

## SUMMARY OF THE MEETING OF THE HORTICULTURE BOARD HELD AT STONELEIGH PARK ON 13<sup>TH</sup> MARCH 2019

**PRESENT:** Hayley Campbell-Gibbons, Martin Evans, Rob Saunders, Alison Spaul, Mike Mann, Rob James, Louise Sutherland, Martin Emmett, Roma Gwynn and Neville Stein

### **IN ATTENDANCE:**

Steve Tones - Strategy Director Horticulture, Lenka Rihova - Minute taker, Jagdeep Bassi - Levy & Income Controller, Tom Hind - Chief Strategy Officer, Anna Farrell - UK Marketing & Communications Director, Lauren Colagiovanni – Marketing & Communications Manager Horticulture, Lee Abbey- Policy Adviser - Horticulture and Potatoes, Michael Archer - Head of Operational Support, Helen Walker - Finance Director, Joe Worrall- Digital & Creative Services, Debbie Wilson - Head of Knowledge Exchange – Horticulture, Gracie Emeny - Knowledge Exchange Manager

### **AGENDA ITEM 1 – Apologies for absence**

HCG welcomed HCG welcomed Lenka Rihova (PA Horticulture & Pork) and Lee Abbey (NFU Chief Horticulture Adviser) to the meeting.

### **AGENDA ITEM 2 - Declarations of Interest**

Members were reminded of their obligation to declare any conflicts of interest they may have had before discussion of the relevant items.

### **AGENDA ITEM 3 – Minutes from the meeting held on 16<sup>th</sup> January 2019**

The actions under item 7.3 were amended to read as follows.

“Action – LC to coordinate Brexit communication activities

Action – HCG/ST/JK to liaise with the NFU horticulture team, NFU Horticulture Board and Chris Hartfield over Brexit.

Action – HCG/ST to table Brexit for discussion at the next meeting.

Action – ST to convene horticulture working group if and when required.”

The actions under item 10 were amended to read as follows.

“Action – Panel Chairs and panel managers to facilitate strategy building discussions at forthcoming sector panel meetings.

Action – ST to produce engagement plan that ensures the top 50 levy payers are consulted over the draft strategy before publication.

The actions under Item 11 were amended to include the following.

“Action - ST to push for further cost savings in finalising the activity plan.”

AS noted that a point of discussion on the health service had been omitted.

### **AGENDA ITEM 4 – Actions from previous meeting**

(48.4.1) ST reported that all outstanding actions from the June and November meetings had been completed.

(48.5.2) HCG reported that no feedback on the R4V had been received from DEFRA.

(48.14.5) ST explained that sector panel budget splits can only be calculated once the AHDB budget is finalised.

(48.14.8) All members except LS confirmed that all expenses claims outstanding in January had since been paid.

The following actions were rolled forward from the January meeting.

Meeting	Item	Action	Actors	Timescale
16.1.19	48.5.2	Review R4V.	HCG/ST	On-going
16.1.19	48.5.3	Review Sector Council activities.	TH/ST	On-going
16.1.19	48.6.1	Review financial risks.	KB	On-going
16.1.19	48.7.3.3	Review Brexit risk assessment & contingency plans.	ST/HCG	On-going

All other actions had been completed or were covered by the agenda.

### **AGENDA ITEM 5 – Chair’s report**

HCG reported on her on-going engagement with industry.

HCG reported that the two vacancies for Board members remained unfilled. Interim arrangements had been agreed. MEm would chair the HNS panel for a further six months. MM would propose a temporary substitute to represent the POBOF panel, who would attend the next Board meeting. The possibility of merging the two ornamental panels is under consideration. If it happens, two ornamental appointments will remain on the board.

HCG thanked members for their support and said that she would like to spend more time with everyone individually.

HCG reported that several growers involved in the horticulture petition for a voluntary levy had been invited to meet Peter Kendall, Jane King, TH, HCG and ST at Stoneleigh on 16<sup>th</sup> April to discuss their concerns. LS reported that the petition had recently been emailed to soft fruit growers.

