

**SUMMARY MINUTES OF THE EIGHTY FIFTH MEETING OF THE AGRICULTURE AND
HORTICULTURE DEVELOPMENT BOARD
HELD ON TUESDAY 29 MARCH 2022
AT STONELEIGH PARK**

PRESENT:

Colin Bateman (CB), Sarah Bell (SB), Stephen Briggs (SBr), Lyndon Edwards (LE), Catherine MacKenzie (CM), Sarah Pumfrett (SP), Nicholas Saphir (NS) (Chair), Mike Sheldon (MS), Janet Swadling (JS)

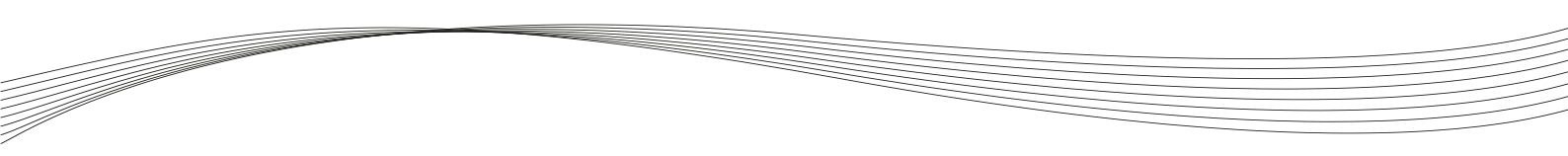
IN ATTENDANCE:

Ian Ascroft (IA), Guy Attenborough (GA) (Item 10), Ken Boyns (KB), David Eudall (DE) (Item 8.2), Naveen Gupta (NG), Will Jackson (WJ), Peter Judge (PJ) (Item 6.9), Jackie Kay (JSK), Alison Levett (AL), (Items (6.9), Tim Mordan (TM), Tim Rycroft (TR), Darren Sharp (DS) (Item 8.4/5), Sue Walker (SW)

INTRODUCTION

NS commented that this meeting marked the end of his second year as Chair of AHDB. He had hoped that by this time legacy issues would have been dealt with and the organisation was able to move on to more strategic activity, unfortunately this was not the case.

AGENDA ITEM 1 – APOLOGIES FOR ABSENCE
No apologies for absence were received.
AGENDA ITEM 2 - DECLARATIONS OF INTEREST
As has previously been noted and declared, JS is chair of the HGCA Pension Scheme and MS is a trustee of the MLC Pension Scheme.
AGENDA ITEM 3 – MINUTES OF THE BOARD MEETING HELD ON 25 JANUARY 2022
The minutes of the board meeting held on 25 January 2022 were accepted as a true record.
AGENDA ITEM 4 – MATTERS ARISING FROM THE MEETING HELD ON 25 JANUARY 2022
The matters arising from the previous meeting were either on the agenda or ongoing.
NS had written to Defra about the Farm Business Review (Resilience Fund) stating that AHDB would not be bidding for Resilience Fund Phase 3.



AGENDA ITEM 5 – CEO REPORT AND OPERATIONS

5.1 – CEO Report

TR asked for his report to be taken as read. NS cited the recent AgriLeader Forum which had been received positively. The event is very popular amongst the processors and progressive farmers. Chris Gooderham had agreed to step up to the Research and Science Director role on an interim basis. There had been two rounds of recruitment but unfortunately a suitable external candidate had not been identified. Recruitment for this role was ongoing. Chris was also continuing to lead on the Shape the Future registration. SP questioned whether there was a risk around fewer staff at a senior level, TR agreed that senior level capacity was now more constrained and informed the board that views from levy payers will determine activity going forward, sector councils will make decisions at the next round of meetings in June and July.

The Agresso improvement project is close to completion. There is work taking place towards a much clearer and more focused offer around sustainability. A revised exports strategy is being written. A new approach to Knowledge Exchange and Knowledge Transfer work is being developed. The new Finance Director is due to start on 16 May 2022.

5.2 – Sectors

Sector updates had been included in the board pack. The rising input costs was having a significant (but varying) impact across the sectors. The pig backlog was easing a little, but significant losses were being experienced through the supply chain. Pig handling training had been successfully launched and was being positively received. Record prices were being experienced within the B&L and dairy sectors. C&O were experiencing record futures prices along with record input costs. NS commented that, while noting the wind-down of AHDB work for horticulture, it was to be noted that the increased energy costs was obviously having a serious effect on the protected edibles.

TM commented that he was appreciative of the regular sector specific information that he was receiving from AHDB which his colleagues in Defra found useful.

LE asked for the Sector Chairs to be informed of any sector specific information that is released.

The board was informed of some forthcoming sector support changes. In supporting the proposal, SBr commented it was important for the KE teams and levy payers to be able to provide feedback to the organisation.

