

**SUMMARY MINUTES OF THE SEVENTY SEVENTH MEETING OF THE AGRICULTURE
AND HORTICULTURE DEVELOPMENT BOARD
HELD ON TUESDAY 24 NOVEMBER 2020**

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), Rebecca Geraghty (RG), Will Jackson (WJ), Jackie Kay (JSK), Jane King (JK), Richard Laverick (RL), Tim Mordan (TM), Sue Walker (SW), Christine Watts (CW)

Radojka Miljevic (RM) and James Tickell (JT) from Campbell Tickell were present at the meeting for Agenda item 6

AGENDA ITEM 1 – APOLOGIES FOR ABSENCE

There were no apologies for absence

AGENDA ITEM 2 - DECLARATIONS OF INTEREST

GL declared that he had been appointed as Chair of the MLC Pension Trustee Scheme. GL cited a conflict of interest in that he remains Chair of the AHDB Remuneration and Nominations Committee but would be stepping down from this role on 31 March 2021. He noted he would not take part in any pension discussions within AHDB from now on.

AGENDA ITEM 3 – MINUTES OF THE INTERIM MEETING HELD ON 20 OCTOBER 2020

The minutes of the interim meeting held on 20 October were accepted as a correct record with the exception that there was a typographical error on page 4 in the skills item which should read Institute of Agriculture and Horticulture.

AGENDA ITEMS 4/5 – MATTERS ARISING FROM THE MEETINGS HELD ON 22 SEPTEMBER 2020 AND 15 OCTOBER

NS commented that there were actions for future board meetings along with items that will be covered on the agenda. It is expected that the decision relating to dimethyl naphthalene will be known this week. RG provided the Board with details of the termination clause in research projects. Each contract was being checked to ensure that the clause was included in each one.

AGENDA ITEM 6 – GOVERNANCE REVIEW

The governance report which had been prepared by Campbell Tickell (CT) was discussed and noted. Many of its recommendations were noted and accepted in principle, while a number of points remained to be clarified for final debate and eventual agreement. After a lengthy debate it was agreed that: -

The new structure

- The ambitions and drivers for the new structure as set out in the CT report were accepted.
- Levy payer engagement is at the heart of what needs to be delivered and the proposed new role of the sector committees was debated.
- Reaffirmed that the principle of hypothecation remains critical and is in any case embedded in AHDB's governing statutory instrument.
- New structure must deliver value for money.

Operations Committee

- An Operations Committee was agreed in principle to focus on improving value for money, performance and operational delivery to be chaired by a Deputy Chairman. This would allow the main board to prioritise longer term horizon planning, oversight, budgets and recommendations to Ministers in regard to levies.
- Agreed in principle that all the sector committee chairs would be included *ex-officio* on the Operations Committee.

Sector Committees

- It was recognised that sectors were advisory and would no longer be called Sector Boards, as this was a misleading description. Collectively they would be referred to as sector committees. Externally they could be referred to as AHDB Dairy, AHDB C & O etc.

This change would not be implemented until after the horticulture and possible potato ballots. Sector Committees would focus on programme selection, advising on budgets, championing AHDB and levy payer engagement. There was a need for clarity on who would sign off budgets. Sector committees need levy payer representation and it was agreed that levy payers needed some way of having a voice in who was on the committee. The exact approach to be agreed in future but some form of nominations mechanism will be explored.

- Noted that there may in future be changes to the number of sector committees, whether by consolidation, addition of new sectors, or indeed subdivision of existing sectors, as is now the case with Horticulture. This to be considered at a later date, but changes to governance arrangements need to bear futureproofing in mind.
- The Campbell Tickell report should contain a more detailed description of the role and make-up of the sector committees.

The Board

- A skills based main board was agreed in principle with membership determined by a skills matrix as set out in the CT report. Every committee and the board should have a clear statement of the skills required. The Remuneration and Nominations Committee should ensure that the requirements are met. There was some debate as to whether Sector Committee Chairs should be excluded from putting themselves forward to sit on the main board but it was agreed that they should not dominate it in numbers. Agreed to discuss further in Governance Review Group.
- A proposal to begin recruitment of new skills-based independents for the main board should also begin as soon as possible, although the Board will wish to see proposals from CT and the executive about transition arrangements for moving towards new governance arrangements as agreed in principle.

- More appointments to the governance structure should be made wherever possible by AHDB rather than Defra, and changes to the formal documentation to allow this to be pursued with Defra.

The Remuneration and Nominations Committee

- The new and expanded role of the Remuneration and Nominations Committee was noted and accepted in principle.
- The Remuneration and Nominations Committee should assess applicants for the committees and make recommendations.
- Professional development of board members should be addressed in future under the purview of the Remuneration and Nominations Committee.

Governance Manager

- A business case for the appointment of a Governance Manager will be prepared by the executive and submitted to the Remuneration and Nominations Committee for consideration.

Communications

- Some wording on the governance review should be included in the strategy, despite the lack of final agreement on several issues. Wording to be agreed outside the meeting.
- It was important to think about the headlines being communicated in a simple web savvy way. A communication plan on the new governance and strategy is important.

Other comments

- Reference to promotion/marketing and KE should be included in the report as potential new committees that the Board could choose to set up in future.
- Outcome of horticulture ballot will influence what levels of change can be made.
- Horticulture had signalled on the website how money was spent, there was a need to roll this out across all the other sectors.
- Costings on proposed governance are required, these will be brought to the meeting on 15 December along with a transition plan. There was a need to reassure levy payers that the governance review would not lead to extra layers of bureaucracy and cost.