HCG said it would be helpful if a position statement on the petition could be circulated to the board. All members agreed that a voluntary levy would be unworkable. The views of Robert Goodwill, George Eustice’s successor as Minister of Agriculture, are not yet known. LA confirmed the NFU horticulture Board position that supported a reformed statutory levy. Members agreed that everything that can be done proactively to align AHDB with changing industry needs should be done, pending revision of the SI.

HCG asked the board for its views on Fruit Logistica, following her attendance at the event in February. The board gave a unanimous view that the event did not offer sufficient value to horticulture growers. HCG agreed that, in her opinion, the event was not something the horticulture board should continue supporting given the priorities facing the sector. HCG agreed to take the board’s feedback to the events team, and report back to the board.

### **AGENDA ITEM 6 – Finance**

HW and MA gave a joint presentation on central (e.g. HR, Finance, IS, Facilities, Legal) and sector support (e.g. Board members, strategy directors, Chief Strategy Officer, PA’s) costs, how they are calculated, how they have changed, and how staff costs are split between functions in the management accounts. HW explained that increasing headcount has been the main driver behind recent increases in central and sector support costs.

The other sectors’ graphics were requested for comparison. Various changes in presentational format were suggested. It was thought inappropriate for AHDB’s staff costs to be rising at a time when levy

payer businesses are reducing their own. Greater transparency and consistency was requested. Levy payers need to understand how AHDB is structured and that it needs to recruit to develop. The main concern of levy payers is the size of their levy payments and tight profit margins.

AF explained that functional working in Levy Payer Communications has involved bringing in-house some activities (e.g. AHDB Grower, event management, publications, digital & creative) previously delivered by external agencies, and that this has contributed to the increase in headcount. Members asked what the costs, savings and other benefits have been.

#### **AGENDA ITEM 7 – Levy**

JB provided an update on levy collection. AHDB has registered with a credit reference agency, which allows checking of the financial status of levy payer businesses, and is close to signing a data-sharing agreement with Defra and the RPA, which will provide information on the cropping of all 2.6 million land parcels across the UK. Feedback from growers is improving the levy collection process. The covering letter included with the levy form provides growers an outline of how the horticulture levy is invested.

HCG proposed setting up a *Horticulture Levy Working Group* (HLWG) to review the levy rate and consider options for future reform of the levy mechanism. The proposal was unanimously approved.

#### **AGENDA ITEM 8 – Contingency planning (Financial risks / Brexit)**

TH updated the meeting on recent political developments. It remains possible that the UK might leave the EU on 29<sup>th</sup> March with no deal. The UK's no-deal tariff schedule was published on 13<sup>th</sup> March. Some livestock products will be protected, but fresh produce will not. LA noted that recent analysis by the NFU suggested that the impact of zero tariffs on produce is likely to be minor.

TH outlined AHDB's no deal contingency planning arrangements. Horticultural content on the Brexit web pages has been improved to make it more specific, relevant and user friendly. Grower case studies have been included. Scenario modelling has been done on some horticultural crops (carrot, strawberry, raspberry), but industry has been reluctant to release data on costs of production, for fear these might be used hostilely by retailers. HCG thought the NFU Horticulture and Potatoes Board may be able to provide access to additional data. ST said that data on apples had been published in a report by Andersons in 2017, but that he had so far been unable to obtain a copy.

The potential risks Brexit poses to horticulture were reviewed. LS noted that if the Producer Organisation (PO) scheme closes at the end of the current UK parliament, associated research funding could be lost. A replacement PO scheme is under discussion between the industry and Defra. MEM reminded the meeting that growers who import or export plant materials need to be registered on relevant databases and to understand the various procedures they will be obliged to comply with if there is a no-deal Brexit. LS welcomed the IBMA report that RG had distributed to members and recommended wider distribution to levy payers. Industry stockpiles of durable materials are expected to last until the autumn.

