"> <li>Work with partner organisations (NFU, AIC, CLA and others) to develop and deliver advice for on-farm actions aimed at delivery of the targets for GHG emissions reduction that have been set within the Industry GHG Action Plan</li> </ul>	Corporate

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## Funding the Plan

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The work of AHDB is funded by a statutory levy (a parafiscal tax) paid by farmers, growers and others in the supply chain and AHDB is legally responsible for the collection of these levies.

The forecast total net levy for 2012/13 is just under £55M. The funds raised from each commodity sector are ring-fenced to ensure they can only be used to the benefit of the sectors from which they were raised.

Industry Sector	Forecast net levy 2012/13
Pigs in England	£8.380 M
Beef and Lamb in England	£15.595 M
Milk in GB	£6.820 M
Horticulture in GB	£6.200 M
Cereals and Oilseeds in UK	£11.437 M
Potatoes in GB	£6.395 M
	<b>£54.827 M</b>

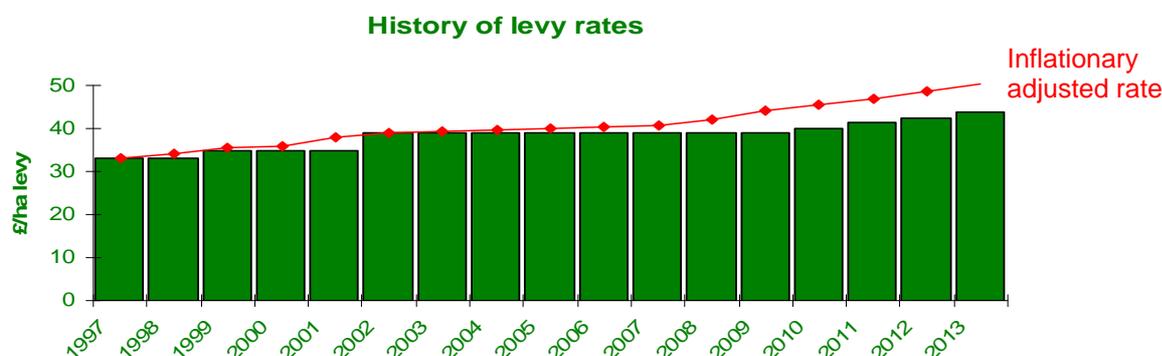
The sector boards recommend, on an annual basis, the levy rate that should be applied across their sectors in order to fund the strategic work programme published in this corporate business plan. The main AHDB board assesses the recommendations from the sector boards and subsequently proposes the annual levy rates for approval by Defra and devolved administration Ministers.

**This plan contains a Ministerial approved increase to the levy rate for Potatoes in Great Britain. The other levies remain unchanged for 2012/13. The levy rates for 1 April 2012 to 31 March 2013 can be found on the next page.**

### Why there is an increase in the GB Potato Levy

In 2010, we introduced a three-year programme of small potato levy increases, based on stakeholder agreement that these were essential to maintain the service delivery demanded by growers and their industry customers to meet the challenges ahead and that small increments over time were preferable. This plan encompasses the third incremental increase which allows growth in operational (levy payer-facing) activities.

Prior to 2010, the levy rate had remained unchanged for eight years. This is illustrated in the chart below. A further increase of 3% has been approved for 2012/13 which has resulted in area levy being set at £42.62/ha for producers who grow 3ha or more and 18.58p/tonne for purchasers; those purchasing over 1,000 tonnes/yr.



## AHDB Levy Rates 01/04/12 to 31/03/13

This table includes a 3% increase to the GB potato levy, the other levies remain unchanged from the 2011/12 rates.