Action:

- **The Campbell Tickell report should be updated following the Board discussion.**
- **A proposal to begin recruitment of new skills-based independents for the main board should also begin as soon as possible.**
- **A business case for the appointment of a Governance Manager will be prepared by the executive and submitted to the Remuneration and Nominations Committee for consideration**
- **Some wording on the governance review should be included in the strategy, to be agreed outside the meeting.**
- **Horticulture had explained on the website how money was spent, there was a need to roll this level of detail out across all the other sectors.**
- **There was a need to reassure levy payers that the governance review would not lead to extra layers of bureaucracy and cost.**

AGENDA ITEM 7 – REFORM AND STRATEGY

Levy Payer Engagement

JK provided the Board with an update on levy payer engagement. The new strategy outlined the proposed changes which identified a number of areas for levy payers to engage with AHDB. A paper had been attached to the CEO report which outlined the direction of travel. An online service which enabled levy payers to provide feedback was planned. There are commitments to hold open board meetings as well as an annual meeting to receive feedback on performance. Discussions had been taking place to develop farmer and grower user groups to involve them in the design of new programmes. A levy payer engagement plan joining up all the elements would be brought to the board during 2021.

Action: A levy payer engagement plan joining up all the elements would be brought to the board during 2021

Zero Based Budget and Business Planning Process

KB provided the Board with an outline for the timetable for the proposed zero-based budgeting approach. KB commented that business plans for each of the units needed to be produced as part of the process. A clear communication and training plan will be prepared. PT enquired whether this process would need Ministerial approval, KB stated that this process would provide more robust justification for the proposed levy rates. TM commented that there would be no need to change the levy approval process based on the new approach to budgeting. TM offered to share with KB information about how Defra carries out Zero based budgeting and that we should expect change in the activities if the process has been successful. The board accepted that Zero based budgeting should proceed from the 22/23 year.

Action: A clear communication and training plan for the zero based budget will be prepared

Cost Savings

A discussion on cost savings took place. It was agreed that the phased approach was correct and it was key that the culture became one of constant efficiency and refinement and there should be a high level of ambition for the scale of change. It was noted that the budget for 2021/22 should set out the initial cost savings to be made once first phase proposals were refined. It was also noted that the topic needed to be handled very carefully with due diligence being applied.

Levy System Changes

The Board approved the outline principles relating to the levy system changes. A final version will be circulated to the Board.

Action: A final version of the levy system changes will be circulated to the Board.

AGENDA ITEM 8 – AHDB STRATEGY

The latest version of the strategy document was discussed. Subject to comments by Board members the document will be launched on 7 December 2020. A detailed PR plan had been put in place which included “town hall” meetings in December and January. The strategy will be sent as a link to staff and sector boards ahead of the launch. GL commented on whether levy payers would understand what the term farm 360 is. CW agreed to look at this. CW asked the Board to let her have any comments on the strategy as soon as possible. The board supported and approved the strategy subject to some minor changes.

AGENDA ITEM 9 – HORTICULTURE BALLOT

CW provided the board with details on the communications plan around the Horticulture ballot which will take place from 13 January 2021 for 4 weeks. Town Hall meetings led by HCG/NS had been arranged. A letter had been sent to horticulture levy payers last week alerting them to the ballot, this will be followed up by a second letter in a few weeks' time. GL commented on the silent majority saying that it was important that they were contacted before the ballot to make sure that they registered their vote. TM commented that it was important to get across that there was a Ministerial process that had to be followed. His team at Defra had been in touch with CW about the metrics for the ballot in terms of providing Ministers with as much data as possible.

AL commented that it is likely that there will be a call for a potato ballot.

AGENDA ITEM 10 – CEO REPORT

JK asked for her report to be taken as read.

AGENDA ITEM 11 – MANAGEMENT ACCOUNTS

KB said in future it is planned to just include the finance dashboard rather than detailed financial papers – but the detail will still go to ARAC.

KB provided the Board with an update on VAT. A paper will be brought to the Board in January 2021 for approval on the way forward.

A paper on the future of potato storage will be brought to the board on 15 December 2020.

Action: A paper on VAT will be brought to the Board in January 2021 and a paper on the future of potato storage will come to the Board on 15 December 2020

AGENDA ITEM 12 – AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)

The minutes of the ARAC meeting which had taken place on 10 September were noted. SP gave details of the ARAC meeting which had been held on 23 November 2020. Two internal audit reports on the change programme and data had been discussed.

A tender process had taken place for internal audit provision from 1 April 2021.

AGENDA ITEM 13 - REMUNERATION AND NOMINATIONS COMMITTEE

The minutes of the Remuneration and Nominations Committee meeting which had been held on 21 September were noted.

AGENDA ITEM 14 – ANY OTHER BUSINESS

In response to a question from MS, KB provided the Board an update relating to the Pension Schemes.

AGENDA ITEM 15 - DATE OF NEXT MEETING

The next meeting (interim) will be held on 15 December 2020.

Dates of future meetings

- Tuesday 26 January 2021
- Tuesday 30 March 2021
- Thursday 3 June 2021
- Tuesday 27 July 2021
- Tuesday 21 September 2021
- Tuesday 30 November 2021

