

**SUMMARY MINUTES OF THE CEREALS & OILSEEDS (C&O) SECTOR COUNCIL
MEETING HELD ON FRIDAY 17 JANUARY 2025
AT 8.30AM AHDB BOARD ROOM**

PRESENT:

Tom Clarke (Chair) (TC), David Bell (DB) (Vice-Chair), Allan Bowie (AB), Matthew Curry (MC), Polly Davies (PD), Julius Deane (JD), (via MS Teams), Russell McKenzie (RM), Sarah Nightingale (SN), Richard Orr (RO), Cecilia Pryce (CP), James Standen (JS), Patrick Stephenson (PS) (Items 1-6)

IN ATTENDANCE:

Jenn Birrell (JB) (Item 14), Ken Boyns (KB) (Item 13), David Eudall (DE) (Items 9 and 13), Tony Holmes (TH) (Item 8), Alison Thomas (AT) (minutes), Graham Wilkinson (GW) (Items 1-7), Sarah Woolford (SW)

AGENDA ITEM 1 – CHAIR’S WELCOME AND INTRODUCTION

The Chair welcomed everyone to the meeting. He sent his best wishes to Sarah James who was recuperating following surgery and thanked Alison Thomas for returning to support the Council in her absence.

The Chair paid tribute to Dhan Bhandari, Senior Cereal Product Quality Scientist, who would be retiring after 14 years’ excellent service to AHDB.

AGENDA ITEM 2 – APOLOGIES FOR ABSENCE

No apologies for absence had been received.

AGENDA ITEM 3 – DECLARATIONS OF INTEREST

No new declarations of interest were made.

AGENDA ITEM 4 – MINUTES FROM THE COUNCIL MEETING HELD ON 20 NOVEMBER 2024

The minutes of the meeting held on 20 November were approved as an accurate record.

AGENDA ITEM 5 – MATTERS ARISING AND ACTION POINTS FROM THE COUNCIL MEETINGS HELD ON 20 NOVEMBER 2024

Most action points were completed or on future agendas. No points were raised.

AGENDA ITEM 6 – VISION, STRATEGY AND VALUES FOR AHDB

GW gave a presentation to update the Council on AHDB’s plans to “Unlock the Success of British agriculture” through the creation of a new vision and values for the organisation. He outlined the activities which had taken place since autumn 2024 with the Board, Leadership Team and wider staff at their Conference in December which had involved everyone in their creation and secured buy-in.

Being able to demonstrate return on levy invested to levy payers was crucial to AHDB’s future success and a new model for calculating success against 5 core elements was shared. The model would be a valuable tool for supporting Sector Council decision making around prioritisation of work. To test it and help improve how AHDB evaluates its impact in future, a group of external economists and professors had also been formed. TC would be the AHDB Board’s representative on this group and would keep the Board and all four Sector Councils informed of progress.

Following the presentation, discussion took place during which Council members raised points including the importance of all levy payers, including those in the food and supply chains, being represented. It was also acknowledged that Core 2 “Domestic Market Development” and Core 3 “International Market Development” were not particularly relevant to the C&O Sector with GW providing

an assurance that the needs of individual sectors would be reflected as the model for calculating success was developed further.

Referring to Core 5 “Support Team Efficiency”, Council members commented that this could not be achieved whilst key areas of the business were not working efficiently or effectively with Comms being highlighted as the prime example. PD commented that serious concerns had been raised by the Council over a year ago with no change or tangible improvement brought about and, if the situation were allowed to continue, this presented a real reputational risk to AHDB.

GW explained that work was already underway with RSM (internal auditors) to analyse resources and identify areas for improvement and efficiencies across the business. The results of that audit would be available to the AHDB Board in March. He also emphasised that the process of decentralising the comms function had already begun with the creation of a Strategic Comms position within the Sector Director’s team, and he urged the Council to await the recommendations of the Board Comms Task & Finish Group and the strategic plan which was being developed over the next 4 weeks.