SECTOR	Levy rate 2011/12	Levy rate 2012/13	Higher rate for late payment
<b>Pigs (England)</b>	<b>£ per head</b>	<b>£ per head</b>	<b>£ per head</b>
Producer	0.85	<b>0.85</b>	0.935
Slaughterer/exporter	0.20	<b>0.20</b>	0.22
<b>Beef and Lamb (England)</b>	<b>£ per head</b>	<b>£ per head</b>	<b>£ per head</b>
<b>Cattle (excluding calves)</b>			
Producer	4.05	<b>4.05</b>	4.05
Slaughterer/exporter	1.35	<b>1.35</b>	1.35
<b>Calves</b>			
Producer	0.08	<b>0.08</b>	0.08
Slaughterer/exporter	0.08	<b>0.08</b>	0.08
<b>Sheep</b>			
Producer	0.60	<b>0.60</b>	0.60
Slaughterer/exporter	0.20	<b>0.20</b>	0.20
<b>Milk (GB)</b>	<b>Pence per litre</b>	<b>Pence per litre</b>	<b>Pence per litre</b>
Buyers and direct sellers of milk	0.060	<b>0.060</b>	0.066
<b>Cereals and oilseeds (UK)</b>	<b>Pence per tonne</b>	<b>Pence per tonne</b>	<b>Pence per tonne</b>
Cereal grower	46.00	<b>46.00</b>	50.60
Cereal buyer	3.80	<b>3.80</b>	4.18
Cereal processor (human and industrial)	9.50	<b>9.50</b>	10.45
Cereal processor (feed)	4.60	<b>4.60</b>	5.06
Oilseeds	75.00	<b>75.00</b>	82.50
<b>Horticulture (GB)</b>	<b>% sales turnover</b>	<b>% sales turnover</b>	<b>% sales turnover</b>
Horticulture products	0.50	<b>0.50</b>	0.55
<b>Mushroom spawn</b>	<b>Pence per litre</b>	<b>Pence per litre</b>	<b>Pence per litre</b>
- Agaricus	8.0	<b>8.0</b>	8.8
- Non-agaricus	2.0	<b>2.0</b>	2.2
<b>Potatoes (GB)</b>			
Potato growers	£41.38 per hectare	<b>£42.62 per hectare</b>	£48.08 per hectare
Purchasers of potatoes	£0.1804 per tonne	<b>£0.1858 per tonne</b>	£0.2076 per tonne

## Budget

The following pages contain the 2012/13 budget for AHDB and its subsidiary, MLCSL, split between each sector. The reports also show indicative performance plans for the following two years. The budget was agreed at the AHDB Board meeting held on 27 March 2012.

The table below shows how the forecast levy collected from each commodity sector in 2012/13 will be deployed across the core activity areas of R&D and knowledge transfer/exchange, trade development, international, supply chain integration, market intelligence (eg pricing and other business information), communications and support services (IT, finance, legal, HR, etc).

What this helps to demonstrate is the different priorities across the sectors and how this is reflected in the range of activities provided and the emphasis put behind them as a percentage of the overall income ring-fenced for that commodity sector.

A greater proportion of income is budgeted to be spent on direct activities as reserves are forecast to increase in the current year (2011/12) closer to appropriate levels, while in addition the percentage incurred on support costs is reducing.

<b>Budget 2012/13</b>	English Pigs (BPEX)	English Beef and Lamb (EBLEX)	GB Milk (DairyCo)	GB Horticulture (HDC)	UK Cereals and Oilseeds (HGCA)	GB Potatoes (PCL)
Income:						
Net Levy Income	8,380	15,595	6,820	6,200	11,437	6,395
Other Income	652	1,058	326	484	200	1,058
<b>Total Net Income</b>	<b>9,032</b>	<b>16,653</b>	<b>7,146</b>	<b>6,684</b>	<b>11,637</b>	<b>7,453</b>
Expenditure (% of net income):						
R&D and Knowledge Transfer	36%	16%	62%	76%	45%	38%
Trade Development	35%	54%	4%	0%	5%	24%
International	5%	2%	0%	0%	3%	2%
Supply Chain Integration	3%	6%	0%	0%	5%	3%
Market Intelligence	7%	7%	16%	0%	6%	7%
Communications	5%	4%	12%	17%	13%	7%
Support	11%	8%	17%	10%	14%	17%
<b>Total Expenditure</b>	<b>104%</b>	<b>97%</b>	<b>112%</b>	<b>103%</b>	<b>91%</b>	<b>97%</b>
<b>Surplus/(Deficit) to/(from) reserves</b>	<b>(4)%</b>	<b>3%</b>	<b>(12)%</b>	<b>(3)%</b>	<b>9%</b>	<b>3%</b>

