



Agriculture and Horticulture Development Board

Corporate Business Plan 2011/14

31 March 2011

This is the fourth AHDB Corporate Business Plan. It covers the three-year period April 2011 to March 2014. It benefits from a consultation period with AHDB's key stakeholders, whose comments and observations are taken into account within the final published version. The performance targets contained in the plan are reported against on an annual basis in the AHDB Annual Report and Accounts, published in July each year.

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Chief Executive's Foreword

This Corporate Business Plan reflects our philosophy that levy payers are at the heart of what we do at the Agriculture and Horticulture Development Board (AHDB). As Chief Executive, it is my job to run AHDB as efficiently as possible to give good value for money as part of our overall delivery of effective front-line services to benefit levy payer businesses.

These operational efficiencies are being achieved through improved systems and better co-ordinated Corporate functions in addition to greater functional working. Once we have resolved our accommodation issues, our research and knowledge transfer teams will be co-located and all our marketing and communications teams will work alongside each other. This will help to facilitate better sharing of ideas and best practice and swifter identification of projects which can give maximum benefit across sectors.

AHDB is securing a more efficient team-working culture which is starting to see some early cost and efficiency benefits. We had hoped to be in a single open-plan building by now which would help speed up the process of sharing best practice and honing operational efficiencies, but our timetable in this area has been frustrated by factors outside our control. We are, however, tackling this problem vigorously and hope to relocate during the early months of the period covered by this Plan.

Despite the building set back and the loss of significant grant funding from Advantage West Midlands, I am delighted to say that the benefits of the establishment of AHDB are coming through. For the first time since we were formed, we are now forecasting an operational surplus at the end of 2010/11 and we intend this progress to continue into the coming financial year with both an operational surplus and retained surplus after exceptional items.

There are a number of key cross-sector themes which emerge in this Corporate Business Plan:

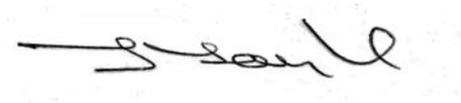
- The high priority the industry puts on the need for the acquisition and application of new knowledge and innovation in primary production through research, development and knowledge transfer/exchange to deliver efficiencies, increase yield and improve profit potential.
- The need to help producers and growers deliver greater environmental sustainability through efficient resource management of water, soils, fertilisers, pesticides, energy and waste, together with a greater understanding of measures that will reduce emissions of greenhouse gases and enable adaptation to climate change.
- The need for greater supply chain efficiency.
- Concern about an ageing workforce and attracting and retaining skilled people.
- Our own requirement to seek out and exploit the benefits and efficiencies of the AHDB framework by sharing services and seeking synergies through improved working together.

I think sustainability should be our watchword - sustainability of thriving businesses in a challenging economic climate and environmental sustainability in the context of climate change challenges. The strategies to address these and other very sector specific challenges are laid out in this Plan.

This Plan also contains increases to the levy rates across three industry sectors: potatoes in Great Britain; beef and lamb in England and cereals and oilseeds in the United Kingdom. A summary of the rationale for these increases and how the money will be used is given on pages 33-35.

To fulfil the commitment made in the 2010 Cabinet Office Review of Arms Length Bodies to initiate a debate with industry on the future of AHDB, Defra held a Workshop on 15 March 2011 with representatives of the agriculture and horticulture industry, the wider food chain and individual levy payers.

There was strong support for our work to be continued and suggestions for possible improvement in a number of areas, including Board governance, flexibility between sectors, communication with levy payers and a lighter touch from Government, if it could be achieved. The Minister of State for Agriculture and Food will review the Workshop outputs and consider how they should be taken forward. We anticipate implementing any subsequent Ministerial direction during the life of this Plan.

A handwritten signature in black ink, appearing to read 'Tom Taylor', is centered on the page. The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Tom Taylor
Chief Executive and Accounting Officer

About AHDB

The Agriculture and Horticulture Development Board is managed as an independent organisation. It plays a pivotal role in improving farm business efficiency and competitiveness by promulgating factual, evidence-based advice and information.

It is funded by farmers, growers and others in the supply chain through statutory levies.

AHDB was established under the Agriculture and Horticulture Development Board Order 2008. It became operational on 1 April 2008 and is classified as a Non-Departmental Public Body.

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

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

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

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

AHDB Vision

To support a thriving and sustainable industry which responds effectively to change.

AHDB Mission

To provide the agriculture and horticulture sectors cost effective, relevant services which support the sectors to achieve long term profitability and sustainability.

AHDB Corporate Objectives

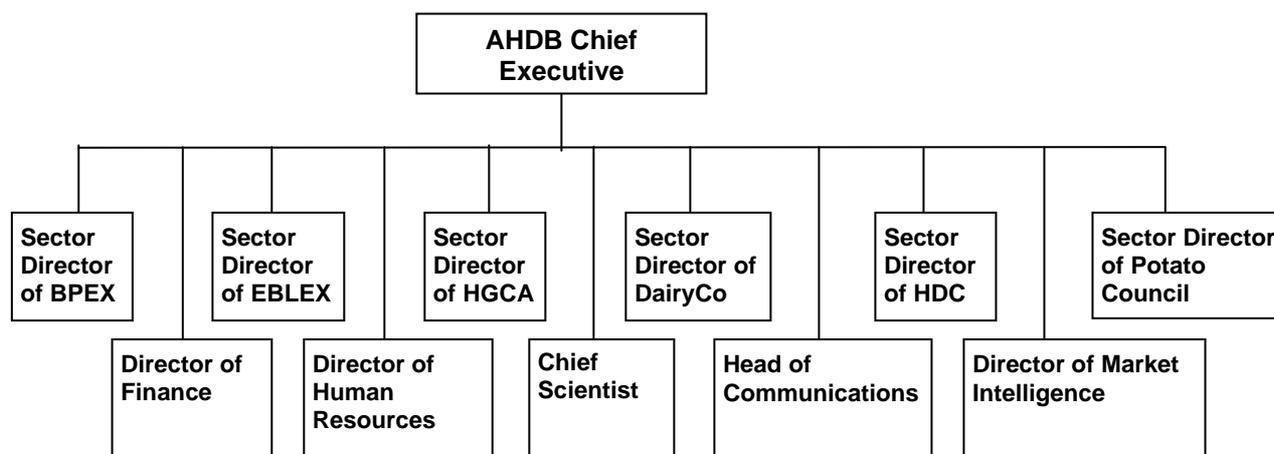
There are five AHDB Corporate Objectives

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

AHDB Structure

In order to deliver effective sector focus, AHDB is organised divisionally with six operating divisions representing the commodity sectors covered by its statutory remit. These divisions are supported by shared corporate services (finance, human resources, etc) and a specialist Market Intelligence Division. Each operating division is headed by a director who sits on the Senior Executive Team (SET), which is responsible for the implementation of this Corporate Business Plan. The SET is headed by the Chief Executive of AHDB and also contains each of the corporate directors (see diagram).

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



There is a sector board for each of the six commodity sectors represented by AHDB. Each sector board is comprised of levy payers, other stakeholders from the sector and independent members. The main AHDB Board has delegated functions to each sector board *to develop the most appropriate strategies to meet the challenges of the sector; to ensure the relevant levy rate is recommended in order to provide adequate funding for the required work; to monitor strategy implementation and to approve remedies where performance deviates from plan*. The sector board members are appointed by AHDB.

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

AHDB Commercial Subsidiaries

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

Additional background on AHDB can be found on its website: www.ahdb.org.uk

Executive Summary

AHDB Corporate Objectives

There are five AHDB Corporate Objectives

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

Key Themes

There are a number of key cross-sector themes which emerge in this Corporate Business Plan:

- The high priority the industry puts on the need for the acquisition and application of new knowledge and innovation in primary production through research, development and knowledge transfer/exchange to deliver efficiencies, increase yield and improve profit potential.
- The need to help producers and growers deliver greater environmental sustainability through efficient resource management of water, soils, fertilisers, pesticides, energy and waste, together with a greater understanding of measures that will reduce emissions of greenhouse gases and enable adaptation to climate change.
- The need for greater supply chain efficiency.
- Concern about an ageing workforce and attracting and retaining skilled people.
- Our own requirement to seek out and exploit the benefits and efficiencies of the AHDB framework by sharing services and seeking synergies through improved working together.

Main Strategies

The core strategic work programmes are as follows:

- Undertake targeted R&D and efficient knowledge transfer/exchange to improve levy payer technical and business efficiency to reduce costs, increase yields, maintain/improve quality and optimise use of inputs
- Help levy payers produce in an environmental, social and economically sustainable way, focusing on water, soils, fertilisers, pesticides, waste and greenhouse gases.
- Give levy payers access to unbiased, high-quality market information
- Help the industry to respond to unjustified criticism
- Undertake export market development to help underpin domestic prices
- Inspire and inform consumers
- Raise awareness of food and where it comes from among school children
- Deliver demonstrable AHDB operational cost and efficiency improvements
- Encourage benchmarking to identify areas for improvement
- Secure match-funding across a range of activities
- Seek to generate greater supply chain efficiency
- Encourage quality assured produce is identified to aid informed consumer choice

- To give consumers and health professionals a better understanding of the nutritional benefits of levy payer produced foods in the diet
- To help ensure the agriculture and horticulture industries are able to attract and develop workers with the skills needed to operate effectively

Funding the Plan

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

The forecast total gross levy for 2011/12 amounts to just over £51M. The funds raised from each commodity sector are ring-fenced to ensure they can be used to the benefit of only the sectors from which they were raised.

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

This plan contains Ministerial approved increases to the levy rates in three sectors:

- Potatoes in Great Britain
- Beef and lamb in England
- Cereals and oilseeds in the United Kingdom

A summary of the rationale for these increases is given on pages 33-35.

The detailed business cases for the three levy increases can be found in the consultation area of the AHDB website: <http://www.ahdb.org.uk/publications/consultation.aspx>

The other three levy rates (for Pigs in England, Horticulture in Great Britain and Milk in Great Britain) remain unchanged for 2011/12. The levy rates for April 2011 to March 2012 can be found on page 36.

Corporate Business Plan Production Timetable

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

DATE	ACTION
15 November 2010	AHDB Board meeting agreed draft AHDB Corporate Business Plan 2011-2014 for industry consultation
19 Nov to 12 Jan 2011	Six week industry stakeholder consultation on the strategies and proposed levy rates contained in the Corporate Business Plan
24 January 2011	AHDB Board considered stakeholder feedback and agreed final draft Plan along with levy rates to be recommended to UK Ministers
3 February 2011	Final draft Plan and recommended levy rates submitted to Defra and devolved administration Ministers for approval
4 March 2011	Levy payers notified of levy rates which apply for next financial year
21 March 2011	AHDB Board approves final budget for 2011/12
1 April 2011	AHDB Corporate Business Plan 2011/14 published on AHDB website

Analyses of the Challenges

In our Autumn 2010 planning process, we have considered the key challenges and opportunities facing the UK agriculture and horticulture industry through a PESTLE analysis process (Political, Economic, Sociological, Technological, Legislative and Environmental). Given that the six commodity sectors we work with are affected by the factors listed below to varying extents, we provide a brief description of the impact, together with a ranking (High, Medium or Low), for the effect on each sector.

