

AHDB Activity Review

Winter 2015/16

Introduction

The Agriculture and Horticulture Development Board (AHDB) is a non-departmental public body that collects statutory levies to carry out activities for farmers, growers and supply chain levy payers. AHDB's purpose is to equip the agriculture and horticulture industry with the information and tools to grow and become more competitive and sustainable. Listening to, and consulting with, all levy payers and their representatives is therefore very important.

It is essential that AHDB is fit for purpose and in 2016 it is restructuring its teams to be better equipped to deliver to the industry it serves. As part of this process, AHDB has undertaken a review of activities to gauge levy payer views on the main challenges and opportunities they perceive and where they feel AHDB can have the biggest impact on their business.

The Activity Review ran at the same time as a public consultation on AHDB's Corporate Plan (see ahdb.org.uk/publications/consultation.aspx) but sought a much broader 'root and branch' perspective from the levy payer on AHDB's role and impact. Feedback from both activities is being used to inform AHDB's priorities for the current year and for future strategy development.

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How the Activity Review was conducted

To capture feedback from as many levy payers as possible, the Activity Review comprised a number of elements including open meetings, an online survey and face to face meetings with key stakeholders.

The 15 open meetings held across Scotland, Wales and England attracted over 300 attendees, primarily farmer levy payers, across all sectors. AHDB asked two fundamental questions. What are the challenges and opportunities facing your business, and what should AHDB be doing? 58 feedback forms were compiled by AHDB staff across open meetings and through regional discussions.

The questionnaire and online survey went a little deeper asking for clarification on priorities ranging from research, market development to communications. Over 650 (online and hard copy) survey responses were received.

Finally, a number of key stakeholder interviews were also held to ensure feedback was gathered from all representative organisations.

Key challenges and opportunities

Responses to the online survey and questionnaire highlighted low farmgate prices as a major concern for businesses across all sectors. This is unsurprising given the current market context and outlook for most UK farming sectors.

Discussions with producers in the open meetings and stakeholder interviews saw the subject of **volatility** singled-out as the most significant challenge across all sectors. These discussions highlighted a keenness for AHDB to show leadership in understanding and assessing how market risks can be better managed, provide tools and instruments to improve expertise on farm, review non-agricultural industry and global developments, and deliver relevant knowledge through practical demonstration.

Soil was frequently cited as the most significant environmental challenge that producers face with a general awareness, not just in the cropping sectors, that improving soil structure and fertility can have a major impact on productivity and long-term sustainability of farming businesses. There was also some interest in examining the impact that **climate change** may have in the medium to long-term on land capacity and resilience with a view to helping farming and food manufacturing businesses make the best investment decisions on where to develop production owing to lower risks.

Growers are concerned about the risks in terms of availability of chemical and novel solutions to dealing with **pests and diseases**. The loss of pesticides is a major challenge as well as the need to invest in biological alternatives and change the prevailing political climate on novel solutions, primarily genetically modified (GM) crops.

In terms of opportunities, levy payers felt strongly that more could be done to make the most of the **British brand** at home and abroad and to join up various market development initiatives that exist both within AHDB and in relation to other providers (eg Red Tractor). With this went a feeling that education, both in schools and with consumers, about the role and value of British agriculture and food could strengthen the position of the industry.

At the same time, many stakeholders felt that British agriculture needed to be able to compare itself against the best in class and identify the key drivers of performance. Producers are keen for more information on how changes in business structure can impact on performance. There was also a strong desire, especially in the livestock and dairy sectors, for AHDB to show more leadership in assessing the benefits of collaborative business models such as producer organisations and supply chain contracts.