MANAGEMENT REPORT - BUDGET 12/13 to 14/15				Final		
AHDB						
FULL YEAR £'000						
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	49,784	54,588	54,937	54,317	54,145	349
Fee and grant income	3,573	4,104	3,778	2,678	2,291	-326
Commercial Services Income	4,459	4,723	4,915	4,876	4,943	192
<b>Non-levy income</b>	<b>8,032</b>	<b>8,827</b>	<b>8,693</b>	<b>7,554</b>	<b>7,234</b>	<b>-134</b>
Bad Debts	-364	-266	-110	-60	-60	156
<b>TOTAL INCOME</b>	<b>57,452</b>	<b>63,149</b>	<b>63,520</b>	<b>61,811</b>	<b>61,319</b>	<b>371</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-21,155	-20,915	-23,655	-23,344	-23,094	-2,740
Trade Development	-12,804	-14,650	-14,890	-13,607	-13,392	-240
International	-971	-1,035	-1,243	-1,236	-1,237	-208
Supply Chain Integration	-1,766	-1,961	-2,073	-2,030	-1,993	-112
Market Intelligence	-3,358	-3,656	-4,169	-4,159	-4,182	-513
Communications	-3,329	-4,286	-5,170	-4,887	-4,908	-884
Commercial services	-3,940	-4,193	-4,335	-4,267	-4,289	-142
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-47,324</b>	<b>-50,696</b>	<b>-55,535</b>	<b>-53,530</b>	<b>-53,095</b>	<b>-4,839</b>
<b>SUPPORT</b>						
Sector-specific Administration	-3,442	-3,225	-2,767	-2,770	-2,745	458
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-671	-626	-678	-689	-690	-52
Facilities	-1,376	-1,406	-1,469	-1,379	-1,291	-63
<b>Finance and Business Services</b>						
Finance	-936	-879	-797	-797	-788	82
Levy Collection	-234	-289	-257	-250	-246	32
Procurement	-130	-166	-162	-161	-165	4
IT	-729	-678	-653	-632	-632	25
Main Board/Advisory	-575	-586	-517	-518	-519	69
Corporate Communications	-168	-182	-186	-192	-196	-4
R&D	-179	-151	-152	-162	-173	-1
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-8,440</b>	<b>-8,190</b>	<b>-7,638</b>	<b>-7,550</b>	<b>-7,445</b>	<b>552</b>
<b>TOTAL EXPENDITURE</b>	<b>-55,763</b>	<b>-58,886</b>	<b>-63,173</b>	<b>-61,080</b>	<b>-60,540</b>	<b>-4,287</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,688</b>	<b>4,263</b>	<b>347</b>	<b>731</b>	<b>779</b>	<b>-3,916</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	8	25	80	80	80	55
Interest payable	0	0	0	0	0	0
Taxation	-29	0	0	-12	-12	0
Exceptional reorganisation expenditure	-1,312	-433	-227	-97	-12	206
Other non-operating costs	-506	-602	0	0	0	602
Net FRS17 Entries (HGCA pension)	-350	-75	-75	-75	-75	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>-2,186</b>	<b>-1,085</b>	<b>-222</b>	<b>-104</b>	<b>-19</b>	<b>863</b>
<b>Retained Surplus/(Deficit)</b>	<b>-498</b>	<b>3,178</b>	<b>125</b>	<b>627</b>	<b>760</b>	<b>-3,053</b>
Support expenditure - % of Income	14.7%	13.0%	12.0%	12.2%	12.1%	
Support excl. sector-specific - % of income	8.7%	7.9%	7.7%	7.7%	7.7%	
Opening general reserves	14,041	13,543	16,721	16,846	17,473	
Retained surplus/deficit	-498	3,178	125	627	760	
Closing general reserves	13,543	16,721	16,846	17,473	18,233	
Opening pension reserves	2,431	819	819	819	819	
Pension movement	-1,612	0	0	0	0	
Closing pension reserves	819	819	819	819	819	

MANAGEMENT REPORT - BUDGET 12/13 to 14/15				Final		
BPEX						
FULL YEAR E'000						
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	7,623	8,097	8,380	8,580	8,780	283
Fee and grant income	923	1,005	652	465	465	-353
Commercial Services Income	0	0	0	0	0	0
<b>Non-levy income</b>	<b>923</b>	<b>1,005</b>	<b>652</b>	<b>465</b>	<b>465</b>	<b>-353</b>
Bad Debts		-81				
<b>TOTAL INCOME</b>	<b>8,546</b>	<b>9,021</b>	<b>9,032</b>	<b>9,045</b>	<b>9,245</b>	<b>-70</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-2,889	-2,592	-3,253	-3,185	-3,385	-661
Trade Development	-2,834	-3,298	-3,206	-3,037	-3,037	92
International	-324	-318	-455	-455	-455	-137
Supply Chain Integration	-216	-275	-313	-340	-350	-38
Market Intelligence	-670	-603	-627	-639	-644	-24
Communications	-391	-436	-470	-304	-294	-34
Commercial services	0	0	0	0	0	0
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-7,324</b>	<b>-7,522</b>	<b>-8,324</b>	<b>-7,960</b>	<b>-8,165</b>	<b>-802</b>
<b>SUPPORT</b>						
Sector-specific Administration	-457	-401	-400	-400	-400	1
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-77	-78	-84	-89	-89	-6
Facilities	-191	-172	-181	-167	-152	-9
<b>Finance and Business Services</b>						
Finance	-137	-123	-109	-111	-109	14
Levy Collection	-26	-32	-28	-27	-26	4
Procurement	-19	-22	-23	-23	-23	-1
IT	-106	-96	-88	-89	-89	8
Main Board/Advisory	-84	-83	-73	-73	-73	10
Corporate Communications	-28	-30	-31	-32	-33	-1
R&D	-25	-20	-19	-21	-22	1
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-1,150</b>	<b>-1,057</b>	<b>-1,036</b>	<b>-1,032</b>	<b>-1,016</b>	<b>21</b>
<b>TOTAL EXPENDITURE</b>	<b>-8,474</b>	<b>-8,579</b>	<b>-9,360</b>	<b>-8,992</b>	<b>-9,181</b>	<b>-781</b>
<b>Operating Surplus/(Deficit)</b>	<b>72</b>	<b>442</b>	<b>-328</b>	<b>53</b>	<b>64</b>	<b>-770</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	3	6	17	15	15	11
Interest payable	0	0	0	0	0	0
Taxation	39	0	0	0	0	0
Exceptional reorganisation expenditure	-139	-63	-50	-15	0	13
Other non-operating costs	-176	-180	0	0	0	180
Net FRS17 Entries (HGCA pension)	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>-273</b>	<b>-237</b>	<b>-33</b>	<b>0</b>	<b>15</b>	<b>204</b>
<b>Retained Surplus/(Deficit)</b>	<b>-201</b>	<b>205</b>	<b>-361</b>	<b>53</b>	<b>79</b>	<b>-566</b>
Support expenditure - % of Income	13.5%	11.7%	11.5%	11.4%	11.0%	
Support excl. sector-specific - % of income	8.1%	7.3%	7.0%	7.0%	6.7%	
Opening general reserves	3,610	3,409	3,614	3,253	3,306	
Retained surplus/deficit	-201	205	-361	53	79	
Closing general reserves	3,409	3,614	3,253	3,306	3,385	
Opening pension reserves	1200	467	467	467	467	
Pension movement	-733	0	0	0	0	
Closing pension reserves	467	467	467	467	467	

