



Agriculture and Horticulture Development Board (AHDB)

FRAMEWORK DOCUMENT



Scottish Government
Riaghaltas na h-Alba
gov.scot



Department of
Agriculture, Environment
and Rural Affairs
www.daera-ni.gov.uk



© Crown copyright 2018

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This document is available at: <http://www.ahdb.org.uk/>

Any enquiries regarding this document/publication should be sent to us at:
richard.harrison@defra.gsi.gov.uk

Contents

1	Introduction	7
2	Status of AHDB and Legal Framework	8
2.1	Status	8
2.2	Legal Framework	8
2.3	The functions duties and powers of AHDB	8
2.4	Aims, Objectives and Targets	8
3	Responsibilities	10
3.1	Secretary of State	10
3.2	Defra Principal Accounting Officer	10
3.3	Defra Relationship Team	11
3.4	Defra Finance Director and finance teams	11
3.5	Devolved Administrations	12
3.6	AHDB's Chief Executive	12
3.7	AHDB Chair	13
3.8	AHDB Board	14
3.9	Individual Board members	15
4	Relationships with other bodies, stakeholders and Parliament	16
	Dealings with Parliament	16
5	AHDB Commercial Activity and Subsidiary Companies	17
6	Machinery for planning, accounting, audit, monitoring, governance and reporting.	18
6.1	Corporate Plan	18
6.2	Annual Report and Accounts	18
6.3	Internal Audit	18
6.4	Audit & Risk Assurance Committee	19
6.5	External Audit	19
6.6	Audit of Receipts and Payments from the European Union (EU)	20
6.7	Right of Access to AHDB	20
6.8	Reporting on Performance – Financial and Non-Financial	21
6.9	Risk Management	21
6.10	Fraud, Theft, Bribery, Money Laundering	21
6.11	Review of AHDB's status	22
7	AHDB Finance	23
7.1	General Considerations	23
7.2	Budget Planning	23
7.3	AHDB Income	23
	Sources of Income	23

Receipts from sale of goods or services	23
Interest earned	24
Gifts and bequests received	24
7.4 AHDB Expenditure	24
Delegated authority	24
General Conditions for expenditure	24
Capital expenditure	25
Lending, guarantees, indemnities; contingent liabilities; letters of comfort	25
Grant or loan schemes	25
Gifts made	26
Leasing	26
Public/Private Partnerships and Subsidiary Companies	26
Insurance	26
Fixed assets: Acquisition	26
Fixed Asset: Management	27
Review of Property Holdings	27
Procurement	28
Value for Money	28
Receipts and Payments	28
7.5 State Aid	28
7.6 Board and Staff Remuneration, Pensions and Redundancy	28
7.7 Banking	29
7.8 Cabinet Office Controls	29
7.9 Financial Arrangements in the event that AHDB is abolished	29
8 Public comments and complaints	30
8.1 Freedom of Information	30
8.2 Data handling and security	30
8.3 Comments and Complaints	30
9 Appointments, Recruitment and Staffing Issues	31
9.1 Composition of the Board	31
9.2 Board Appointments – the Chair and Board Members	31
9.3 Appointment of the CEO	31
9.4 Staffing Issues	31
9.5 Health and Safety	32
9.6 Whistleblowing	32
10 Amendment of the Framework Document	33
11. Signatures	34
Appendix 1	35
Guidance Documents	35

1 Introduction

- 1.1 This framework document sets out the overarching framework for the Agriculture and Horticulture Development Board (“AHDB”) and in particular:
- AHDB's overall purpose and functions;
 - rules and guidelines affecting the exercise of AHDB's functions, duties and powers;
 - the approach to delegations;
 - the conditions under which any public funds are paid to AHDB;
 - how AHDB is to be held to account for its performance.
- 1.2 This document has been drawn up by the Department for Environment, Food & Rural Affairs (“Defra”) - the lead sponsoring Department for AHDB - in consultation and with the approval of AHDB and the other sponsors of AHDB - the devolved administrations in Wales, Scotland and Northern Ireland (“Devolved Administrations”).
- 1.3 This document does not convey any legal powers or responsibilities.
- 1.4 This document is signed and dated by AHDB and Defra. It replaces the *Management Statement and Financial Memorandum* between those parties dated March 2008 which ceases to have effect.
- 1.5 In this document references to the Secretary of State shall mean the Secretary of State for Environment Food and Rural Affairs or to Ministers having relevant delegated authority from the Secretary of State.
- 1.6 Reference is made throughout the document to best practice including *Managing Public Money*¹ and other official guidance. This will be taken into account by AHDB and its sponsors as it may change over time, without amending this document.
- 1.7 Any questions regarding the interpretation of this document shall be resolved by Defra in consultation with AHDB and/or the Devolved Administrations, and other government departments including the Treasury and/or the Cabinet Office, as necessary.
- 1.8 Copies of this document are freely available on the AHDB website.

¹ <https://www.gov.uk/government/publications/managing-public-money>

2 Status of AHDB and Legal Framework

2.1 Status

- 2.1.1 AHDB is a predominately levy-funded executive Non-Departmental Public Body (“NDPB”): a body which is not a Government department or part of one, which carries out its functions with technical expertise, impartiality and transparency, and operates to a greater or lesser extent at arm’s length from Ministers (“Arm’s Length Body”).
- 2.1.2 AHDB is led and directed by a Board but the Secretary of State is formally accountable to the UK Parliament for the activities, performance and expenditure of AHDB. AHDB are included within Defra’s consolidated accounts and are regarded as part of the wider Defra group for these purposes.
- 2.1.3 As an Arm’s Length Body, AHDB works closely with Defra, other sponsors and other bodies, thereby helping to ensure that its functions are carried out efficiently. It supports and contributes appropriately to the Government’s aims and priorities, taking into full account the needs of the industries that fund it and which it serves.

2.2 Legal Framework

- 2.2.1 The Agriculture and Horticulture Development Board Order 2008 (“the 2008 Order”), made under powers provided by the Natural Environment and Rural Communities Act 2006, established AHDB as a public body to support specified industries and contribute towards the achievement of sustainable development.
- 2.2.2 The industries specified in the 2008 Order² are:
- beef, sheep and pigs, in England;
 - horticulture, milk and potatoes in Great Britain; and
 - cereals and oilseeds in the UK.
- 2.2.3 Under Article 6 of the 2008 Order, AHDB must impose a levy so as to enable it to provide services for each industry it covers.
- 2.2.4 Any aspect of AHDB’s scope may only be changed by statutory instrument.