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

PESTLE analysis

POLITICAL	Impact	Sector	Effect
<p>Climate change</p> <ul style="list-style-type: none"> ▪ A key policy driver for the UK Government and the EC is the implementation of plans to mitigate against the effects of climate change, emphasising the need for the food and farming industry to adapt business practices and reduce Greenhouse Gas emissions. ▪ The 2008 Climate Change Act requires all sectors of the economy to deliver GHG emission reductions and the UK Government has set out its approach to reducing emissions – including those from agriculture – in its response to the Second Annual Report of the Committee on Climate Change. A Voluntary Action Plan to achieve GHG emission reductions from agriculture has been developed by organisations representing the industry, with Defra support. 	<p>All sectors are affected by the UK Government's and EU's drive to reduce GHG and other emissions. The beef, sheep and dairy sectors are the most affected which has resulted in sector 'Roadmaps' being produced to mitigate against climate change.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>H H H M L L</p>
<p>UK Food 2030 – health</p> <ul style="list-style-type: none"> • 'Encouraging people to eat a healthy and sustainable diet' – UK Government's concern over obesity, heart disease and a balanced diet and its impact on the NHS resources continues to be a key policy driver. • Government and NGO push towards improvements in diet and nutrition such as salt reduction in processed/manufactured products, reduced saturated fat intake, increased consumption of fruit and vegetables, '5-a-day', daily intake of unrefined cereals, less meat and dairy products consumed and guidelines for alcohol consumption. 	<p>All sectors are affected, with the main focus on dairy, beef, sheep and pig production. Cereals, potatoes, and horticulture products are regarded by the Government as providing nutritional benefits.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M L H H M M</p>

POLITICAL continued . . .	Impact	Sector	Effect
<p>Food supplies and security</p> <ul style="list-style-type: none"> • ‘Ensuring a resilient, profitable and competitive food system’ – managing risks to ensure that the UK’s food system can cope with the effects of volatile commodity markets, food safety, longer term food security, climate change, and the ongoing food versus fuel debate. Central to this policy is that food supplies are sustainable. • ‘Increasing food production sustainably’. Sections of the public and government have tended to see a reduction in the intensity of land usage (by farming) as socially and environmentally beneficial. Food security concerns may temper this attitude informed by scientific arguments that indicate dual economic and environmental benefits from increasing the efficiency with which production systems are managed and natural resources are valued. • There is growing concern about the need to increase the level of Research and Knowledge Exchange (both publicly-funded and industry-funded) that is clearly directed towards the resolution of major challenges in order to increase longer term productivity on a sustainable basis. 	<p>All sectors are affected, with the main focus on farm/grower business practices and production methods being competitive.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M H M M M M</p>
<p>UK public finances</p> <ul style="list-style-type: none"> • The general election in May 2010 saw the formation of a new Coalition Government. Defra published its new business plan in November 2010 with three structural reform priorities relevant to AHDB, including, to ‘<i>Support and develop British farming and encourage sustainable food production</i>’ which is closely aligned to AHDB. • The Coalition is committed to reducing the £155bn structural deficit in public finances. As part of this Defra is reducing its resource budget by 29% over the next few years which will include a 33% cut in administration. This will have a major impact on assisting agriculture and horticulture, also regional rural development. 	<p>There are potential opportunities for AHDB and industry organisations as Defra may seek to work more collaboratively as it reviews its resource allocations. All sectors may be affected by reductions in government funding.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M M M M M M</p>
<p>EU CAP developments</p> <ul style="list-style-type: none"> • Several sectors continue to adjust to the post-2005 support structure and the removal of direct production subsidies. Further detailed proposals to change the CAP are expected in mid-2011, following the communication from the EU regarding the likely future shape of CAP in December 2010. The changes to CAP will be within the context of the forthcoming wider negotiations on the EU budget framework post-2013. 	<p>The main impact will be on sectors currently receiving CAP support. This will focus on farms having to do more for the environment to continue receiving payments. Sectors not directly receiving benefit of CAP will be affected indirectly.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M M H L L L</p>
<p>International trade</p> <ul style="list-style-type: none"> • The WTO has aspirations to complete the Doha round by the end of 2011. In the absence of a multilateral trade deal, bilateral trade agreements will continue to influence global trade flows in the short to medium term. • Mercosur talks have resumed. This will be of serious concern to EU beef producers, as Argentina and Brazil may look for greater European access. However any deal may be linked to improved regional human rights and animal welfare. 	<p>Some sectors, such as cereals, are affected by increased free trade or greater market volatility. However, depending on the outcome of the WTO and Mercosur talks and whether and what agreements are reached the impact could vary from nothing to significant.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M M H M L L</p>

POLITICAL continued . . .	Impact	Sector	Effect
<p>Other policy developments</p> <ul style="list-style-type: none"> Current proposals on food information for consumers and ongoing discussions on welfare, origin and quality labelling may bring changes for labelling rules. This may move forward with the Government's plan to appoint a Retail Ombudsman. 	The products of sectors which are closer to consumers may feel greater effect.	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	L L L L M M
<p>ECONOMIC</p> <p>Economic growth</p> <ul style="list-style-type: none"> Global economies are dominated by continued uncertainty over the effects of the recent recession, reflected by concerns over a 'double dip' in economic performance. In Eurozone countries the driving force of governments is to adopt cost cutting policies to reduce the level of public debt (and reduce the 'black hole' in the public finances). This, in turn may affect the extent and pace of economic recovery and consumer confidence which will affect consumer food purchasing behaviour. A weakening of sterling has helped to boost exports and UK farm gate prices, however, it has also increased the cost of imported products and inputs. While interest rates may be expected to remain low for the immediate future, the availability of credit, particularly for small and medium sized enterprises, may well restrict growth, as will business development grants. After a downward trend in 2009, food price inflation rose during March, April and May 2010 and this trend has continued due to high commodity prices. 	Some sectors have been affected by the recession, particularly high priced cuts of meat such as beef and lamb roasting joints. The pig and cereals sectors are less affected and there is evidence to indicate that consumers have substituted some higher value products with lower value items as incomes reduce and job security concerns have risen. Stronger export markets may push up domestic prices where cheaper alternatives don't exist.	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	M L H L M M
<p>Global trade</p> <ul style="list-style-type: none"> An increasingly interdependent global agricultural and international trade system exposes all countries to economic forces that can lead to fluctuating levels of supplies and volatility of prices of both agricultural products and inputs. Any further trade liberalisation through the WTO will further reduce protection provided by current CAP mechanisms. This means that price management, not CAP, will determine business performance. When possible, farmers will need to find ways to become stronger 'price makers' and education has a major role to play in this. 	Mainly affecting globally traded products such as grain, dairy products, beef, lamb and pig meat.	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	M M H M L L

ECONOMIC continued . . .	Impact	Sector	Effect
<p>Labour market</p> <ul style="list-style-type: none"> With an ageing workforce there is increasing concern within the industry and Government over the sustainability of producers over the next decade. Attracting young people with entrepreneurial skills into farming will be crucial to the future of agriculture and horticulture. Some shortages of (skilled) labour are partially met by workers from the new EU states. But there is a longer term need to develop skills and deliver relevant training to the indigenous population, particularly in the areas of technical specialism and the translation of science in to practice. An increasing priority is being placed on skills development, which is driven by the need to ensure long-term viability of farmers and producers, as well as succession in the research community and among those providing technical services to the industry. The UK Government is seeking to up-skill people to improve their employability as well as meet the changing skills requirements for businesses to remain competitive. This may lead to a clearer policy on skills development in agriculture/horticulture and food. However, the role of RDA's and their replacement Local Enterprise Partnerships is currently unclear. 	<p>All sectors are affected by labour market constraints and skills gaps.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M L L M M H</p>
<p>Supply chains</p> <ul style="list-style-type: none"> To maintain a competitive edge retailers continue to press for high quality food products but at low cost, determining producer pricing strategies throughout the supply chain. There is increasing consolidation in the industry and differences in 'market power' at various points in the supply chains (e.g. small number of large supermarkets or foodservice operators and some of their large processor suppliers), leading to wide variations in margins and fragmentation. The challenge is to foster more extensive collaboration and supply chain integration. Transparency in supply chains would help with greater efficiency in particular with those sectors with complex supplier/retailer structures. There is growing non-UK control in parts of the UK supply chains through merger and acquisitions which is shaping the industry competitiveness (e.g. Cereals – US - Cargill; Cattle and sheep – Irish (ABP, Dawn, Dunbia, Linden Foods), Dutch - Vion; Pigs – Danish Crown, Dutch-Vion; Milk – Arla; Horticulture – Portugal – RAR Group (Wight Salads, Vitacress, Humber VHB). 	<p>All affected by supply chain development and reliance on multiple retailers. Further consolidation will continue to reduce producer market power. The impact of dominant businesses in the supply chain affects farm practices in all sectors. The effect is high in all sectors with the longer and more complex the chain, the greater the potential effect, both positive (e.g. investment) and negative (e.g. reduced opportunity for UK preferred supplier status and could move processing outside the UK with loss of jobs and levy income).</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>H H H H H H</p>

ECONOMIC continued . . .	Impact	Sector	Effect
<p>Input costs and niche markets</p> <ul style="list-style-type: none"> Producers/growers and processors in all sectors face increasing input costs, such as energy requirements, fertilisers, animal feed and additional costs of legislation compliance. All sectors show a growth of producer interest in direct selling (and artisan processing). Many are niche, but account for an increasing number of 'signature products' – links with the food miles debate/support for more local food (growing interest from supermarkets to stock more), environmental benefit, food quality and food safety. Quality assurance schemes, e.g. the 'Red Tractor' food labelling system, are important with assisting consumer choice. The identification of quality products using a recognised symbol representing quality foods helps to promote high quality production methods. However, some schemes are not as valued as they could be. There continues to be confusion among consumers about the number of marks on food packaging. Commercial risk management will take on increasing importance to those sectors that have previously been supported by CAP. This will require a very different perspective on farm management and producers will need to look at the range of business improvement skills available to them. 	<p>All sectors are affected to varying amounts by: Inflationary effect of production costs (e.g. energy, veterinary services, regulatory costs) and input costs; market volatility. Where possible there are opportunities for direct selling which could be beneficial by enabling product differentiation and 'preferred supplier' status.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>L H H M M M</p>
<p>SOCIOLOGICAL</p>	<p>Impact</p>	<p>Sector</p>	<p>Effect</p>
<p>Consumer trends</p> <ul style="list-style-type: none"> The general trend has been for retailers and foodservice operators to develop ranges that meet the specific needs of consumers, from the value end of the market through to healthy eating ranges and more sophisticated organic, fair trade, premium sectors. During the recession, growth of the more expensive ranges has slowed significantly, as evidenced by Kantar World Panel data, with the value markets enjoying a better performance. As the economy emerges from recession, consumer preferences are again starting to change with a switch away from value products although this movement might be tempered by concerns over higher taxes, public sector job losses and economic fragility. The industry needs to understand and respond to these various consumer/market concerns. 	<p>All sectors affected by changes to consumer purchasing behaviour, especially during times of economic recession or slowdown. Industry needs to be quick and 'light of foot' to respond to consumer preferences as the UK emerges from recession.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M M H M M M</p>
<ul style="list-style-type: none"> Due to a desire to support domestic industries in difficult times, levels of awareness and interest in food provenance and food miles have remained at the forefront of consumer minds throughout the recession. Retailers and foodservice operators have responded by developing and strengthening appropriate ranges. 	<p>Preferences for 'home' produced food and drink continues to grow. This is particularly important for meat and horticulture, other sectors need to ensure that high levels of support are maintained.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M L H H L H</p>

SOCIOLOGICAL continued . . .	Impact	Sector	Effect
<ul style="list-style-type: none"> Driven by the previous administration's advertising campaigns and natural consumer concerns, health was a identifiable driver behind consumer purchases before the recession. However, although it has slipped down the list of consumers reasons for purchasing or eating, health will remain an important factor in the long term. 	<p>While spending constraints due to the recession have impacted on health as a driver of consumption, it is expected to return as the economy recovers. Dairy, beef, sheep and pigs are most affected but it has implications and opportunities for all.</p>	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	H M H H M M
<ul style="list-style-type: none"> Consumers are becoming more aware of environmental sustainability and corporate social responsibility (CSR) in the food production chain. While still overall a small minority, this group has many influential members who can affect public policy and influence the direction of the private sector. 	<p>All sectors are likely to be affected with many, currently niche markets, claiming to have the answer. The solution will likely be a mix of production methods designed to meet the needs of the consumer, government legislation and efficient farming and manufacturing systems and could be different for each sector. Animal welfare will continue to be a concern impacting on beef, sheep, pigs and dairy sectors.</p>	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	H M H H M M
<ul style="list-style-type: none"> Consumer expectations over food safety are high and they expect their retailers and foodservice operators to delivery this. When wider food safety concerns arise, they expect that adequate measures have been taken all the way through the food chain to ensure that they are receiving food safe for consumption. At farm level major strides have been made to meet these challenges. 	<p>All sectors are affected with beef, sheep, pigs and areas of horticulture (baby leaf salads, herbs, strawberries, pick-your-own, etc) more so.</p>	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	L H M M M H
<ul style="list-style-type: none"> There continues to be a lack of trust, confusion and scepticism by some consumers over the scientific rationale for changes in production methods and disease control. For example, the use of GM crops and whether GM products are introduced into the food chain and the very emotive views over potentially culling badgers linked to TB outbreaks. Consumers have limited understanding of agricultural practice which can be challenged by stories relating to large herds and all year round housing for systems that they expect to be smaller or outdoor. 	<p>All sectors are affected but the cereals, dairy and beef sectors are the most impacted. The dairy and beef sectors need to take particular care with adverse consumer perceptions of potential badger culling.</p>	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	H H M M M L