MANAGEMENT REPORT - BUDGET 12/13 to 14/15			Final			
EBLEX						
FULL YEAR £'000						
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	12,705	15,506	15,595	15,100	14,600	89
Fee and grant income	1,322	1,400	1,058	1,000	1,000	-342
Commercial Services Income	0	0				
<b>Non-levy income</b>	<b>1,322</b>	<b>1,400</b>	<b>1,058</b>	<b>1,000</b>	<b>1,000</b>	<b>-342</b>
Bad Debts		-120				
<b>TOTAL INCOME</b>	<b>14,027</b>	<b>16,786</b>	<b>16,653</b>	<b>16,100</b>	<b>15,600</b>	<b>-253</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-2,838	-2,681	-2,742	-2,772	-2,600	-61
Trade Development	-6,903	-8,729	-9,001	-8,427	-8,212	-272
International	-325	-276	-290	-280	-280	-14
Supply Chain Integration	-971	-1,000	-1,000	-950	-900	0
Market Intelligence	-1,159	-1,000	-1,213	-1,195	-1,188	-213
Communications	-524	-673	-700	-700	-700	-27
Commercial services	0	0	0	0	0	
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-12,720</b>	<b>-14,359</b>	<b>-14,946</b>	<b>-14,324</b>	<b>-13,880</b>	<b>-587</b>
<b>SUPPORT</b>						
Sector-specific Administration	-342	-414	-375	-350	-320	39
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-122	-105	-111	-116	-116	-6
Facilities	-216	-188	-193	-183	-167	-5
<b>Finance and Business Services</b>						
Finance	-229	-233	-211	-210	-206	22
Levy Collection	-39	-49	-43	-42	-40	6
Procurement	-31	-42	-44	-43	-44	-2
IT	-164	-130	-121	-120	-120	9
Main Board/Advisory	-140	-157	-139	-139	-139	18
Corporate Communications	-28	-30	-31	-32	-33	-1
R&D	-24	-20	-19	-21	-24	1
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-1,335</b>	<b>-1,368</b>	<b>-1,287</b>	<b>-1,256</b>	<b>-1,209</b>	<b>81</b>
<b>TOTAL EXPENDITURE</b>	<b>-14,055</b>	<b>-15,727</b>	<b>-16,233</b>	<b>-15,580</b>	<b>-15,089</b>	<b>-506</b>
<b>Operating Surplus/(Deficit)</b>	<b>-28</b>	<b>1,059</b>	<b>420</b>	<b>520</b>	<b>511</b>	<b>-759</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	1	3	10	12	14	7
Interest payable	0	0	0	0	0	0
Taxation	79	0	0	0	0	0
Exceptional reorganisation expenditure	-223	-121	-100	-29	0	21
Other non-operating costs	-280	-258	0	0	0	258
Net FRS17 Entries (HGCA pension)	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>-423</b>	<b>-376</b>	<b>-90</b>	<b>-17</b>	<b>14</b>	<b>286</b>
<b>Retained Surplus/(Deficit)</b>	<b>-451</b>	<b>683</b>	<b>330</b>	<b>503</b>	<b>525</b>	<b>-353</b>
Support expenditure - % of Income	9.5%	8.1%	7.7%	7.8%	7.8%	
Support excl. sector-specific - % of income	7.1%	5.7%	5.5%	5.6%	5.7%	
Opening general reserves	1,903	1,452	2,135	2,465	2,968	
Retained surplus/deficit	-451	683	330	503	525	
Closing general reserves	1,452	2,135	2,465	2,968	3,493	
Opening pension reserves	2400	933	933	933	933	
Pension movement	-1467	0	0	0	0	
Closing pension reserves	933	933	933	933	933	