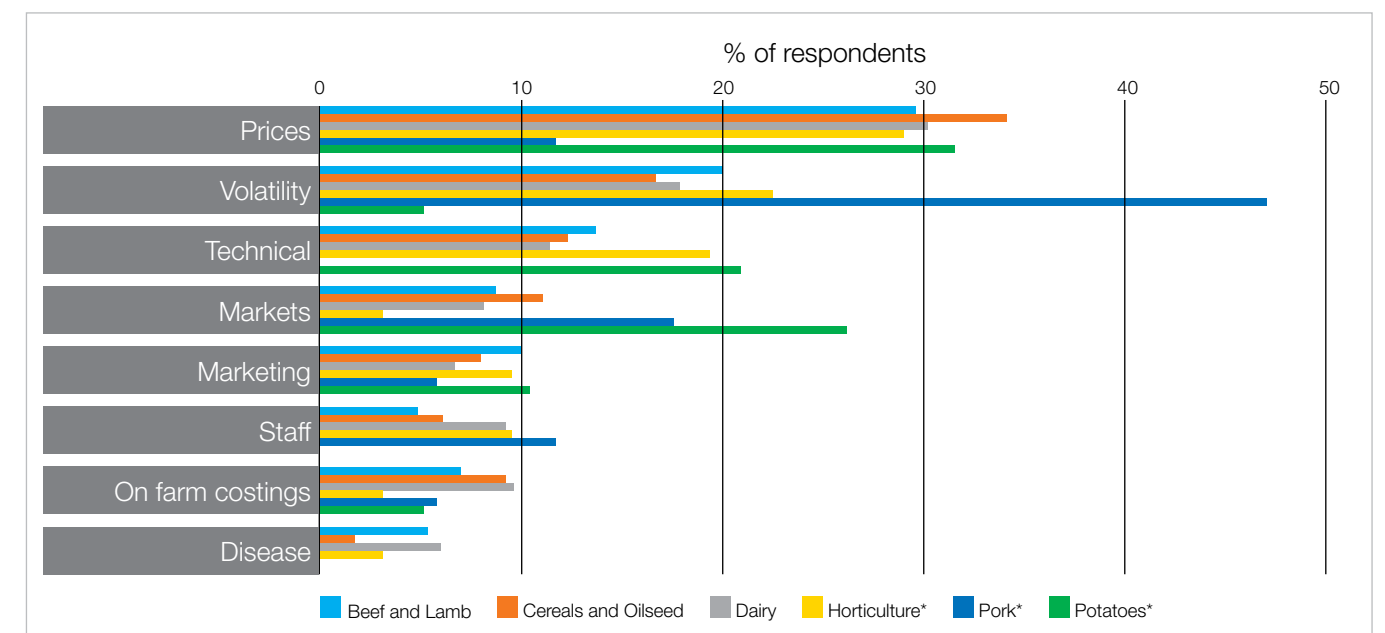


Figure 1. Questionnaire responses to key challenges by sector (*small sample size for horticulture, pork and potatoes)

Research and development

Many producers felt AHDB should divert some attention away from ‘blue sky’ research whilst acknowledging the requirement for targeted near-market research to address current challenges. There was a feeling that research and development (R&D) needed to be better co-ordinated to ensure that both long-term and near-market research meets the needs of British farmers, growers and processors.

In the cropping sectors, research priorities mirrored the key challenges around plant health and pesticides. There was interest in more work being undertaken on alternative solutions such as biopesticides and the work of AHDB on minor uses was well supported. A particular concern was expressed by horticulturists about the risks to the research base for the sector in the UK.



In terms of animal health, there is a keenness to see research focused on improving animal welfare and performance with a strong recognition of the impact of disease and other issues, such as parasites, on animal performance.