#### **AGENDA ITEM 9 – Labour costs dashboard (*Deferred to next meeting*)**

#### **AGENDA ITEM 10 – Industry alerts**

Tomato Brown Rugose Virus, which is a devastating virus disease of tomatoes and various other solanaceous species, is likely to invade the UK imminently. Information on the virus acquired from overseas sources has been made available to growers. The situation is being monitored closely.

The availability, cost and quality of seasonal labour is the main threat to production and productivity in all sectors, and is likely to limit the acreage of some crops in 2019.

Aggressive downward pressure on prices by the retailers continues to erode margins on edible produce, which is undermining the industry's capacity for innovation. Despite such pressures, a major new tomato business has been established recently, under a novel investment model, and tree fruit growers are continuing to plant new orchards.

In the ornamental plant sector, sales and prices are currently on the rise and growers are more optimistic than for some time. Bio-security remains a predominant long-term concern.

Daffodil growers face increasingly intense competition from the Dutch.

Seasonal variations in weather pose an existential threat to the production of all field crops. The weather in 2018 accounted for major losses in the soft fruit sector.

Reflecting on advances in the development of autonomous robotic vehicles, LS noted that there is a need to assess, and develop mitigation strategies for, associated health and safety risks, which might otherwise be a barrier to commercial uptake.

Members agreed that the withdrawal of plant protection products remains the predominant long-term threat in all sectors. RG noted that approval by CRD is needed for novel application technologies as well as for new pesticides.

#### **AGENDA ITEM 11 – Delivery of Activity Plan 2018/19**

ST explained that it had been necessary to withdraw the operational report (paper 11.1) because of significant omissions and compilation errors. These would be corrected in the next edition.

Delivery of technical work is largely on track. Problems with some research contracts due to poor contractor performance are being addressed. As in previous years, there have been significant underspends in research, KE and Levy Payer Communications. Members requested an update on the AMBER project.

The pathfinder market development work on watercress is attracting an encouraging level of interest on social media and in the press.

#### **AGENDA ITEM 12 – Budget & Activity Plan 2019/20**

ST provided a brief update on the 2019/20 Activity Plan. A few minor changes had been made to the research and KE programmes. The number of new PhD studentships had been cut from four to two as agreed. Roughly two-thirds of the horticultural activity consists of existing research contracts and associated KE work. Expected slippage in the development and contracting of new programmes has been allowed for.

Paper 12.2 listing projects approved by sector panels since the last meeting was taken as read.

DW announced the appointment of two new KE managers, which included GE. The Board congratulated GE on her appointment. KE is focused on building the digital best practice database and the strategic horticulture centres.

ST noted that the LPC budget is higher than in previous years, mainly because of the CRM work. To cut costs where possible, publications and events will be delivered only if there is a demonstrable levy payer need.

Some board members asked for Fruit Logistica to be deleted from the Activity Plan budget following the discussion earlier in the meeting. HCG stated that until discussions had taken place internally, the event was still a commitment. ST confirmed that the budget was indicative and any changes to the budget and activity would be reflected in later versions.

In light of the uncertainty over future levy income and the increasing burden levy payments are placing on growers, members agreed that as long as the strategic objectives are being achieved, underspending should be encouraged and welcomed. The focus should be on driving costs down and value up. The reserve is there to enable unforeseen needs to be addressed without affecting on-going activity. A discussion took place around what a comfortable level of underspend looked like. HCG said that the issue of handling underspends should be considered as part of the levy working group.

Panel chairs expressed concern that they had received no sector panel budget updates since October 2018.

LS expressed concern about the soft fruit panel budgets for research and KE beyond 2019/20. ST explained that these are derived using notional estimates generated by Aggresso, The substantive budget for 2019/20, which is generated from the final version of the Activity Plan, will be issued in April.

Members approved the budget subject to the provision of a one-page explanatory narrative.

