

**SUMMARY MINUTES OF THE EIGHTY EIGHTH MEETING OF THE
AGRICULTURE AND HORTICULTURE DEVELOPMENT BOARD
HELD ON TUESDAY 20 SEPTEMBER 2022 STONELEIGH PARK & MS TEAMS**

PRESENT:

Colin Bateman (CB), 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), Ken Boyns (KB), Liam Byrne (LB) (Item 9.2), Angie Christison (AC) (Item 9.1), Rob Clayton (RC) (Items 7.1 & 7.2), Ros Finney (RF), Paul Flanagan (PF) (Items 9.1 & 9.4), Chris Gooderham (CG) (Items 9.3 & 9.4), Phil Hadley (PH) (Item 9.2), Tony Holmes (TH), Jackie Kay (JK), Tim Rycroft (TR), Roseanne Thomas (RTh) (Item 9.1), Alison Thomas (AT)

Star Molteno (SM), Eunomia Research (Item 9.3)

AGENDA ITEM 1 – APOLOGIES FOR ABSENCE
Apologies for absence had been received from Will Jackson and Tim Mordan.
AGENDA ITEM 2 - DECLARATIONS OF INTEREST
No new declarations of interest were made.
AGENDA ITEM 3 – MINUTES OF THE BOARD MEETING HELD ON 26 JULY 2022
The minutes of the board meeting held on 26 July 2022 were accepted as a correct record.
AGENDA ITEM 4 – MATTERS ARISING FROM THE MEETING HELD ON 26 JULY 2022
Most items had either been actioned or were on the agenda for discussion.
JK confirmed that MS Teams training for board members would be arranged soon.
AGENDA ITEM 5 – CEO REPORT AND OPERATIONS
TR requested that his report be taken substantially as read. He commented that the agenda reflected AHDB’s cross-sector initiatives such as exports, sustainability, and the What Works Centre. TR emphasised the considerable strain on resources as the organisation continued to operate in a very difficult financial environment, exacerbated by the costs of decisions on VAT and pension deficit repair contributions, and by high inflation. He reminded the board that budgets in 2023/24 would be tight.
5.2 Sector Updates
Sector reports had been included in the board pack and a brief appraisal of the most significant issues affecting their industry was given by sector chairs.
5.3 Services Update
KB asked that his report be taken as read.
5.3.1 Farm Business Review (Resilience Fund)
The board discussed the report observing that the figures presented endorsed its decision not to support bidding for Phase 3 of the programme. It was important to understand the benefits the

scheme had delivered to farmers and what lessons could be learned. Defra would undertake its own evaluation exercise, but it was agreed that AHDB would summarise the outcomes for the board.

Action: DE to summarise the effectiveness of the Farm Business Review programme.

AGENDA ITEM 6 – DEFRA UPDATE (RF)

In the absence of Tim Mordan, the Chair welcomed RF to the meeting as Defra's representative.

RF provided a brief update on the recent ministerial changes.

AGENDA ITEM 7 – FUTURE OF AHDB SERVICES TO HORTICULTURE

7.1 Horticulture/Potato Update

The board was briefed on progress to wind down the horticulture and potatoes sectors.

Work to complete the sale of Sutton Bridge was ongoing but had been delayed whilst legal advice was sought on issues which had emerged during the conveyancing process. The sale was unlikely to conclude for a further 6-8 weeks.

7.2 Grant Schemes

Options for the development of grant schemes and repatriation of surplus levies in Horticulture and Potatoes were outlined.

It was noted that the proposal for grant funding to support the continuation of EAMU and EA work through the British Growers' Association and industry working group had received the unanimous support of the Horticulture Sector Board at its recent meeting.

After careful consideration of the Horticulture Sector Board's recommendation, the board concluded that it wished to reaffirm the decision taken at its July meeting that levy payers themselves, and not AHDB, should decide where any residual surplus of funds should be spent.

The board confirmed that it would be willing to consider grant funding to support the continuation of EAMU/EA work if a clear and costed proposal was produced and publicly supported by the horticulture industry, and if Defra asked AHDB to consider such a proposal. The need for this to happen quickly for practical reasons was emphasised.

On this basis, and subject to legal advice on the matter of returning funds to levy payers being reaffirmed, the board agreed that all surplus funds be returned to individual levy payers in both the Horticulture and Potatoes sectors.

In addition, it was agreed that professional advice on the process for repatriation should be sought to ensure funds were returned equitably.

Action: Legal advice on the return of levy to be reaffirmed and professional advice sought on the process for repatriation of funds.

It was agreed that a decision on the transfer of royalties to grower associations should be deferred and approved by the board via email at a later date.

Action: Decision on transfer of royalties to grower associations to be approved by the board via email at a later date

8. FINANCIAL AND PERFORMANCE UPDATE

8.1 Management Accounts

The management accounts were taken as read.

The underspend against budget was noted.