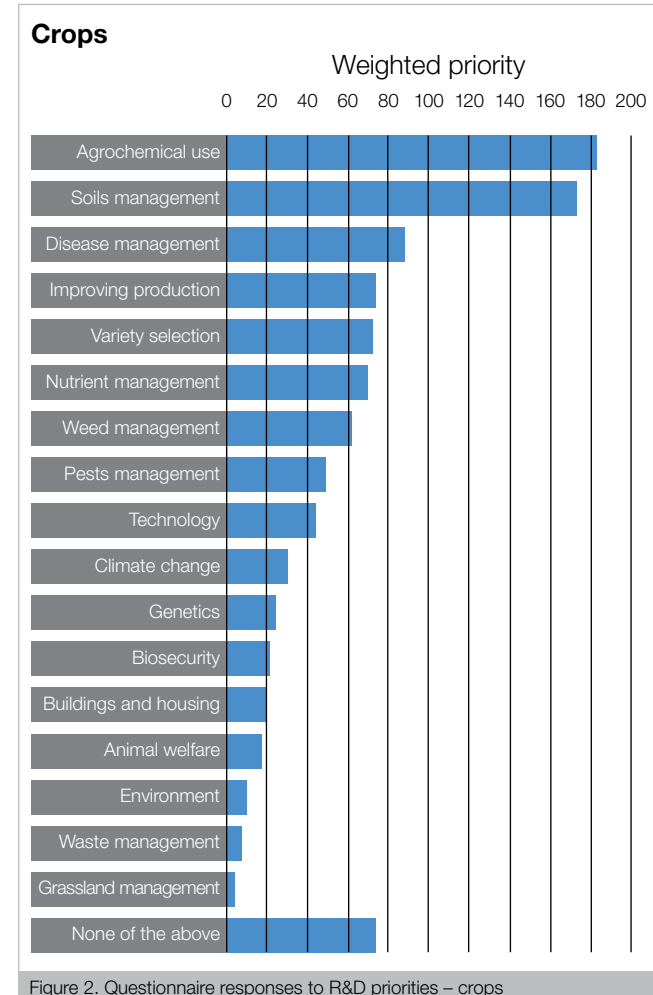


Figure 2. Questionnaire responses to R&D priorities – crops

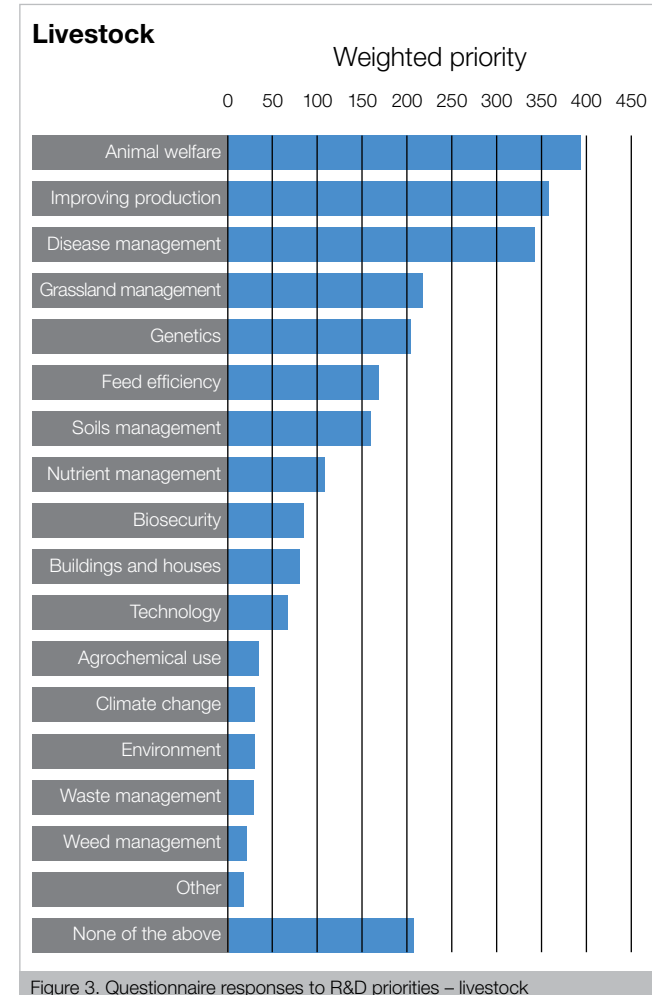


Figure 3. Questionnaire responses to R&D priorities – livestock

Market development

The Activity Review highlighted a strong feeling that a key part of AHDB's role should be to develop the brand **reputation of British food** and farming at home and abroad. Although existing initiatives such as Red Tractor provide a foundation, more work is needed to shout about the quality, diversity and benefits of British food.

In the livestock and dairy sectors especially, there is a strong feeling that AHDB should focus more resource on developing markets and promoting British food. There is strong support for AHDB's wider market development activities such as product innovation, new butchery techniques, adding value to meat cuts and so on. In stakeholder interviews there was a clear view that market development activity needs to be strategic and targeted to be effective. Some respondents suggested the benefits of farmer-funded promotion are felt higher up the supply chain with limited impact on farm.

A number of producers and processors highlighted the importance of defending the reputation of the farming industry and food products as well as understanding and articulating the **nutritional benefits** of different products.

The questionnaire responses appear to place a lower priority on **export market development**. However, AHDB is widely seen as the body that should help companies identify and exploit overseas market opportunities. Work in beef, lamb and pork is applauded although there is a strong view that the AHDB should do significantly more in other sectors, especially dairy. That said, some livestock farmers voiced a feeling that AHDB should concentrate more on lifting the market at home.