Action: Sector chairs should be informed of any sector specific information released

5.3 – Engagement – Shape the Future campaign update

WJ commented that as of 28 March 2022, 9200 registrations had been received, there were however 400 had failed the validation process owing to either duplication or geographical issues. Registration will close at noon on 31 March 2022. It is hoped that by that date 10,000 registrations will have been received. A huge amount of social media activity had taken place. Validation will continue until the vote opens on 11 April 2022; a top line press release will be prepared once the vote concludes. An open meeting is planned for the autumn, it is likely that this will take place during the first week of November. NS asked that there should be communication with the supply chains and thanks to those who have assisted in promoting registration. TM commented that it was a phenomenal piece of work, he asked that any communications following the counting of the vote should be shared with the Defra communications team. Ministers should be informed of the outcome as well as key stakeholders.

SB asked whether there was a way to retain levy payer details so that the information does not have to be collected every 12 months, KB said that he was exploring this with Guy Attenborough.

5.4 – Services update

5.4.1 – Update on Farm Business Review (resilience fund)

KB provided an update on activity around Phase 2 of the Farm Business Review. The team working on this activity had been informed of the board's decision not to bid for Phase 3.

The EnviroBench project development review has been completed and the work will be paused with all costs and liabilities contained within this financial year, unless Defra are willing to take on some of the costs. No further development will be undertaken unless there is a robust business case and identified need for levy payers. The board supported this decision.

The Farming Rules for Water work is nearing a conclusion, with the industry having secured some significant concessions that will allow the application of organic materials to land in the autumn, if it is low risk and follows new guidelines. AHDB will release communications to levy payers about the role it has played to support this outcome.

NS commented that there was superb work being undertaken with others and ways of pushing the AHDB brand should be explored.

Levy Payer Satisfaction Survey

The board was informed that QA Research had produced a video of the Levy Payer Satisfaction Survey results which will be circulated.

Action: A video giving details of the results of the Levy Payer Satisfaction Survey will be circulated to the board

AGENDA ITEM 6 – FINANCIAL AND PERFORMANCE UPDATE

6.1 – VAT

Next steps following HMRC's decision relating to AHDB's VAT status were discussed. A press release was published on 16 March 2022 providing details of the decision. A Q&A had also been prepared to answer questions relating to the impact on AHDB.

6.2 – Pensions

JS made a declaration as Chair of the HGCA pension scheme.

NG provided the board with an update on pensions. After discussion, it was agreed that the board would delegate its authority to NS and the executive to discuss next steps with Defra.

Cessation of MLC Pension Scheme to future accrual

Subject to receiving confirmation from both sets of legal advisers that the Deed has been finalised it will be signed on 31 March 2022. The fall-back position is that it will be resolved by 11 April 2022 but that would mean the Scheme will remain open until that time owing to the change of timeframe. The board approved that if required NS could nominate two further board members to sign the Deed.

6.3 – Reserves Policy

The paper provided an update on the application of AHDB's updated Reserves Policy and included the updated sector reserves targets that were used for the 2022/23 budget setting process and for

setting out future year financial planning issues. SB enquired whether there was a contracts log, the board was informed that this information will be owned by the finance team in the future. The board accepted the reserves paper as presented.

6.4 – Update on ministerial sign off for 2022/23 levy rates

Levy rates applied to farmers, growers and others in the supply chain for the financial year 2022/23 have been approved by UK Ministers, effective from 1 April 2022. Rates in the sectors covered by the Agriculture and Horticulture Development Board (AHDB) – Beef, Sheep and Pigs in England; Cereals and Oilseeds in the UK; and Milk in GB) remain unchanged from the 2021/22 rates. Ministers have also agreed to set a zero levy rate in the Horticulture and Potatoes sectors, while the legislation is still in the process of being changed to implement their earlier decision to end the current statutory levies for those specific sectors from 1 April 2022.

6.5 – 2022/23 budgets

Owing to the need to respect the outcome of the vote, a ‘holding budget’ has been proposed for 2022/23 for the remaining four sectors. This means the organisation has a financial plan to work to until any further changes are made by the councils in June/July 2022, post the voting.

The wind down forecast, including the 2022/23 budget, for the horticulture and potatoes sectors had been updated and showed the latest positions.

The board adopted the 2022/23 budgets as presented.

6.6 – 2021/22 Management Accounts and other finance related matters

The 2021/22 management accounts were taken as read. JS asked about the risks relating to the Agresso implementation project, the board was informed that the system will go live on 4 April 2022, the implementation project group will meet that day to discuss any issues that may have been encountered with the switch over. Following a question about debt levels within horticulture and potatoes, the board was informed that there will be legal escalation around May 2022. SBr commented about the beef and lamb debtors position, NG agreed to look at this.

It is likely that the annual report and accounts will now be laid in September 2022.

Action: NG will review the beef and lamb debtors position

6.7 – Finance Dashboards

The finance dashboards were noted.

6.8 – Performance Dashboard

The performance dashboard was taken as read.

6.9 – Horticulture and Potato Wind-Down Progress Report

AL and PJ joined the meeting for this item

The last Potato Sector board meeting had taken place on 25 March 2022. The legacy website is now up and running which will be available to levy payers.