AB, a member of the Task & Finish Group, commented that he did not feel the gravity of the situation from the C&O perspective was fully understood, and he was not comfortable that the Group’s recommendations or the plan would address the Council’s concerns. GW agreed to investigate this further.

Action: GW to investigate extent to which Task & Finish Group recommendations will address C&O Council’s ongoing concerns regarding Comms

RO voiced scepticism that the AHDB staff were working as one team and cited examples of some of the frustrations some KE staff had expressed to him which suggested the “one team” ethos described by GW did not exist and that there was a need for more speed and action.

GW responded by emphasising what had been achieved in his 10-month tenure including the creation of the business plan and development of the vision and values with all staff having an opportunity to input. He recognised there was still work to be done to improve the culture of the organisation, which would be helped by the appointment of a fixed term Head of Culture & Transformation. GW also recognised the importance of the Leadership Team leading by example and of simplifying processes within the organisation and empowering staff so that progress could be made more quickly. He encouraged the Council to support him, the Chair and Sector Director in achieving these goals.

AGENDA ITEM 7 – BUSINESS PLAN

Business Plan 2024/25

GW provided an update on progress against the essentials and activities of the Business Plan as at December 2024 highlighting that two areas were red: “Strengthening our work across the supply chain” (DGP) in C&O and the “Review of UK Assurance Landscape” in Essential 7 (SAOS assurance report) which would be discussed later on the agenda.

PD noted that stakeholder mapping had been completed for all 4 sectors and requested sight of this. SW confirmed that this would be shared with the Council in March.

Action: C&O Stakeholder mapping to be shared with Sector Council in March

The Council asked for an update on plans to develop an environmental roadmap for C&O. SW confirmed that an initial meeting had taken place with the Environment team but no decisions taken yet. It was recognised that the livestock ruminant sectors faced greater environmental challenges and had therefore progressed work more quickly, but the Council agreed that there was merit in beginning the process to get a greater understanding of the roadmap and how it might benefit the industry. The Chair requested that this be included on the agenda of the Sector Council meeting in June.

Action: C&O Sustainability Road Map plans to be included on June agenda

7.4/25 SW provided an update on Essential 4 “Add value for Cereals & Oilseeds” reporting that all activities were on track with no concerns. She emphasised that some elements of the 24/25 plan would roll forward for incorporation in the 2025/26 plan.

7.5/25 SW agreed to provide a more detailed update on the Digital Grain Passport in March.

Action: SW to provide DGP update at March meeting



PD commended SW on the progress made and her effective management of activities.

The Chair raised a question about the setting of KPIs and targets for the forthcoming year. GW acknowledged that some of the current KPIs and targets were not smart. As described earlier, work to calculate success more effectively was already underway and progress on that would be shared with the Council at a future meeting. In response to Council members' concerns about their ability to understand the financial position and therefore make decisions, GW also acknowledged the need to align business planning and budgeting more closely and introduce financial tracking into the monthly business planning process. He would work with the Finance team and his Leadership Team to give the Council greater comfort and confidence in this area.

Members were also reminded by the Chair that the Council's role was as an advisor to the AHDB Board. The Council was responsible for recommending the levy rate, for giving strategic direction and for providing scrutiny but delivery of activity in the most effective and efficient way rested with the Executive.

The Council was assured that the Leadership Team fully understood the Council's concerns about the financial situation and was working hard to identify potential cost savings.

Business Plan 2025/26

SW provided an overview of the four C&O 2025/26 Business Plan essentials which had been discussed and agreed by the Leadership Team. A full debate took place during which revised wording was suggested.

It was agreed that the C&O Business Plan essential for 25/26 should be as follows:

- Supporting Arable Farming to Maximise Return
- Deliver independent research and evidence for the Arable Farming sector
- Strengthen and Develop co-operation amongst stakeholders
- Anticipating Future Challenges

Having agreed these, work would now get underway by the C&O Leadership team to identify key deliverables. These would be finalised in February and shared with the Sector Council.

