

Sector Council Terms of Reference

1 Constitution

- 1.1 The AHDB board (the board) has appointed the Sector Councils (the Councils) to increase levy payer engagement in their sector and advise and recommend to the board what activities and programmes should be funded in their sector.
- 1.2 The AHDB board believes it is critical that these decisions are made by sector levy payers and therefore, in practice, the board will respect the Sector Councils' recommendations (subject to clause 7.3 and 7.4) and Sector Councils will effectively "decide" what is funded.
- 1.3 Levy payers should be seen as the customers, deciding what activities and programmes they wish to purchase, and how much they wish to spend (hence the rate the levy should be set at to fund their purchasing choices).

2 The Role of Sector Councils

- 2.1 Sector Councils will decide which proposed activities and programmes will be funded, based upon levy payer voting but with the final decision being by the Council. The process to be followed shall be:
 - a) Sector Councils shall agree five-year Strategic Sector Priorities.
 - b) The executive (staff) will develop proposals for programmes/activities to meet industry priorities & needs identified in 4.1.1 and the council will request further proposals if required.
 - c) Sector Councils will decide which proposals from the executive for programmes and activities should be put to levy payers voting - based on relevance to levy payers' needs and value for money based on the targets/outcomes that will be achieved for the funding requested.
 - d) Levy payers will be asked to vote on both the five-year Strategic Sector Priorities and the programmes and activities to be funded.
 - e) Sector Councils will consider the voting results of levy payers by both one member, one vote and on a weighted basis and decide whether to confirm the Strategic Sector Priorities and which programmes and activities will be funded.
- 2.2 The Council will receive reports on progress against milestones and/or targets for the activities and programmes the Council have commissioned. Where progress deviates materially from plan and the explanation provided is deemed unsatisfactory, the Sector Council Chair will bring the issue to the attention of the AHDB board who will ensure the provision of an adequate briefing on the action required to rectify the issue.
- 2.3 The Council will approve a short annual sector report setting out where the levy has been spent and delivery against milestones and targets.
- 2.4 **Levy Setting and Reserves**
- 2.5 The Sector Council will propose a levy rate for their sector to the AHDB board who will propose it to Ministers. This rate will be a consequence of the activities and programmes they have decided to fund (which will be fully costed), combined with any need to rebuild reserves to the AHDB board set reserves target or ability to spend surplus reserves to reduce the levy rate.
- 2.6 The levy rate will also need to cover any costs which AHDB legally has to pay, and which must be apportioned to that sector e.g., Defined Benefit Legacy Pension Scheme costs, NAO audit fees etc.

- 2.7 The Council will commission emergency work from reserves, when necessary, with AHDB board approval in advance if reserves will fall below the AHDB Board set target level due to the emergency work.
- 2.8 All Council Members are expected to explain funding decisions through active communication, advocacy, and discussions with levy payers at all opportunities including the Annual Meeting. It is important to note this is not just for the Chair of the Sector Council to undertake.

3 Membership

- 3.1 Each Sector Council will have a skills/experience matrix designed by the Sector Council and approved by the AHDB Remuneration and Nomination Committee (RemNom).
- 3.2 Appointment:
- a) Sector Council members will be appointed by applying for a vacancy and being recommended by a selection panel proposed by the Sector Council Chair but approved, and administered, by the RemNom. Council member appointments will be subject to a confirmatory vote by levy payers.
 - b) Sector Council members are appointed for a term of three years. Sector Council members are eligible to serve for an additional second term, subject to a confirmatory vote by levy payers, (three in exceptional cases approved by the RemNom, and subject to a confirmatory vote by levy payers). By exception, Council members may be appointed for an additional one- or two-year term to support annual rotation of Sector Council membership.
 - c) Each Council will have between seven and eleven members (including the Chair) as is needed to represent the skills/experience required.
 - d) All Sector Council members (including the Chair) will be eligible to vote.
 - e) The Council may co-opt individuals on to the Council if there are material vacancies in the skills matrix. They may be co-opted until the next opportunity for members to be appointed in the normal way.
- 3.3 Sector Council members must comply with the Code of Conduct, will be subject to annual appraisal, and can be removed from their position by the RemNom if they commit a serious breach of the code or are consistently underperforming in their appraisal.
- 3.4 Sector Council members may request to take a sabbatical of no more than six months during a term of office. Sabbaticals are approved by the Sector Council Chair. Sabbaticals cannot be approved if it would take the remaining membership number to below six.

4 Attendance and Quorum

- 4.1 The quorum required for any meeting of the Council shall be five if the Council consists of seven or eight members, six if nine or ten members, and seven if eleven members. The Chair shall contribute to the quorum.
- 4.2 Members are expected to attend at least three quarters of all meetings each financial year. Members are expected to contribute up to 24 days per annum to their roles. An annual register of attendance of members will be maintained.
- 4.3 In situations where urgent decisions are required, decisions will be completed via round robin resolution.

5 Frequency of Meetings

- 5.1 It is expected that there will be four meetings per year in normal circumstances, including one at the annual meeting.
- 5.2 Normal meetings will be held in line with the overall AHDB schedule needed to ensure decisions are made in line with the overall voting timelines and annual meeting timing.

6 Administrative Support

- 6.1 The AHDB Governance Manager shall ensure administrative support is available to the Councils.

7 Accountability and Reporting Arrangements

- 7.1 Sector Council Chairs are members of the board and will report appropriately both to and from the AHDB board.
- 7.2 AHDB staff will deliver the programmes and activities that have been commissioned by the Sector Council and AHDB will explain any variances on performance.
- 7.3 Nothing contained in these Terms of Reference shall prevent, restrict, or fetter the performance by AHDB board of any of its Statutory Functions or Duties, nor prevent, restrict, or fetter the actions of the Ministers with respect to AHDB's performance of its Statutory Functions or Duties.
- 7.4 Sector Council funding decisions will be consistent with all the legal and public sector requirements including the Statutory Instrument, Managing Public Money, Cabinet Office Controls, State Aid Authorisation, the Nolan Principles, etc.

8 Monitoring Performance, Effectiveness and Compliance with Terms of Reference

- 8.1 The Council shall review its own performance and effectiveness annually. This shall include a review of compliance with these terms of reference and an assessment of whether the Council has successfully achieved its agreed objectives.

9 Review

- 9.1 The Councils, in conjunction with the AHDB Governance Manager, shall review these terms of reference at annually and make recommendations to the board for any changes it deems appropriate.