Earlier this month, the Horticulture Sector Board met to consider priorities and budget for EAMU and related trials for 2022/23. Both the budget and priorities were supported by the board. Responding to a question from MS relating to a new piece of work on cherries, the board was informed that this

activity was accounted for in the budget. PJ commented that some additional members will be appointed to the Horticulture board to ensure it is quorate.

A discussion will take place at the board meeting in June 2022 how the surpluses in horticulture and potatoes should be handled.

NS asked for his thanks to be recorded to AL and PJ and the executive for all the work that had taken place around the horticulture and potato wind down.

Action: A discussion will take place at the June 2022 meeting relating to how surpluses in horticulture and potatoes will be handled

AGENDA ITEM 7 - UPDATE FROM DEFRA

TM informed the board that the National Food Strategy White Paper will be published around May 2022 or later, following the local elections.

AGENDA ITEM 8 - STRATEGY AND POLICY

8.1 – Vision/strategy – update on strategy development

TR informed the board that he had hoped that the thinking on strategy would have been at a more advanced stage than it is, but that it was important not to crystallise the vision before knowing the outcome of the vote. NS felt that it was important to be clear on the status of the organisation, once this has been determined NS will establish a Chair's Committee which would comprise the sector chairs, SBr along with himself and TR. In addition, NS will look to include some external representatives. TM commented that he was happy to join the group if this might be helpful.

8.2 – Update on AHDB work on the Ukraine crisis

David Eudall (DE) joined the meeting for this item.

DE commented that the focus of the Economics and Analysis team over recent weeks has been responsive analysis and insight into the impact on agricultural markets from the conflict in Ukraine. The information has been combined into an online hub of analysis and business tools for farmer levy payers. Fertiliser calculators will be reviewed to ensure that they are relevant for the industry. The Spring Outlook seminar will be taking place next month. In conjunction with Defra and the NFU the online hub is being refreshed; this will provide a long-term forecast for the next 12-24 months.

8.3/8.4 – AHDB proposed way forward on Livestock Information Limited and AHDB Data Strategy

Darren Sharp (DS) joined the meeting for this item.

KB commented that LIL and data strategy would be taken together.

There is now a new joint Senior Responsible Officer (SRO) Paul Caldwell and Christine Middlemiss. Paul Caldwell is leading a new Defra level Portfolio Board with AHDB as one of the members. Tessa Jones is a strategy director in Defra appointed by David Kennedy to carry out a review of the Livestock Information Programme.

The board's approval was being sought for AHDB to invest in an Enterprise Data Platform and to take responsibility for the added value work – to be built and hosted on our platform which will allow AHDB to meet its objectives for traceability Value Add Services. This platform is a foundation for AHDB's future data and analytics capabilities, enabling us to provide effective products, tools and services to our levy payers.

The board agreed to support the development of the Enterprise Data Platform and asked DS to begin the next phases.

8.5 –Red Tractor/farm assurance

The board met with representatives of Red Tractor last month. NS is meeting with the NFU on 30 March 2022. It was agreed that AHDB continues to support farm assurance as an important underpinning of industry reputation and that AHDB would continue to encourage Red Tractor to address the concerns that levy payers have raised with us.

AGENDA ITEM 9 – PEOPLE

9.1 – HR Update

JK asked for her report to be taken as read. Stoneleigh-based staff were being encouraged to come into the office two days a week as a minimum.

The recruitment market is tough with more jobs than people at the level that the organisation wants to recruit and it is taking longer than usual to find the right candidates. JS asked if the policy could be more flexible.

9.2 – Report from the Remuneration and Nominations Committee

The Remuneration and Nominations Committee has not met since the last board meeting; a report will be given in June 2022.

9.3 – People and restructuring

JK commented that there was nothing further to add to what she had said earlier in the meeting.

9.4 – Health and Safety

The health and safety report was taken as read. One accident and one near miss had been reported in January 2022 and February 2022.

AGENDA ITEM 10 – BOARD AND GOVERNANCE MATTERS

10.1 – Policy Management

The paper was noted. It was agreed that the Equality, Diversity and Inclusion policy along with the Environment Policy will be approved by the board.

10.2 – Freedom of Information Requests since the last meeting

The paper was taken as read.

10.3 – Risk Register Update

The risk register was noted. It was clear that risk was a major item for the organisation.

10.4 – Report from Audit and Risk Assurance Committee (ARAC)

The minutes from the ARAC meeting held on 8 March 2022 had been included in the board pack and were noted. SP sought board approval for JS to become a member of the LI Limited ARAC which was received, this appointment would be for six months.

10.5 – Feedback log

The feedback log was noted.

AGENDA ITEM 11 – ANY OTHER BUSINESS

Following a question from SBr relating to holding the board meetings on a regional basis, NS informed the board that he and TR were talking about this and will come back to the board.

AGENDA ITEM 12 – DATE OF NEXT MEETING

The next meeting will take place on Thursday 16 June 2022.

