

**SUMMARY MINUTES OF THE SEVENTY SIXTH MEETING OF THE AGRICULTURE AND
HORTICULTURE DEVELOPMENT BOARD
HELD ON TUESDAY 22 SEPTEMBER 2020 VIA MICROSOFT TEAMS**

PRESENT:

Hayley Campbell-Gibbons (HC-G), George Lyon (GL), Alison Levett (AL), Sarah Pumfrett (SP), Adam Quinney (AQ), Nicholas Saphir (NS) (Chair), Mike Sheldon (MS), Richard Soffe (RS), Janet Swadling (JS), Paul Temple (PT)

IN ATTENDANCE:

Ken Boyns (KB), Paul Flanagan (PF) (agenda item 8), Rebecca Geraghty (RG), Lee Grafton (LG) (agenda item 5), Jackie Kay (JSK), Jane King (JK), Tim Mordan (TM), Sue Walker (SW), Christine Watts (CW)

JS introduced Radojka Miljevic and Ceri Victory-Rowe from Campbell Tickell who were assisting the Governance Review Group and observing the Board meeting

AGENDA ITEM 1 – APOLOGIES FOR ABSENCE

Apologies for absence were received from Will Jackson and Richard Laverick.

AGENDA ITEM 2 - DECLARATIONS OF INTEREST

There were no declarations of interest.

AGENDA ITEM 3 – MINUTES OF THE MEETING HELD ON 28 JULY 2020

The minutes of the last meeting held on 28 July were accepted as a correct record and signed by the Chairman.

AGENDA ITEM 3 – MATTERS ARISING FROM THE MEETING HELD ON 28 JULY 2020

NS commented that Campbell Tickell joining the meeting was part of the board effectiveness piece.

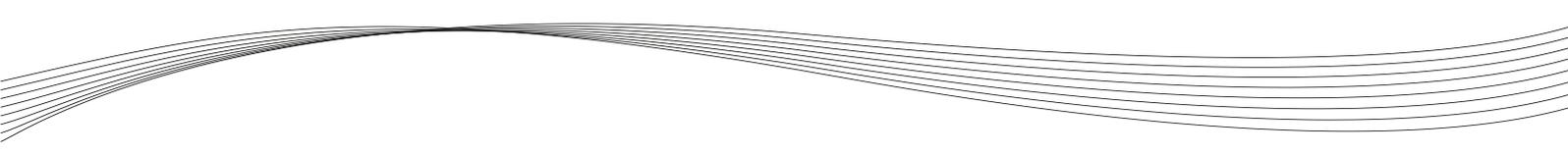
AGENDA ITEM 4 – MINUTES OF THE INTERIM BOARD MEETING HELD ON 25 AUGUST 2020

The minutes of the interim board meeting which was held on 25 August 2020 were agreed as a correct record.

AGENDA ITEM 4 – MATTERS ARISING FROM THE INTERIM MEETING HELD ON 25 AUGUST 2020

A cost efficiency paper is to be completed by 31 October 2020.

AGENDA ITEM 5 – CHANGE PROGRAMME



Lee Grafton (LG) joined the meeting for this item. LG informed the Board that he had joined AHDB in August as Change Programme Manager.

LG informed the Board that the five commitments to the industry had been published. Against this background Will Jackson (with NS in attendance) had presented the Strategy to the sector boards as well as the Business Plan that is being developed. The twelve workstreams to deliver the package had been split in priority depending on the immediacy of delivery. The timelines were discussed, and the board accepted that the budget for 21/22 might not be approved by the board until April 2021.

AQ commented that as part of any levy review Beef & Lamb should be reviewed which may resolve the devolved issues around cross-border movement to slaughter. It was noted that not all beef and sheep farmers pay a levy.