2.3 The functions duties and powers of AHDB

- 2.3.1 The specific functions of AHDB are set out in the 2008 Order.³

2.4 Aims, Objectives and Targets

- 2.4.1 The Secretary of State has defined the overall aims for AHDB⁴ (as set out in the 2008 Order) as follows:
- increase efficiency or productivity in the industries;
 - improve marketing in the industries;
 - improve or develop services that the industries provide or could provide to the community; and improve the ways in which the industries contribute to

² Article 2(1) of The Agriculture and Horticulture Development Board Order 2008 (2008 No.576)

³ AHDB’s functions are the provisions of any services specified in Schedule 1 of The Agriculture and Horticulture Development Board Order 2008 (2008 No.576)

⁴ Article 3(2) of The Agriculture and Horticulture Development Board Order 2008 (2008 No.576)

sustainable development.

2.4.2 A three year strategy is established where these overall aims are refined in to the most important strategic priorities within that three year period. In the 2017 - 2020 strategy the strategic priorities are:

- Inspiring British farming and growing to be more competitive and resilient
- Accelerating innovation and productivity growth through coordinated research and development (R&D) and knowledge exchange (KE)
- Helping the industry understand and deliver what consumers will trust and buy
- Delivering thought leadership and horizon scanning.

3 Responsibilities

3.1 Secretary of State

- 3.1.1 The Secretary of State is accountable to Parliament for all matters concerning AHDB.
- 3.1.2 The Secretary of State, in consultation with Devolved Administrations where appropriate, is responsible for the overall policy and financial framework within which AHDB operates.
- 3.1.3 In practice, the relevant Defra Minister (“the Minister”) normally acts on behalf of the Secretary of State in matters related to AHDB.
- 3.1.4 The Minister, on behalf of the Secretary of State, and the Chair of AHDB aim to meet in person at least twice a year to discuss AHDB’s strategy, its performance and how any significant risks can best be managed.
- 3.1.5 The Minister:
- may act on behalf of the Secretary of State in appointing the Chair and the members of the AHDB Board (“the Board”), including relevant terms and conditions, ordinarily after open competition in accordance with the rules on public appointments and with agreement of the Devolved Administrations;
 - approves recommended changes to levy rates, with the agreement of the Devolved Administrations;
 - is made aware of AHDB’s three-yearly Corporate Plan and relevant performance indicators
 - will be available to the Chair or his/her nominees;
 - nominates a ‘relationship’ team that generally provides the first point of contact within Defra for AHDB, and which routinely acts on behalf of the Minister, including ensuring that AHDB is promptly informed of any matters that may affect its operation; and
 - has the power to issue a ‘Ministerial Direction’ to AHDB. Where the Direction relates to a cross border issue Minister acts with the agreement of the Devolved Administrations.

3.2 Defra Principal Accounting Officer

- 3.2.1 The Permanent Secretary of Defra, as Principal Accounting Officer (“PAO”), is the principal adviser to the Secretary of State on matters affecting Defra as a whole, including expenditure and finance, and is responsible for ensuring a high standard of financial management and probity, including for NDPBs such as AHDB.
- 3.2.2 The PAO appoints the Chief Executive as the AHDB Accounting Officer (“AO”). The PAO may withdraw the AO designation if he or she believes that the incumbent is no longer suitable for the role.
- 3.2.3 The PAO is responsible for ensuring arrangements are in place in order to:
- monitor AHDB’s activities on a continuous basis;
 - address significant problems in AHDB, making such interventions as are judged necessary;
 - periodically carry out an assessment of the risks both to the department and AHDB objectives and activities;

- inform AHDB of relevant government policy in a timely manner; and
- bring concerns about the activities of AHDB to the AHDB Board; requiring explanations and assurances that appropriate action has been taken.

3.2.4 The respective responsibilities of the Accounting Officers for NDPBs and other Arm's Length Bodies are set out in Chapter 3 of Managing Public Money.

3.3 Defra Relationship Team

3.3.1 The AHDB Relationship team in Defra is the primary contact for AHDB. They are the main source of advice to the Minister on the discharge of their responsibilities in respect of AHDB. They also support the PAO on his or her responsibilities and are the key link with Devolved Administrations.

3.3.2 The Relationship team shall advise the Minister on:

- an appropriate framework of objectives and targets which have been developed and agreed with AHDB and the Devolved Administrations; and
- how well AHDB is achieving its strategic objectives and whether it is delivering value for money.

3.3.3 In support of Defra's PAO responsibilities to monitor AHDB's performance and risk management the Relationship team shall:

- monitor AHDB's activities on a continuing basis through an adequate and timely flow of information from AHDB on performance, budgeting, control and risk management;
- address in a timely manner any significant problems arising in AHDB, whether financial or otherwise, making such interventions in the affairs of AHDB as Defra reasonably judges necessary; and
- periodically carry out a risk assessment of AHDB's activities, including those of its subsidiaries, to inform Defra's oversight of AHDB; strengthen these arrangements if necessary; and amend the framework document in consultation with AHDB. The risk assessment shall take into account the nature of AHDB's activities; the public monies at stake; the corporate governance arrangements; its financial performance; internal and external auditors' reports, the openness of communications between the body and Defra; and any other relevant matters.

3.3.4 In support of Defra's PAO responsibilities on communication with AHDB the Relationship team shall:

- inform AHDB of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to AHDB as necessary; and
- bring concerns about the activities of the AHDB to the attention of the full Board, and require explanations and assurances from the Board that appropriate action has been taken.

3.3.5 The Relationship team will consult with the necessary bodies when considering the arrangements for governance, risk management and internal control in place for AHDB, acting positively, transparently and proportionately to assist AHDB to achieve its objectives without unnecessarily restricting the flexibility of its operating practices.

3.4 Defra Finance Director and finance teams

3.4.1 The Defra Finance Director provides financial leadership, both within the Department and to its Arm's Length Bodies. The main responsibilities and duties of finance

directors are set out in Annex 4.1 of *'Managing Public Money'*. These duties include ensuring that the financial aspects of the PAO's responsibilities are carried through the organisation and its Arm's Length Bodies in depth.

- 3.4.2 Therefore, the Defra finance teams will support the Relationship team in their role, and act as a central point for both AHDB and the Relationship teams on all specific finance matters. Where necessary AHDB's AO and Finance Director will have access to Defra's Finance Director.

3.5 Devolved Administrations

- 3.5.1 Officials in the Devolved Administrations will carry out relationship activities on behalf of their Ministers.
- 3.5.2 The Devolved Administrations will work collectively to:
- ensure that AHDB complies with all governance requirements;
 - monitor and review AHDB's performance;
 - approve levy rates, and
 - appoint members to the AHDB Board as necessary.
- 3.5.3 AHDB will ensure that its relationships with the Devolved Administrations are maintained in ways consistent with the principles applicable to its relationship with Defra, bearing in mind that Defra is the lead sponsoring department.

