

SUMMARY MINUTES OF THE SEVENTY NINTH MEETING OF THE AGRICULTURE AND HORTICULTURE DEVELOPMENT BOARD HELD ON TUESDAY 30 MARCH 2021

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:

Guy Attenborough (GA) (agenda items 1-5), Ken Boyns (KB), Paul Flanagan (PF) (agenda items 8,9,10), Rebecca Geraghty (RG), Jackie Kay (JSK), Richard Laverick (RL), Tim Mordan (TM), Sue Walker (SW), Christine Watts (CW)

AGENDA ITEM 1 – APOLOGIES FOR ABSENCE

Apologies for absence were received from Will Jackson.

AGENDA ITEM 2 - DECLARATIONS OF INTEREST

MS informed the Board that he had been appointed Chair of Seafish, this appointment will take effect from 1 April 2021. MS will step down as a Director of Livestock Information Ltd. on 31 March 2021.

AGENDA ITEM 3 – MINUTES OF THE AHDB BOARD MEETING HELD ON 26 JANUARY 2021

The minutes of the meeting held on 26 January were accepted as an accurate record. PT sought clarity on the role of interim sector chairs going forward. It was clarified that interim sector chairs would attend board meetings as observers until new board members were appointed.

Following a question from JS relating to the AHDB board minutes, GA informed the Board that summary minutes are placed on the internet underneath the board member section. JS asked that at a future meeting of the Board a discussion should take place about what is best practice to publish and the style of the minutes. The Board was informed that Charlie Helps the new interim part time Governance Manager will join AHDB on 1 April, KB will discuss this matter with him.

Action: A proposal will be made to a future board meeting relating to what is being published on the internet relating to board minutes

AGENDA ITEM 4 – MATTERS ARISING FROM THE MEETING HELD ON 26 JANUARY 2021

Main board appraisals will commence soon and conclude by the end of April. It was noted that all sector board members should receive an annual appraisal despite this being an exceptional year. The interim Governance Manager will be reviewing the appraisal system.

AGENDA ITEM 5 – BALLOT UPDATE (AHDB 1149)

TM provided Defra's perspective on the outcome of the horticulture and potato ballots.

The result of the ballot was not going to be ignored and Ministers will respect the vote. Defra has a duty to consider the whole of the horticulture and potato sectors needs not just the people who voted. They will look at what is best for the industry in the longer term. TM commented that various stakeholder groups had been in touch and Defra was carefully listening to all perspectives. There is also the fact that the 2008 Order will have to change.

TM had spoken to Defra finance colleagues relating to the letter which the Chairman had sent Minister Prentis on 3 March 2021. Once advice has been received a response will be sent to AHDB. A letter has been sent to AHDB confirming levy rates to be charged from 1 April 2021. It was noted that it was AHDB's responsibility to make a proposal to Defra if it wished to reduce activity and reduce levy rates. Defra would then consider the proposal as it was Ministers' decisions about what levy rates should be. Legal confirmation had been received from lawyers that levy rates can be changed within the year if necessary

It was noted that the correct line to take was that the final decision will be taken by Ministers however there would be a delay owing to Purdah prior to the Scottish and Welsh elections in early May as well as there needing to be a change to the Statutory Instrument (SI).

AQ commented that there was a need to engage with the industry regarding the nature of the vote in the Spring of 2022 at an early stage.

KB commented on the legal advice which had been received. This stated "*The wind up of part of the activities or winding up of one or more sectors is not within the powers of AHDB. This does not prevent AHDB reducing the type or level of its activities if there are sound reasons to do so. This would effectively be a reduction of the sector activity to reflect the level of income available and the activity it is able to support.*"

A horticulture next steps paper had been prepared. The Board agreed to the next steps and that the Audit and Risk Assurance Committee (ARAC) should oversee the current process. KB reminded the Board that the Reserves Policy was not based on wind up costs – which would lead to a much higher reserves target and criticism from industry. Defra committed in the Framework document to cover any residual liabilities of AHDB if it was wound up because Ministers decided to shut AHDB down/end levies. It was important to confirm that the same position would apply at a sector level due to hypothecation set out in the Statutory Instrument.