JK commented that it had been noted that there was a need to consider levy collection and the approach in all sectors. However, this should be done in a phased/sequenced approach. TM commented that the workstreams looked right. TM continued saying that coming out of the request for views was the need for AHDB to show value for money and greater engagement. CW commented that she agreed with TM in that levy payers want better investment of the levy and transparency, which was part of the communications workstream and thought was being given regarding the best way forward.

PT commented that Brexit had not been mentioned. It was important that the change work did not prevent us from focusing on external matters that will impact on levy payers.

JS said that it was good to see structure and discipline being given to the plan and process, but targets were essential. The Board needs to be clear of the targets in the business plan and they should be elevated to Priority 1. JS continued saying that if there were some high-level targets which were discussed by the Board, this may help satisfy some of the points coming out of the request for views to drive value for money and engagement. KB commented that this workstream was being led by Paul Flanagan.

A discussion took place relating to core and cross sector programmes. HCG commented that she could not see any cross-sector programmes getting over the line for horticulture. HCG continued that there had been kick back from levy payers on costs. HCG asked whether there was a realism on how many people will respond to the consultation in November. She cited the response to the request for views which had only been 900. JK commented that for previous consultations there had been good engagement from the key stakeholders. RG commented that engagement via the digital platform this year has increased and this could be used. MS commented that the pork board was supportive of some cross sector activity i.e. international access. AQ said that it was clear that different sectors had different priorities and it was vital that all levy payers obtain a clear view of how their immediate perceived needs will be accommodated within the Strategy and Business Plans. It will be necessary to 'sell in' to levy payers the natural linkages between the sectors. CW informed the Board that as part of engagement a one pager for each sector was being developed which will be circulated to the Sector Chairs following which it will go to the sector boards as part of the engagement plan.

CW commented that there had been good coverage on the five commitments to levy payers. RG said that she had mentioned this at the recent meetings she had with AIC, CIEL and LEAF, all had been aware of NS's podcast. GL said that there was a need for a concerted communications strategy, CW agreed to bring this back to the Board. It was agreed that a timetable on when announcements will be made will be available for the next board meeting.

Action: CW will bring the communications strategy back to the Board. A timetable outlining announcements will be available for the next board meeting

NS commented that he had attended all the sector board meetings when strategy had been discussed. Given the Board comments and feedback from Sector Boards, there is a need to review the previous Strategy and highlight what was delivered and what was not. NS invited the Sector Chairs to provide feedback on the discussions. Overall, the meetings agreed that the direction of travel was right and on a top line level there is agreement with what was put forward. TM commented that he found the feedback interesting and it resonated with what he was hearing from stakeholders and levy payers.

AHDB ITEM 5 – GOVERNANCE REVIEW GROUP

JS provided an update on the work of the Governance Review Group. The Group had met twice and the minutes were included in the board pack. JS commented that Campbell Tickell were undertaking several workstreams in the coming weeks which included interviews with the AHDB Board and focus groups for the sector boards as well as the Leadership and Senior Teams.

AGENDA ITEM 6 – BALLOT

The Agriculture and Horticulture Development Board Order 2008 requires AHDB to hold a ballot on whether an individual levy should continue if it receives requests to hold a ballot on that levy signed by at least 5% of those entitled to vote in such a ballot, within a period of three consecutive calendar months. With recent grower concerns raised, AHDB is proactively planning, with a dedicated working group led by CW, for the call of a ballot in the horticulture and / or potatoes sectors. If a ballot is not called the work put in place will be valuable to prepare for one of the 5 public commitments to levy payers relating to holding a regular ballot. We are informed that the petitioner's group relating to horticulture and potatoes has circulated AHDB's published trigger mechanism for ballots to be requested. Voting would be based on one business, one vote under the current mechanism. TM commented that a member of his team sat on the working group. The questions asked in the ballot will be a simple yes or no. When the ballot results go to the Minister it needs to explain the votes on a granular basis and to understand the implications if majority votes differ by crop / sector. AL commented that it was unclear how the potato sector would vote if a ballot were to be called. It was noted that obtaining authorisation of dimethyl naphthalene as a sprout suppressant could be very influential for the sector if a vote were to be called.