MANAGEMENT REPORT - BUDGET 12/13 to 14/15				Final		
DAIRYCO						
FULL YEAR £'000						
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	6,832	6,890	6,850	6,850	6,850	-40
Fee and grant income	293	330	326	300	200	-4
Commercial Services Income	0	0	0	0	0	0
<b>Non-levy income</b>	<b>293</b>	<b>330</b>	<b>326</b>	<b>300</b>	<b>200</b>	<b>-4</b>
Bad Debts		-38	-30	-30	-30	
<b>TOTAL INCOME</b>	<b>7,125</b>	<b>7,182</b>	<b>7,146</b>	<b>7,120</b>	<b>7,020</b>	<b>-44</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-3,650	-4,187	-4,452	-4,017	-4,017	-265
Trade Development	-770	-352	-314	0	0	38
International	0	0	0	0	0	0
Supply Chain Integration	0	0	0	0	0	0
Market Intelligence	-579	-1,030	-1,155	-1,205	-1,220	-125
Communications	-695	-815	-887	-1,280	-1,280	-72
Commercial services	0	0	0	0	0	0
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-5,694</b>	<b>-6,384</b>	<b>-6,808</b>	<b>-6,502</b>	<b>-6,517</b>	<b>-424</b>
<b>SUPPORT</b>						
Sector-specific Administration	-567	-403	-353	-390	-390	50
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-109	-120	-132	-132	-132	-12
Facilities	-213	-262	-275	-254	-232	-13
<b>Finance and Business Services</b>						
Finance	-120	-108	-109	-106	-104	-1
Levy Collection	-39	-48	-43	-41	-40	5
Procurement	-17	-19	-20	-20	-21	-1
IT	-146	-148	-146	-137	-137	2
Main Board/Advisory	-74	-73	-64	-64	-64	9
Corporate Communications	-28	-30	-31	-32	-33	-1
R&D	-37	-30	-30	-33	-36	0
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-1,350</b>	<b>-1,241</b>	<b>-1,203</b>	<b>-1,209</b>	<b>-1,189</b>	<b>38</b>
<b>TOTAL EXPENDITURE</b>	<b>-7,044</b>	<b>-7,625</b>	<b>-8,011</b>	<b>-7,711</b>	<b>-7,706</b>	<b>-386</b>
<b>Operating Surplus/(Deficit)</b>	<b>81</b>	<b>-443</b>	<b>-865</b>	<b>-591</b>	<b>-686</b>	<b>-422</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	4	6	21	17	13	15
Interest payable	0	0	0	0	0	0
Taxation	4	0	0	-12	-12	0
Exceptional reorganisation expenditure	-51	-61	-20	-12	0	41
Other non-operating costs	-91	-34	0	0	0	34
Net FRS17 Entries (HGCA pension)	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>-134</b>	<b>-89</b>	<b>1</b>	<b>-7</b>	<b>1</b>	<b>90</b>
<b>Retained Surplus/(Deficit)</b>	<b>-51</b>	<b>-532</b>	<b>-864</b>	<b>-598</b>	<b>-685</b>	<b>-332</b>
Support expenditure - % of Income	18.9%	17.3%	16.8%	17.0%	16.9%	
Support excl. sector-specific - % of income	11.0%	11.7%	11.9%	11.5%	11.4%	
Opening reserves	4,928	4,877	4,345	3,481	2,883	
Retained surplus/deficit	-51	-532	-864	-598	-685	
Closing reserves	4,877	4,345	3,481	2,883	2,198	