SOCIOLOGICAL continued . . .	Impact	Sector	Effect
<p>Demographic changes</p> <ul style="list-style-type: none"> Increased immigration and projected population growth are likely to change the ethnic mix of society. The average life expectancy is increasing and this will lead to an older population with more disposable income. An Increase in the number of middle to higher income (ABC 1's) people is likely to affect consumer purchasing trends. Factors such as purchasing more premium products and corporate social responsibility become more important with these higher incomes groups. Changing working practices will also affect purchasing patterns, whether for the 'time poor' population or the rising number of unemployed. 	<p>All sectors will be affected by demographic changes and need to adapt to meet the differing demands of these changes. For some, this will be about farming production development and for others about developing product through manufacturing processes that can meet changing consumer demands.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>L L M M H M</p>
<p>TECHNOLOGICAL</p>	<p>Impact</p>	<p>Sector</p>	<p>Effect</p>
<p>Information and Communication Technologies (ICT)</p> <ul style="list-style-type: none"> There is a poor understanding of ICT within some sectors and an inability to use performance-based measurement tools, although there is a gradual increase in the use of new technology such as farm management software. However, there has been an increase in the use of the internet and e-commerce with some sections of the industry not fully embracing the business opportunities. With increasing growth in ICT applications used for supply chain operations there is increasing potential for producers to gain efficiencies in supply chain co-ordination. Restricted access to broadband in some rural areas limits farmers and growers ability to benefit from e-commerce opportunities unless sufficient investment is put in place. Without this, access to business improvement software, such as benchmarking, will remain limited. 	<p>To some extent within beef and sheep and dairy sectors a higher percentage of producers are slower to adopt ICT. This will limit any trading potential and business management.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M L M L L M</p>
<p>Research and Knowledge Exchange</p> <ul style="list-style-type: none"> There is a need for technical research and knowledge exchange/transfer to maintain competitiveness and to respond to the need to reduce GHG emissions as well as minimise waste, increase resource use efficiency and counter threats from pathogens and parasites of livestock and diseases, pests and weeds of crops. There are shortages of capability in the science base with the erosion of some key disciplines, such as soil science, animal nutrition, weed science, crop pathology, etc. Also, the age structure of the science base is problematic and there are issues of succession for some areas of applied science of relevance to agriculture/horticulture. The research community and AHDB will have to adjust to the demise of Defra LINK funding for new projects and the new funding opportunity of the Technology Strategy Board Sustainable Agri-Food Innovation Platform (SAF-IP) (however, opportunities to leverage government funding using levy are now more restricted). There are also likely to be further reductions to Defra and BBSRC funding for research of relevance to the agriculture and horticulture industries. Pests and Diseases - agriculture and horticulture remain vulnerable to existing and new animal and plant diseases as well as the evolution of new strains resistant to chemical or genetic control methods. Industry and Gov't needs to develop appropriate preventative and contingency plans. 	<p>All sectors are affected by ensuring that food and drink is competitively produced while reducing GHG emissions. This will be constrained by a deficit of knowledge within the science community, apart from a few priority areas which continue to receive some funding (e.g. GHG emissions) with further limitations due to recent public spending cuts.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>H M H M H H</p>

TECHNOLOGICAL continued . . .	Impact	Sector	Effect
<p>Biotechnology</p> <ul style="list-style-type: none"> There is likely to be renewed interest in the benefits of biotechnology, including GM, diagnostics and cloning etc as a route to improving production efficiency/yield/human health, although the controversy over the technology can be expected to continue. 	All sectors are affected, with cereal production having the most impact, which in turn will affect livestock due to animal feeds. Genetic manipulation in all its forms will be sensitive with food yield, fuel production balanced against environmental risk.	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	H H M M H H
<p>Fertiliser and pesticide use</p> <ul style="list-style-type: none"> Producers will need to consider the management of nitrogen, phosphorus and other nutrients following the revision of the Defra Fertiliser Recommendations and implementation of the Nitrates Directive and Environment Agency investigation of potential diffuse pollution. Due to EU legislation restricting the use of agrichemicals, together with increasing resistance to pesticides, producers will need to develop approaches to Integrated Crop Management (ICM) and Integrated Pest Management (IPM) and further consider alternative and/or complimentary methods such as natural pest removal. 	All sectors are affected but cereals production together with potatoes and horticulture are the most.	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	M H L M H H
LEGISLATIVE	Impact	Sector	Effect
<p>Compliance</p> <ul style="list-style-type: none"> By complying with a wide range of environmental and other food regulations, producers are increasingly bearing higher costs of compliance. With growing concerns over environmental protection and food safety the EU will be continuing to focus on food hygiene/safety and animal welfare/disease regulations. Producers will increasingly require a range of specialist support to help with 'navigating' the complexities of farming legislation, though most do not have legal expertise in this area. In particular 'horizon scanning' regarding new regulations and taking a pre-emptive approach to EU proposals, such as the Water Directive. 	All production systems will be affected by compliance regulations. However, potatoes, dairy, beef and sheep and pigs are the most affected due to animal welfare and reducing exposure to diseases and horticulture on water use/irrigation	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	H M H H H H
<p>Environmental legislation</p> <ul style="list-style-type: none"> A potential major reduction in the number of pesticides active due to adoption of new legislation, which will enter into force in June 2011 and review of the biocides directive. The potential impact of other EU plant health/sustainable use policy measures currently under review (pesticide residues, Sustainable Use Directive, Water Framework Directive etc) will, in due course, impact on all producers. There is also a potential extension of IPPC into intensive cattle production. 	All sectors will be affected as changes to legislation when implemented will lead to increases in costs of production.	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	M H M L H H
<p>Promotional activity and State Aid</p> <p>Within 'State Aid' (applicable at national level), the role of generic marketing and promotion of quality products is expected to be reviewed in parallel to discussions on CAP Reform. It will take into account the impact of Community policy and Community financing.</p>	Applies to all sectors particularly where origin has marketing impact. Changes could be either positive or negative depending on the outcome of any proposals.	Dairy Cereals Beef & sheep Pigs Potatoes Horticulture	L L M M L L

ENVIRONMENT	Impact	Sector	Effect
<p>Climate change</p> <ul style="list-style-type: none"> In response to climate change, sectors have implemented 'road maps' to identify the scope and methods of reducing GHG emissions, together with other environmental impacts. The environmental impact of the biofuels industry on land use change, both direct and indirect, is highly complex and requires greater study to understand it. The primary GHG emissions from agriculture are methane and nitrous oxide which result from natural processes connected and proportional to levels of production. This distinguishes primary agricultural production from those activities where emissions are almost solely related to the use of fossil fuels. There will be a need to reconcile with the Committee on Climate Change the conflict between a requirement for more food production and the need to reduce GHG emissions. This will require a systems-based approach, better data and a need to quantify trade-offs in the way land is used. 	<p>All sectors are affected but direct gas emitters more so.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>H H H M L L</p>
<p>Agricultural productivity</p> <ul style="list-style-type: none"> Increasing agricultural productivity to meet food supply concerns, while doing so on a sustainable environmental basis to maintain and protect natural resources, poses both challenges and opportunities. This will be strongly influenced by environmental legislation going forward. Agriculture and horticulture remain vulnerable to existing and new animal and plant diseases as well as the evolution of new strains resistant to chemical or genetic control methods. Together with government, the industry needs to develop appropriate preventative and contingency plans. 	<p>The meat and dairy sectors may be more targeted in relation to reductions in GHG emissions per unit of output. The cereals sectors may be affected by the GM debate. Horticulture protected crops sector may be targeted on energy inputs.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M M M M L M</p>
<p>Other environmental considerations</p> <ul style="list-style-type: none"> Environmental sustainability provides opportunities for the food and farming industry by improving their reputational provenance (e.g. in assurance standards), to increased income (via Environmental Stewardship schemes), to reducing reliance on fossil fuels – producing renewable energy. Creating links with voluntary schemes such as the LEAF Pesticides Voluntary Initiative, advisory networks (e.g. Environmentally Sensitive Farming, Dedicated Catchment Officers) and use of specific tools (e.g. PLANET). Identifying opportunities to minimise any practices which have an adverse impact on the environment and maximise cost savings such as lower energy use and intensity. Voluntarily adopting the industry led 'Campaign for the Farmed Environment, which seeks to counter the removal of the set-aside policy, encourages farmers to conserve wildlife habitats and includes a range of national targets. 	<p>All sectors are affected in both meeting the governments' expectations and regulations and using the provenance 'card' to gain 'preferred supplier status' in the UK supply chains. The improvements in sustainability usually equate to better financial performance through better management of inputs</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M M M M M M</p>
<p>Water and waste disposal</p> <ul style="list-style-type: none"> Water and waste disposal – water management, pollution control – coping with the Water Framework Directive and related legislation, Nitrate Directive sets NVZs at about 70% of farmland and hence N_{max} levels for most arable land. Phosphorus – diffuse pollution, pesticides etc. The sustainable use of water is a growing concern as indicated in the Water Framework Directive and will affect food production. 	<p>Sectors affected in different ways. Polluters more sensitive than water users. NVZ's probably less of an issue than waste. New diseases through global product movement and climate change. Greater impact on productivity than epidemic scares.</p>	<p>Dairy Cereals Beef & sheep Pigs Potatoes Horticulture</p>	<p>M M M H H H</p>

AHDB Strategic Plan

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

The framework for the AHDB Corporate Business Plan (The Plan) is provided through the corporate objectives which are derived from the statutory functions given to AHDB by UK Ministers.

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

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

Corporate Objectives		Goals What is AHDB aiming to achieve through this objective
CO1: Deliver value for money for levy payers in everything we do		<ol style="list-style-type: none"> 1. Use the levy for co-ordinated high impact activity that aims to yield a better return for levy payers than they can otherwise achieve individually 2. Secure match-funding across range of activities 3. Provide stakeholders with a better understanding of the pivotal and efficient role of AHDB 4. Fully exploit the benefits of the AHDB framework by sharing services and seeking synergies through working together 5. Deliver demonstrable AHDB operational cost and efficiency improvements 6. Run an efficient, functioning organisation in which employees understand their role, feel engaged and part of a cohesive AHDB team
CO2: Improve efficiency and productivity in the industry to help levy payers have thriving businesses		<ol style="list-style-type: none"> 1. Targeted R&D and efficient knowledge transfer/exchange activities deliver improved levy payer technical and business efficiency to reduce costs, increase yields, maintain/improve quality and optimise use of inputs 2. Farm businesses collect costs and analyse business performance (benchmarking) to identify areas for improvement 3. The health and welfare status of livestock is improved to levels which are acceptable for consumers and contribute towards greater industry efficiency 4. Seek to generate greater supply chain efficiency

<p>CO3: Improve marketing in the industry to help profitability and customer awareness</p>		<ol style="list-style-type: none"> 1. Levy payers have access to unbiased, high-quality market information (data and analysis) that assists in profitable business decisions and supply chain relationships 2. Help producers and processors maximise the value they get from the market by inspiring and informing consumers 3. Quality assured produce is identified to aid informed consumer choice 4. Help defend the industry from unjustified criticism 5. Improved supply chain development 6. Export market development and sustained growth in export volumes which also help underpin domestic market prices 7. Consumers and health professionals have a better understanding of the nutritional benefits of levy payer produced foods in the diet 8. Raise awareness of food and where it comes from among school children as part of curriculum-based learning
<p>CO4: Improve services that the industry provides to the community</p>		<ol style="list-style-type: none"> 1. Help agriculture and horticulture industries to be able to attract and develop workers with the skills needed to operate effectively 2. Help levy payers to run their businesses in an environmental, social and economically sustainable way. Successful businesses are more able to contribute to their local community, maintaining landscapes and creating direct and indirect employment opportunities
<p>CO5: Improve ways in which the industry contributes to sustainable development</p>		<ol style="list-style-type: none"> 1. Help levy payers produce in an environmental, social and economically sustainable way including efficient management of water, soils, fertilisers, pesticides and waste 2. Greater knowledge and understanding of climate change and its mitigation through reduction of greenhouse gas emissions 3. Alternative crop protection methods to replace those made vulnerable by the EU Pesticides Thematic Strategy and Water Framework Directive 4. Levy payers and stakeholders are able to access knowledge and advice that enables them to better manage regulatory and compliance issues

Detailed sector specific business plans covering the proposed activity to be undertaken in each individual commodity sector can be requested from info@ahdb.org.uk

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

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

Third party funding is an important addition to levy funds. An example of a major success in this area is through our partnership approach within Wales where, through our DairyCo division, we have secured £900K funding over three years as part of a £3.3M Supply Chain Efficiency Project funded through the Rural Development Plan for Wales. Four new members of staff have been recruited in Wales to improve communication within the dairy sector and to promote and implement the DairyCo benchmarking tool Milkbench+.

