



Department
for Environment
+ Food & Rural Affairs

Consultation on changes to the Agriculture and Horticulture Development Board (AHDB) Order 2008

Date: 17th November 2021



Scottish Government
Riaghaltas na h-Alba
gov.scot



Department of
**Agriculture, Environment
and Rural Affairs**
www.daera-ni.gov.uk



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1. Purpose of this consultation

- 1.1 This consultation seeks views on proposals for legislative reforms to the Agriculture and Horticulture Development Board Order 2008 and applies to the whole of the United Kingdom where levy is collected by the Agriculture and Horticulture Development Board (AHDB). The UK government and the governments of Wales, Scotland and Northern Ireland have joint responsibility for the AHDB Order, and we have worked jointly to produce this consultation. The proposed changes will establish the legislative foundations for a reformed AHDB and sit alongside improvements already underway to the structure and governance of AHDB to deliver a more efficient and focused organisation giving value for money and greater accountability to levy payers in the future.
- 1.2 The consultation proposals take forward the recommendations set out in the UK Government and the Devolved Administrations' response to the Request for Views on the future of the AHDB¹ and responds to the outcome of the recent ballots in the horticulture and potato sectors across Great Britain. The proposals and consultation questions are set out below for your views and a draft of the amended AHDB Order can be viewed at Annex 2 (attached separately) so that you can see how we may implement these changes in legislation subject to the outcome of this consultation.
- 1.3 It is also important to note that the AHDB will not be offering services to industries in Scotland, Wales, or Northern Ireland where industries are already served by other levy bodies, for example, in the red meat sectors, unless specific collaborative work has been agreed between the levy bodies as being beneficial to all.

The consultation process and how to respond

Who will be affected by these proposals?

- 1.4 This consultation is directed at farmers, growers, processors, and others in the supply chain across the UK who pay a statutory levy specifically to the AHDB for services in six sectors which include: Cereals and Oilseeds (across the UK), Beef, Sheep and Pigs (in England), and Dairy, Horticulture and Potatoes (in Great Britain). It sets out proposals to respond to the outcome of the recent ballots in the horticulture and potato sectors across Great Britain and other reforms to AHDB. The consultation is also aimed at research bodies that may work with AHDB, agriculture and horticulture trade bodies and any other organisations that have an interest in the work that the AHDB delivers.

¹ [Government response to AHDB request for views published - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

How to respond

1.5 The consultation period will commence on 17th November 2021 and will be open for responses for a period of seven weeks. **The consultation period will close at midnight on 10th January 2022.** We have asked you several specific questions throughout this document. If you have any other views on the subject of this consultation, which have not been addressed, you are welcome to provide us with these views in your response. You can respond using the online survey here <https://consult.defra.gov.uk/ahdb-relationship-team/ahdb-order>. From there you can download English and Welsh language versions of the survey in PDF format (see 'Related' on the website). If you use assistive technology (such as a screen reader) and need a version of this document in a more accessible format, please e-mail ViewsonAHDB@defra.gov.uk to request the format you need. It will help us if you let us know what assistive technology you use. Alternatively, written responses can be emailed to ViewsonAHDB@defra.gov.uk or sent to the address below.

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2. Confidentiality and data protection

2.1 A summary of responses to this consultation will be published on the UK Government website at: www.gov.uk/defra and can also be downloaded through a link on the Devolved Administrations' websites. An annex to the consultation summary will list all organisations that responded **but will not include** personal names, addresses or other contact details.

2.2 Defra may publish the content of your response to this consultation to make it available to the public without your personal name and private contact details (e.g. home address, email address, etc.).

2.3 If you click on '**Yes**' in response to the question asking if you would like anything in your response to be kept confidential, you will be asked to state clearly what information you would like to be kept confidential and explain your reasons for confidentiality. The reason for this is that information in responses to this consultation may be subject to release to the public or other parties in accordance with laws governing access to information, which are primarily the Environmental Information Regulations 2004 (EIR), the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 2018 (DPA). We have obligations, mainly under the EIR, FOIA and DPA, to disclose information to recipients or to the public in certain circumstances. In view of this, your explanation of your reasons for requesting confidentiality for all or

part of your response would help us balance these obligations for disclosure against any obligation of confidentiality. If we receive a request for the information that you have provided in your response to this consultation, we will take full account of your reasons for requesting confidentiality of your response, but we cannot guarantee that confidentiality can be maintained in all circumstances.

2.4 If you click on ‘**No**’ in response to the question asking if you would like anything in your response to be kept confidential, we will be able to release the content of your response to the public, but we will not make your personal name and private contact details publicly available.

2.5 Consultation responses will be shared with the Scottish Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland, each of whom will handle the data according to their individual privacy policies and in line with the Data Protection Act 2018². Each administration’s privacy notice may be found here:

- For the Scottish Government: [Privacy - gov.scot \(www.gov.scot\)](http://www.gov.scot/privacy)
- For the Welsh Government: <https://gov.wales/welsh-government-privacy-notice>
- For the Department for Agriculture, Environment and Rural Affairs in Northern Ireland: [DAERA Privacy Statement | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](http://daera-ni.gov.uk/daera-privacy-statement)

2.6 There may be occasions when Defra will share the information you provide in response to the consultation with external analysts, including any personal data. This is for the purposes of consultation response analysis and provision of a report of the summary of responses only.

2.7 This consultation is being conducted in line with the Cabinet Office “Consultation Principles” which can be found at: <https://www.gov.uk/government/publications/consultation-principles-guidance>. If you have any comments or complaints about the consultation process, please address them to:

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² [Data Protection Act 2018 \(legislation.gov.uk\)](http://legislation.gov.uk/Data-Protection-Act-2018)

York YO1 7PX

Or email: consultation.coordinator@defra.gov.uk

Confidentiality and questions about you

Q 1. Would you like your response to be confidential (please select one option)?

- Yes, all of it is confidential
- Yes, some of it is confidential
- No, none of it is confidential

(If you answered, 'Yes some of it is confidential', please state what information you would like to be kept as confidential and explain your reasons for confidentiality).

Q 2. What is your name (first name and surname)?

Q 3. What is your email address?

Q 4. Please tell us who you are responding as, selecting from the following (please select all options that are relevant to you):

- Agricultural or horticultural business
- Research Organisation
- Sector trade body or membership organisation
- Individual
- Other (please specify below)

Q 5. If responding on behalf of an organisation, please provide the name of the organisation you are responding for.

Q 6. Please indicate which location your response relates to, selecting from the following (select all that apply):

- England
- Northern Ireland
- Scotland
- Wales
- Other (please state where)

Q 7. