

Meeting Minutes

Meeting: DairyCo board – AHDBDA15/04
Date: 16 July 2015
Venue: AHDB Boardroom, Stoneleigh Park, Kenilworth

Present: Gwyn Jones – Chair (GJ), Duncan Pullar (DP), Sharon Brown - minutes (SB), Jim Baird (JB), Pete Nicholson (PN), Chris James (CJ), Tim Gue (TG), David Cotton (DC), Keith Davis (KD), Janette Prince (JPr), Jon Parry – part (JP), Ray Keatinge – part (RK), Amanda Ball – part (AB), Marco Winters – part (MW), Michael Archer – part (MA)

Apologies: Tom Rawson (TR), Jane King (JK)

Distribution: As Above plus Jane King at AHDB

Description	Action
<p>AHDBDA15/04/01 Welcome and Apologies</p> <p>The Chair opened the meeting and welcomed all. Apologies for Tom Rawson were recorded.</p> <p>The Chair explained Jane King was unable to attend this meeting but he will request Jane's attendance at the September meeting following the senior appointment interviews, to give an update.</p> <p>The board were asked to take part in a minute silence to remember board member Peter Miller.</p> <p>It was also noted that a new candidate was being sought to replace Peter Miller as an Independent board member.</p>	
<p>AHDBDA15/04/02 Conflicts of Interest</p> <p>The Chair reminded the Board that any new conflicts of interest should be reported at the beginning of each meeting. No conflicts were reported.</p>	
<p>AHDBDA15/04/03 Minutes from the last meeting</p> <p>The board agreed the minutes were an accurate record and no change in content had been noted.</p>	
<p>AHDBDA15/04/04 Matters arising from previous minutes</p>	

DP had included an item within the Directors Report on Karen Morgan. The paper gives an overview of what tasks are in her remit and Peter Hardwick has confirmed he is pleased with the way she is progressing. Karen is in direct contact with UKTI and DUK with her findings.

Draft plan for finance is within board papers to discuss later.

Work scheme approach paper is within board papers to discuss later.

JP has produced a map of discussion groups as the board had previously requested. This map will allow the Extension team to develop new groups where appropriate and take account of non-AHDB groups.

AHDBDA15/04/05 Chairman's Report

The Chairman's Report was circulated to the board by email prior to the board meeting and hard copies were available at the meeting.

GJ explained he wanted to split the discussion into two parts beginning with the meeting with the Minister yesterday. Attendees at the meeting were made up of GJ, Rob Harrison, Judith Bryan, George Eustice, and others from the Ministers office. No other staff on behalf of NFU, AHDB Dairy or The Dairy Council were permitted. GJ felt the meeting would have benefited had they been present.

Discussion took place around banking policy and the feeling amongst farmers in regard to bankers understanding of the dairy business needs. GJ explained the farmers he had spoken to were paying high rates for borrowed money

GJ confirmed further discussions took place and resilience for the future was another topic.

The Minister was interested in the potential of Futures Market and asked what the attendees thought could be done by government. The discussion did not crystallise a solution.

The board asked about the 'Leading the Way' document and what has happened to it? GJ explained it is still live but people are reluctant to use it because the market has changed so much since it was published. The board requested a paper updating progress and problems.

DP to write a paper updating progress and problems around Leading the Way.

DP

The Minister asked about the cash flow guidance work and if that could be continued? GJ noted that this was a one-off scheme in response to the situation with First Milk and could not foresee this being repeated in the future.

It was noted that if the market situation continues to be poor for the next 12 months, there could be radical changes within the industry in terms of farmer numbers and possibly cow numbers too. The board acknowledged this and pointed out some change is inevitable. Farmers who want to leave the industry will be part of the change. The role for AHDB is to give people the information to make good decisions about changing their business, succession plans or exit.