Action: The ARAC will oversee the current process relating to next steps in the horticulture and potato sectors

It was noted that communications should be sector focused and CW commented that there has to be a change of ethos in the organisation relating to engaging with levy payers. KB said that it was important that the Knowledge Exchange (KE) team engaged with levy payers across all the activities that AHDB funded. KB stated that CW was pulling together a paper on sector priorities which would be shared with the Board at the interim board meeting as part of the plan for 2021/22.

It was noted that membership of the Remuneration and Nominations Committee and Governance Review Group needed clarification in the current situation of fewer board members.

Action: Membership of the Remuneration and Nominations Committee and Governance Review Group needed clarification in the current situation of fewer board members

There was a discussion about the votes in the Spring of 2022 and the following points were noted

- It was critical to have a list of all voters and Defra needed to support with that process – it was noted lessons from overseas should be learnt. Consideration should be given to ask all levy payers to register if they wished to influence how their levy was spent.
- It was critical to resolve any issues surrounding data protection if they were blocking access to existing lists as soon as possible
- We needed effective communication and the KE team was a key part of that
- There were so many competing activities for 2021/22 that resources would be stretched and a clear plan was needed for agreement by the Board
- The plan should include what we do to pull together workstreams that are now becoming overlapping i.e. Governance Review Group, co-design, levy payer engagement, new model work.

Action: A clear plan on how competing activities could be undertaken during 2021/22 will be developed for Board approval

RG presented a draft financial scenarios paper for the horticulture and potato sectors. This would be updated following discussions with sector boards and a proposal for reduced activity and hence amended levy rates presented to an interim board meeting.

Action: The draft financial scenarios paper will be updated following discussion with sector boards. This will be presented at the forthcoming interim board meeting

AGENDA ITEM 6 – ANNUAL BUDGET

NG presented the annual budget for 2021/2022 commenting that this had to be compiled before the outcome of the horticulture and potato ballots was known. The 2021/22 sector budgets had previously been considered and approved by each of the six sectors albeit with caveats from both potatoes and horticulture. To comply with governance requirements, an approved budget for 2021/22 is needed as a basis to operate from 1 April 2021 in line with the AHDB's Standing Instructions. The 2021/22 AHDB budget was presented on a going concern basis. NG commented on a further piece of work that will also need to be undertaken in the light of a formal letter received from the Trustees of the HGCA Pension Scheme two working days previously. JS commented on the request from the HGCA Pension Scheme and declared an interest as Chair of the Scheme.

Management needed time to consider the HGCA pension scheme letter and make a recommendation. There could be a change to the 2021/22 Cereals & Oilseeds spend plans due to the letter that may result in an early change to the forecast.

The Board was informed that the Horticulture and the Potato Boards had discussed the 2021/22 Horticulture and Potato budgets respectively at their recent meetings. Both sector boards approved the nominal budget on the basis that no further material commitments or contractual obligations for either sector will be entered into by AHDB management without approval of the main board – even if there is nominal budget for the activity and that scenarios would be brought back to them for what should actually happen in 2021/22.

Both sector boards will be briefed on the scenario planning work being undertaken and asked to provide recommendations for what activity should cease.

PT asked a question relating to wider longer term contracts, KB responded that AHDB was not entering into any new long term commitments for potatoes or for horticulture. In terms of other sectors a paper will be prepared for the next interim board meeting.

JS raised the building costs relating to Stoneleigh HQ, JSK informed the Board that she was in discussion with the landlord and would come back to the Board when she had further information.

PT asked whether an operational staff chart could be made available, JSK confirmed this would be possible.

The Board adopted the 2021/22 budget but recognised that there were likely to be significant changes in the forecasts very quickly as a result of the horticulture and potato ballots as well as possible revisions following review of the request from the HGCA pension scheme.

Action:

- **A paper will be prepared for the interim board meeting relating to contracts.**
- **An operational staff chart will be made available.**

AGENDA ITEM 7 – ENVIRONMENT STRATEGY FOR AHDB – A PROPOSAL

MS introduced the environment paper. At the previous board meeting it was agreed that environment was one of the biggest challenges for the industry. A team had been established who had prepared the paper and MS thanked them for their enthusiasm. MS commented that there were many players in this arena which was racing up the agenda. MS was asking the Board's endorsement, in principle, to take this project to the next stage in developing a business and activity plan in the next three months.