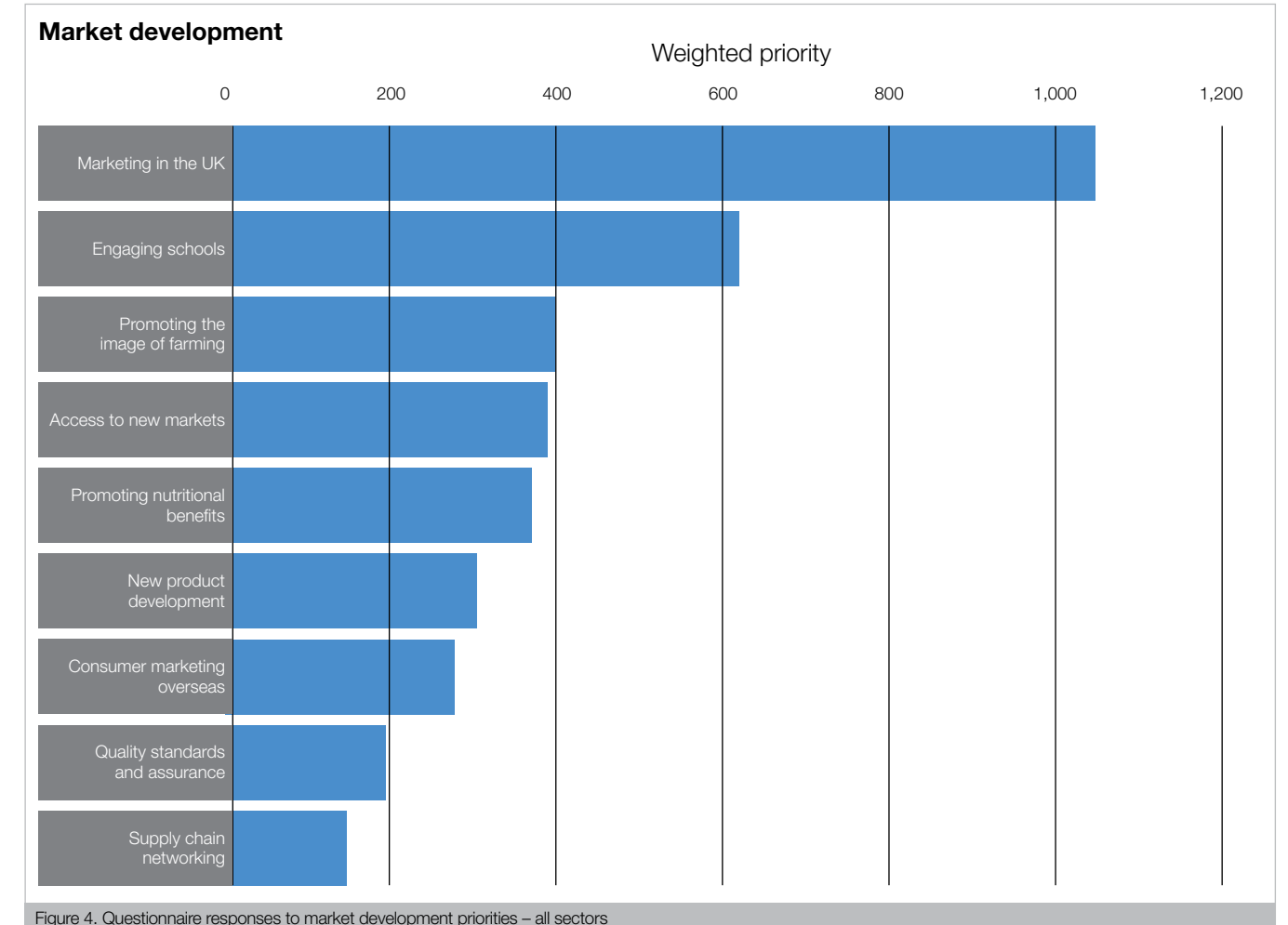


Figure 4. Questionnaire responses to market development priorities – all sectors

Farm business improvement

Although some producers expressed a degree of cynicism about the ability of producers to control costs, there was widespread recognition of the benefits of measuring and monitoring farm business performance, farmer to farmer learning and AHDB's Monitor Farms programme. Many producers felt that sharing best practice through physical on farm demonstration was one of the best ways of improving farm business performance. There was particular interest in how AHDB could help producers identify opportunities to reduce fixed costs through understanding the pros and cons of different business structures.