MANAGEMENT REPORT - BUDGET 12/13 to 14/15				Final		
HDC						
FULL YEAR £'000						
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	6,198	6,452	6,250	6,375	6,503	-202
Fee and grant income	180	290	484	417	130	194
Commercial Services Income	0	0	0	0	0	0
<b>Non-levy income</b>	<b>180</b>	<b>290</b>	<b>484</b>	<b>417</b>	<b>130</b>	<b>194</b>
Bad Debts	-126	7	-50			
<b>TOTAL INCOME</b>	<b>6,252</b>	<b>6,749</b>	<b>6,684</b>	<b>6,792</b>	<b>6,633</b>	<b>-8</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-3,747	-4,102	-5,070	-5,204	-4,915	-968
Trade Development	0	0	0	0	0	0
International	0	0	0	0	0	0
Supply Chain Integration	0	0	0	0	0	0
Market Intelligence	0	-20	-22	-22	-23	-2
Communications	-782	-1,024	-1,118	-1,141	-1,164	-94
Commercial services	0	0	0	0	0	0
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-4,529</b>	<b>-5,146</b>	<b>-6,210</b>	<b>-6,367</b>	<b>-6,102</b>	<b>-1,064</b>
<b>SUPPORT</b>						
Sector-specific Administration	-407	-323	-161	-165	-168	162
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-34	-42	-47	-48	-49	-5
Facilities	-102	-131	-138	-141	-144	-7
<b>Finance and Business Services</b>						
Finance	-92	-86	-87	-88	-90	-1
Levy Collection	-39	-48	-43	-44	-45	5
Procurement	-13	-16	-16	-16	-17	0
IT	-46	-52	-51	-52	-53	1
Main Board/Advisory	-57	-58	-52	-53	-54	6
Corporate Communications	-28	-30	-31	-32	-32	-1
R&D	-35	-29	-33	-34	-35	-4
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-853</b>	<b>-815</b>	<b>-659</b>	<b>-673</b>	<b>-687</b>	<b>156</b>
<b>TOTAL EXPENDITURE</b>	<b>-5,382</b>	<b>-5,961</b>	<b>-6,869</b>	<b>-7,040</b>	<b>-6,789</b>	<b>-908</b>
<b>Operating Surplus/(Deficit)</b>	<b>870</b>	<b>788</b>	<b>-185</b>	<b>-248</b>	<b>-156</b>	<b>-973</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	2	5	15	13	12	10
Interest payable	0	0	0	0	0	0
Taxation	-167	0	0	0	0	0
Exceptional reorganisation expenditure	-59	-50	-10	-10	0	40
Other non-operating costs	0	-11	0	0	0	11
Net FRS17 Entries (HGCA pension)	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>-224</b>	<b>-56</b>	<b>5</b>	<b>3</b>	<b>12</b>	<b>61</b>
<b>Retained Surplus/(Deficit)</b>	<b>646</b>	<b>732</b>	<b>-180</b>	<b>-245</b>	<b>-144</b>	<b>-912</b>
Support expenditure - % of Income	13.6%	12.1%	9.9%	9.9%	10.4%	
Support excl. sector-specific - % of income	7.1%	7.3%	7.5%	7.5%	7.8%	
Opening reserves	1,661	2,307	3,039	2,859	2,614	
Retained surplus/deficit	646	732	-180	-245	-144	
Closing reserves	2,307	3,039	2,859	2,614	2,470	

MANAGEMENT REPORT - BUDGET 12/13 to 14/15				Final		
HGCA						
	FULL YEAR E'000					
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	10,390	11,477	11,437	10,987	10,987	-40
Fee and grant income	149	177	200	150	150	23
Commercial Services Income	0	0	0	0	0	0
<b>Non-levy income</b>	<b>149</b>	<b>177</b>	<b>200</b>	<b>150</b>	<b>150</b>	<b>23</b>
Bad Debts	-8	-6				
<b>TOTAL INCOME</b>	<b>10,531</b>	<b>11,648</b>	<b>11,637</b>	<b>11,137</b>	<b>11,137</b>	<b>-17</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-5,173	-4,234	-5,284	-5,294	-5,305	-1,050
Trade Development	-619	-554	-610	-615	-615	-56
International	-322	-331	-370	-373	-374	-39
Supply Chain Integration	-269	-472	-544	-523	-526	-72
Market Intelligence	-586	-549	-650	-622	-631	-101
Communications	-796	-1,266	-1,478	-1,424	-1,432	-212
Commercial services	0	0	0	0	0	0
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-7,765</b>	<b>-7,406</b>	<b>-8,936</b>	<b>-8,851</b>	<b>-8,883</b>	<b>-1,530</b>
<b>SUPPORT</b>						
Sector-specific Administration	-620	-697	-578	-565	-567	119
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-102	-111	-122	-122	-122	-11
Facilities	-368	-392	-414	-381	-348	-22
<b>Finance and Business Services</b>						
Finance	-171	-157	-144	-140	-138	13
Levy Collection	-39	-48	-43	-41	-40	5
Procurement	-24	-38	-29	-29	-30	9
IT	-137	-138	-136	-128	-127	2
Main Board/Advisory	-105	-106	-93	-93	-93	13
Corporate Communications	-28	-30	-31	-32	-33	-1
R&D	-33	-32	-30	-32	-35	2
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-1,627</b>	<b>-1,749</b>	<b>-1,620</b>	<b>-1,563</b>	<b>-1,533</b>	<b>129</b>
<b>TOTAL EXPENDITURE</b>	<b>-9,392</b>	<b>-9,155</b>	<b>-10,556</b>	<b>-10,414</b>	<b>-10,416</b>	<b>-1,401</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,139</b>	<b>2,493</b>	<b>1,081</b>	<b>723</b>	<b>721</b>	<b>-1,412</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	0	2	7	12	14	5
Interest payable	0	0	0	0	0	0
Taxation	0	0	0	0	0	0
Exceptional reorganisation expenditure	-775	-80	-29	-19	0	51
Other non-operating costs	0	-64	0	0	0	64
Net FRS17 Entries (HGCA pension)	-350	-75	-75	-75	-75	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>-1,125</b>	<b>-217</b>	<b>-97</b>	<b>-82</b>	<b>-61</b>	<b>120</b>
<b>Retained Surplus/(Deficit)</b>	<b>14</b>	<b>2,276</b>	<b>984</b>	<b>641</b>	<b>660</b>	<b>-1,292</b>
Support expenditure - % of Income	15.4%	15.0%	13.9%	14.0%	13.8%	
Support excl. sector-specific - % of income	9.6%	9.0%	9.0%	9.0%	8.7%	
Opening general reserves	-835	-821	1,455	2,439	3,080	
Retained surplus/deficit	14	2,276	984	641	660	
Closing general reserves	-821	1,455	2,439	3,080	3,740	
Opening pension reserves	-1,169	-581	-581	-581	-581	
Pension movement	588	0	0	0	0	
Closing pension reserves	-581	-581	-581	-581	-581	