3.6 AHDB's Chief Executive

- 3.6.1 The Chief Executive is responsible for the management of AHDB in accordance with this document, the 2008 Order, the AHDB Corporate Plan, the Standing Instructions and any other instructions of the Board. The Chief Executive is given sufficient delegated powers and flexibilities to deliver the role.
- 3.6.2 The Chief Executive, as Accounting Officer, is responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day to day operations and management of AHDB. In addition, he or she should ensure that AHDB as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in *'Managing Public Money'*.

Responsibilities for accounting to Parliament

- 3.6.3 The Chief Executive accountabilities include:
- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
 - preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
 - ensuring that effective procedures for handling complaints about AHDB are established and made widely known within AHDB.
 - acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued by the Department, the Treasury and the Cabinet Office.

Responsibilities to Defra

- 3.6.4 The chief executive is accountable to the Defra Permanent Secretary, as PAO, for the financial governance of AHDB funds.

Responsibilities to the AHDB Board

- 3.6.5 *The chief executive is responsible for:*
- the operation of AHDB, for performance against key targets and for reporting any significant difficulties in meeting such delivery targets;
 - ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions
 - effective governance of AHDB and stewardship of its assets; and
 - with the support of the AHDB Board, will make such changes to the organisation as he/she considers necessary to maintain and improve the operating efficiency and overall performance of AHDB.
 - taking action as set out in Managing Public Money if the board or its chairman, is contemplating a course of action involving a transaction which the chief executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness is of questionable feasibility, or is unethical.
- 3.6.6 On managing risk and resources
- ensuring that all public funds made available to AHDB including any approved income or other receipts are used for the purpose intended by Parliament, and that such monies, together with AHDB's assets, equipment and staff, are used economically, efficiently and effectively);
 - ensuring that AHDB acts in accordance with its statutory remit and that all associated legal risks are effectively managed;
 - ensuring that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in maintaining and improving performance;
 - ensuring that an effective system of programme and project management and contract management is maintained;
 - ensuring that adequate internal management and financial controls are maintained by AHDB, including effective measures against fraud and theft;
 - maintaining a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
 - ensuring that effective personnel management policies are maintained;
 - recruiting, leading, managing and motivating the senior management team and staff including the development of an organisational culture that promotes high performance and commitment; and
 - promoting and maintaining effective customer, stakeholder and partner engagement and collaboration at strategic and operational levels to ensure good understanding and responsive management of customer and stakeholder needs and concerns.

3.7 AHDB Chair

- 3.7.1 The Chair is responsible to the Minister and where appropriate Ministers in Devolved Administrations. Communications between the AHDB Board and the Minister should

normally be through the Chair, who is responsible for the discharge of AHDB's functions and that AHDB's affairs are conducted with probity.

3.7.2 In addition, the Chair has the following leadership responsibilities:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

3.7.3 The Chair also has an obligation to ensure that:

- the work of the Board is reviewed and its members are working effectively;
- the Board has a balance of skills appropriate to directing AHDB business, as set out in the *Government Code of Good Practice on Corporate Governance*;
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- Ministers are advised of AHDB's needs when Board vacancies arise;
- he or she assesses the performance of the individual Board members on an annual basis, but specifically when being considered for re-appointment;
- the Board has issued Standing Instructions which set out the role and responsibilities of the Board consistent with the *Government Code of Good Practice for Corporate Governance*;
- Board members are required to comply with the *Cabinet Office Corporate Governance Code*; and
- concerns raised by Board members are handled, where appropriate in accordance with AHDB's whistleblowing policy.

3.8 AHDB Board

3.8.1 The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance (including health and safety) and internal control. The Board must set up a committee structure, including an Audit & Risk Assurance Committee and a Remuneration & Nominations Committee, whose remits are specified within the Standing Instructions of the Board. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

3.8.2 The Board has corporate responsibility for ensuring that AHDB fulfils its statutory responsibilities, meets the aims and objectives and for promoting the efficient and effective use of staff and other resources by AHDB. To this end, and in pursuit of its wider corporate responsibilities the Board shall:

- establish the overall strategic direction of AHDB taking into account any policy framework determined by Ministers;
- ensure Ministers are kept informed (through the Chair) of any changes which are likely to impact on the strategic direction of AHDB or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with Defra, and in accordance with

any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by Defra.

- ensure the Board receives and reviews regular financial information concerning the management of AHDB; is informed in a timely manner about any concerns about the activities of AHDB; and provides positive assurance to Defra that appropriate action has been taken on such concerns;
- adhere to the best practice given by the Government Code of Good Practice on Corporate Governance; and
- appoint a Chief Executive to AHDB and, in consultation with Defra, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

3.9 Individual Board members

3.9.1 Individual Board members shall act in accordance with their wider responsibility as Members of the Board, namely to:

- comply at all times with the Board Members' Code of Practice⁵ and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and
- act in good faith and in the best interests of AHDB.

3.9.2 Board members may receive concerns about malpractice from employees, these should be handled in accordance with AHDB's whistleblowing policy. Board members may raise their concerns with the Chair or the Accounting Officer.

3.9.3 Employees may raise malpractice concerns regarding Board members. These should be handled in accordance with AHDB's whistleblowing policy.

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/411434/code-of-conduct_tcm6-38901__1_.pdf

4 Relationships with other bodies, stakeholders and Parliament

- 4.1.1 AHDB has relationships with numerous organisations and individuals. It will maintain these relationships appropriately and in accordance with the requirements applicable to a UK public body. Under Article 10 of the 2008 Order it has the power to do anything that appears to it to be conducive or incidental to the discharge of its functions.
- 4.1.2 AHDB delivers evidence-based scientific advice, manages related data and information, conducts world-class scientific research, and facilitates collaborative action for a broad spectrum of bodies in the UK and internationally. These services are delivered alone or in partnership with others, as determined by the most effective and best value way of satisfying the needs. This includes (but not limited to):
- UK Government departments, administrative and regulatory bodies, including the Devolved Administrations in Scotland, Wales and Northern Ireland (which act jointly with Defra as sponsors of AHDB), executive agencies and NDPBs;
 - the European Commission and other EU institutions;
 - non-governmental, academic and environmental organisations; and
 - industry, both in the UK and internationally.

Dealings with Parliament

- 4.1.3 Members of Parliament may approach, or may be approached by, the Chairman, non-executive Board members or the CEO or delegated members of staff of AHDB. At all times it is important for AHDB to be objective and even handed in its dealings with Parliament, to consult Defra where appropriate and to keep Defra informed of action taken.