Match funding of R&D projects is another important way of leveraging the maximum from levy funds. Our Potato Council division is currently a partner in £10.4M worth of R&D projects under the Defra LINK Scheme. This has been expanded with new TSB funded work this year worth £1.3M. Also, an EU grant worth €800K has meant that a significant expansion of marketing activity has been possible in the fresh potato sector through a multimedia campaign with French and Belgian counterparts under the “many faces of the potato” banner.

Goals	Strategies	Owner
Use the levy for co-ordinated high impact activity that aims to yield a better return for levy payers than they can otherwise achieve individually	Seek wherever reasonably possible to tender defined areas of work to ensure that it is done by the most appropriate consortia or individual organisations at the most cost-effective price	HDC
	Ensure research and knowledge exchange outputs are targeted to the right clients and communicated in a form that they can understand and assimilate	HDC
	Working with BBSRC, RERAD, Defra, TSB and the East Malling Trust for Horticulture to ensure proper cross-fertilisation between the basic science base and the type of applied work funded by HDC	HDC
	Target key businesses / trade associations and build relations	HGCA
	Economically evaluate project concepts and outputs for benefits to levy payers	HGCA
	Carefully target messages to specific audiences in supply chain	HGCA
Secure match-funding across range of activities	Leverage additional funds that increase the impact of potato levy investment with match funding for projects that support strategies	Potato Council
	Build international links and explore opportunities to capitalise on the Intellectual Property (IP) generated by HDC projects and to leverage HDC funds with co-funding schemes wherever possible	HDC
	Identify funding opportunities and apply	HGCA, DairyCo, EBLEX, BPEX, HDC, Potato Council

Goals	Strategies	Owner
Provide stakeholders with a better understanding of the pivotal and efficient role of AHDB	Proactive stakeholder communications programme	HGCA, DairyCo, EBLEX, BPEX, HDC, Potato Council
	AHDB branding to be consistently applied on all materials	HGCA, DairyCo, EBLEX, BPEX, HDC, Potato Council
Fully exploit the benefits of the AHDB framework by sharing services and seeking synergies through working together	Work closely with all AHDB communications teams	HGCA
	Continue to work to find further efficiencies and cost savings or achieve greater value for money	EBLEX
	Seek synergies and cost savings across AHDB as well as implementing new prioritisation matrix across all new DairyCo projects to ensure we provide high quality and relevant services to dairy farmers	DairyCo
	Identify ways of removing cost from our delivery	HGCA
	Adoption of R&D strategy that addresses industry requirements and identifies cross-sector and international opportunities	Potato Council
Deliver demonstrable AHDB operational cost and efficiency improvements	Monitor and communicate savings generated across the organisation	Corporate Services
Run an efficient, functioning organisation in which employees understand their role, feel engaged and part of a cohesive AHDB team	Organisational development from sector to functional working	Corporate Services
	Training and development programme to develop individuals and fill organisational skill gaps	Corporate Services
	Develop and implement with staff a set of AHDB values	Corporate Services
	AHDB has harmonised employee terms, policies, tools and processes that ensure all staff are treated in a fair and equitable manner	Corporate Services
	The physical working environment is fit for purpose and creates a space in which all employees can work effectively	Corporate Services

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

It is clear that the issues of agricultural productivity (essentially, efficiency in terms of resource use, including land) should be a high priority for AHDB and this is also now being reflected in the national and international emphasis which is being placed on issues of food security.

Examples of work in this area for the 2010/11 year to date include:

Work on improving genetic selection methods for significant market traits, has resulted in top commercial sheep breeders using estimated breeding values (EBVs) seeing a benefit averaging £4 per lamb. The top beef breeders using EBVs are seeing a benefit averaging £48 per head.

Our EBLEX beef and sheep branded Better Returns programmes, aiming to convert R&D outputs into actionable steps for producers to implement on their farms has resulted in more than 52% of producers who attended events using the information to improve their business operation.

Our BPEX knowledge transfer and research and development activity has contributed to improvement in industry KPIs such as pigs per sow per year as well as pig growth rates.

Autumn saw the continuation of the HGCA-run programme of 26 risk management workshops for growers. This programme returned to a combination of basic Level 1 events to encourage more 'first time' growers to attend and intermediate Level 2 events. Research showed the programme had been largely successful in moving growers from a general awareness of risk management to improved decision making, with attendees shifting away from spot trading to a greater use of forward contracts.

In Horticulture, we continue to deliver production-related research projects addressing key agronomic concerns, for example: managing water, nitrogen and calcium inputs to optimise flavour and shelf-life in soil-less strawberry production; evaluation and development of new rootstocks for apples, pears, cherries and plums; funding the National Cut-Flower Trials Centre Programme for 2010/2012 and identifying critical soil P (phosphorous) levels in vining pea crops.

We also continue to ensure that the tools horticultural growers require for effective crop protection remain available by working with them and the agrochemical industry to develop Specific Off-label Approvals (SOLAs) for key crop protection products.

A labour efficiency study is coming to an end after a 12 month research period. This looked at labour use on 48 dairy farms at three different time points over this period. This will provide valuable Key Performance Indicators in terms of man hours per cow and man hours per kilo of milk produced, for different dairy farming systems. This work should be able to move into our DairyCo Milkbench+ and the Extension team to improve farming efficiency.

DairyCo and EBLEX have been working together in several areas. One of these is Control of Worms Sustainably (COWS) which aims to use anthelmintics sensibly and, along with grazing strategies and best practice, try to avoid the widespread resistance problems seen in the sheep industry in the UK and other countries. A technical manual and factsheet have been produced for both dairy and beef vets and farmers. This initiative is working with a different sector of the industry and is also combining our levies with commercial sources thereby allowing levy funds to go further.

Potato Council has delivered and reported 17 projects through our largest ever open meetings programme. Over 3,000 delegates attended and many had been "first-timers", since we targeted areas of low engagement in the South West, Norfolk/Suffolk border, Yorkshire and Fife. Match-funded investment at Sutton Bridge allowed the development of a new state-of-the-art storage facility encompassing many energy and cost saving technologies. These are being taken to the industry through a series of store audits and a dedicated website energy hub.

Goals	Strategies	Owner
Targeted R&D and efficient knowledge transfer/exchange activities deliver improved levy payer technical and business efficiency to reduce costs, increase yields, maintain/improve quality and optimise use of inputs	Increase marketable potato yield through R&D	Potato Council
	Exploit the potential for (industry-funded) storage research through capital investment at Sutton Bridge Crop Storage Research	Potato Council
	Continue to support research into improved methods of crop production	HDC
	Continue to ensure that the tools growers require for effective crop protection remain available	HDC
	Start to build strategic groups within HDC to identify, on a cross-sector basis, which issues on short, medium and long time-scales we should address with forward-looking research tenders – generally, issues which are preventing step-changes in the productivity and efficiency of horticulture	HDC
	Manage Recommended Lists to increase yield	HGCA
	Manage Recommended Lists to increase value	HGCA
	Manage projects to optimise/reduce input usage and costs and run workshops to raise awareness	HGCA
	Promote the benefits of well run businesses	HGCA
	Improve beef and sheep genetic selection methods for significant market traits	EBLEX
	Improve beef cattle and sheep growth rates through better feed methods	EBLEX
	Improve the efficiency of milk production systems on British dairy farms to world class levels	DairyCo
	Ensure farmers understand the benefits of breeding and use the related tools	DairyCo
	Continue to measure the international competitive position of English pig production and prioritise action areas (in conjunction with Market Intelligence)	BPEX
	Understand depth of knowledge implementation across the potato industry, improve knowledge transfer activities and expand engagement programmes	Potato Council
	Raise awareness and use of marketing options and price risk management strategies through workshops and publications	HGCA
	Focus on developing the effectiveness of the branded Better Returns programmes, aiming to convert R&D outputs into actionable steps for producers to implement on farm and develop skills in relation to best practice	EBLEX
	Promote the “2 Tonne Sow” campaign through the BPEX knowledge transfer team (encompassing breeding, feeding and training)	BPEX

Goals	Strategies	Owner
Farm businesses collect costs and analyse business performance (benchmarking) to identify areas for improvement	Promote benefits of benchmarking techniques and run workshops to raise awareness	HGCA
	Continue to monitor costs of production through collection of Business Pointers data and also focus on costs of production modelling tools for producers	EBLEX
	Raise awareness and use of marketing options and price risk management strategies through workshops and publications	HGCA
	Promote benchmarking with a bespoke tool through Milkbench+ for 500 farms per year to aid business improvement and profile industry performance	DairyCo
The health and welfare status of livestock is improved to levels which are acceptable for consumers and contribute towards greater industry efficiency	Improve beef animal health and welfare through health planning and better biosecurity	EBLEX
	Improve animal health and welfare on British dairy farms	DairyCo
	Develop the National Pig Health initiative from the one delivered on a regional basis with funds from regional development agencies and Defra.	BPEX
Seek to generate greater supply chain efficiency	Pig Meat Chain Task Force (chaired by Defra Minister) follow up activity with EFPF	BPEX

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

Examples of work in this area for the 2010/11 year to date include:

Beef and sheep producers receive between 5% and 15% premium through quality branding such as the Quality Standard Mark and Red Tractor, which equates to between 13p and 40p per kg deadweight. The average premium was approximately 25p per kg dwt. The beef and sheep mainstream consumer media and PR campaigns focused on promoting the Red Tractor Good Food Story to achieve depth and breadth of the message to benefit levy payers.

The targeted market intelligence information collected in our UK and EU market surveys is estimated to have a potential value to the beef and lamb industry of up to £8.75M per year.

A significant amount of work was carried out by our Market Intelligence Division to review the existing statistical work for the cereals and oilseeds sector, such as the planting and cereal quality surveys, to ensure the scope, format and quality of information continued to meet industry requirements. The October 2009 HGCA Market Outlook Conference maintained its key position in the industry calendar with over 200 industry and grower delegates.

Social media and the internet have played an increasing role in all our consumer marketing work. The nutritional benefits and versatility of oats were showcased to food writers at a media summit in London in March 2010, with a video clip of the event posted on You Tube. HGCA's annual Farmhouse Breakfast Week took place in January 2010 with over 1,700 events across the country. This was supported with a dedicated website which attracted 60,000 hits. HGCA also worked with DairyCo and BPEX on a number of Farmhouse Breakfast regional events.

The "Love Pork" website and promotion of Red Tractor pork has contributed towards the UK pig price premium over the rest of the EU which is averaging about 15-20p/kg in 2010/11. The staging of promotional weeks such as British Sausage Week have yielded returns in media coverage of up to 150 times the cost of staging them.

Our potato division can now boast 10 fully media trained Potato Ambassadors drawn from industry. They have helped us generate over 740 minutes of TV and radio coverage, part of £6M worth of positive press coverage. Educating the next generation of consumers has continued to be a focus with over 1.2M children benefitting from the Grow Your Own Potato project in schools.