It was commented that budgetary management was improving due to greater scrutiny by the new directors, several of whom were not in post when budgets were set but acknowledged there was still

work to be done. Senior staff were aware of the financial challenges that 2023/24 would present and were taking steps now to reduce spend where possible to reduce the pressure in 2023/24. The board noted that some of the underspend would be due to delays or staff vacancies but that they did not commend over budgeting.

Noting the importance of transparency to sector councils, the impact of zero-based budgeting and complexities of hypothecation were discussed. It was agreed that when the 2023/24 budget was next presented to the board, a reminder of the ZBB principles adopted and the process for allocation of central and other costs should be given.

Action: ZBB principles and process for central and other cost allocation to be provided to the board with the 2023/24 budget.

It was agreed that Darren Sharp, Transformation Director, should be invited to a future board meeting to give a presentation on portfolio management.

Action: Darren Sharp to give a presentation to the board on portfolio management.

AGENDA ITEM 9 – STRATEGY AND POLICY

9.1 – Sector Plan Messaging

A presentation was given on the development of the four sector plans and proposals for the “Delivering the Future of Farming” event on 10 November when plans would be revealed to levy payers.

The plans were intended to be a “shop window” for levy players, accurately reflecting the results of the Shape the Future campaign and determining how AHDB would transform as an organisation over the next 2-3 years.

Discussion took place regarding the importance of AHDB giving confidence and reassurance to levy payers that their voices had been heard.

With the event only weeks away, the importance of promoting it to ensure a good attendance was emphasised, as was the need to ensure sufficient detail could be given around the work which would be delivered, not just headlines.

The board confirmed it was content with the direction of travel. It was agreed that once the second draft had been reviewed by the sector councils and prior to 10 November, the final draft plans should be circulated to the board.

Action: Sector plans to be circulated to the board prior to 10 November 2022.

9.2 – Export Strategy

A presentation outlining plans to implement an updated export strategy to drive forward international trade opportunities on behalf of stakeholders and sectors in response to the levy payer vote was given.

The plan proposed that AHDB should seek match funding from the Government for part of the strategy and have a unifying umbrella brand, the “Great” brand, which would also require Government support.

The board confirmed that it was content for the new strategy to be presented to levy payers on 10 November and for the Executive to take the next steps to implement it, including reviewing team resources.

9.3 – Environment & Sustainability Strategy

KB drew attention to the draft sustainability strategy which had been prepared by Eunomia stressing that this was for internal guidance rather than an external strategy.

Star Molteno, Eunomia, was invited to give an overview. She emphasised that AHDB's unique position would enable it to play a much needed and important leadership role on environmental issues, bridging the gap between the national policy agenda and its levy payers.

Following discussion, the board confirmed its support for the ambition, scope and activity and the 5 strategic recommendations contained within the report. It acknowledged that there was a need to prioritise and clearly define what AHDB could realistically deliver, that collaborative working would be essential to success and that adequate, appropriately skilled resource should be put in place to drive the work forward. It was agreed that the Executive should now develop an action plan for delivery and agreement with the sectors.

Action: Executive to develop an action plan for delivery and agreement of environment work to the sectors.

9.4 – What Works Centre (WWC)

KB reported that development work continued at pace. There is a strong desire for industry collaboration to improve research and KE interaction evident through the many discussions which have taken place with key stakeholders.

A Steering Group which had been formed to progress the development of a pilot would hold its first meeting on 28 September 2022.

More resource would be required to drive the initiative forward and develop the pilot and the board was asked to confirm that it was content for management to give this work greater focus and to provide ongoing management and financial resources to move to the next stage for further consideration by the board.

Discussion took place and the board resolved that it was very supportive, recognising that successful development of the WWC could be hugely beneficial both internally by joining up work in Research, KE & Comms more effectively, and to the wider industry. Effective collaboration would be key, but WWC presented an excellent opportunity for AHDB to demonstrate leadership, working with partners in the industry and, if government funding was secured, successful partnership working with Defra.

9.5 – Livestock Information Limited (LI Ltd)

Sarah Pumfrett, Lyndon Edwards and Ken Boyns made declarations of interest.

KB reported that a briefing to share LI Ltd matters had recently taken place with the board group that focused on LI and a presentation made to the AHDB ARAC in September to highlight the key risks posed by it to AHDB.

An update was given on recent progress and improvements, the funding position, and the establishment of a task and finish group whose work over the next 6-8 weeks to examine the governance and ways of working for LI Ltd which would probably raise fundamental questions about its future structure and ownership.

The board was asked to consider the four questions posed within the paper and following debate resolved that:

- It was content to continue to provide funding in 23/24 on the understanding that there was a clear timeline for progress and delivery of the livestock information programme.
- It had no firm view on its preferred future structure and ownership model for LI Ltd but was opposed to the continuation of the joint venture in its current form.
- A decision on the appointment of the Chair of LI Limited should be deferred until the November board meeting by which time findings of the task and finish group should be known.
- In due course, AHDB should work with Defra to review the Terms of Reference for TDUG and then, following agreement with TDUG and Defra, appoint a permanent chair for TDUG.