GJ explained he had spoken to Jane King prior to the meeting to have an update on organisational progress. Two of the Directorate positions have been filled namely, Chief HR Officer has been filled by Rebecca Geraghty previously Sector Director in HGCA. Chief Finance Officer has been filled by Chris Goodwin. The other three senior positions remain unfilled at the moment but will be advertised externally from this week until the beginning of August. GJ noted there may be delays in getting people into these positions due to the nature of the role and if the candidates are already employed in senior positions as notice periods could be up to six months.

PN noted that the technical senior position would be a huge responsibility as they will need to have a very broad knowledge of R&D and also KT and the board wondered how it would have coped with a fundamental review such as the one which was instigated with the Extension Officers last year.

Discussion took place around the remit of the AHDB Dairy board which is responsible for strategic planning and monitoring outcomes. It was highlighted that within the new structure there seems to be a gap forming between the board and field workers and there was concern about the potential lack of contact.

GJ to feed back to Jane King the importance of keeping the link open between board members and delivery staff.

GJ

DP noted that Sector Directors working with HR are mapping out where existing staff will fit in the new team structures.

Delivery against business plan – milk volumes are ahead of 5year average. We are slightly underspent at the moment. Target for farmer visiting is ahead of schedule with full complement of staff now in place in KT team. The board noted that JP had delivered against target and should be congratulated on his work to date.

Welsh Government – a bid call for “core projects” has been published. AHDB Dairy will bid.

Consumer Campaign – the board asked how the outcome of the extra spend on this could be evaluated to analyse if it was money well spent. It was agreed there are two benefits 1. For consumer information and 2. Farmer awareness of consumer focussed activity. Farmer feedback has been very positive. Some farmer ambassadors have continued to promote after the event as opportunities have arisen. DP noted that the money spent is too small to make a massive difference when compared, for example, to BPEX pulled pork campaign which ran into millions and had considerable uptake

The board to make a decision on the consumer campaign as part of the business planning process.

Recycled Manure – it was confirmed that currently in Wales advice is not to use RMS. In Scotland and England government are advising to use at own risk. Evidence from the research will be discussed with DEFRA prior to a definitive decision.

AHDBDA15/04/07 Management Accounts and Finance Report

DP noted we are behind on spend this period but with no delivery issues. AHDB budget was revised on the basis AHDB Beef / AHDB Pork had delayed spending on marketing due to Government controls. DP highlighted that the restructure might inhibit our ability to spend as people settle into new teams so underspending may be a risk.

AHDBDA15/04/08 Genetics Update

GJ welcomed MW to the meeting.

MW explained that his objective today was to set the scene of where we are now, look over the past twelve months and also address which areas he would like to take forward in the future.

It was highlighted that AHDB Dairy are the only organisation that provide as much information on genetic evaluation to the industry worldwide.

MW noted it would make sense to join all of the data up to stop duplication across the industry and the process is mostly automated.

The board were taken through MW's presentation including graphs showing how farmers respond to new information e.g. genomic sires, SCC and fertility which impact directly on industry performance. Activity highlights for this year were showcased along with plans for next year and the challenges they will bring if agreed. The conclusion amongst the board was the huge potential opportunity within the industry to take these things forward.

MW summarised his presentation explaining genetics were in a healthy situation with genetic trends positive across all traits. The importance of genetics were recognised and demands on our services were growing. The genetics industry was rapidly changing and international collaboration was essential to its continued success.

GJ thanked MW for his presentation.

AHDBDA15/04/09 Corporate Plan

GJ explained that DP and SMT would take the board through various slides explaining the approach they have been working on recently.

GJ noted that there were some differences of opinion from both him and DP but these will be discussed during the course of the presentation.

DP began to explain the presentation was the basic structure and the management team would add further during the session. The aim of the paper is to present a draft three year strategy but with a focus on next year. The board will also need to think about the longer term and take account of year to year variation and the coming restructure as priorities will need to be aligned with AHDB Strategy.

The overall costs were discussed with different views on where to focus effort.

DP highlighted that the group had come up with five themes which describe at the top level what AHDB is targeting for improvement.