MANAGEMENT REPORT - BUDGET 12/13 to 14/15			Final			
PCL						
	FULL YEAR £'000					
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	6,035	6,166	6,425	6,425	6,425	259
Fee and grant income	706	902	1,058	346	346	156
Commercial Services Income	0		0	0	0	0
<b>Non-levy income</b>	<b>706</b>	<b>902</b>	<b>1,058</b>	<b>346</b>	<b>346</b>	<b>156</b>
Bad Debts	-90	-8	-30	-30	-30	
<b>TOTAL INCOME</b>	<b>6,651</b>	<b>7,060</b>	<b>7,453</b>	<b>6,741</b>	<b>6,741</b>	<b>415</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-2,858	-3,119	-2,854	-2,872	-2,872	265
Trade Development	-1,678	-1,717	-1,759	-1,528	-1,528	-42
International	0	-110	-128	-128	-128	-18
Supply Chain Integration	-310	-214	-216	-217	-217	-2
Market Intelligence	-364	-454	-502	-476	-476	-48
Communications	-141	-72	-517	-38	-38	-445
Commercial services	0	0	0	0	0	0
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-5,351</b>	<b>-5,686</b>	<b>-5,976</b>	<b>-5,259</b>	<b>-5,259</b>	<b>-290</b>
<b>SUPPORT</b>						
Sector-specific Administration	-691	-625	-615	-615	-615	10
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-79	-76	-83	-83	-83	-7
Facilities	-213	-196	-199	-190	-190	-3
<b>Finance and Business Services</b>						
Finance	-109	-96	-84	-91	-91	12
Levy Collection	-52	-64	-57	-55	-55	7
Procurement	-15	-17	-18	-18	-18	-1
IT	-106	-94	-91	-87	-87	3
Main Board/Advisory	-67	-65	-58	-58	-58	7
Corporate Communications	-28	-30	-31	-32	-32	-1
R&D	-25	-21	-21	-21	-21	0
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-1,385</b>	<b>-1,284</b>	<b>-1,257</b>	<b>-1,250</b>	<b>-1,250</b>	<b>27</b>
<b>TOTAL EXPENDITURE</b>	<b>-6,736</b>	<b>-6,970</b>	<b>-7,233</b>	<b>-6,509</b>	<b>-6,509</b>	<b>-263</b>
<b>Operating Surplus/(Deficit)</b>	<b>-87</b>	<b>90</b>	<b>220</b>	<b>232</b>	<b>232</b>	<b>130</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	0	1	4	5	6	3
Interest payable	0	0	0	0	0	0
Taxation	12	0	0	0	0	0
Exceptional reorganisation expenditure	-313	-49	-18	-12	-12	31
Other non-operating costs	-89	-20	0	0	0	20
Net FRS17 Entries (HGCA pension)	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>-390</b>	<b>-68</b>	<b>-14</b>	<b>-7</b>	<b>-6</b>	<b>54</b>
<b>Retained Surplus/(Deficit)</b>	<b>-477</b>	<b>22</b>	<b>206</b>	<b>225</b>	<b>226</b>	<b>184</b>
Support expenditure - % of Income	20.8%	18.2%	16.9%	18.5%	18.5%	
Support excl. sector-specific - % of income	10.4%	9.3%	8.6%	9.4%	9.4%	
Opening reserves	1,359	882	904	1,110	1,335	
Retained surplus/deficit	-477	22	206	225	226	
Closing reserves	882	904	1,110	1,335	1,561	