RS commented that this work was clearly strategic and important for the sectors we deal with, he noted that additional staff would be required. RG responded that the paper had captured the current skills and resource and pointed out where there were skill gaps.

It was noted that AHDB could not do this work entirely on its own. This was an area when joint ventures, partnerships should be developed. JS declared an interest as Project Director of The Institute of Agriculture and Horticulture (TIAH). TIAH was already conducting work on environment standards. TM commented that the feedback from the Request for Views had signalled that AHDB should provide more focus on the environment. There were so many different initiatives going on across government where the environment is at the centre. TM offered to facilitate a meeting between AHDB/Defra colleagues to discuss.

The Board approved the proposal that this should be worked up into a detailed plan.

AGENDA ITEM 8 – GOVERNANCE

JS provided an update on governance and requested that the Board approve the revised Terms of Reference for the Governance Review Group. The Terms of Reference had been revised to cover the current remit of the Group. These were approved but noted that they may change again due to the current realignment of work due to the need to respond to the ballot outcomes.

It was questioned whether the number of board members on the Board should be reviewed in light of the ballot results. Given there was not clarity about the future yet, the number could be reviewed again in the future either when the applications for the current positions were known or when current members of the boards term ended.

AGENDA ITEM 9 – AHDB STRATEGY

PF provided the Board with feedback on the industry consultation on the strategy and change programme. There had been strong support for the change programme – but action is wanted to

follow the words. More collaboration had been requested as well as more work on environment and increased transparency. Feedback was that the strategy should be more sector/industry focused “up front”. Owing to the results of the ballots it will not be possible for a revised strategy to go out in April as originally planned. However, the feedback would be useful to feed into future models for AHDB.

PT commented on the disappointing number of individual levy payers who had responded to the consultation, CW responded saying that a number of levy payers had attended Town Hall meetings which had been held during the consultation period.

Action: The draft strategy will be used to prioritise sector activity during 2021/22.

AGENDA ITEM 10 – INTERIM PERFORMANCE DASHBOARD

The interim dashboard was discussed. Overall engagement was up with February being a record month. NS commented that moving forward key programmes taking place during 2021/22 year should be measured and reported on as they were critical in the run up to the ballot.

Action: Dashboard to be updated with priorities for 21/22

AGENDA ITEM 12 – CEO REPORT

NS commented that this was Jane King’s last report.

CW provided an update on Red Tractor. CW commented that normally at the March board meeting the Board would be asked to give approval of funding to Red Tractor. However, Red Tractor had been asked to provide details on the specific programmes of work they would deliver for the investment from the four sectors and the executive were not in a position to recommend to the Board that funding should be agreed at this time.

An update on the We Eat Balanced campaign was provided. Results received have seen significant shifts amongst meat and dairy waverers. The campaign has attracted a substantial number of complaints to the Advertising Standards Authority and a defence of the campaign has been submitted to the ASA earlier this month. The outcome is important as it will define parameters for future campaigns.

The Board was provided with an update on potato storage research. David Read, Head of Procurement has been asked to review the current situation.

AGENDA ITEM 13 – MANAGEMENT ACCOUNTS

NG commented that a surplus of £0.7 million was forecasted for this year due to Covid 19 related underspend where planned activities could not take place. This adds to the reserves of the sectors with the exception of potatoes. NG stated that bad debt was under control but collection from horticulture and potato growers was being tackled carefully due to the current context. This will be brought back to the Leadership Team to review next steps.

AGENDA ITEM 14 – AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)

The minutes of the last ARAC meeting held on 9 March were noted.

Given its current composition and reduced membership pending changes to the governance structure, the ARAC proposes a minor amendment to its Terms of Reference to reduce the chance of future meetings not being quorate. The revised quorum would be three members provided there

is one independent member and either one Sector Board Chair or one independent Sector Board Member present. This was approved.