Theme 1 – The business of dairy farming
(resources / lean management / benchmarking)

Theme 2 – Improving lifetime productivity
(genetics / calf rearing / lactations / milk output in their lifetime)

Theme 3 – Increasing forage production & utilisation
(soil fertility / soil health / forage production)

Theme 4 – Improving whole farm feed efficiency
(higher input systems – can attach metrics to this)

Theme 5 – A positive image for dairy
(Optimising different systems / environmental credentials etc.)

These themes cover the most important elements of what we do currently.

DP noted that thought also needs to go into, how we assemble the elements we are going to deliver? We need to make sure we are delivering to the right areas. We need to sell this approach to staff to allow them to engage in delivery.

The main aim is to cut back total volume of work and focus on better delivery of less. It was noted that a lot of partnership and cross sector work was taking place and this is working extremely well.

The Managers highlighted that in the past it has been difficult to understand what should take priority, but the new focus will be clearer with four tiers on delivery approaches. Tier one would be build and support which would provide the preparation to deliver the highest quality of campaign work in particular. This would be internally focussed. The second tier is what we normally do with the main emphasis on local EO work, the tools that we use and farmer meetings.

Tier three, seasonal and tactical is seen as opportunistic or relevant to that season. This would target the top quartile farmers. The last tier is campaigns, which would involve all the staff team. These campaigns will be high profile and will align with the strategic plan targeting top performers. Tiers 3 and 4 would receive the lion's share of the communications promotion. DP ended the presentation noting that an agreed plan would need to be included in AHDB November meeting.

GJ asked the board to discuss the findings and give their thoughts to any elements which they wished to question.

GJ noted that there were two elements which he wanted discussion on namely, should the board look at cost over value or value over cost. The board were unsure as to what each department are doing and would need more information to make this decision.

The question was asked if AHDB Dairy should be charging for more of the genetic work MW is responsible for. MW responded saying we do charge for some elements and this could be expanded further in some areas. TG noted that a lot of levy payers are probably unaware of how

much AHDB Dairy invest in this side of things and this should be promoted more.

The board agreed the approach discussed made sense and should be taken to the next stage.

AB highlighted that 30-40% of external delivery needs to be cut and this would not be an easy task especially as fixed costs are around 60%. This may also need to be looked at in future years.

GJ thanked everyone for their input and hard work on this.

AHDBDA15/04/10 AOB

GJ noted that there were some items which he wanted a board decision on whether to take forward.

Benchmarking – GJ highlighted a gap between CFP and current benchmarking. AHDB are keen to see this happening across all sectors. The board discussed this could only work if it is on a regular basis and then transferring it to the farmers to do themselves. JP confirmed CFP and benchmarking were being discussed at around half of the discussion group meetings and feedback seems satisfactory. More thought need to be put into this and JP will prepare a paper for the board.

JP to prepare paper on benchmarking opportunities to bring back to board.

JP

RABDF – GJ has spoken to Nick Everington to ask for evidence to support the RABDF position of increased value from The Dairy Council if levy money was diverted to them.

JP noted that the four sectors who operate in Scotland are meeting soon to discuss their position. JB also highlighted that George Lyons had called a meeting to which he was attending.

Scottish Hub – there is a concern around insurances if advice given is wrong and leads to a detrimental outcome. It was agreed this needs to be monitored.

Terminology – TG explained that his farm is always noted as a 'high-input' system when the actual terminology should be 'high-output'.

This was agreed by the board.

The board agreed that more discussion was needed prior to the next board meeting. The afternoon of Wednesday, 9 September should also

be scheduled in diaries for a pre-meeting. ***SB will make appropriate arrangements.***

SB

Date of Next Meeting:

**9 September 2015 @ 1300hrs – Strategy Discussion
Forest of Arden, Meriden, Coventry**

**9 September 2015 @ 1930hrs – Board Dinner
Forest of Arden, Meriden, Coventry**

**10 September 2015 @ 0830hrs – Board Meeting
AHDB Boardroom, Stoneleigh Park, Kenilworth**

Signed..... Date.....
Gwyn Jones – Chairman