Goals	Strategies	Owner
Levy payers have access to unbiased, high-quality market information (data and analysis) that assists in profitable business decisions and supply chain relationships	Understand and fill the industry knowledge gaps on the consumer and the market making use of shared AHDB Market Intelligence resource	Potato Council
	Monitor consumer trends and communicate to supply chains	HGCA
	Provide levy payers with regular market information, reports and economic analysis on topics such as market trends, forecasts, policy impacts and supply chain strategies	HGCA, DairyCo, EBLEX, BPEX, Potato Council
	Workshops to explain options and how to access them for growers to maximise returns through growing for specific markets	HGCA

Goals	Strategies	Owner
Help producers and processors maximise the value they get from the market by inspiring and informing consumers	Promotional campaigns that challenge rice and pasta by targeting younger consumers and defend chips as the largest use of the crop	Potato Council
	Engage with consumers via the media using beef and lamb advocates	EBLEX
	Focus on carcase utilisation including fifth quarter, range development, premiumisation and under utilised cuts	EBLEX
	Promote better labelling for consumers	BPEX
	Inspire consumers to eat pork and pork products, communicating the high welfare, assurance and environmental standards that the sector operates to	BPEX
Quality assured produce is identified to aid informed consumer choice	Continue to support the production of crops to high standards	HDC
	Use consumer media and PR campaigns to promote the beef and lamb Red Tractor Good Food Story	EBLEX
	Continue to use the Quality Standard Scheme to help develop trade brands and to introduce innovative cuts and recipes to consumers	EBLEX
	Promote the "Love Pork" theme for consumer campaign activities focusing on the Red Tractor	BPEX
Help the industry to respond to unjustified criticism	Promote proactive approach by industry to food safety issues	HGCA
	Protect and promote the image of dairy farming to consumers	DairyCo
	Defend the industry from unjustified criticism	BPEX
	Review and renew media issues management programme	Potato Council
Improved supply chain development	Scope for collaboration with other organisations on the collection of horticultural market intelligence to aid supply chain development completed	HDC
	Examine supply chain operations	HGCA
	Identify the reasons why UK growers should have 'preferred supplier' status	HGCA
	Develop understanding of UK biofuels businesses and communicate to growers	HGCA
	Understand better the criteria for selecting ingredients in animal feeds and promote opportunities for UK businesses	HGCA
Export market development and sustained growth in export volumes which also help underpin domestic market prices	Help potato seed growers to further grow their markets through meeting customer requirements, producing a high quality product and promoting the technical benefits of British seed	Potato Council
	Monitor overseas markets, identify opportunities for UK grain and work with exporters to develop trade	HGCA
	Promote UK grains as a sustainable product	HGCA
	Split export development into three main areas: the key French market, the rest of Europe and third country market access and trade development	EBLEX

Goals	Strategies	Owner
Consumers and health professionals have a better understanding of the nutritional benefits of levy payer produced foods in the diet	Create a compelling and influencing communications plan to inform on key health and sustainability messaging	Potato Council
	Work with nutritionists to communicate messages to consumers and health professionals	HGCA
	Use social media platforms to debunk myths about red meat and communicate the beneficial role of red meat in the diet	EBLEX and BPEX
Raise awareness of food and where it comes from among school children as part of curriculum-based learning	Increase the number of schools that participate in potato education projects, leveraging the benefits of working within AHDB	Potato Council
	Work with educationalists to communicate messages to children	HGCA
	Provide digital education resources for schools	EBLEX and BPEX
	Develop materials and work with educationalists to communicate positive messages about dairy products and dairy farming	DairyCo
	Generate a commercial return for the sector from long-term investment in 'Food Dudes'.	HDC

CO4: Improve services that the industry provides to the community

Agriculture and Horticulture is not currently seen as an excellent career choice for graduates and those working at largely manual tasks in the industry, the opportunities for skills development are considerable.

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

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

An example of work in this area for the 2010/11 year to date includes BPEX's development and implementation of a fully accredited Senior Managers Development Programme. In addition it promoted the uptake of the Pig Industry Professional Register (PIPR) as a focus of knowledge transfer activity.

Goals	Strategies	Owner
Help agriculture and horticulture industries to be able to attract and develop workers with the skills needed to operate effectively	Provide post-graduate and post-doctoral training opportunities	HDC
	Help encourage industry implementation of AgriSkills strategy. Also evaluate agriculture and horticulture labour market skills shortages versus labour shortages to enable better targeting of resources by industry.	Corporate Services
	New agronomy course developed and launched to industry. Sutton Bridge Crop Storage Research centre becomes more involved in agricultural training and meets EMDA required training targets	Potato Council
	Identify and fund PhD/Student bursaries in the arable sector	HGCA
Help levy payers to run their businesses in an environmental, social and economically sustainable way. Successful businesses are more able to contribute to their local community, maintaining landscapes and creating direct and indirect employment opportunities	All other strategies contribute towards this goal	All
	More widely disseminate knowledge and market information to benefit the wider rural stakeholder	EBLEX
	Improve business and people management on British dairy farms	DairyCo
	Continue to assist with skills development and vocational training for key horticultural sectors	HDC

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

“Sustainability” has become a watchword of the last decade. A sustainable future will demand more food production with less land, water, emissions, energy and waste. The UK has the potential to show the way by virtue of its resilient soils, a sufficiency of water, a warming climate and a high level of intellectual capacity. Truly sustainable systems of food production based exclusively on renewable products and practices are still somewhat distant. However, advances in engineering, information technology and bioscience are moving us in the right direction.

Examples of AHDB work in this area for the 2010/11 year to date include:

Our DairyCo division taking a lead in the livestock industry on measuring GHG emissions from dairy farms by committing to funding the measurement of average GHG emissions from a statistically robust selection of farms. This will demonstrate to consumers and government that the industry is taking both the issue of reducing GHG from milk production seriously and will demonstrate what progress we are making over time.

We have also carried out another annual survey into dairy industry water use - an important part of the Milk Roadmap. Again, this will allow us to again show how dairy farmers are reducing their impact on the environment. We are then providing benchmark information and other support to farmers on how to reduce their impact on the environment.

The pig sector produced two influential reports. Firstly an initial Life Cycle Assessment for production and secondly a report commissioned from the lead policy adviser of WWF into the range of impacts that pig production has on the environment.

Our portfolio of potato R&D projects includes research into diffuse pollution, efficient water use and low-energy storage and these have been communicated through open days, websites and newsletters. Engaging the regulators has been a particular focus and a genuine dialogue has been established with potato training for Catchment Sensitive Farming officers in exchange for Think Soils training within AHDB.

Research into knowledge and understanding of climate change is helping to develop on-farm carbon footprint measurements and systems for benchmarking English beef and sheep production against other livestock producing nations to ensure we have a competitive climate change position. Our EBLEX divisional work shows the benefit to the economy of using available agriculture landscape for beef and sheep is £63.8M per year, rising to £0.9Bn when considering the wider landscape.

A recent UK project concentrating on the use of offals saw a £2.2M cost of disposal turned into an income of £13.3M for the industry. And other EBLEX-funded research shows that less than half of one per cent of the water footprint of English beef and lamb is made up of piped water.

We work with key stakeholders to ensure that horticultural growers achieve a better understanding of the issues surrounding climate change and the necessary adaptation and mitigation that follows. Our Growsave campaign on efficient energy use in protected crops, links with other organisations (e.g. the Carbon Trust) where appropriate.

We are also monitoring closely the current and likely future impacts of the implementation of the EU Pesticides Thematic Strategy and the Water Framework Directive on the availability of crop protection products and to mitigate these where possible. We work on key crop protection issues across the range of horticultural crops covered by our clients to ensure that new methods of control become available, for example: development of in-field tests for resting spores of clubroot and the development of clubroot control in brassicas based on detection; development of fungicide treatments for control of powdery mildew on rose and herbaceous crops; targeting humidity control to reduce stem botrytis and save energy in tomato production; evaluation of control options for

bacterial diseases of pot plants and the development of temperature degree-based models to predict pest development on strawberry for optimisation of control strategies.

Goals	Strategies	Owner
Help levy payers produce in an environmental, social and economically sustainable way including efficient management of water, soils, fertilisers, pesticides, waste and greenhouse gases	Build strategic groups within HDC to identify, on a cross-sector basis, which issues are likely to impact most on the sustainability of UK horticulture on short, medium and long time-scales	HDC
	Construct greenhouse gas delivery plan	HGCA
	Manage the AHDB-wide commitments within the Voluntary Industry Greenhouse Gas Action Plan	All Sectors
	Focus on lessons learned from first two Roadmaps and provide practical responses to climate change mitigation and adaptation	EBLEX
	Focus on opportunities to further reduce the cost and the environmental impact of waste to beef and sheep enterprises	EBLEX
	Increase understanding and knowledge of water footprint in production and ways it can be reduced	EBLEX
	Reduce the impact of each litre of milk on environment	DairyCo
	Develop the pork supply chain Roadmap, including the promotion of certified responsibly grown soya	BPEX
Greater knowledge and understanding of climate change and its mitigation through reduction of greenhouse gas emissions	Continue to work with key stakeholders to ensure that growers achieve a better understanding of the issues surrounding climate change and the necessary adaptation and mitigation that follows	HDC
	Help to develop on-farm (beef and sheep) carbon footprint measurements and systems	EBLEX
	Examine ways of reducing the carbon footprint on farm	EBLEX
	Benchmark English beef and sheep production against other livestock producing nations to ensure we have a competitive climate change position	EBLEX
	Benchmark dairy farmer GHG cost of production in an independent sample of farmers in a range of systems	DairyCo
Alternative crop protection methods to replace those made vulnerable by the EU Pesticides Thematic Strategy and Water Framework Directive	Continue to monitor closely the current and likely future impacts of the implementation of EU Pesticides Thematic Strategy and the Water Framework Directive on the availability of crop protection products and to mitigate these where possible	HDC HGCA Potato Council
Levy payers and stakeholders are able to access knowledge and advice that enables them to better manage regulatory and compliance issues	Understand the legislation and be effective at translation into action for the industry	Potato Council
	Undertake independent interpretation and analysis of UK environmental policy	HGCA
	Advise industry on maintaining profitability while implementing legislation	HGCA
	Undertake independent interpretation and analysis of CAP reform and communicate to industry	HGCA
	Monitor UK Gov't Policy change and communicate impact to Government and trade associations	HGCA

Measuring Progress

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

Key Performance Indicators	
CO1: Deliver value for money for levy payers in everything we do	
<ul style="list-style-type: none"> At least three Horticulture research areas let by tender by March 2012; mechanisms agreed with Defra, RERAD and BBSRC to ensure regular liaison by October 2011 	Horticulture
<ul style="list-style-type: none"> Raise levy payer and stakeholder awareness of value for money by reporting Potato levy match-funding and cost benefit for activities 	Potatoes
<ul style="list-style-type: none"> DairyCo scores at least 3.7/5 in value on the annual survey from farmers who know our services 	Dairy
<ul style="list-style-type: none"> Help deliver £400k procurement savings across AHDB over 2011/14 	Beef and Lamb
<ul style="list-style-type: none"> Increase pig levy payer awareness and appreciation of activity by 10% per annum as measured in annual survey 	Pigs
<ul style="list-style-type: none"> Increase stakeholder satisfaction score by 5% per annum as measured in annual stakeholder survey 	Cereals
<ul style="list-style-type: none"> Reduce Support Costs as a % of income by 1% year on year bringing it down to 12% by 2014. 	Corporate
CO2: Improve efficiency and productivity in the industry to help levy payers have thriving businesses	
<ul style="list-style-type: none"> Measurable change (using Defra statistics) in output adjusted by crop area in some horticultural crops by March 2014 	Horticulture
<ul style="list-style-type: none"> Potato R&D strategic review undertaken and findings published 	Potatoes
<ul style="list-style-type: none"> Work with farmers on 10,500 occasions with 75% of those surveyed saying they are making changes in their business as a result of their interaction with us 	Dairy
<ul style="list-style-type: none"> Improved carcass weights against number of lambs born, measured by kg of carcass weight per breeding ewe. And improved carcass weights for beef, measured against the age of slaughter by looking at kg carcass per day gain 	Beef and Lamb
<ul style="list-style-type: none"> Deliver the "2 Tonne Sow" (currently 1.67 tonne) by year 3 as measured by Agrosoft 	Pigs
<ul style="list-style-type: none"> 5% increase in cost benefit per crop tonne from HGCA funded R&D 	Cereals
<ul style="list-style-type: none"> Scope, design and deliver an AHDB-wide Project Management System by 2013 to enable effective 'birth to death' commissioning, resourcing, accounting, running and assessing research and other projects 	Corporate