Action: Key deliverables against 25/26 Business Plan essentials to be identified and shared with Council in February or latest March.

AGENDA ITEM 8 – CEREALS & OILSEEDS SECTOR FINANCIAL REPORT

TH provided an update on the financial position for the C&O sector as at 30 November 2024

PD expressed concern at the core comms costs attributed to the C&O sector

The Council reiterated its concerns about the accuracy of timesheets stating that the extent of staff involvement and true costs of delivering workstream activities were still not known which impacted its decision-making ability.

PD requested breakdown of budget holders within C&O and for comments to be included when costs exceed budget from the budget holder.

SW confirmed that each workstream was managed by a budget holder. She agreed to provide further information including the names of the budget holder responsible for each workstream, the number of staff within their team and, where overspends existed, an explanation as to why.

Action: SW to provide further information on workstreams including budget holder responsible for each workstream, the number of staff within their team and, where overspends existed, an explanation as to why.

TH requested a representative from the Council to support the finance team with HGCA Pension Valuation discussion. In the absence of another volunteer, the Chair agreed to fulfil this role.

AGENDA ITEM 9 – SCENARIO ANALYSIS

As agreed by the Council in November, the Economics & Analysis team had undertaken further work to assess the potential impact on levy income and reserves levels using various production scenarios



over the next three years. DE gave a brief presentation explaining the assumptions behind the levy reserve model.

Discussion took place during which the Council challenged the approach and questioned the helpfulness of the figures in determining how conservative it should be in order to maintain the required minimum reserves levels.

The importance of taking account of future land use and cropping areas was emphasised with CP agreeing to share data showing the downward trend for hectares grown over the past 15 years.

The Council requested that it receive further information, specifically an analysis of actual levy income versus forecasts over a 5-year period to show the variance between the two, and 2025/26 income analysis including the assumptions based on crop, plantings and production/yield for the past 5 years at least

Action: DE to prepare further information, specifically an analysis of actual levy income versus forecasts over a 5-year period to show the variance between the two, and 2025/26 income analysis including the assumptions based on area and yield. Inclusive of confidence intervals for the February online meeting with the Sector Council.

AGENDA ITEM 10 – LEVY – ADMIN RECOMMENDATION

The Chair reminded council members of the importance of declaring interests prior to discussion about the future admin levy deduction rate. Three members did so: CP (Openfield) and MC (NE Grains), both of whose organisations were members of AIC, and SN (Gafta, which represents trade at an international level). MC and CP declared they worked for organisations which collected grower levy and therefore had a financial interest. Having declared their interest the Chair ruled that everyone could participate in the debate and vote. The Chair advised that he would abstain from voting unless a casting vote was required.

SW gave a brief presentation reminding the Council of the background to the levy deduction, the legislation governing it, and providing an overview of the timeline and activities to date, which had included a meeting in October between AHDB and merchants to discuss proposed changes to the rate and receive evidence of costs incurred by them in administering collection of the levy.

Attention was drawn to AIC's letter to the Chair dated 18 December 2024 following that meeting which proposed that the rate should be set at 3.28% per tonne to adequately cover average levy collection costs.

Based on supporting evidence from AHDB's audit of December 2022 and AIC's letter, SW recommended to the Council that the rate should be set at 1.03% in future.

Debate took place during which council members considered both the financial implications of the different rates proposed and the risks associated with significantly reducing the deduction rate which could potentially include reputational damage and impaired relationships with industry bodies with whom AHDB should seek to have professional relationships and to work collaboratively.

Following discussion, council members were asked to vote on the following three options, with the Chair advising that each option would be considered in turn until a majority vote was returned. Council members were reminded that their decision would inform a recommendation to the main AHDB Board which would ultimately decide and approve the revised rate.