5 AHDB Commercial Activity and Subsidiary Companies

- 5.1.1 Commercial activity within the scope of the 2008 Order is an integral part of AHDB's activities and it has been given the necessary powers, freedoms and accountabilities to do so. However, due care must be taken to avoid conflicts of interest and to follow requirements and guidelines on competitive behaviour.
- 5.1.2 AHDB may establish subsidiary companies as provided for in the 2008 Order. AHDB shall apply the principles, controls and requirements applicable to itself to its subsidiary companies, taking into consideration any commercial interests of those companies and shall consolidate the activities and financial transactions of all such companies into the AHDB Annual Report and Accounts.
- 5.1.3 The chairs of the subsidiary company boards are appointed by the AHDB Chair and are responsible to the Chair for proper corporate governance of the company. Membership of those boards is approved by the AHDB Board.

6 Machinery for planning, accounting, audit, monitoring, governance and reporting.

6.1 Corporate Plan

- 6.1.1 AHDB's operations shall be based upon a three-year Corporate Plan. The Corporate Plan sets out AHDB's three-year priorities and targets, including actions to meet the key performance indicators. It includes an overview of strategic direction and budgets, and provides a framework for monitoring progress.
- 6.1.2 AHDB's approved Corporate Plan will include a budget of estimated income and expenditure for the years in question.
- 6.1.3 Following each full strategic review the draft Corporate Plan will be put out for consultation with industry stakeholders, Defra and Devolved Administrations
- 6.1.4 The Plan will not restrict AHDB's ability to undertake activities in the light of relevant circumstances and in particular does not restrict AHDB from reacting to urgent industry needs or opportunities.

6.2 Annual Report and Accounts

- 6.2.1 In accordance with the requirements of Article 13 of the 2008 Order, the Chief Executive will prepare and sign each year an Annual Report and audited annual statement of accounts (ARA) compliant with relevant Accounting Standards in line with HM Treasury guidance and relevant accounting policies.
- 6.2.2 AHDB shall provide Defra with its finalised (audited) accounts in line with the agreed timetable each year in order for the accounts to be consolidated within Defra's.
- 6.2.3 The ARA must be signed by the Comptroller and Auditor General and receive UK Ministerial approval before laying in each House of Parliament, Scottish Parliament, Welsh Assembly and the Northern Ireland Assembly. The ARA must also be published on gov.uk ideally on the same day, but not before, the document has been laid before Parliaments.
- 6.2.4 The annual report must comply with the Treasury's Financial Reporting Manual (FreM).
- 6.2.5 A draft of the report should be submitted to the department as required to agreed timetables.

6.3 Internal Audit

- 6.3.1 The AHDB must establish and maintain arrangements for internal audit in accordance with HM Treasury's *Public Sector Internal Audit Standards (PSIAS)* and any further guidance from HM Treasury, or Defra's Group Chief Internal Auditor (GCIA) in relation to the assurance requirements of the Principal Accounting Officer. In particular, it will:
- Inform the Defra GCIA if there is any change that alters the provision of internal audit services.
 - Recognise that the Principal Accounting Officer has a requirement to ensure that there are systems to monitor and steer their ALBs (Corporate Governance in

Central Government departments – Code of Good Practice Guidance Note 2011, and Managing Public Money). To help fulfil this Defra's internal audit service has the right of access to the AHDB for assurance on regularity, propriety and value-for-money. This includes the right to request and receive copies of all internal audit reports and access to documents prepared by the AHDB's internal auditors, even where the service is contracted out.

- Ensure that there is open dialogue along professional lines with Defra's GCIA to collaborate on issues affecting audit and assurance.

6.3.2 The AHDB's Head of Internal Audit must submit to the AHDB's Accounting Officer annually his/her professional opinion on the adequacy of risk, control and governance processes. Copies of this "annual opinion" and the documents listed below (including any amendments thereto) shall be provided to the Defra Sponsor Team and GCIA promptly:

- Internal Audit terms of reference and Charter;
- details of the AHDB's Audit and Risk Assurance Committee terms of reference;
- audit strategy and periodic plans
- the Head of Internal Audit's annual report and observations on the adequacy and effectiveness of the AHDB's internal control systems;
- quarterly lists of Internal Audit reports; and
- annual report on fraud and theft involving the AHDB.

6.3.3 AHDB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It is based on an on-going process designed to identify, assess and prioritise the risks to the achievement of AHDB's policies, aims and objectives; and to manage them efficiently, effectively and economically. Risks are assessed against agreed criteria, and managed taking account of AHDB's risk appetite.

6.4 Audit & Risk Assurance Committee

6.4.1 AHDB will have an Audit & Risk Assurance Committee, operating as a formally constituted committee of the Board and chaired by an independent Board member. It will operate in accordance with *Management of Risk: Principles and Concepts* issued by HM Treasury.

6.4.2 The Audit & Risk Assurance Committee will support the chief executive and the Board in monitoring the corporate governance and control systems in the organisation. It will advise on internal and external audit matters, risk, control and governance, including the integrity of financial statements.

6.4.3 The Audit & Risk Assurance Committee will agree annual plans for internal audit activities, informed by an analysis of risks. Delivery of the associated internal audits may be outsourced to a competent auditing company. Audit reports will be to Public Sector Internal Audit Standards, and will include an opinion on the adequacy and effectiveness of AHDB's system of internal control, together with recommendations for improvement. These reports will be presented to, and discussed by, the Audit & Risk Assurance Committee.

6.4.4 To assist with the provision of assurance to the AO, AHDB will ensure that the agenda and minutes of all Audit & Risk Assurance Committee meetings are made available to the relevant Defra contacts.

6.5 External Audit

- 6.5.1 The Comptroller and Auditor General (C&AG) audits AHDB's Accounts and passes the accounts to Defra who shall lay them before Parliament. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000, including by virtue of any Order made under section 25(8) of that Act.
- 6.5.2 AHDB will in the light of the provisions in the Companies Act 2006 ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. AHDB shall discuss with the sponsor department the procedures for appointing the C&AG as auditor of the companies.
- 6.5.3 The C&AG has agreed to consult Defra and AHDB on who – the National Audit Office or a commercial auditor – shall undertake the actual audit on his behalf. The final decision rests with the C&AG.
- 6.5.4 The C&AG shall carry out his examination of such accounts with a view to satisfying himself:
- that any money provided by Parliament has been expended for the purposes intended by Parliament,
 - that resources authorised by Parliament to be used have been used for the purposes in relation to which the use was authorised, and
 - that AHDB's financial transactions are in accordance with any relevant authority.
- 6.5.5 The C&AG has agreed to share with sponsor Departments information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. This shall apply, in particular, to issues which impact on Defra's responsibilities in relation to financial systems within AHDB. The C&AG has also agreed, where asked, to provide Departments with other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.
- 6.5.6 The C&AG may carry out examination into the economy, efficiency and effectiveness with which AHDB has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, AHDB shall provide, in connection with grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

6.6 Audit of Receipts and Payments from the European Union (EU)

- 6.6.1 AHDB should be aware that receipts and payments from EU bodies are subject to audit by the EU. Where AHDB receives funding from the EU, it may be subject to an audit by the European Court of Auditors. It may also be subject to audit from other auditors acting under the terms governing the provision of the financial assistance or the protocol arrangements agreed between Government departments and the EU.