Key Performance Indicators	
CO3: Improve marketing in the industry to help profitability and customer awareness	
<ul style="list-style-type: none"> Improve perception within pre/young family markets by 2% pa in attitudes towards: potatoes being healthy; likely to cook potatoes for weekday meal; convenience 	Potatoes
<ul style="list-style-type: none"> 70,000 publications/files from AHDB Market Intelligence downloaded/requested in 20011/12 giving dairy farmers access to high quality, unbiased market information 	Dairy
<ul style="list-style-type: none"> Options for collaborating on collation and dissemination of horticultural industry statistics agreed with Defra, PVGA and HTA by March 2012 	Horticulture
<ul style="list-style-type: none"> Exports: sustain current percentage of lamb exports (30%), increase beef exports from 10% to 20% by end of 2012 	Beef and Lamb
<ul style="list-style-type: none"> Increase differentiation of English and British pork and pork products through the use of Red Tractor – 5% per annum retailer uptake and establish and increase by 10% per annum consumer understanding of Red Tractor Pork 	Pigs
<ul style="list-style-type: none"> Increase tonnage grown on forward contracts by 5% as measured by Defra Farm Business Survey 	Cereals
<ul style="list-style-type: none"> Market Intelligence forecasts are within 5% of actuals 	Corporate
CO4: Improve services that the industry provides to the community	
<ul style="list-style-type: none"> Outputs from HDC/HTA KTP project implemented by industry by March 2013; success of Horticulture studentship programme measured by employment status of completed recipients of studentships 	Horticulture
<ul style="list-style-type: none"> Achieve Google first page rankings on relevant search for thisisdairyfarming.com to maintain or improve the public perception of dairy farming 	Dairy
<ul style="list-style-type: none"> Increase access to digital information by 100% 	Beef and Lamb
<ul style="list-style-type: none"> Increase industry participation in accredited training programmes by 10% pa 	Pigs
<ul style="list-style-type: none"> Develop, communicate and deliver the agricultural training facility at the Sutton Bridge Crop Storage Research centre to meet EMDA required training targets 	Potatoes
<ul style="list-style-type: none"> 10% increase in hits to www.grainchain.com 	Cereals
<ul style="list-style-type: none"> Evaluate skills shortages versus labour shortages within the industry to gauge what AHDB support is necessary 	Corporate
CO5: Improve ways in which the industry contributes to sustainable development	
<ul style="list-style-type: none"> Establish benchmarking process for carbon footprint on-farm, water footprint for beef and lamb and waste in abattoirs 	Beef and Lamb
<ul style="list-style-type: none"> Reduction of at least 10% in carbon footprint of horticultural business by Mar 2014 	Horticulture
<ul style="list-style-type: none"> Commission new research on potato crop agronomy that addresses the need to manage soils sustainably and exploit water and nutrients efficiently 	Potatoes
<ul style="list-style-type: none"> Audit at least 400 dairy farms to establish the Carbon footprint and monitor in each of 3 years for improvement in response to changes in management based on audit 	Dairy
<ul style="list-style-type: none"> Develop and promote a Life Cycle Analysis tool for producers – establish on 20 pilot farms in year 1 and in use on 500 farms by end of year 3 	Pigs
<ul style="list-style-type: none"> 1 million hectares of land represented at HGCA events 	Cereals
<ul style="list-style-type: none"> Support delivery of the agreed set of actions within the Voluntary Industry Greenhouse Action Plan over the next two years 	Corporate

Funding the Plan

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

The forecast total gross levy for 2011/12 is just over £51M. The funds raised from each commodity sector are ring-fenced to ensure they can only be used to the benefit of the sectors from which they were raised.

Industry Sector	Forecast gross levy to be collected 2011/12
Pigs in England	£7.90m
Beef and Lamb in England	£14.48m
Milk in GB	£6.85m
Horticulture in GB	£5.70m
Cereals and Oilseeds in UK	£10.34m
Potatoes in GB	£6.24m
	£51.50m

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

This plan contains Ministerially approved increases to the levy rates in three sectors:

- Potatoes in Great Britain;
- Beef and lamb in England;
- Cereals and oilseeds in the United Kingdom.

Across all six AHDB levy sectors there has been significant erosion of inflation-adjusted levy and reductions in government funding for R&D, however, where levy increases are being introduced the primary driver is the need to deliver specific sector related activities. A summary of the rationale for the increases is given below. The other levies remain unchanged for 2011/12. The levy rates for 1 April 2011 to 31 March 2012 can be found on page 36.

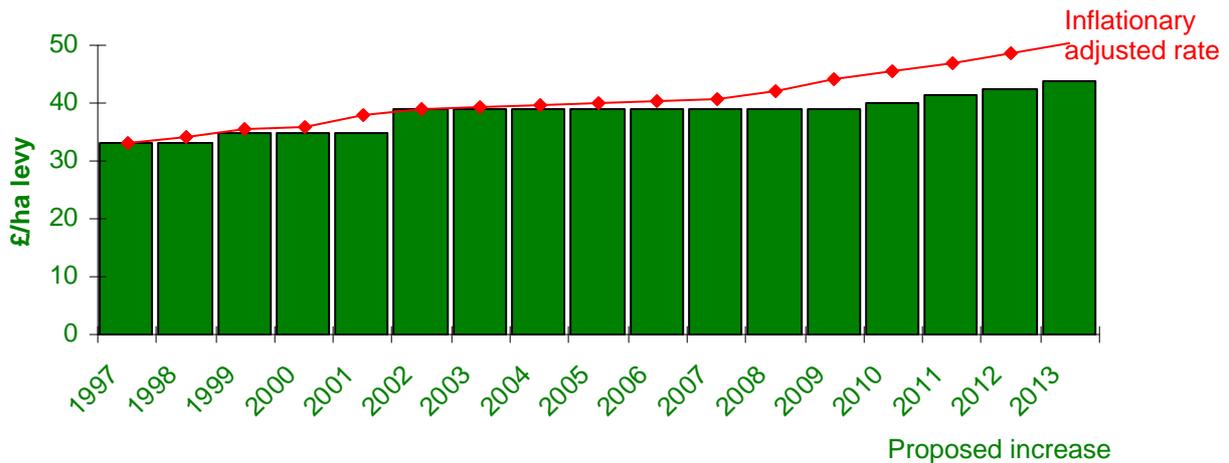
Why there is an increase in the GB Potato Levy

Coincident with pressure on public funding and the likely difficulties in securing match-funding to support projects, there is a continued need to take on more activity to tackle the potato industry's challenges. This will require sufficient income and, in the past, income was supplemented by continually and prudently drawing down reserves. This option is no longer feasible.

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

Prior to 2010 the levy rate had remained unchanged for eight years. This is illustrated in the chart on the next page. A further increase of 3% has been agreed for 2011/12 which results in area levy being set at £41.38/ha for producers who grow 3ha or more and 18.04p/tonne for purchasers; those purchasing over 1000 tonnes/yr.

History of levy rates



A more detailed business case for the potato levy increase can be found in the consultation area of the AHDB website: <http://www.ahdb.org.uk/publications/consultation.aspx>

Why the English Beef and Lamb Levy is being increased

In reviewing the beef and lamb strategy, two key areas have been identified where additional work is deemed essential to capitalise on emerging opportunities and tackle threats which, in the longer term, could damage the profitability of the beef and sheep supply chain. These are:

- Exploiting the increased opportunities developing on the global market for beef and lamb
- Maintaining consumption of home-produced meat on the domestic market through better communicating the benefits of red meat.

The current financial resources are not adequate to capitalise on the above while continuing to deliver the existing outputs. An additional £2M is needed and we are recommending a levy change to raise the additional capital to deliver clearly-defined and tangible outcomes in these areas. To put this into context, the current annual value of beef and lamb traded worldwide is £49.5Bn (GTIS 2009). For a return on the additional £2M invested by the industry through additional levy, EBLEX work needs to capture an additional 0.004% of that global trade, which we feel is achievable.

2010/11 Rate:

	Cattle	Sheep	Calves
Producer	£3.495	£0.505	£0.07
Abattoir	£1.075	£0.165	£0.07
	£4.570	£0.67	£0.14

2011/12 Rate:

	Cattle	Sheep	Calves
Producer	£4.05	£0.60	£0.08
Abattoir	£1.35	£0.20	£0.08
	£5.40	£0.80	£0.16

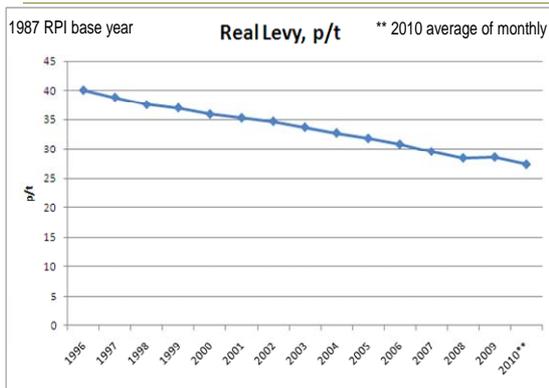
From the £2M raised, £1.2M will be channelled into boosting export activity and £0.8M into communicating the benefits of red meat on the home market to maintain and improve the robust consumption position that exists on the home market. We feel this work is essential to continue to effectively enhance the profitability and sustainability of beef and lamb in the face of increasing challenges and price fluctuations.

A more detailed business case for the beef and lamb levy increase can be found in the consultation area of the AHDB website: <http://www.ahdb.org.uk/publications/consultation.aspx>

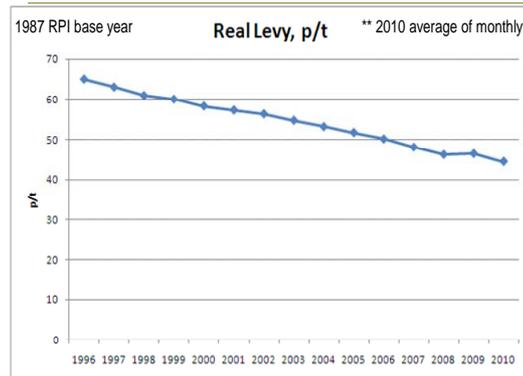
Why we recommend increasing the UK Cereals and Oilseeds Levy

Cereal and oilseed levies were last increased in 1996. Over the subsequent 14 years inflation has eaten into the value of the levy but the organisation has managed to buffer the buying power of the levy by winning grants from UK government departments, the devolved administrations and others. These grants have not only offset the impact of inflation but have swelled the overall cereal and oilseed levy resources. The two graphs (below) demonstrate the impact inflation has had on the value of the levy.

Current effective cereal levy given inflation
– 27.36p, fall of 32%



Current effective oilseed levy given inflation
– 44.47p, fall of 32%



External grant funding is increasingly no longer available with the demise of LINK and the implementation of Government cut backs. HGCA's ongoing R&D investment is an area which will suffer from the loss of future grant funding – with over £20m of Government and Defra LINK funding in the current R&D portfolio. Currently 75 of HGCA's 120 managed projects receive LINK funding.

HGCA team numbers have been reduced by 25% with no loss of services and operating costs reduced by £1m as part of co-location under AHDB. These savings will go towards rebuilding reserves depleted by transition costs.

The levy rate increase is of 15% - for growers this will be 6p/tonne for cereals, 10p/tonne for oilseeds and proportional increases for other supply chain levy payers. This increase will apply from 1 July 2011, with expenditure reported on in the 2012/13 AHDB Annual Report. We estimate this will result in growers typically paying between £14 and £143 extra per year. For dealers, 92% of businesses are likely to pay less than £500 extra per year and processors will pay on average an extra £2,500 per year.

We believe the increase strikes an acceptable balance between future levy payer requirements, HGCA's capacity to deliver and the industry's ability to pay. The increase will generate an additional £1.5m in income, subject to harvest yield, which would be invested by HGCA in eight key activity areas.

A more detailed business case for the cereals and oilseeds levy increase can be found in the consultation area of the AHDB website: <http://www.ahdb.org.uk/publications/consultation.aspx>

AHDB Levy Rates 01/04/11 to 31/03/12

Note: Cereals and Oilseeds levy rate increase is effective from 1 July 2011

SECTOR	Levy rate 2010/11	Levy rate 2011/12	Higher rate for late payment
Pigs (England)	£ per head	£ per head	£ per head
Producer	0.85	0.85	0.935
Slaughterer/exporter	0.20	0.20	0.22
Beef and Lamb (England)	£ per head	£ per head	£ per head
Cattle (excluding calves)			
Producer	3.495	4.05	4.05
Slaughterer/exporter	1.075	1.35	1.35
Calves			
Producer	0.07	0.08	0.08
Slaughterer/exporter	0.07	0.08	0.08
Sheep			
Producer	0.505	0.60	0.60
Slaughterer/exporter	0.165	0.20	0.20
Milk (GB)	Pence per litre	Pence per litre	Pence per litre
Buyers and direct sellers of milk	0.060	0.060	0.066
Cereals and oilseeds (UK)	Pence per tonne	Pence per tonne	Pence per tonne
Cereal grower	40.00	46.00	50.60
Cereal buyer	3.30	3.80	4.18
Cereal processor (human and industrial)	8.25	9.50	10.45
Cereal processor (feed)	4.00	4.60	5.06
Oilseeds	65.00	75.00	82.50
Horticulture (GB)	% sales turnover	% sales turnover	% sales turnover
Horticulture products	0.50	0.50	0.55
Mushroom spawn	Pence per litre	Pence per litre	Pence per litre
- Agaricus	8.0	8.0	8.8
- Non-agaricus	2.0	2.0	2.2
Potatoes (GB)			
Potato growers	£40.17 per hectare	£41.38 per hectare	£46.68 per hectare
Purchasers of potatoes	£0.1751 per tonne	£0.1804 per tonne	£0.2016 per tonne

Budgets

The following pages contain the 2011/12 budget for AHDB and its subsidiary, MLCSL, split between each sector. The budget was agreed at the AHDB Board meeting on 21 March 2011.