- ***Option 1 – set the rate at 3.28% from 1 April 2025 for a 3-year period and then review***
- ***Option 2 – accept the methodology proposed by SW but set the rate at 3.28% from 1 April 2025 with an aim to transition to 1.03% over a 3-year period***
- ***Option 3 – approve SW's recommendation that a rate of 1.03% be implemented from 1 April 2025***

It was emphasised that the Council would retain the right to review the rate at any point should costs or circumstances change.

A vote on option 1 was taken with two members in favour. A vote on option 2 was taken with 8 members in favour. This being a majority, it was agreed that option 2 be formally recommended to the AHDB Board for discussion and approval at its meeting on 28 January 2025.



Action: Option 2 (3.28% from 1 April 2025 transitioning to 1.03% over a 3-year period) to be recommended to the AHDB for consideration and approval at its January meeting.

10.8/25 Reassurance was provided that a plan for communicating the change to the admin levy deduction rate was being prepared.

Action: AIC would be communicated to via email that a recommendation has been made to the Board for ratification on the 28th January 2025. AIC will be updated on the details of the changes upon ratification from the Board immediately and wider communications will be rolled out to merchants in February. Detailed comms plan for communicating changes to the admin levy deduction rate to be shared with Council at its informal update meeting on 14 February.

AGENDA ITEM 11 – BUDGET REVIEW AND PLANNING 2025/26

SW drew attention to her paper and conducted a workshop session to support decision making around the setting of the 202/26 budget, including identifying any opportunities to cease work and drive efficiencies.

The Council agreed that sight of the historic data as discussed earlier under item 9 would be helpful in informing their decision around Point 1 of the paper – Methodology on setting of Levy Revenue and Operating Costs. The Council expected to take a conservative view and ensure cash reserve is maintained.

Consideration was given to each individual workstream activity with the Council taking a view on whether activity within it should continue, stop or be reconsidered. Particularly noteworthy were the Council's requests to significantly reduce expenditure on MI, and to stop work on Export Market Maintenance, Data Custodian, Educating Consumers of the Future, Reputation and People in Agriculture. With a review of RL, DGP and core communications reduced by 20% to 30% (including events).

The Council's input would guide discussions within the Leadership Team on areas that cross-sector dependent as well as those which were C&O specific.

The budget would be brought before the Council in February/March for further consideration.

Action: 2025/26 Budget to be brought before the Council in February/March for consideration.

AGENDA ITEM 12 – LEVY CEILINGS REVIEW

The Chair welcomed Guy Attenborough, Interim Corporate Affairs Director, and Rebecca Loveday, who had recently joined AHDB as Company Secretary & Governance Director.

GA drew attention to his paper and provided context, explaining the need for an administrative change to the legislation governing AHDB (the Statutory Instrument (SI)) to be made if the Council wished to increase the maximum permitted C&O levy rate. He emphasised that this was not a proposal to increase the current levy rate.

The Council was asked to decide if it supported raising the maximum permitted levy rate in the SI and, if so, what percentage headroom it wished to recommend.

Debate took place during which SN asked if consideration had been given to CPI. GA confirmed that this had previously been discussed with Defra and could be revisited again in future. During the discussion the Council also noted the need for industry (but not full) consultation in late 2025 with the intention to secure an updated SI by mid-2026. It emphasised that the timing was critical and asked that this point be reinforced with the AHDB Board.

Following debate, the Council concluded that it did wish to seek an increase to the maximum permitted levy rate to give it freedom to alter the levy should the need arise and that in line with the Executive's recommendation it wished to take a 20-year view with a minimum of 100-120% headroom.

AGENDA ITEM 12.1– DATE FOR THE NEXT LEVY PAYER VOTE

GA explained that at its meeting on 28 January 2025, the AHDB Board would consider the date for the next levy payer vote with the choice being Autumn 2025, 2026 or 2027, and outlined the timescales and work involved in preparing for a vote.



