

**SUMMARY MINUTES OF THE CEREALS & OILSEEDS SECTOR COUNCIL MEETING
HELD ON 1 MARCH 2024 AT 11.00 A.M.
MS TEAMS**

PRESENT:

Tom Clarke (Chair) (TC), David Bell (DB) (Vice-Chair), Tony Bell (TB), Allan Bowie (AB) Julius Deane (JD), Russell McKenzie (RM), Sarah Nightingale (SN), Richard Orr (RO), Cecilia Pryce (CP) (MS Teams), James Standen (JS), Patrick Stephenson (PS), David Walston (DW)

IN ATTENDANCE FOR RELEVANT ITEM:

Ken Boyns (KB), David Eudall (DE), John Gilliland (JG), Mike Gooding (MG), Tony Holmes (TH), Ana Reynolds (AR), Nicholas Saphir (NS), Alison Thomas (AT) (minutes), Roseanne Thomas (RT)

<p>CHAIR’S WELCOME AND INTRODUCTION</p> <p>The Chair welcomed everyone and thanked them for attending this interim meeting which had been called to allow consideration of some revised proposals in respect of the budget for 2024/24 and hopefully approve it.</p>
<p>APOLOGIES FOR ABSENCE</p> <p>Apologies had been received from Polly Davies.</p>
<p>BUDGET 2024/25</p> <p><i>Income and Reserves</i></p> <p>KB drew attention to the paper on income and reserves and outlined plans to introduce a weather reserve unique to the C&O sector and on top of the minimum reserves set by the AHDB policy to help manage the unpredictability of C&O income due to the weather. Plans to manage the additional uncertainty surrounding income levels in the longer term due to the potential impact of SFI were also explained.</p> <p>Proposed rules for the future use of reserves were discussed. It was noted that JS had provided comments and discussed these prior to the meeting with KB and that the rules would be developed further to reflect his input and re-circulated to the council.</p> <p>Action: Rules for future rules of reserves to be developed further and re-circulated to the Council</p> <p>JS asked whether the C&O sector council could be consulted prior to the reserves level being set by the Audit & Risk Assurance Committee (ARAC). It was confirmed by TH that the minimum reserves level was reviewed by the ARAC on an annual basis and was subject to scrutiny by the National Audit Office. He emphasised the importance of the minimum reserves figure being consistently applied across the sectors. However, it was agreed that it would be helpful to provide the C&O council with greater transparency in future regarding how the reserves figure was determined. Appropriate timing for providing this information would be considered by TH and KB.</p> <p>Action: Sector Council to be provided with greater transparency regarding the determination of the reserves figure</p> <p>The council discussed the unique challenges faced by the sector in predicting income due to both the impact of the weather and strategic changes such as SFI, but accepted the logic, methodology and assumptions which had been used by the Executive to introduce a weather reserve and reforecast the income figures. On this basis, the figures as proposed were agreed.</p> <p>Comms</p> <p>KB reported that following questions being raised by two other sector councils about the proposed Comms budget, a meeting had been held with NS, Sector Chairs and the Executive. He hoped that the revised information and figures which had been provided to the council by the Comms team (which</p>

were similarly being provided to other sector councils) would provide greater transparency and understanding, thereby building trust and confidence, and enabling the council to give strategic direction whilst allowing the Executive to manage points of detail.

It was confirmed that a task and finish group with representation from all sector councils would be established to support the evolution of Comms, which would also be a standing item on future Council meeting agendas.

The Chair welcomed RT and thanked her for engaging directly with some members of the council in advance of the meeting to better understand the concerns which had been raised at the meeting on 19 February. He was pleased that a process for bringing about improvements in Comms and ensuring a regular and continuing dialogue with the council was now underway.

RT gave a slide presentation outlining the budget allocations being proposed across three categories: workstream, ongoing activity and evolving projects, and providing further detail and clarification of the work the Comms team would undertake within each.

Following the presentation, discussion took place during which council members raised questions about the deployment of staff, noting the direct staff time costs which were being allocated to evolving projects. Assurance was given that these costs represented the time of existing (not new) staff from across all five departments within the Comms function which would, over the course of the year, reduce as staff costs were apportioned to the appropriate specific activities or workstreams. The allocation of this funding was necessary to enable AHDB to be flexible and respond effectively.

TB also raised a query about how staff determined how much time was attributed to a particular activity and the controls in place for monitoring this. He was assured that the Comms team worked closely with workstream owners to ensure time spent on activities was appropriate and proportionate. The introduction of timesheets supported monitoring and the future roll-out of dashboards to budget holders and team leaders would further improve accuracy of timesheet recording and tracking of expenditure against budget.

NS reminded the council that AHDB had only recently moved to a zero-based budgeting process and although the benefits of this were already apparent, more needed to be done to improve and refine the system. He gave an assurance that costs would be tightly controlled by management with oversight of the board which had a rigorous approach to reducing costs and ensuring value could be evidenced.