6.7 Right of Access to AHDB

- 6.7.1 Defra has the right of access to all AHDB records and personnel for any purpose including, for example, audits and operational investigations.

6.8 Reporting on Performance – Financial and Non-Financial

- 6.8.1 AHDB shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate plans.
- 6.8.2 AHDB shall provide regular data returns required by Defra as part of its reporting of its financial performance. As a minimum the information will include:
- AHDB's cash management;
 - forecast outturn by resource headings;
 - other data required for the Combined On-line Information System (COINS);
 - any relevant information on performance, budgeting, control and risk management.
- 6.8.3 The Chief Executive must ensure such reports are provided to Defra in accordance with any Cabinet Office or HM Treasury agreed timescales.
- 6.8.4 AHDB shall additionally and promptly inform Defra of any financial matter that is likely to significantly and adversely affect any such monitored matters.
- 6.8.5 The AHDB Chair shall report to the Secretary of State, or a nominated Minister, on AHDB's performance, including performance against corporate objectives and Key Performance Indicators on a regular basis. The Secretary of State, or a representative, shall meet the Board formally to discuss AHDB's performance, its current and future activities and any policy developments relevant to those activities.
- 6.8.6 AHDB's performance against key targets shall be reported in AHDB's Annual Report and Accounts.

6.9 Risk Management

- 6.9.1 The Chief Executive will develop and implement a comprehensive risk management plan for AHDB taking into due consideration guidance from Defra or HM Treasury. The plan is overseen by the AHDB Board and its Audit, Risk & Assurance Committee and is made available to Defra as part of the Board meeting papers.

6.10 Fraud, Theft, Bribery, Money Laundering

- 6.10.1 The AHDB Accounting Officer shall have particular responsibility for ensuring that appropriate measures are in place to prevent the occurrence of losses. AHDB shall adopt and implement policies and practices to safeguard itself against fraud, theft, corrupt practices and bribery and shall make available on the staff intranet an anti-fraud policy statement and an anti-bribery policy statement to communicate the AHDB approach to fraud and bribery prevention.
- 6.10.2 AHDB must notify its sponsors of all cases of theft of public property or fraud – proven or suspected – immediately they come to light, irrespective of the amount involved. Full definitions of the terms and details of the reporting requirements are set out in Chapter 4 and Annex 4.9 of *Managing Public Money*.

- 6.10.3 AHDB shall have appropriate measures in place to prevent the occurrence of money laundering.
- 6.10.4 AHDB will engage with the Defra Group Chief Internal Auditor and Defra Counter-Fraud coordinator to develop capacity and capabilities to prevent and tackle fraud and error across the Defra Network, including participation in the Defra Network Fraud & Error Forum. This will include reporting instances of fraud to meet central government reporting requirements. The AHDB will also provide the Department with an Annual Report on theft and fraud by no later than the end of April each year. This should detail all cases of fraud or suspected fraud in respect of the previous financial year against the AHDB or in the use of its funds.

6.11 Review of AHDB's status

- 6.11.1 AHDB will be reviewed in line with Defra and Cabinet Office requirements.

7 AHDB Finance

7.1 General Considerations

- 7.1.1 This section of the framework document covers certain financial aspects within which AHDB is required to operate, and may be supplemented by directions or guidelines issued by Defra and HM Treasury in relation to the exercise by AHDB of any of its individual functions, powers and duties.
- 7.1.2 AHDB shall satisfy the terms and conditions in this document and shall also follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or requests for exceptions to Defra in the first instance. AHDB shall at all times take into due consideration the guiding principle underlying its operation.
- 7.1.3 AHDB shall keep Defra informed about its financial status through an agreed reporting schedule and otherwise as appropriate. Insofar as AHDB may be uncertain how to operate on any financial matter including the proper classification of a receipt, it shall seek guidance from Defra.
- 7.1.4 Defra shall keep AHDB informed about any change or planned change in policies affecting AHDB.

7.2 Budget Planning

- 7.2.1 AHDB shall plan and budget in accordance with its anticipated income and its approved three-year Corporate Plan will include a budget within which it has delegated authority to operate, subject to any specific directions and the delegation limits. Any significant change proposed by AHDB shall be notified to and approved by Defra acting reasonably and promptly in all the circumstances.

7.3 AHDB Income

Sources of Income

- 7.3.1 Defra's resource budget agreed with HM Treasury is set on the basis that all AHDB's expenditure will be financed by levy receipts supplemented by income arising from its commercial and other activities and those of its subsidiaries. This income and expenditure scores as Annually Managed Expenditure (AME) in the Defra accounts.
- 7.3.2 Levy rates will be reviewed by AHDB as appropriate with necessary increases or decreases proposed 'little and often' (ordinarily not more frequently than annually) to minimise the business impact on levy payers. The maximum rate of levy for each industry AHDB covers is set out in Schedule 3 of the 2008 Order.
- 7.3.3 In accordance with Articles 11 and 12 of the 2008 Order, AHDB may hold a ballot of eligible persons at any time on the continuation of a levy. AHDB must immediately inform the appropriate authority of the result of the ballot but the appropriate authority is not bound by the result of the ballot on a levy.
- 7.3.4 AHDB shall annually request the appropriate authority to approve its proposed levy rates and they shall respond declaring the approved levy rates in writing.

Receipts from sale of goods or services

- 7.3.5 AHDB may seek to obtain receipts from non-Exchequer sources provided that this is consistent with (a) AHDB's main functions or (b) its agreed corporate plan.
- 7.3.6 AHDB's subsidiary commercial services company (Meat and Livestock Commercial Services Ltd) provides services (including advice, logistics, levy audit and inspection services) on a commercial basis. Staff costs are fully accounted for within the company and any profits are accounted for within the AHDB Group accounts.
- 7.3.7 Receipts from the sale of goods and services (including certain licences where there is a significant degree of service to the individual applicant), rent of land, and dividends are classified as additional income to be ring-fenced for use by AHDB sector-specific where appropriate.

Interest earned

- 7.3.8 Interest on balances not derived from Exchequer funds will be allocated to AHDB accumulated funds.