Correspondence exchanged between the AHDB Chair and Hybu Cig Cymru (HCC) Chair has so far failed to put an end to the ongoing delay to proposals to close the MLC Pension Scheme to future service accrual. This exposes AHDB to significant financial risk and the ARAC strongly recommends to the Board that much greater pressure is applied to HCC in an attempt to bring about a resolution without further delay. It is proposed the new HCC Chair is spoken to by the Chair or CEO, followed by a formal letter, and Defra asked for support with resolving the matter at Cabinet Office. JSK commented that the consultation with those staff affected by the closure of the MLC Pension Scheme to future service accrual will commence on 14 April 2021 with a view to implementation taking place on 31 December 2021 subject to resolution of the matter relating to HCC.

The ARAC recommends a temporary amendment to the Standing Instructions to reduce the quorum of the Board from 6 members to 4. This is a precautionary measure to enable the Board to take any decisions necessary between 31 March 2021 and the appointment of new board members. The quorum will revert to six once the Board is back to full strength. This was approved.

AGENDA ITEM 15 - REMUNERATION AND NOMINATIONS COMMITTEE

GL commented that he had nothing further to add. The minutes of the recent Remuneration and Nominations Committee meeting had been circulated to the Board.

MS had been asked to Chair the Remuneration and Nominations Committee for an interim period until the new Board is in place. It was noted that normally this Committee should be chaired by an independent member of the Board but that due to the number of board members and potential conflicts this was felt to be the best option until the new board was appointed.

The Chairman thanked GL for his contribution to the Board over the last six years. TM echoed the Chairman's comments and said that he had really valued GL's wise counsel. GL responded saying that it had been a great joy and privilege to have been a member of the Board and that the organisation had come a long way during his time on the Board.

Chief Executive Appointment

The Board was informed that the recruitment of the new Chief Executive was complete and Tim Rycroft had been appointed. He will take up the appointment from 31 August 2021. NS thanked KB for agreeing to stand in as Interim Chief Executive.

AGENDA ITEM 15 – SUBSIDIARY COMPANY DIRECTOR CHANGES

Sutton Bridge Experimental Unit (SBEU) is a wholly owned subsidiary of AHDB. SBEU provides AHDB with the use of the site and its assets for crop research purposes in the Potato sector under a licence agreement. Jane King is one of the directors of SBEU and it is intended that she will resign as a Director of SBEU on 31 March 2021. The other current director is Ken Boyns. Guy Attenborough is now proposed as a replacement director for Jane King, effective 1 April 2021. In addition, there are a number of documents that are required for the Board to approve relating to SBEU Ltd. and the Board delegated its authority to MS and SP to receive, consider and sign the appropriate documents. This is expected to be undertaken in May 2021, or earlier if possible. The Board gave its approval to Guy Attenborough becoming a Director of SBEU.

AGENDA ITEM 16 – RED MEAT LEVY DISTRIBUTION SCHEME 2021

The Board noted that the Red Meat Levy Distribution Scheme 2021 has now been signed off by the government administrations in England, Wales and Scotland and will take effect from 1 April 2021.

AGENDA ITEM 17 – EMPLOYEE DEATH BENEFITS TRUST – EX POTATO COUNCIL STAFF

The Board's approval was sought for the signing of a DEED to effect a trust to pay out benefits for remaining Ex-Potato Council Staff in the event of their death in service. This was approved and agreed that MS/SP would sign the Deed.

AGENDA ITEM 18 – ANY OTHER BUSINESS

NS asked for his thanks to be recorded to all staff, they had been on an enormous journey over the past few months and in particular this last week.

It was agreed that an agreed lines of communication will be prepared following this board meeting.

NS commented that this meeting would be the last for some of the board and asked for his thanks to be recorded.

Action: An agreed lines of communication will be prepared for the Board

AGENDA ITEM 19 – RELEVANT CORRESPONDENCE

The Board noted recent correspondence received:

- Letter received from the Minister relating to the Grant for The Institute for Agriculture and Horticulture (TIAH)
- Dear Accounting Officer (DAO) letter received relating to 2020-2021 Control Totals

AGENDA ITEM 20 - DATE OF NEXT MEETING

The next meeting will be held on Thursday 3 June 2021.

Dates of future meetings

- Tuesday 27 July 2021
- Tuesday 21 September 2021
- Tuesday 30 November 2021

