

## AHDB Terms of Reference – Sector Councils

Version	Date	Revision Description	Editor	Status
0.1	14 July 2021	First draft – following consultation	ICEO	Draft
0.2	15 July 2021	Second draft – governance provisions	IGM	Draft
0.3	22 July	Final draft following consultation	ICEO/ IGM	For approval
1.0	21 Sept 2021	Approved by the Board subject to specified amendments subsequently approved by NS/JS	IGM	Approved

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## 1. Introduction

- 1.1 The AHDB Board (the Board) has appointed the Sector Councils (the Councils) to increase levy payer engagement in their sector and advise and recommend to the Board what activities and programmes should be funded in their sector.
- 1.2 The AHDB Board believes it is critical that these decisions are made by sector levy payers and therefore, in practice, the Board will respect the Sector Councils' recommendations (subject to clause 7.3 and 7.4) and Sector Councils will effectively "decide" what is funded.
- 1.3 Levy payers should be seen as the customers, deciding what activities and programmes they wish to purchase, and how much they wish to spend (hence the rate the levy should be set at to fund their purchasing choices).
- 1.4 These Terms of Reference have effect from 01 October 2021, and until such time as otherwise decided by the AHDB Board.

## 2. The Role of Sector Councils

- 2.1 Sector Councils will decide which proposed activities and programmes will be funded, based upon levy payer voting but with the final decision being by the Council. The process to be followed shall be:
    - (a) Sector Councils shall agree five-year Strategic Sector Priorities;
    - (b) The Executive (staff) will develop proposals for programmes/activities to meet industry priorities & needs identified in 4.1.1 and the council will request further proposals if required;
    - (c) Sector Councils will decide which proposals from the Executive for programmes and activities should be put to levy payers voting - based on relevance to levy payers' needs and value for money based on the targets/outcomes that will be achieved for the funding requested;
    - (d) Levy payers will be asked to vote on both the five-year Strategic Sector Priorities and the programmes and activities to be funded;
    - (e) Sector Councils will consider the voting results of levy payers by both one member, one vote and on a weighted basis and decide whether to confirm the Strategic Sector Priorities and which programmes and activities will be funded.
  - 2.2 The Council will receive reports on progress against milestones and/or targets for the activities and programmes the Council have commissioned. Where progress deviates materially from plan and the explanation provided is deemed unsatisfactory, the Sector Council Chair will bring the issue to the attention of the AHDB Board who will ensure the provision of an adequate briefing on the action required to rectify the issue.
  - 2.3 The Council will approve a short annual sector report setting out where the levy has been spent and delivery against milestones and targets.
- ### 2.4 Levy Setting and Reserves
- 2.5 The Sector Council will propose a levy rate for their sector to the AHDB Board who will propose it to Ministers. This rate will be a consequence of the activities and programmes they have decided to fund (which will be fully costed), combined with any need to rebuild

reserves to the AHDB Board set reserves target or ability to spend surplus reserves to reduce the levy rate.

- 2.6 The levy rate will also need to cover any costs which AHDB legally has to pay, and which must be apportioned to that sector e.g., Defined Benefit Legacy Pension Scheme costs, NAO audit fees etc.
- 2.7 The Council will commission emergency work from reserves, when necessary, with AHDB Board approval in advance if reserves will fall below the AHDB Board set target level due to the emergency work.

### 3. Membership

- 3.1 Each sector Council will have a skills/experience matrix designed by the Sector Council and approved by the AHDB Remuneration and Nomination Committee (RemNom).

#### 3.2 *Appointment*

- (a) Sector Council members will be appointed by applying for a vacancy and being recommended by a selection panel proposed by the Sector Council Chair but approved, and administered, by the RemNom. Council member appointments will be subject to a confirmatory vote of levy payers;
- (b) Sector Council members are eligible to serve for up to two terms of three years (three in exceptional cases approved by the RemNom). By exception, Council members may be appointed for a one- or two-year term to support annual rotation of Sector Council membership;
- (c) Each Council will have between seven and eleven members (including the Chair) as is needed to represent the skills/experience required;
- (d) All Sector Council members (including the Chair) will be eligible to vote;
- (e) Sector Council members must comply with the Code of Conduct, will be subject to annual appraisal, and can be removed from their position by the RemNom if they commit a serious breach of the code or are consistently underperforming in their appraisal;
- (f) All Council Members are expected to explain funding decisions through active communication, advocacy, and discussions with levy payers at all opportunities including the Annual Meeting. It is important to note this is not just for the Chair of the Sector Council to undertake;
- (g) The Council may co-opt individuals on to the Council if there are material vacancies in the skills matrix. They may be co-opted until the next opportunity for members to be appointed in the normal way.

### 4. Attendance and Quorum

- 4.1 The quorum required for any meeting of the Council shall be 5 if the Council consists of 7 or 8 members, 6 if 9 or 10 members, and 7 if 11 members. The Chair shall contribute to the quorum.

- 4.2 Members are expected to attend at least three quarters of all meetings each financial year. Members are expected to contribute up to 24 days per annum to their roles. An annual register of attendance of members will be maintained.

### **5. Frequency of Meetings**

- 5.1 It is expected that there will be four meetings per year in normal circumstances, including one at the annual meeting.
- 5.2 Normal meetings will be held in line with the overall AHDB schedule needed to ensure decisions are made in line with the overall voting timelines and annual meeting timing.

### **6. Administrative Support**

- 6.1 The Governance Manager or their nominee shall ensure administrative support is available to the Council.

### **7. Accountability and Reporting Arrangements**

- 7.1 Sector Council Chairs are members of the Board and will report appropriately both to and from the AHDB Board.
- 7.2 AHDB staff will deliver the programmes and activities that have been commissioned by the Sector Council and AHDB will explain any variances on performance.
- 7.3 Nothing contained in these Terms of Reference shall prevent, restrict, or fetter the performance by AHDB Board of any of its Statutory Functions or Duties, nor prevent, restrict, or fetter the actions of the Ministers with respect to AHDB's performance of its Statutory Functions or Duties.
- 7.4 Sector Council funding decisions will be consistent with all the legal and public sector requirements including the Statutory Instrument, Managing Public Money, Cabinet Office Controls, State Aid Authorisation, the Nolan Principles, etc.

### **8. Monitoring Performance, Effectiveness and Compliance with Terms of Reference**

- 8.1 The Council shall review its own performance and effectiveness annually. This shall include a review of compliance with these terms of reference and an assessment of whether the Council has successfully achieved its agreed objectives.

### **9. Review**

- 9.1 The Council shall review these terms of reference at least annually and make recommendations to the Board for any changes it deems appropriate.