Gifts and bequests received

- 7.3.9 AHDB is free to retain any gifts, bequests or similar donations, which shall be treated as receipts in accordance with Annex 4.12 of *Managing Public Money*. Before doing so, AHDB shall consider any arising costs and conflicts of interests. AHDB shall keep a written record of any such gifts, bequests and donations, and of their estimated value, and whether they are disposed of or retained.
- 7.3.10 AHDB shall observe the rules set out in Annex 5.6 of *Managing Public Money* when undertaking borrowing of any kind. AHDB shall seek the prior approval of Defra to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in *Managing Public Money* and must be approved by HM Treasury.

7.4 AHDB Expenditure

Delegated authority

- 7.4.1 Delegations are issued annually from the Principal Accounting Officer in Delegated Authority Documents which provide the detail of specific delegations for the Accounting Officer of each organisation within the Defra accounting boundary.

General Conditions for expenditure

- 7.4.2 Levy income shall only be used in accordance with the provisions of the 2008 Order.
- 7.4.3 AHDB shall not, without prior written Defra approval, enter into any undertaking to incur any expenditure, other than in the normal course of business. AHDB shall not incur, without prior Defra approval, any expenditure which exceeds the Financial Delegations.
- 7.4.4 AHDB may amend annual budgets only after consulting the Defra finance team.
- 7.4.5 Inclusion of any planned and approved expenditure in AHDB's budget shall not remove the need to seek formal Defra approval where any proposed expenditure is

outside the delegated limits or is for new schemes not previously agreed unless it is incurred to utilise additional surpluses achieved above the budgeted level.

- 7.4.6 AHDB shall inform Defra and abide by any consequent instructions from Defra before:
- incurring expenditure for any purpose which is likely to be novel, contentious or repercussive; in these circumstances Defra will always need to seek HM Treasury approval;
 - making any significant change in the funding of any activity previously approved by Defra except insofar as this is a reasonable change;
 - making any change of policy or practice which has financial implications that might prove repercussive or be likely to significantly affect the future level of resources required by AHDB.
- 7.4.7 AHDB shall not, without the approval of Defra, enter into any expenditure that supports activity intended to influence or attempt to influence Parliament, Government or political parties, or attempting to influence UK legislative or regulatory action.

Capital expenditure

- 7.4.8 Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 7.4.9 Proposals for large-scale individual capital projects or acquisitions will normally be considered within AHDB's corporate planning process. Applications for approval by Defra and then the HM Treasury shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of such projects shall be submitted to Defra.

Lending, guarantees, indemnities; contingent liabilities; letters of comfort

- 7.4.10 AHDB shall not, without Defra's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of *Managing Public Money*) whether or not in a legally binding form. It will usually be necessary for Defra to consult HM Treasury about such requests.
- 7.4.11 Any financial guarantees and indemnities given by AHDB or its subsidiaries must be adequately covered against undrawn resources.

Grant or loan schemes

- 7.4.12 Any grant or other payment to enable a third party to obtain capital assets having a value exceeding £50,000 shall include provisions prohibiting its disposal without AHDB's prior consent and enabling recovery of the grant if it is not used as agreed and of the proportionate value of the asset if the asset ceases to be used for the intended purpose.
- 7.4.13 AHDB shall take reasonable steps to appraise the financial standing of any person to which it intends to make a grant.

- 7.4.14 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party shall be subject to prior approval by Defra. The terms and conditions shall include a requirement on the receiving organisation to ensure that its books and records in relation to the grant or loan are readily available for inspection by AHDB, Defra and the Comptroller and Auditor General (C&AG).

Gifts made

- 7.4.15 Gifts by management to staff are subject to the requirements of Cabinet Office guidance on non-pay rewards.

Leasing

- 7.4.16 Before entering into any lease (including an operating lease) AHDB shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships and Subsidiary Companies

- 7.4.17 AHDB shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached AHDB shall consult Defra. Any partnership controlled by AHDB shall be treated as part of AHDB in accordance with UK GAAP and consolidated with it subject to any particular treatment required by UK GAAP. Where the judgment over the level of control is a close one Defra will consult HM Treasury (which may need to consult with the Office of National Statistics over national accounts treatment).

Insurance

- 7.4.18 AHDB shall take out insurances which are statutory obligations or which are appropriate to AHDB's normal course of business as an Arm's Length Body and in accordance with Annex 4.4 of Managing Public Money.
- 7.4.19 Defra shall have a written agreement with AHDB about the circumstances in which, in the case of a major loss or third party claim, an appropriate addition to budget out of Defra's funds and/or adjustment to AHDB's targets shall be considered.

Fixed assets: Acquisition

- 7.4.20 AHDB must act in accordance with the guidance in Managing Public Money. Account should be taken of "common good" advice from the Government Property Unit (GPU). AHDB must inform the GPU of any material changes in accommodation requirements.
- 7.4.21 AHDB must provide Defra with business cases for all property acquisitions and properties to be leased before proceeding. This must be done through the Defra's Network Estates team.
- 7.4.22 AHDB must seek expenditure approval from Defra for any freehold property acquisition in excess of £100,000. Approval is also required where a property is to be leased, where the total rental expenditure for the life of the lease commitment exceeds £100,000.

- 7.4.23 AHDB must seek approval from the Cabinet Office for all new and extended Facilities Management contracts, regardless of the financial commitment.
- 7.4.24 AHDB shall maintain an accurate and up-to-date register of its fixed assets.

Fixed Asset: Management

- 7.4.25 AHDB must manage assets in accordance with Annex 4.15 of Managing Public Money. AHDB shall maintain an asset management plan, which will demonstrate how it intends to use its assets to support its aims and objectives; and in which it will set out future asset disposal and acquisition plans.
- 7.4.26 When consistent with its main functions AHDB will also seek opportunities to promote efficient asset utilisation, including the sharing or joint management of assets with other bodies.

Fixed assets: Disposals

- 7.4.27 AHDB shall dispose of assets which are surplus to its requirements. In disposing of assets AHDB shall seek to secure market value (i.e. the best price reasonably obtainable). High value assets shall be sold by auction or competitive tender unless otherwise agreed by Defra, and in accordance with Annex 4.15 of *Managing Public Money*.
- 7.4.28 AHDB must inform Defra in advance of any property disposals expected to realise proceeds in excess of £100,000. AHDB will report quarterly to Defra with a list of all future and surplus property and record the details of all completed disposals in ePIMS, specifically including the capital receipt and disposal transaction date.
- 7.4.29 AHDB may normally retain receipts derived from the sale of assets to be used in AHDB's normal course of business for the benefit of its levy payers.
- 7.4.30 If AHDB disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which Parliament should be aware, Parliamentary approval shall be secured by Defra for the receipts to be reinvested.