Existing AHDB services such as recommended lists (cereals) and genetic indices (dairy) were widely valued for their independence. Some concerns were expressed in Scotland about the need to ensure recommended lists included crop varieties relevant to Scotland (ie malting barley) and that trials work reflects growing conditions across the whole of the UK including Scotland and Northern Ireland.

Some producers, especially in the dairy sector, want AHDB to show more leadership in determining the best supply chain structures, milk selling arrangements and production contracts.

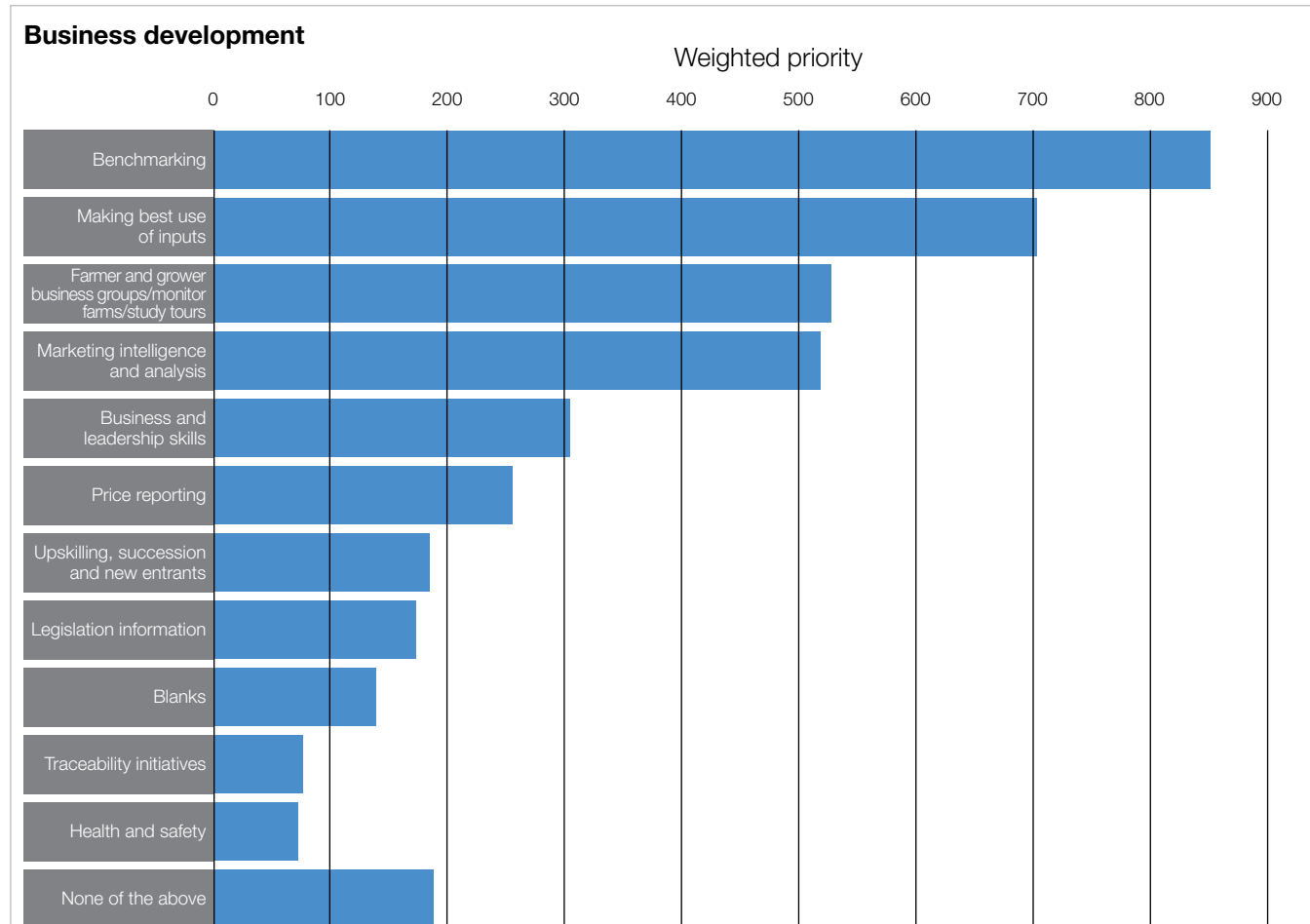


Figure 5. Questionnaire responses to farm business improvement priorities – all sectors

Communication

A very strong view, expressed across producers, was about AHDB's communications. There is awareness of sector-specific technical material but limited understanding of existing work across the sectors that could add value. There is a feeling that communications are untargeted, rely too heavily on printed leaflets, and emails are lost in the mountain of information received every day. Communications need to be more focused and to the point. AHDB's website is seen as particularly inaccessible to most producers and felt geared more towards corporate stakeholders than levy payers. At the same time farmers also commented that they had to visit multiple AHDB sites in order to find the information that they required.