It was noted that the Sarah Pumfrett and Janet Swadling's terms of office serving on the LI Ltd ARAC/LI Board were due to end soon. The board agreed that both should continue in these respective roles.

9.6 – Red Tractor (RT)

TR drew the board's attention to a 'joint narrative' drafted by Assured Food Standards for Ownership Body members to use when communicating with RT members and stakeholders. AHDB's feedback on the statement had been requested by AFS.

It was agreed that, after further consultation, the Chair would prepare a response to AFS.

AGENDA ITEM 10 – PEOPLE

10.1 – HR Update

JK requested that her report be taken as read.

It was confirmed that questions raised by CM in respect of Equality, Diversity and Inclusion (EDI) were being followed up and would be discussed by RemNom at its next meeting.

It was noted that the Annual Report & Accounts would report staff turnover of 37.67% for 2021/22 (largely due to the loss of potatoes/horticulture staff), significantly higher than in the pandemic year (9.76%) but in line with the national trend.

Recruitment remained challenging with the organisation struggling to attract high calibre candidates. JS commented that insistence on 2 days per week office working might deter applicants seeking more flexible working arrangements.

JS emphasised the importance of an action plan for EDI being progressed. JK confirmed that this would be discussed by RemNom at its forthcoming meeting.

AHDB had progressed plans for board member recruitment as far as possible but ministerial approval and confirmation of the appointment panel by Defra was awaited.

It was agreed that dashboard training statistics should exclude those unable to complete training due to long term absence and that only overdue training should be reported.

Action: HR dashboard training statistics to report overdue training only.

SP questioned the accuracy of the sickness absence data presented given that there appeared to have been no absences in September.

10.2 – Remuneration and Nominations Committee (RemNom)

Minutes of the RemNom meeting held on 14 June had been circulated. The committee would meet again soon, and a further report would be provided to the board in November.

It was agreed that, if necessary, RemNom could invite those who were not formally members of the committee to a meeting to discuss the time commitment of sector chairs.

10.3 – People and Restructuring

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

10.4 – Health and Safety

JK asked for the report to be taken as read.

LE commented that he did not agree with the AHDB protocol which precluded children from attending on farm events which SB confirmed had been debated and agreed by the Health & Safety Committee. The Chair requested that the matter be reconsidered by HR to try and reach a compromise.

Action: HR to reconsider AHDB protocol on children attending on farm events.

SB commented on the importance of making the Health & Safety handbook accessible to those who were not direct employees. It was confirmed the use of OnBoard as a repository for this and other important documents which should be readily available was being considered.

AGENDA ITEM 11 – BOARD AND GOVERNANCE MATTERS

11.1 – Board minutes and website publication

The board considered options relating to the recording of its meetings and accepted the recommendation that the current style of minutes for their meetings be continued, subject to minor amendments to meet accessibility standards and improve adherence with house style.

It was agreed that the existing process and style of summarised minutes for website publication should continue but that, in future, the board should have sight of reserved minutes.

Action: Board to be provided with reserved minutes

11.2 – Committee Membership

Discussion took place regarding proposals for future membership of the ARAC and Remuneration & Nominations Committee.

The board resolved that ARAC should include representation from each sector council but that this representation could come from any council member with the requisite skills and experience.

With this approval in place, it was agreed that recruitment of representation from the Beef & Lamb and Pork sector councils to the ARAC could proceed.

RemNom's terms of reference and sector council representation was debated with a suggestion made that its membership should be skills-based. Given time constraints, no agreement was reached, and it was decided that this matter should be revisited.

Action: RemNom membership to be discussed at a future board meeting.

11.3 – Report from Audit and Risk Committee (ARAC)

SP commented that there was nothing further to report since the last ARAC meeting.

LE advised that he had not yet received ARAC training. IA confirmed that he would action this.

Action: IA to arrange ARAC training for LE.

11.3.1 – ARAC Chair's Annual Report to the Board

The report was noted.

11.4 – Risk Register update including any new risk arising from the meeting

The report was noted. No new risks were identified.

11.5 – Freedom of Information requests since last meeting

The paper was noted.

11.6 – Feedback Log

The feedback log was taken as read.

11.7 – Dates of AHDB board meetings in 2023

Board members were asked to consider the proposed 2023 meeting dates and notify IA if existing commitments would preclude their attendance.

Action: Board to consider proposed 2023 meeting dates and notify IA of any issues.

AGENDA ITEM 12 – ANY OTHER BUSINESS

CB highlighted that Google Analytics might help AHDB understand attitudinal shifts amongst young consumers and advocated that staff working with social media should exploit this service.

Action: LB/RT to feedback to CB and LE on use of Google analytics regarding consumer marketing/attitudes.

AGENDA ITEM 13 – DATE OF NEXT MEETING

The next meeting will take place on Tuesday 22 November 2022.