Review of Property Holdings

- 7.4.31 AHDB must adhere to the Government's Estate Strategy and the Department's Strategic Asset Management Plan (SAMP) and co-operate fully with Defra and other organisations in the Defra Network to secure corporate property outcomes, taking into account operational needs. Proposed changes to the SAMP that impact on AHDB will be agreed with AHDB in advance.
- 7.4.32 Holdings of leased assets shall be reviewed ahead of exit opportunities to identify underused and surplus assets for disposal. Land will be reviewed on a regular programme. Property and any other surplus assets no longer required shall be disposed of as soon as reasonably practicable.
- 7.4.33 AHDB must ensure that its property holdings are valued by external valuers at least once every five years in line with Managing Public Money. The extent to which operational assets should be covered will be considered and agreed between Defra

and AHDB in the course of agreeing the specification of each review. AHDB must report to Defra the outcome of the review as soon as practicable.

- 7.4.34 Prior to the disposal of any surplus land and buildings, of whatever type and value, AHDB will first register the property on ePIMS. This provides for the recycling of property assets within Government and the wider public sector in line with 'one Public Estate'.

Procurement

- 7.4.35 AHDB shall procure competitively and in accordance with the Public Contracts Regulations 2015 or, in matters relating only to Scotland, with the Public Contracts (Scotland) Regulations 2012, taking into due consideration guidance from Defra and any central mandation from the Cabinet Office.
- 7.4.36 AHDB shall ordinarily assess tenders on the basis of the most economically advantageous tender. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.
- 7.4.37 Proposals to let single-tender or restricted contracts and other contracts made following exemptions from competitive tendering as indicated above shall be specifically authorised by the AHDB Chief Executive or the AHDB Finance Director/Chief Finance Officer or any AHDB Director having delegated authority from the Chief Executive.

Value for Money

- 7.4.38 AHDB's procurement shall be benchmarked periodically against best practice elsewhere and contracted out where this would achieve better value for money.

Receipts and Payments

- 7.4.39 AHDB shall collect receipts and pay all properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in *Managing Public Money*, or within any additional time limits that might be imposed by HM Treasury.

7.5 State Aid

- 7.5.1 AHDB shall comply with State Aid rules and shall take appropriate action to recover aid determined by the European Commission to have been granted unlawfully, with interest.

7.6 Board and Staff Remuneration, Pensions and Redundancy

- 7.6.1 Remuneration and allowances of Board Members shall be paid by AHDB with the level determined by Defra.
- 7.6.2 AHDB shall, taking account of Government pay policy, remunerate its staff and otherwise provide in relation to them, including setting up suitable pension arrangements.
- 7.6.3 Any proposal by AHDB to move from the existing pension arrangements, or to pay any redundancy will be require the approval of Defra. Proposals on severance must comply with the rules in chapter 4 and Annex 4.13 of *Managing Public Money*.

7.7 Banking

- 7.7.1 AHDB's AO is responsible for ensuring that AHDB's banking arrangements are in accordance with the requirements of *Managing Public Money*, that the arrangements safeguard public funds and are carried out efficiently, economically and effectively, and that:
- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
 - sufficient information about banking arrangements is supplied to Defra's Accounting Officer to enable the latter to satisfy his/her own responsibilities; AHDB's banking arrangements shall be kept separate and distinct from those of any other person, NDPB or organisation;
 - adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

7.8 Cabinet Office Controls

- 7.8.1 AHDB shall take due account of the controls imposed by the Efficiency and Reform Group on the way public finances are used, adhering to such guidance published by the Cabinet Office as is relevant at the appropriate time.

7.9 Financial Arrangements in the event that AHDB is abolished

- 7.9.1 In the event that AHDB is dissolved or otherwise wound up:
- Defra shall in consultation with and with the assistance of AHDB put in place arrangements to ensure the orderly winding up of AHDB. In particular it should ensure that the assets and liabilities of AHDB are passed to any successor organisation(s) and accounted for properly. In the event that there is no successor organisation, the assets and liabilities shall revert to the sponsor department. To this end, the department shall:
 - ensure that procedures are in place in AHDB to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
 - specify the basis for the valuation and accounting treatment of AHDB's assets and liabilities;
 - ensure that arrangements are in place to prepare closing accounts and pass to the Comptroller and Auditor General (C&AG) for external audit and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;
 - arrange for the most appropriate person to sign the closing accounts. In the event that another NDPB takes on the role, responsibilities, assets and liabilities, the succeeding NDPB should sign the closing accounts. In the event that Defra inherits the role, responsibilities, assets and liabilities, its PAO should sign.
 - AHDB shall provide Defra with details of its contractual arrangements.

8 Public comments and complaints

8.1 Freedom of Information

- 8.1.1 AHDB will comply with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. It will ensure that the public can, on request, be given access to information, in accordance with these obligations. It will operate as appropriate in line with UK Government guidance.

8.2 Data handling and security

- 8.2.1 AHDB shall apply professional standards of commercial confidentiality.
- 8.2.2 AHDB must ensure that personal data are gathered and handled in accordance with the Data Protection Act 1998. Care must be taken to ensure that personal data are not disclosed insecurely or to any unauthorised person and that appropriate steps are taken in the event of any failure of the data protection controls.

8.3 Comments and Complaints

- 8.3.1 AHDB handles comments, suggestions and complaints in accordance with a clear procedure, publicly accessible on its website.
- 8.3.2 Members of Parliament have the right to refer complaints from the public to the Parliamentary Commissioner of Administration ("the Ombudsman") where an individual claims to have suffered injustice through maladministration.
- 8.3.3 The activities of AHDB are subject to review by the Ombudsman. The Permanent Secretary, as the PAO, will ask the Chief Executive to reply to the Ombudsman about complaints of maladministration in AHDB.

9 Appointments, Recruitment and Staffing Issues

9.1 Composition of the Board

- 9.1.1 Schedule 2 of the 2008 Order contains provisions for the constitution and proceedings of the AHDB Board. The Board will not exceed 12 members, led by a non-executive Chair. It will comprise a maximum of six agricultural specialist members and a minimum of three independent members. Each member (including the Chair) has one vote, and if a vote is tied the person who is chair of the meeting has a casting vote.
- 9.1.2 The Board may invite others (including the AHDB CEO/Accounting Officer and Chief Finance Officer in an ex officio capacity) to attend board meetings, as appropriate, in an observer capacity and where this might aid discussion and help inform decision making. Those invited will not receive a vote.

9.2 Board Appointments – the Chair and Board Members

- 9.2.1 Selection and appointment of the members of the Board, including the Chair, is carried out by Defra and approved by Ministers under the rules of the (OCA). Their appointments may not exceed four years, with the provision to be reappointed for a second term on the proviso that the member has received a good annual appraisal the previous year. The Chair will work with Defra to ensure there is good succession planning with a staggered turnover of Board members and a regular influx of new members to the Board.