In Scotland, there is a lower level of awareness of AHDB, compensated to some degree by the presence of recognised AHDB staff in Scotland. It was clear too that Scottish publications need to be better tailored for Scotland.

AHDB needs to be seen to have more of a personality, to listen more and engage in conversation with producers as people rather than 'levy payers'. It should make better use of its in-house experts, making them more visible to levy payers at events and on farmer, grower and industry platforms.

AHDB's market intelligence outputs provide a regular form of communication to levy payers in most sectors and, whilst valued, there is a feeling that the organisation should provide more forward-looking market insight and analysis in addition to historic price reporting.

Linked to the challenges associated with communications was a widespread view that AHDB must evaluate all of its work and demonstrate the return on investment and tangible benefit to levy payers. Moreover, there was a feeling that this activity needed to be scaled up to be able to demonstrate the financial benefit of AHDB's work as a whole to the farming industry and individual sectors.



How are we using these findings?

The findings from the Activity Review provide a good barometer of AHDB's activities as well as invaluable feedback about the challenges, opportunities and priorities that farmers, growers and food processors face. We are extremely grateful for the time and effort given by all those individuals and organisations that participated in the review and responded to the consultation on the AHDB Corporate and Sector Business Plans for 2016.

AHDB is committed to delivering effective and practical services that add value and have real impact. A number of steps are being taken by the organisation and its sector boards that take on board the feedback received during this exercise:

1. Changes to our sector plans

AHDB Dairy has announced a significant change to its business plan (2016–2019). Funding has been made available to support market development activity to the tune of £3.5 million over three years. This will enable AHDB to extend its export market development activities to support dairy manufacturers in exploiting market opportunities overseas. Funding is also being made available to explore opportunities jointly with Dairy UK to promote the nutritional benefits of dairy products.

AHDB Potatoes has made changes to its business plan (2016–2019) that signal a shift towards a greater focus on farm productivity. This will build on the initial success of the Strategic Potato Farm concept with further sites identified in Scotland and eastern England.

2. Reviewing communication

AHDB's internal change programme has seen the creation of a dedicated communications team that will be reviewing all communications activities and delivery channels to ensure communications to farmers, growers, processors, key stakeholders, consumers and policymakers are relevant and targeted. Alongside this, a review of digital and online activities aims to deliver better value for money by creating joined-up, accessible and interactive digital platforms. Communications in Scotland will be bolstered to ensure that information is tailored to meet the needs of the audience and maximises the opportunity to communicate through the Scottish media.

3. Evaluation and impact assessment

AHDB is putting in place consistent and robust evaluation mechanisms to provide clarity on the value derived from levy-funded activity. A more rigorous and systematic approach has started with the launch of an Investment Test for new programmes of work. As of 1 April 2016, new programmes and projects valued over £50,000 will need to be supported by a clear business case that demonstrates how the programme delivers economic benefits, solves a supply chain problem, improves decision-making or addresses sustainability. Programmes will be scrutinised and scored by an AHDB panel before being recommended to boards for consideration in business plans. At the heart of this approach is a clear focus on the outcomes that each programme seeks and how these will be monitored and evaluated.

4. Volatility

In order to help move the industry beyond the rhetorical debates about volatility, AHDB has created an industry-led **Volatility Forum**. This brings together experts from across the food and farming industry with a remit to broaden and deepen the industry's understanding of the causes of volatility, how resilience can be built within farming businesses and the potential tools that could be deployed to better manage its effects on businesses.

The Forum's first piece of work will deal with future markets and will work closely with Defra to examine the potential to extend future trading beyond the cereals sector to other parts of the food and farming industry.