MANAGEMENT REPORT - BUDGET 12/13 to 14/15				Final		
MLCSL						
FULL YEAR £'000						
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	12/13 vs 11/12
<b>INCOME</b>						
<b>Gross levy</b>	0	0	0	0	0	0
Fee and grant income	0	0	0	0	0	0
Commercial Services Income	4,459	4,723	4,915	4,876	4,943	192
<b>Non-levy income</b>	<b>4,459</b>	<b>4,723</b>	<b>4,915</b>	<b>4,876</b>	<b>4,943</b>	<b>192</b>
Bad Debts	-10	-20				
<b>TOTAL INCOME</b>	<b>4,449</b>	<b>4,703</b>	<b>4,915</b>	<b>4,876</b>	<b>4,943</b>	<b>192</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	0	0	0	0	0	0
Trade Development	0	0	0	0	0	0
International	0	0	0	0	0	0
Supply Chain Integration	0	0	0	0	0	0
Market Intelligence	0	0	0	0	0	0
Communications	0	0	0	0	0	0
Commercial services	-3,940	-4,193	-4,335	-4,267	-4,289	-142
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-3,940</b>	<b>-4,193</b>	<b>-4,335</b>	<b>-4,267</b>	<b>-4,289</b>	<b>-142</b>
<b>SUPPORT</b>						
Sector-specific Administration	-361	-362	-285	-285	-285	77
<b>HR and Corporate Services</b>						
HR & Legal/Payroll	-148	-95	-99	-99	-99	-4
Facilities	-73	-65	-69	-63	-58	-4
<b>Finance and Business Services</b>						
Finance	-78	-74	-53	-51	-50	21
Levy Collection	0	0	0	0	0	0
Procurement	-11	-12	-12	-12	-12	0
IT	-24	-21	-20	-19	-19	1
Main Board/Advisory	-48	-43	-38	-38	-38	5
Corporate Communications	0	0	0	0	0	0
R&D	0	0	0	0	0	0
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-743</b>	<b>-672</b>	<b>-576</b>	<b>-567</b>	<b>-561</b>	<b>96</b>
<b>TOTAL EXPENDITURE</b>	<b>-4,683</b>	<b>-4,865</b>	<b>-4,911</b>	<b>-4,834</b>	<b>-4,850</b>	<b>-46</b>
<b>Operating Surplus/(Deficit)</b>	<b>-234</b>	<b>-162</b>	<b>4</b>	<b>42</b>	<b>93</b>	<b>166</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	1	2	6	6	6	4
Interest payable	0	0	0	0	0	0
Taxation	4	0	0	0	0	0
Exceptional reorganisation expenditure	248	-8	0	0	0	8
Other non-operating costs	0	-35	0	0	0	35
Net FRS17 Entries (HGCA pension)	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON-OPERATING ITEMS</b>	<b>253</b>	<b>-41</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>47</b>
<b>Retained Surplus/(Deficit)</b>	<b>19</b>	<b>-203</b>	<b>10</b>	<b>48</b>	<b>99</b>	<b>213</b>
Support expenditure - % of Income	16.7%	14.3%	11.7%	11.6%	11.3%	
Support excl. sector-specific - % of income	8.6%	6.6%	5.9%	5.8%	5.6%	
Opening reserves	1,415	1,434	1,231	1,241	1,289	
Retained surplus/deficit	19	-203	10	48	99	
Closing reserves	1,434	1,231	1,241	1,289	1,388	

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## Glossary of Terms

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ABG	Arable Business Groups
AIC	Agricultural Industries Confederation
AIG	Allied Industry Group
AHDB	Agriculture and Horticulture Development Board
BBSRC	Biotechnology and Biological Sciences Research Council
BNF	British Nutrition Foundation
CIPC	Chlorpropham
CLA	Country, Land and Business Association
CPD	Continuous professional Development
CRD	Chemicals Regulation Directorate
Defra	Department for Environment, Food and Rural Affairs
EBVs	Estimated Breeding Values
EMDA	East Midlands Development Agency
EMT	East Malling Trust
EU	European Union
GB	Great Britain
GHG	Greenhouse Gas
HTA	Horticultural Trades Association
IPPM	Integrated Production and Pest Management
Kg dwt	Kilogramme deadweight
KT	Knowledge Transfer
MLCSL	Meat & Livestock Commercial Services Limited
NFU	National Farmers Association
NGO	Non Government Organisation
OTS	Opportunities To See
P	Phosphorous
PESTLE	Political, Economic, Sociological, Technological, Legislative, Environmental
PHIP	Pig Health Improvement Project
PR	Public Relations
PRRS	Porcine Reproductive and Respiratory Syndrome
QSM	Quality Standard Mark
R&D	Research and Development
SET	Senior Executive Team
SG	Scottish Government
SOLAs	Specific Off-label Approvals
UK	United Kingdom
WG	Welsh Government

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