### **AGENDA ITEM 13 – Strategy 2020-25**

ST and DW facilitated a brainstorming session to identify horticulture industry needs to be addressed in the 2020-25 strategy.

### **AGENDA ITEM 14 – Levy payer communications**

GE presented a review of the SmartHort programme. Competitive procurement of three new SmartHort Strategic Centres with a focus on labour efficiency is underway. Many applications have been received. Members found the various different names for AHDB's farm-based or business-based KE activities confusing. An updated Champion soft fruit picker video has been released recently.

The SmartHort Conference team was applauded for their success. The net promoter score of 53.5 was one the highest achieved by any AHDB event. GE attributed the success to the industry steering group and a fantastic team effort. Video footage had been uploaded to the website. Many people who had registered failed to attend, which denied others the opportunity and meant food was wasted at significant cost. Members recommended that in future, participants should have to pay for food / an element of the event when they register.

GE reported that a SmartHort Automation Challenge had been launched recently. Applicants are invited to propose an advanced engineering improvement to any horticultural problem of their choosing. The deadline is 29<sup>th</sup> March. Several applications have been received. The winner will be the one whose proposal is judged to offer the greatest potential benefit to British horticulture.

Joe Worrall gave an update on the new AHDB website and outlined how content is being transferred from the old website and reconstituted in more useful form. AF noted that all legacy material is being reviewed and will either be moved or archived.

AF gave an update on the process and timetable for populating the new CRM. The horticulture database will be completed over the next few months.

LC outlined recent activities to improve levy payer engagement, in light of the proposed petition to call for a voluntary levy. A working group (Rebecca Geraghty, Ruth Ashfield, AF, ST, DW, LC) now meets weekly to plan and drive activities aimed at improving industry awareness of the work AHDB is doing and its value. Account management is recognised as key to building and managing relationships with businesses and people and targeting AHDB activity and output more effectively. Endorsement from industry ambassadors/champions will also be crucial.

LC provided an update on the next generation programme and LSA fellowships. AF indicated that the budget may increase slightly.

Members advised focusing on the top five activities of greatest impact when communicating with levy payers. RJ suggested that sector panels would benefit from spending more time reviewing the outcomes, impact and value of on-going programmes. Risk assessment and planning of new programmes has dominated proceedings since the number of panel meetings a year was reduced to two. An extraordinary meeting of the PEM panel will be planned for this purpose over the next few months.

ST reported that the first cut of the 2018 Levy Payer Satisfaction Survey had been released recently and that the preliminary findings for AHDB Horticulture look broadly similar to those in 2017.

#### **AGENDA ITEM 15 – Finance Committee**

PRESENT: NS (Chair), MEv, RS, MM, LS, MEm, RJ, HCG, ST, LR (minute taker)

The minutes of the previous meeting on 16<sup>th</sup> January 2019 were accepted as an accurate record.

All actions from the previous meeting had been completed.

AHDB Finance & Remuneration Committee

No issues were raised.

NS reported that the questionnaire sent by HW to members of all Sector Boards requesting views on the content and presentation of AHDB's management accounts had received a poor response. Most Horticulture Board members affirmed that they had responded. A glossary of acronyms was suggested.

It was agreed that in future, finance queries from members should be raised with NS, who would then take them up with Finance. This should be done well in advance of Board meetings to ensure that all necessary papers can be produced in time to go out ten days before meetings.

HCG reiterated her thinking on the membership and remit of the Horticulture Levy Working Group.

#### **AGENDA ITEM 16 - Date & Place of next meeting**

The next (50<sup>th</sup>) meeting will take place in the AHDB Boardroom on 10<sup>th</sup> July 2019.

HCG reiterated the main actions agreed and said that the main items for discussion at the next meeting will be AHDB Horticulture's future purpose and strategy, and the role of the Horticulture Board in shaping and steering these. A facilitated discussion for Board members will be arranged for Board members at the Woodside on the afternoon of 9<sup>th</sup> July.

HCG thanked MM on behalf of the Board and staff for his contribution over the last six years.