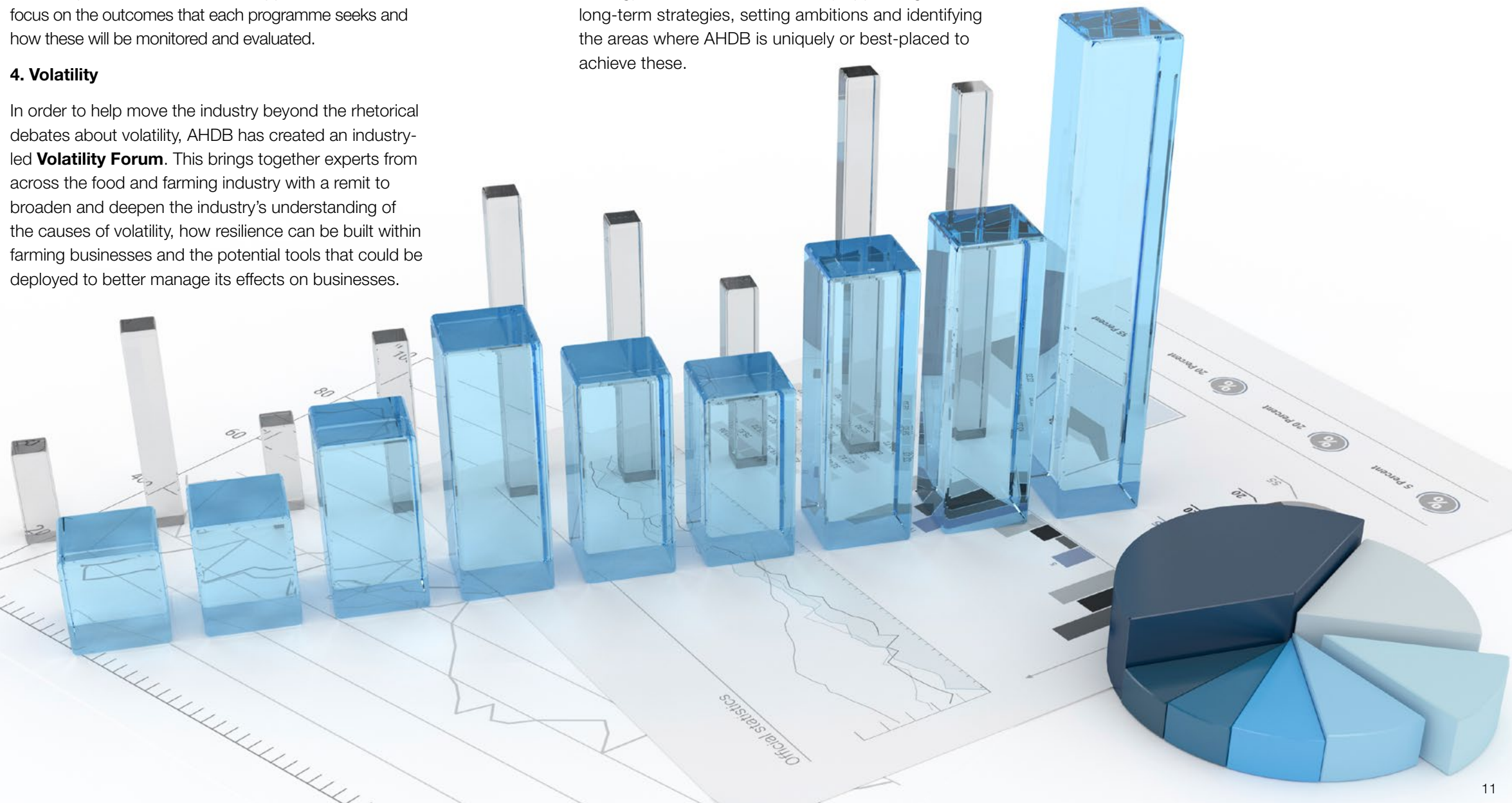
5. Strategy review

AHDB will undertake a comprehensive review of its organisational strategy during 2016 to develop, for the first time, one clear long-term corporate strategy for AHDB based on bold ambitions for the future of agriculture and horticulture.

Supported by the Sector Strategy Directors, sector boards, who are responsible for setting sector strategy, will also be fundamentally appraising their long-term strategies, setting ambitions and identifying the areas where AHDB is uniquely or best-placed to achieve these.

The emphasis will be on what the organisation does and does not do to achieve these ambitions and will concentrate on doing a few things well to deliver outcomes that improve the performance of the industry.

Alongside the development of strategies, there will be a comprehensive assessment of how work is monitored and evaluated with clear and consistent key performance indicators to assess whether outcomes are being achieved. Sector boards will continue to play an important role in holding the organisation to account on AHDB's performance.





Want to know more?

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