GL enquired about the process for running the ballot. CW informed the Board that a specification had been prepared. The questions that will be asked had been agreed with the Defra legal team. There were several companies who could run the ballot on AHDB's behalf. We would need to check that whoever votes is a levy payer and by doing that it could be established in what crop / sector (e.g. ornamentals) a vote had been cast. CW agreed to check about the funding of the ballot.

HCG informed the Board that the NFU were not taking a formal position in recommending how levy payers should vote in the event of a ballot. It was however, supportive of the statutory levy in horticulture.

TM reminded the Board that as a Non Departmental Public Body (NDPB) lobbying in regard to a ballot recommendation was not permitted. However, the facts should be presented as for example informing levy payers of what they might lose if there was no levy. GL suggested getting in touch with the New Zealand Lamb and Meat Board to learn lessons on how they ran a ballot.

It was agreed that contracts in place and being considered for horticulture programmes need to be considered in regard to the exit clauses. It was agreed that until a ballot was called, we should

continue to sign contracts, but if a ballot was triggered no new contracts for that sector should be signed without the consideration of the Board.

SP raised the wording on the website, which said that the ballot would be called within a reasonable time. CW stated that once there was a procurement process in place then clear timelines can be placed on the website.

CW commented that her team was looking at what a 5-year ballot might look like. Guy Attenborough was working with the Defra team and a paper was being drafted. It was agreed that as the process developed the Board should consider any proposal.

JS requested a paper that sets out who the unknown levy payers are.

NS asked MS if he could look at organisations in the Netherlands and Denmark to provide the board with their experiences in terms of levy collection.

Action: Funding of the ballot will be checked. Exit clauses on standard research clauses and other larger scale contracts to be reviewed. Board to consider what further contracts should be signed in the horticulture sector if a ballot is called. A paper will be drafted setting out the unknown levy payers. MS will provide information relating to levy collection in the Netherlands and Denmark.

AGENDA ITEM 7 - CEO REPORT

JK informed the board that there had been a steady return to the office, 90 members of staff were in the building yesterday. There was a rota in place for staff. The government announcement was awaited which may change the current way of working again.

A letter had been received from the Defra Permanent Secretary about Simon Hall having been appointed Accounting Officer for Livestock Information Limited (LI Ltd). KB explained the background to the Board. JS commented that there was a need to establish how the LI Ltd Ownership Group fitted into AHDB's governance structure in terms of accountability.

It was agreed that a paper would be prepared for the Audit and Risk Assurance Committee (ARAC) in regard to delivery of value for money.

Action: A paper on AHDB's value for money strategy will be prepared for the ARAC

JS commented on the survey which staff had undertaken relating to working from home and enquired what proposals were in place going forward to sense check how staff were feeling. JSK informed the Board that a survey will be coming out in October and again before Christmas. The results would be included in her board report.

AGENDA ITEM 7 - SECTOR BOARD REPORT

AQ reported that Rebecca Miah had started as interim Beef & Lamb Sector Strategy Director.

The Make It consumer campaigns had gone well.

RS reported that the strategic dairy farms were moving forward and increasing.

AL reported that the dimethyl naphthalene emergency application was not going to the September Chemicals Regulation Division Committee unless things take a different turn. The ramifications could be very significant.

MS reported that African Swine Fever (ASF) had been confirmed in Germany. It was not clear what impact this would have on markets. MS commented that he was grateful to Duncan Wyatt and Bethan Wilkins for their impact report.

PT said that there would be a significant reduction in levy receipts because of the harvest. The malting sector was very concerned if there was going to be a second lockdown. PT commented that the loss of pesticides was becoming very frustrating especially when there were imports coming into the country which have had products used on them which are banned here.