The table immediately below shows how the forecast levy collected from each commodity sector in 2011/12 will be deployed across the core activity areas of R&D and knowledge transfer/exchange, trade development, international, supply chain integration, market intelligence (eg pricing and other business information), communications and support services (IT, finance, legal, HR, etc).

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

Budget 2011/12	English Pigs (BPEX)	English Beef and Lamb (EBLEX)	GB Milk (DairyCo)	GB Horticulture (HDC)	UK Cereals and Oilseeds (HGCA)	GB Potatoes (PCL)
Income						
Net Levy Income	7,901	14,476	6,850	5,700	10,339	6,238
Other Income	327	1,130	401	85	150	211
Total Net Income	8,228	15,606	7,251	5,785	10,489	6,449
Expenditure (% of income)						
R&D and Knowledge Transfer	32%	17%	56%	67%	41%	43%
Trade Development	35%	52%	0%	0%	6%	23%
International	4%	2%	0%	0%	3%	1%
Supply Chain Integration	3%	6%	0%	0%	4%	3%
Market Intelligence	8%	7%	17%	1%	6%	8%
Communications	5%	5%	17%	18%	12%	2%
Support	12%	8%	18%	13%	15%	19%
Total Expenditure	99%	97%	108%	99%	87%	99%
Surplus/Deficit to/from reserves	1%	3%	-8%	1%	13%	1%

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

AHDB

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	47,371	49,378	51,504	52,551	52,817	2,126
Fee and grant income	3,790	2,818	2,304	2,514	2,399	-514
Commercial Services Income	5,178	4,356	4,309	4,555	4,770	-47
Non-levy income	8,968	7,174	6,613	7,069	7,169	-561
TOTAL INCOME	56,339	56,552	58,117	59,620	59,986	1,565
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-19,065	-21,057	-20,329	-21,648	-22,042	728
Trade Development	-12,673	-12,460	-13,142	-13,516	-13,272	-682
International	-837	-952	-989	-988	-983	-37
Supply Chain Integration	-1,158	-1,547	-1,953	-1,886	-1,893	-406
Market Intelligence	-2,860	-3,476	-4,096	-3,894	-3,885	-620
Communications	-3,315	-3,522	-4,784	-4,793	-4,809	-1,263
Commercial services	-5,122	-3,830	-3,831	-3,934	-4,049	-1
TOTAL DIRECT EXPENDITURE	-45,030	-46,844	-49,124	-50,658	-50,933	-2,280
SUPPORT						
Sector Specific Administration	-11,042	-3,238	-3,079	-2,934	-2,779	159
HR and Corporate Services						
HR & Legal / Payroll	0	-701	-636	-595	-552	65
Facilities	0	-1,281	-1,141	-1,068	-990	140
Finance and Business Services						
Finance	0	-903	-710	-664	-616	194
Levy Collection	0	-265	-265	-248	-230	0
Procurement	0	-125	-167	-157	-145	-42
IT	0	-766	-760	-711	-659	6
Main Board / Advisory	0	-550	-554	-518	-480	-4
Corporate Communications	0	-176	-183	-225	-208	-6
R&D	0	-171	-151	-142	-131	20
TOTAL SUPPORT EXPENDITURE	-11,042	-8,177	-7,645	-7,261	-6,790	531
TOTAL EXPENDITURE	-56,072	-55,021	-56,769	-57,919	-57,724	-1,748
Operating Surplus/(Deficit)	267	1,532	1,348	1,701	2,262	-184
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	14	5	40	40	40	35
Interest payable	0	0	0	0	0	0
Taxation	-101	-201	-12	-12	-12	189
Exceptional reorganisation expenditure	-2,676	-1,166	-250	0	0	916
Other non-operating costs	0	-411	-330	-30	-30	81
Net FRS17 Entries	0	-350	-75	-75	-75	275
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	-2,763	-2,123	-627	-77	-77	1,496
Retained Surplus/(Deficit)	-2,496	-591	721	1,624	2,185	1,312
Support Exp. Excl MI % of Income		14.5%	13.2%	12.2%	11.3%	
Opening reserves	18,965	16,469	15,878	16,598	18,222	
Retained surplus/deficit	-2,496	-591	721	1,624	2,185	
Closing reserves	16,469	15,878	16,598	18,222	20,407	

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

EBLEX

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	12,427	12,353	14,476	14,114	13,761	2,123
Fee and grant income	866	1,275	1,130	1,130	1,130	-145
Commercial Services Income	0	0	0			0
Non-levy income	866	1,275	1,130	1,130	1,130	-145
TOTAL INCOME	13,293	13,628	15,606	15,244	14,891	1,978
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-2,124	-2,848	-2,672	-2,619	-2,566	176
Trade Development	-6,916	-6,974	-8,174	-8,011	-7,850	-1,200
International	-361	-256	-256	-251	-246	0
Supply Chain Integration	-200	-625	-1,000	-1,000	-1,000	-375
Market Intelligence	-759	-1,235	-1,104	-1,082	-1,060	131
Communications	-1,217	-582	-715	-701	-687	-133
Commercial services	0	0	0	0	0	0
TOTAL DIRECT EXPENDITURE	-11,577	-12,520	-13,921	-13,663	-13,409	-1,401
SUPPORT						
Sector Specific Administration	-1,967	-280	-280	-262	-243	0
HR and Corporate Services						
HR & Legal / Payroll	0	-128	-107	-100	-93	22
Facilities	0	-198	-153	-143	-132	45
Finance and Business Services						
Finance	0	-221	-191	-178	-165	30
Levy Collection	0	-45	-45	-42	-39	0
Procurement	0	-30	-45	-42	-39	-14
IT	0	-173	-146	-136	-126	27
Main Board / Advisory	0	-134	-149	-139	-129	-14
Corporate Communications	0	-29	-30	-37	-35	-1
R&D	0	-23	-20	-19	-17	3
TOTAL SUPPORT EXPENDITURE	-1,967	-1,262	-1,164	-1,098	-1,018	98
TOTAL EXPENDITURE	-13,544	-13,781	-15,085	-14,761	-14,427	-1,303
Operating Surplus/(Deficit)	-251	-153	521	483	464	675
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	4	0	0	0	0	0
Interest payable	0	0	0	0	0	0
Taxation	-63	0	0	0	0	0
Exceptional reorganisation expenditure	-621	-151	-73	0	0	79
Other non-operating costs	0	-266	-201	0	0	65
Net FRS17 Entries	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	-680	-417	-274	0	0	144
Retained Surplus/(Deficit)	-931	-571	248	483	464	818
Support Exp. Excl MI % of Income		9.3%	7.5%	7.2%	6.8%	
Opening reserves	5,234	4,303	3,732	3,980	4,463	
Retained surplus/deficit	-931	-571	248	483	464	
Closing reserves	4,303	3,732	3,980	4,463	4,927	

Pension reserve of £2,400k is included in the closing reserves of £4,303k for 09/10

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

BPEX

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	7,441	7,611	7,901	8,292	8,533	290
Fee and grant income	896	772	327	327	327	-445
Commercial Services Income	0	0	0	0	0	0
Non-levy income	896	772	327	327	327	-445
TOTAL INCOME	8,337	8,383	8,228	8,619	8,860	-155
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-2,318	-2,910	-2,650	-2,760	-3,000	260
Trade Development	-2,948	-2,560	-2,871	-3,099	-3,099	-311
International	-123	-355	-301	-301	-301	54
Supply Chain Integration	-235	-275	-280	-280	-280	-5
Market Intelligence	-660	-679	-644	-640	-645	35
Communications	-310	-385	-424	-419	-419	-39
Commercial services	0	0	0	0	0	0
TOTAL DIRECT EXPENDITURE	-6,594	-7,164	-7,170	-7,499	-7,744	-6
SUPPORT						
Sector Specific Administration	-1,424	-411	-385	-360	-334	26
HR and Corporate Services						
HR & Legal / Payroll	0	-81	-79	-74	-68	2
Facilities	0	-181	-139	-130	-121	41
Finance and Business Services						
Finance	0	-132	-101	-94	-87	31
Levy Collection	0	-29	-29	-27	-25	0
Procurement	0	-18	-24	-22	-21	-5
IT	0	-109	-108	-101	-93	1
Main Board / Advisory	0	-80	-78	-73	-68	2
Corporate Communications	0	-29	-30	-37	-35	-1
R&D	0	-24	-20	-18	-17	4
TOTAL SUPPORT EXPENDITURE	-1,424	-1,094	-993	-938	-870	102
TOTAL EXPENDITURE	-8,018	-8,258	-8,163	-8,437	-8,614	95
Operating Surplus/(Deficit)	319	125	65	181	246	-60
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	3	0	0	0	0	0
Interest payable	0	0	0	0	0	0
Taxation	-32	0	0	0	0	0
Exceptional reorganisation expenditure	-530	-133	-38	0	0	95
Other non-operating costs	0	-123	-99	0	0	24
Net FRS17 Entries	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	-559	-256	-137	0	0	118
Retained Surplus/(Deficit)	-240	-131	-72	181	246	59
Support Exp. Excl MI % of Income		13.1%	12.1%	10.9%	9.8%	
Opening reserves	5,050	4,810	4,679	4,607	4,789	
Retained surplus/deficit	-240	-131	-72	181	246	
Closing reserves	4,810	4,679	4,607	4,789	5,034	

Pension reserve of £1,200k is included in the closing reserves of £4,810k for 09/10

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

HGCA

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	9,498	10,332	10,339	10,987	10,987	7
Fee and grant income	342	130	150	100	100	20
Commercial Services Income	0	0	0	0	0	0
Non-levy income	342	130	150	100	100	20
TOTAL INCOME	9,840	10,462	10,489	11,087	11,087	27
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-5,184	-5,063	-4,257	-5,236	-5,250	806
Trade Development	-752	-639	-615	-588	-588	24
International	-352	-341	-337	-311	-311	4
Supply Chain Integration	-320	-322	-466	-390	-390	-144
Market Intelligence	-638	-575	-622	-556	-552	-47
Communications	-978	-895	-1,268	-1,272	-1,272	-373
Commercial services	0	0	0	0	0	0
TOTAL DIRECT EXPENDITURE	-8,224	-7,835	-7,565	-8,353	-8,363	270
SUPPORT						
Sector Specific Administration	-3,345	-615	-628	-588	-545	-13
HR and Corporate Services						
HR & Legal / Payroll	0	-107	-113	-106	-98	-6
Facilities	0	-344	-318	-298	-276	25
Finance and Business Services						
Finance	0	-166	-128	-120	-111	37
Levy Collection	0	-44	-44	-41	-38	0
Procurement	0	-23	-30	-28	-26	-7
IT	0	-144	-154	-144	-134	-10
Main Board / Advisory	0	-101	-100	-94	-87	1
Corporate Communications	0	-29	-30	-37	-35	-1
R&D	0	-32	-32	-30	-28	0
TOTAL SUPPORT EXPENDITURE	-3,345	-1,604	-1,578	-1,486	-1,378	26
TOTAL EXPENDITURE	-11,569	-9,439	-9,143	-9,839	-9,741	296
Operating Surplus/(Deficit)	-1,729	1,023	1,346	1,248	1,346	323
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	0	0	0	0	0	0
Interest payable	0	0	0	0	0	0
Taxation	0	0	0	0	0	0
Exceptional reorganisation expenditure	-149	-594	-49	0	0	545
Other non-operating costs	0	-8	0	0	0	8
Net FRS17 Entries	0	-350	-75	-75	-75	275
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	-149	-952	-124	-75	-75	828
Retained Surplus/(Deficit)	-1,878	71	1,222	1,173	1,271	1,151
Support Exp. Excl MI % of Income		15.3%	15.0%	13.4%	12.4%	
Opening reserves	-127	-2,005	-1,934	-712	461	
Retained surplus/deficit	-1,878	71	1,222	1,173	1,271	
Closing reserves	-2,005	-1,934	-712	461	1,732	