A question was also raised regarding the efficiency of the Comms team and whether those employed had the appropriate skillset. The council was assured that the Executive would always endeavour to build teams with the appropriate skills, experience and expertise. The feedback which would be provided from the sector council and levy payers going forwards would provide valuable insight and help ensure those employed were able to meet the aims and objectives of the sector.

PS emphasised the importance of information provided to the council being clear and easy to interpret, with a key provided where necessary.

JS requested that funding to support new or additional projects should be sourced wherever possible by making savings or reallocating existing budgets, rather than approaches being made to the Sector Council for more money.

The Chair asked if any council member was willing to propose the adoption of the Comms budget as presented by the Executive. No proposer was forthcoming. The Chair therefore then proposed that the council adopt the budget as presented, less the costs forecast above last year's expenditure, recognising that this may result in overspends which would need to be closely monitored by the council throughout the year. The majority of the council voted in support of this proposal which would be formally recommended by the Chair to the AHDB board.

The Chair thanked RT for her contribution and said he and the council looked forward to working with her over the course of the year to help improve future Comms delivery.

Updated Budget (including any questions on Education or Baseline Pilot)

KB drew the council's attention to the revised Income and Expenditure table and the paper summarising changes to the budget since its meeting on 19 February.



. Letters seeking evidence of administrative costs incurred in collecting the levy on AHDB's behalf would be issued in early April. An update on responses to that and a recommendation on the future deduction rate would be made to the council for its consideration in June.

Education – following the council's feedback at the February meeting, the Education budget had been revisited. All C&O sector-specific activity had been removed and the overall proposed budget reduced, enabling the sector to retain some involvement but at a much-reduced level, and the Education team to continue to work in partnership with others, including the British Nutrition Foundation, to deliver its "balanced plate" approach. This would result in an additional shortfall which would need to be supported by the other three sectors to ensure delivery of a holistic education programme. Discussions with the three sector chairs to discuss the feasibility of this had not yet taken place.

RO stated that he was strongly in favour of C&O retaining some involvement, emphasising the importance of educating schoolchildren and the wider public to increase their understanding of food and farming. This view was endorsed by AB, who highlighted potential opportunities to work with other organisations including, for example, the Royal Highland Education Trust, to deliver work on a regional basis and perhaps even leverage additional funding in future years.

It was proposed by RO and seconded by AB that the revised budget proposal be adopted. This was supported by most of the council.

Baselining – KB reminded the council that following consideration of the baselining pilot project at its February meeting, the Executive had been asked to put forward alternative options which would increase the level of funds from other sources and change the phasing of the work to delay some from 2024/25 and reduce costs in Year 1. Attention was drawn to the four options now proposed within the paper.

KB also confirmed that since the last meeting, the Pork sector council had confirmed its willingness to support the funding of 15 of the C&O farms, and all other sector councils had given their support for the work to proceed.

The Chair welcomed JG to the meeting and invited him to summarise the objectives of the project and to articulate the benefits it would derive to arable farms, given that the environment and carbon posed bigger issues for the livestock sectors.

JG gave an overview of the importance of the work being proposed, the case for establishing a good, concise data set for Great Britain and the value the pilot would bring to the cereals and oilseeds sector as water quality and soil health became increasingly relevant with environment work seeking to change the emphasis from gross emissions to net carbon.

The council debated the merits of the pilot during which questions were raised regarding the funding of the project and the extent to which Defra and the devolved governments might contribute and support the work. KB reiterated that the intention was to secure 50% of the funding from other sources including, for example, the LUNZ project, individual farmers and partners of the School of Sustainable Food & Farming, and the proposed budget reflected this. He gave an assurance that there would be no overspend on the project without the prior approval of the sector council. JG also emphasised that AHDB had an opportunity to demonstrate leadership through the pilot and should seek to retain control of the project and the ability to protect levy payers' data.

SN suggested that the poultry sector be approached to support the funding of the C&O farms, as the pork sector had done. TC confirmed that discussions with the NFU Poultry Council were already underway.

As the Chair sought to reach consensus on the way forward and the council's preferred option, CP and TB expressed concern at the level of expenditure required in Year 1 under Option 1, given doubt around the success of the harvest in 2024. On this basis, TB proposed that Option 2 be adopted. This was supported by CP but on voting and in the absence of support from other council members, this was not carried.

A second proposal was then made whereby Option 1 would be adopted, subject to it being modified to allow for a further assessment by the sector council on the number of pilot farms to be funded before any expenditure was contracted when a more up-to-date forecast for harvest 2024 would be available. 10 council members voted in favour, and this motion was therefore carried.



The Council was reminded that points of detail relating to the project would be considered by the Research Committee before work was commissioned.

ANY OTHER BUSINESS

There being no further business, the Chair thanked everyone for their attendance and contributions. The meeting closed at 1.05pm.

DATE OF NEXT MEETING

Tuesday 4 June 2024