Following debate, the Council expressed a preference for a vote in 2027 remarking that costs incurred in running the process should not be incurred more frequently than was necessary. This would also allow sufficient time to prepare, ensuring the vote was optimally designed, ensured maximum levy payer engagement and produced meaningful data which could readily be extracted.

PD stated that she would not be supportive of the AHDB internal communications team writing any questions for the levy payer vote.

GA confirmed that the Sector Council would have an opportunity to discuss the design of the next vote and what questions AHDB should be asking levy payers at a future meeting, once the Board had made its decision on timing.

12.1.5/25 The Chair thanked and commended GA on the quality of his papers.

AGENDA ITEM 13 – ASSURANCE REPORT – UPDATE AND OUTCOME

KB and DE provided an update on recent discussions and activity relating to the dispute over the assurance report.

KB and DE provided the Council with an update on recent discussions and activity relating to the assurance report. They will continue to keep the Council up to date with any developments. The Chair reported that the wider assurance review by independent commissioners was expected to be published on 20 January and its findings might reveal areas of focus for a future piece of work.”

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AGENDA ITEM 14 – EVALUATION WORKSHOP

Following the Council's decision in November to focus an external review of reputation, Jenn Birrell, Head of Performance & Evaluation, joined the meeting and ran a workshop to identify the needs and wants of the evaluation so that it returns value to the C&O sector and meets its expectations. The Council debated the definition of reputation, its perceptions and concerns around this, and how different supply chain areas might be addressed.

Taking on board the Council's feedback, it was agreed that JB would now consider available data, identify any gaps and create options for consideration by the Council at a future meeting.

Action: JB to consider available data, identify any gaps and create options for consideration by the Council at the March sector council meeting.

AGENDA ITEM 15 – FUTURE MEETING DATES

Friday 14 February – Sector Council Informal Update Meeting (virtual)

Friday 7 March – Sector Council Meeting (HQ)

AGENDA ITEM 16 – ANY OTHER BUSINESS

DB drew attention to papers on the development of the BYDV tool and progress on the strategic review of the Nutrient Management Guide (RB209). It was agreed that a presentation on the latter would be provided to the council in February.

Action: Presentation on RB209 to be provided to the Council at its informal update meeting in February

PD requested that information shared previously with the Council by Ollie Johnson regarding RB209 in Wales be circulated to the Council.

Action: Information on RB209 in Wales to be circulated to the Council

SW shared an organisation chart and described proposed changes to the staffing structure within C&O. She reported that a Senior Strategic Comms Manager had been successfully recruited but when questioned by PD, acknowledged some of the frustrations experienced by the outgoing manager had yet to be addressed.

Work was underway with all members of the C&O team to set clear expectations for 2025 and to support them by providing training where necessary to enhance their skills.



Responsibility for Monitor and Strategic Farms would transfer to Henny Lowth. It was proposed that Strategic Farms would in future be known as Research Farms. JS cautioned against this and it was agreed that he should have a separate discussion with HL.

Action: JS and HL to discuss the renaming of Strategic Farms

SW stressed the importance of all C&O events activity delivering value and driving engagement with as many levy payers as possible with an emphasis on quality of delivery over quantity. PD requested that consideration be given to recording all meetings to increase audiences and our engagement with farmers.

RO requested that a meeting be convened in March specifically for the Council to discuss C&O staffing and structure with sufficient time for debate. This was agreed.

Action: Sector Council meeting to be scheduled in March to discuss C&O staffing and structure

The Council considered a proposal put forward by the Marketing Director for market insight work to be conducted which would support farmers in taking their rapeseed products to market. A vote was taken with the majority concluding that the work should not be supported; such information was already readily available to farmers and the Council did not consider this to be a satisfactory use of funds.

SN advised that she would be representing the Council on an Environment Sub-Committee. She would report back once the group's first meeting had taken place.

There being no further business the meeting closed at 3.15pm.