Pension deficit of £1,169k is included in the closing reserves of £2,005k for 09/10

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

PCL

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	5,938	6,032	6,238	6,425	6,618	206
Fee and grant income	205	308	211	506	391	-97
Commercial Services Income	0	0	0	0	0	0
Non-levy income	205	308	211	506	391	-97
TOTAL INCOME	6,143	6,340	6,449	6,931	7,009	109
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-2,451	-2,629	-2,762	-2,867	-2,924	-133
Trade Development	-1,327	-1,504	-1,482	-1,818	-1,735	23
International	0	0	-95	-125	-125	-95
Supply Chain Integration	-403	-325	-207	-216	-223	118
Market Intelligence	-287	-397	-515	-412	-421	-118
Communications	0	-145	-100	-103	-106	44
Commercial services	0	0	0	0	0	0
TOTAL DIRECT EXPENDITURE	-4,468	-5,000	-5,161	-5,541	-5,534	-161
SUPPORT						
Sector Specific Administration	-1,752	-673	-625	-585	-542	48
HR and Corporate Services						
HR & Legal / Payroll	0	-83	-77	-72	-67	6
Facilities	0	-198	-159	-149	-138	38
Finance and Business Services						
Finance	0	-105	-79	-74	-68	26
Levy Collection	0	-59	-59	-55	-51	0
Procurement	0	-15	-19	-17	-16	-4
IT	0	-112	-105	-98	-91	7
Main Board / Advisory	0	-64	-61	-57	-53	3
Corporate Communications	0	-29	-30	-37	-35	-1
R&D	0	-24	-21	-19	-18	4
TOTAL SUPPORT EXPENDITURE	-1,752	-1,362	-1,234	-1,164	-1,079	128
TOTAL EXPENDITURE	-6,220	-6,363	-6,395	-6,705	-6,613	-32
Operating Surplus/(Deficit)	-77	-23	54	226	396	76
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	2	0	0	0	0	0
Interest payable	0	0	0	0	0	0
Taxation	-1	0	0	0	0	0
Exceptional reorganisation expenditure	-983	-212	-30	0	0	182
Other non-operating costs	0	0	0	0	0	0
Net FRS17 Entries	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	-982	-212	-30	0	0	182
Retained Surplus/(Deficit)	-1,059	-235	24	226	396	258
Support Exp. Excl MI % of Income		21.5%	19.1%	16.8%	15.4%	
Opening reserves	2,418	1,359	1,124	1,148	1,374	
Retained surplus/deficit	-1,059	-235	24	226	396	
Closing reserves	1,359	1,124	1,148	1,374	1,770	

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

HDC

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	5,323	6,200	5,700	5,814	5,930	-500
Fee and grant income	153	61	85	90	90	24
Commercial Services Income	0	0	0	0	0	0
Non-levy income	153	61	85	90	90	24
TOTAL INCOME	5,476	6,261	5,785	5,904	6,020	-476
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-4,319	-3,739	-3,902	-4,016	-4,137	-163
Trade Development	-47	0	0	0	0	0
International	0	0	0	0	0	0
Supply Chain Integration	0	0	0	0	0	0
Market Intelligence	0	0	-25	-26	-26	-25
Communications	-225	-804	-1,024	-1,044	-1,065	-220
Commercial services	0	0	0	0	0	0
TOTAL DIRECT EXPENDITURE	-4,591	-4,543	-4,951	-5,086	-5,228	-408
SUPPORT						
Sector Specific Administration	-797	-350	-323	-329	-336	27
HR and Corporate Services						
HR & Legal / Payroll	0	-36	-43	-40	-37	-7
Facilities	0	-95	-106	-99	-92	-12
Finance and Business Services						
Finance	0	-89	-71	-66	-61	18
Levy Collection	0	-44	-44	-41	-38	0
Procurement	0	-12	-17	-16	-14	-4
IT	0	-48	-58	-54	-51	-10
Main Board / Advisory	0	-54	-55	-52	-48	-1
Corporate Communications	0	-29	-30	-37	-35	-1
R&D	0	-34	-29	-27	-25	4
TOTAL SUPPORT EXPENDITURE	-797	-791	-776	-762	-737	15
TOTAL EXPENDITURE	-5,388	-5,334	-5,727	-5,848	-5,965	-394
Operating Surplus/(Deficit)	88	927	58	56	55	-870
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	2	0	0	0	0	0
Interest payable	0	0	0	0	0	0
Taxation	-1	-200	0	0	0	200
Exceptional reorganisation expenditure	262	-40	-27	0	0	13
Other non-operating costs	0	-120	0	0	0	120
Net FRS17 Entries	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	263	-360	-27	0	0	333
Retained Surplus/(Deficit)	351	568	31	56	55	-536
Support Exp. Excl MI % of Income		12.6%	13.4%	12.9%	12.2%	
Opening reserves	1,310	1,661	2,229	2,260	2,316	
Retained surplus/deficit	351	568	31	56	55	
Closing reserves	1,661	2,229	2,260	2,316	2,370	

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

DAIRYCO

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	6,744	6,850	6,850	6,919	6,988	0
Fee and grant income	99	272	401	361	361	129
Commercial Services Income	0	0	0	0	0	0
Non-levy income	99	272	401	361	361	129
TOTAL INCOME	6,843	7,122	7,251	7,280	7,349	129
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	-2,669	-3,869	-4,086	-4,150	-4,165	-217
Trade Development	-683	-783	0	0	0	783
International	-1	0	0	0	0	0
Supply Chain Integration	0	0	0	0	0	0
Market Intelligence	-516	-590	-1,186	-1,178	-1,181	-596
Communications	-585	-711	-1,253	-1,254	-1,260	-542
Commercial services	0	0	0	0	0	0
TOTAL DIRECT EXPENDITURE	-4,454	-5,953	-6,525	-6,582	-6,606	-572
SUPPORT						
Sector Specific Administration	-1,697	-596	-541	-506	-469	55
HR and Corporate Services						
HR & Legal / Payroll	0	-114	-122	-114	-105	-8
Facilities	0	-198	-212	-199	-184	-15
Finance and Business Services						
Finance	0	-116	-89	-83	-77	28
Levy Collection	0	-44	-44	-41	-38	0
Procurement	0	-16	-21	-20	-18	-5
IT	0	-154	-166	-155	-144	-12
Main Board / Advisory	0	-71	-69	-65	-60	2
Corporate Communications	0	-29	-30	-37	-35	-1
R&D	0	-35	-30	-28	-26	4
TOTAL SUPPORT EXPENDITURE	-1,697	-1,373	-1,324	-1,248	-1,157	49
TOTAL EXPENDITURE	-6,151	-7,326	-7,849	-7,830	-7,763	-524
Operating Surplus/(Deficit)	692	-204	-598	-550	-414	-395
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	6	5	40	40	40	35
Interest payable	0	0	0	0	0	0
Taxation	-4	-1	-12	-12	-12	-11
Exceptional reorganisation expenditure	511	-35	-34	0	0	1
Other non-operating costs	0	-84	-30	-30	-30	54
Net FRS17 Entries	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	513	-115	-36	-2	-2	79
Retained Surplus/(Deficit)	1,205	-318	-634	-552	-416	-316
Support Exp. Excl MI % of Income		19.3%	18.3%	17.1%	15.7%	
Opening reserves	3,721	4,926	4,608	3,974	3,421	
Retained surplus/deficit	1,205	-318	-634	-552	-416	
Closing reserves	4,926	4,608	3,974	3,421	3,005	

MANAGEMENT REPORT - BUDGET 11/12 to 13/14

MLCSL

	FULL YEAR £'000					
	09/10 Actual	10/11 Forecast	11/12 Budget	12/13 Budget	13/14 Budget	11/12 vs 10/11
INCOME						
Gross levy	0	0	0	0	0	0
Fee and grant income	0	0	0	0	0	0
Commercial Services Income	5,178	4,356	4,309	4,555	4,770	-47
Non-levy income	5,178	4,356	4,309	4,555	4,770	-47
TOTAL INCOME	5,178	4,356	4,309	4,555	4,770	-47
EXPENDITURE						
DIRECT						
R&D and Knowledge Transfer	0	0	0	0	0	0
Trade Development	0	0	0	0	0	0
International	0	0	0	0	0	0
Supply Chain Integration	0	0	0	0	0	0
Market Intelligence	0	0	0	0	0	0
Communications	0	0	0	0	0	0
Commercial services	-5,122	-3,830	-3,831	-3,934	-4,049	-1
TOTAL DIRECT EXPENDITURE	-5,122	-3,830	-3,831	-3,934	-4,049	-1
SUPPORT						
Sector Specific Administration	0	-312	-297	-303	-309	15
HR and Corporate Services						
HR & Legal / Payroll	0	-152	-96	-90	-83	56
Facilities	0	-69	-53	-50	-46	16
Finance and Business Services						
Finance	0	-75	-53	-49	-46	23
Levy Collection	0	0	0	0	0	0
Procurement	0	-10	-12	-12	-11	-2
IT	0	-26	-23	-22	-20	2
Main Board / Advisory	0	-46	-41	-38	-36	5
Corporate Communications	0	0	0	0	0	0
R&D	0	0	0	0	0	0
TOTAL SUPPORT EXPENDITURE	0	-690	-576	-564	-551	115
TOTAL EXPENDITURE	-5,122	-4,520	-4,407	-4,498	-4,600	113
Operating Surplus/(Deficit)	56	-164	-98	57	170	66
NON-OPERATING ITEMS						
Income	0	0	0	0	0	0
Interest receivable	0	0	0	0	0	0
Interest payable	0	0	0	0	0	0
Taxation	0	0	0	0	0	0
Exceptional reorganisation expenditure	0	0	0	0	0	0
Other non-operating costs	0	190	0	0	0	-190
Net FRS17 Entries	0	0	0	0	0	0
Share of Commercial Services Returns	0	0	0	0	0	0
TOTAL NON OPERATING ITEMS	0	190	0	0	0	-190
Retained Surplus/(Deficit)	56	26	-98	57	170	-124
Support Exp. Excl MI % of Income		15.8%	13.4%	12.4%	11.5%	
Opening reserves	1,359	1,415	1,441	1,344	1,401	
Retained surplus/deficit	56	26	-98	57	170	
Closing reserves	1,415	1,441	1,344	1,401	1,571	

Glossary of Terms

AHDB	Agriculture and Horticulture Development Board
AWM	Advantage West Midlands
BBSRC	Biotechnology and Biological Sciences Research Council
CAP	Common Agricultural Policy
COWS	Control of Worms Sustainably
CSR	Corporate Social Responsibility
Defra	Department for Environment, Food and Rural Affairs
EBVs	Estimated Breeding Values
EC	European Commission
EFFP	English Food and Farming Partnership
EMDA	East Midlands Development Agency
EU	European Union
GB	Great Britain
GDP	Gross Domestic Product
GHG	Green House Gas
GM	Genetically Modified
GTIS	Global Trade Information Service
HTA	Horticultural Trades Association
ICM	Integrated Crop Management
ICT	Information and Communication Technologies
IP	Intellectual Property
IPM	Integrated Pest Management
IPPC	Integrated Pollution Prevention and Control
KPI	Key Performance Indicator
MLCSL	Meat and Livestock Commercial Services Limited
NHS	National Health Service
NVZ	Nitrate Vulnerable Zone
PESTLE	Political, Economic, Sociological, Technological, Legislative, Economic
R&D	Research and Development
RDA	Regional Development Agency
RERAD	Rural and Environment Research and Analysis Directorate
SAF-IP	Sustainable Agri-Food Innovation Platform
SET	Senior Executive Team
SOLAs	Specific Off-label Approvals
TB	Tuberculosis
TSB	Technology Strategy Board
UK	United Kingdom
WTO	World Trade Organisation

AHDB Office Address

Agriculture and Horticulture Development Board

Stoneleigh Park
Kenilworth
Warwickshire
CV8 2TL

Email: info@ahdb.org.uk

Tel: 0247 669 2051

Web: www.ahdb.org.uk

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