
From: Redacted
Sent: 03 February 2023 16:38
To: PS, Mark Spencer; PS/ Secretary of State; Secretary, Permanent; Redacted
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Subject: Readout: MS and AHDB Catchup (01/02)

Hi all,

Please find below a summary and the readout of Minister Spencer's (MS) meeting with Redacted from AHDB on (01/02).

Summary

- Discussion around why the hort/potato levy has ended.
- Discussion around AHDB's engagement with other sectors and if there are any others that would end the levy.
- There was a discussion around developing further leadership and strategy with AHDB, including what it's USP.
- Discussion around the logistics of the proposed direct grant award to horticulture with the levy reserve.

Readout

- Redacted thinks that the announcement landed well with the sector and asked MS when it would launch?
- MS said that it will be during the summer.
- Redacted said he would share 3 main update from AHDB
- **Update 1** – change the culture of the AHDB. They have taken out £8m out of the spend which equates to 1/3 of the workforce. Redacted said they are using a zero budgeting approach to know what is being spent and where.
- Redacted said that they have also been dealing with the challenges from horticulture and potato sectors.
- MS asked where that has come from?
- Redacted said that he thinks the problem was caused by the organisation was that it tended to be dictatorial when hort/potato farmers are very independent. It includes over 250 crops and they cannot be treated the same. The lessons to learn from this is that they cannot be treated the same.
- NS said that the second issue within potatoes was surrounding long-term storage as 98% of the levy was spent on it and most suppliers do not use it. Whereas, within horticulture the largest crop associations are trying to set up HCP, this happened in the Dutch system when they ended the levy but after the big players took over the sector wanted the levy back and think that also might be the case in the UK.
- MS asked what the £400k of liability for AHDB is?
- Redacted said that the team have handled this case very well and so it is unlikely there will be any liabilities, so it is likely that all £1.8m will go into the seed fund. AHDB are asking DEFRA to underwrite the hypothetical contingency of the £400k as these are the only funds available to do so.
- MS asked if Redacted thinks they will raise the money through the voluntary subscription. NS said he was not sure but hoped so.
- Redacted flagged that they don't know how yet how much the levy surplus will be for potatoes but it should be fairly clean.
- **Update 2** – Redacted said they have tried to do a lot of engagement, went out to levy payers and asked them to register to vote and got 10,000 registered. 5,000 scored the programmes and the results were quite good did. AHDB also did an online sector by sector and spoke to 6000 people, with lots of agreement. Redacted said they have spoken to 40,000 farmers through other campaigns – and there have been no political kickbacks.
- There were minor concerns around red meat/pork sector who want to spend money on promo for trade to advertise animal welfare and promote exports. The cereals sector want to promote tech rather than anything else. Overall there is no sign of anything else like hort and potatoes.

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- **Update 3** – Redacted said the next question is how do you show leadership and strategy? The AHDB is good at data and evidence, market information and analysis. AHDB's data independence is respected – e.g., the labour problem, market access to China and AHDB are the ones with the data.
- Redacted said they need to get to the point where we can use the analysis to give recommendations and then need to collaborate. The aim is to be the ring-holder as currently it all so segmented and also want to partner with the agri-techs.
- Redacted
- Redacted flagged that there are letters outstanding to SoS. They have been hit by HMRC and have had a problem, which they can deal with that but there are key areas where DEFRA should help with funding:
 - Evidence - we ought to be your independence evidence centre and pay something for it.
 - Exports - £8m/year for access work and we want levy pays again. Need to be paid something for this.
- On the sub – MS asked if the money would be staged? Redacted confirmed it would. MS asked to just clarify whether the £400k would be retained long-term or put into the grant is there was no liability? NS said he would come back on this [Update – Redacted shared the extra detail on this sub and MS was content].
- NS flagged that he is in post for another year and then will need to look for a successor. MS asked if Redacted has any thoughts, Redacted has a couple.
- Redacted invited MS to come up to Stoneleigh and meet the board. MS said this was a good idea.
- Redacted flagged that they have Redacted on the shortlist at MS's request and Redacted said he has no problem with that at all. Redacted flagged that his worry is pork and isn't fully content with the list.
- MS not sure who else to suggest. Redacted would like an independent but will go through the interview and then see where they are.

Thanks very much

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| Private Secretary to Rt. Hon. Mark Spencer, Minister of State for Food, Farming and Fish

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