AGENDA ITEM 8 - CORPORATE REPORT

CW reported that the results of the dairy and beef campaigns had been very positive.

KB provided the Board with an update on VAT.

AGENDA ITEM 8 - INTERIM DASHBOARD

Paul Flanagan (PF) joined the meeting for this item.

PF updated the Board on work regarding key metrics as part of operational reporting. JS commented that this work was helpful and comprehensive. There was a need to ensure that it is tied back to strategic priorities and engagement to understand how it is all linked. GL agreed with the comments made, but said that there was a need to capture information relating to those levy payers who do not engage. PF agreed to reflect on the comments received and come back to the Board.

Action: A paper reflecting the comments made on the interim dashboard will be brought back to a future meeting

AGENDA ITEM 9 – MANAGEMENT ACCOUNTS

KB updated the Board on the current financial position and forecast out-turn.

AGENDA ITEM 9 – COSTS

KB set out a number of points in the change programme where costs would be reviewed. The work on business planning and cost reduction over the autumn and winter will be more complex and challenging than in previous years due to the new strategy and new approach to planning being taken as well as a need to capture all staff costs and wider costs against delivery activities.

AGENDA ITEM – CASH FLOW/PLANNING

KB informed the Board that a paper had gone to the Audit and Risk Assurance Committee on 10 September. AHDB needs to set a cashflow and contingency reserves target in September in order to give the framework in which to carry out business planning. It is recommended that AHDB should maintain a Target Cash balance at 31 March of each year at £15.5m for the planning process before finalising the target in January. The £15.5m target cash balance covers AHDB's working capital requirements and also sets aside a contingency reserve in order to respond to unforeseen circumstances or any significant risk items that are not already included in budgets, forecasts or operating plans.

TM raised a concern relating to the reserve figure as appearing to be excessive.

KB took note of Board comments and agreed to come back to the Board with a clearer separation of available and unavailable reserves with revised recommendations in January for final approval of the budget.

ACTION: Finance will complete work on cash flow in order to finalise the policy which will be reported back to ARAC and then the Board

AGENDA ITEM 10 – REPORT TO WELSH LANGUAGE COMMISSIONER

The annual report to the Welsh Language Commissioner was noted.

AHDB ITEM 10 – AHDB STATEMENT ON MODERN SLAVERY

AHDB's Statement on Modern Slavery was approved. It was agreed that the statement would be rolled out to monitor and strategic farms. SP asked whether the AHDB supply chain had been considered in regard to purchases.

AGENDA ITEM 11 – AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)

SP reported on the meeting which had been held on 10 September.

RS had attended his first ARAC meeting since being appointed. SP commented that there were still vacancies which would not be filled until the governance review had been completed. The LI Ltd ARAC was underrepresented so members of the AHDB ARAC were attending on a rolling basis.

SP commented on the tender process relating to the appointment of internal auditors. A sub-committee of ARAC will undertake the process.

The Fraud Policy will be discussed by ARAC in November.

AGENDA ITEM 12 – REMUNERATION AND NOMINATIONS COMMITTEE

GL commented that he had nothing further to report.

AGENDA ITEM 13 - ANY OTHER BUSINESS

JS reported on a successful meeting which had been held with Victoria Prentis and Gillian Keegan to discuss skills.

KB agreed to speak to Lee Warren about organising a briefing for the Board on the updated risk register and risk management process

ACTION: KB will speak to Lee Warren about organising a briefing for the Board on the risk register and risk management process

AGENDA ITEM 14 – DATES OF FUTURE MEETINGS

The provisional dates for AHDB Board meetings in 2021 had been included in the Board pack. The Board was asked to get in touch with SW if there were any conflicts.

AGENDA ITEM 14 - DATE OF NEXT MEETING

The next meeting (interim) will be held on 20 October 2020.

Future meetings: 24 November 2020; 15 December 2020 (interim); 26 January 2021