9.3 Appointment of the CEO

- 9.3.1 The Chief Executive is recruited through open competition. The appointment is made by the Board and they, in consultation with Defra, set performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

9.4 Staffing Issues

- 9.4.1 AHDB's staff are employed by AHDB and are not in the civil service nor in the service of the Crown.
- 9.4.2 The Chief Executive has delegated responsibility for human resource matters in AHDB. He or she will act in accordance with the Standing Instructions of the AHDB Board and any limitations set out in this framework document. Subject to these limitations, the Chief Executive has the authority to shape HR strategies, determine associated spend and manage its resources flexibly to enable cost effective delivery of services.
- 9.4.3 The Chief Executive is responsible for establishing and keeping the management structure of AHDB under review, and implementing any changes which may affect staff numbers in the organisation.
- 9.4.4 The Chief Executive will ensure that appropriate mechanisms are in place to facilitate the effective management and development of staff and has the authority to determine associated non-pay spend on learning and development and recruitment.
- 9.4.5 The Chief Executive has delegated authority to:

- create posts and to make appointments (including temporary, substantive or personal promotions) to such posts, in accordance with any current Government recruiting controls process; and
- authorise early retirement or redundancy of staff, subject to any exit-related payments being authorised in accordance with any current Government controls process.

9.4.6 The Chief Executive is responsible for:

- ensuring that AHDB complies with public policy on equal opportunities and valuing diversity;
- maintaining good staff relations within AHDB, in consultation with representatives of the staff;
- maintaining accurate personnel records for staff; and
- ensuring that personal grievances are properly and reasonably considered in line with published AHDB procedures.

9.4.7 The Chief Executive shall ensure that the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued. Appointment and advancement is based on merit. There is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age.

9.4.8 AHDB shall have appropriate HR policies and procedures including an employee handbook setting out the current employment terms and conditions and shall make this available to its staff and to Defra.

9.4.9 Staff are required to complete an annual personal development review.

9.5 Health and Safety

9.5.1 The Chief Executive is accountable for all matters of health and safety associated with AHDB's activities and will ensure that resources, structure, and arrangements are adequate for delivering effective performance.

9.6 Whistleblowing

9.6.1 AHDB shall put in place a whistleblowing policy that is consistent with the Public Interest Disclosure Act 1988 and the Enterprise and Regulatory Reform Act 2013 are in place.

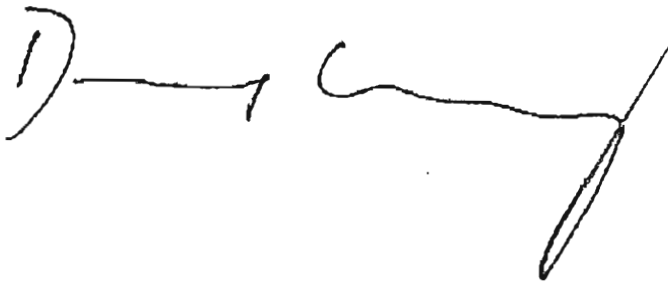
9.6.2 AHDB shall report any new whistleblowing cases to Defra (DefraHRPolicyTeam@defra.gsi.gov.uk), to help the understanding of whistleblowing cases and to identify any trends.

10 Amendment of the Framework Document

- 10.1.1 It is recommended that framework documents should be formally reviewed every three years. Certain events may also trigger a review of framework documents, such as the appointment of a new chair or chief executive officer in AHDB.
- 10.1.2 AHDB or the Devolved Administrations acting through Defra, may propose amendments to the Framework Document at any time. Any such proposals shall be considered, and agreed (as above) amendments shall be made.
- 10.1.3 A change in AHDB's status or a significant change in Government policy relating to Arm's Length Bodies or AHDB's business will trigger a review.
- 10.1.4 The Framework Document shall recognise the need to provide for flexibility and be appropriately based on risk management assessments.
- 10.1.5 Defra will be responsible for consulting all relevant Government interests and will sign-off the Framework Document on behalf of the UK Government.

11. Signatures

Signed.

A handwritten signature in black ink, appearing to read 'D Kennedy', with a long horizontal stroke and a diagonal flourish at the end.

David Kennedy

Date – 19th February 2018

(On behalf of Defra)

Signed.

A handwritten signature in black ink, appearing to read 'J King', with a large, stylized 'J' and 'K'.

Jane King

Date -

8/3/18

(On behalf of AHDB)

Appendix 1

Guidance Documents

This Appendix provides a non-exhaustive list of guidance relevant to AHDB's corporate governance, including financial governance. Only relevant guidance must be considered. Adaptations will be accepted insofar as is appropriate to AHDB's status as an Arm's Length Body and the guiding principle underlying its operation, provided always that its financial governance is not prejudiced.

- Cabinet Office Controls guidance;⁶
- Corporate Governance in Central Government Departments: Code of Good Practice⁷;
- Consolidation Officer Memorandum, and relevant Dear Consolidation Officer letters;
- Freedom of Information Act guidance and instructions⁸;
- Government Financial Reporting Manual (FReM)⁹;
- Strategic Risk Management¹⁰;
- Management of Risk: Principles and Concepts¹¹;
- Managing Public Money¹²;
- Managing the Risk of Fraud¹³;
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office);
- Public Sector Internal Audit Standards¹⁴;
- Regularity, Propriety and Value for Money¹⁵;
- relevant Dear Accounting Officer letters;
- The Parliamentary Ombudsman's Principles of Good Administration¹⁶
- Welsh Language Standards¹⁷

AHDB shall similarly satisfy:

- Guidance and instructions issued by HM Treasury in respect of Whole of Government Accounts;
- Instructions and guidance issued by Defra and other central Departments including guidance from departments that have been assimilated, reconstructed or otherwise ceased to exist;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government.

⁶ <https://www.gov.uk/government/publications/cabinet-office-controls-guidance-version-3-1>.

⁷ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>.

⁸ <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>.

⁹ <https://www.gov.uk/government/publications/government-financial-reporting-manual>.

¹⁰ <https://www.gov.uk/government/publications/strategic-risk-management>.

¹¹ <https://www.gov.uk/government/publications/orange-book>

¹² <https://www.gov.uk/government/publications/managing-public-money>.

¹³ <https://www.gov.uk/government/publications/assurance-frameworks-guidance>

¹⁴ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>.

¹⁵ http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm.

¹⁶ <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples/principles-of-good-administration>.

¹⁷ <http://www.comisiynyddygyymraeg.cymru/English/Language%20duties/Pages/What-are-standards.aspx>

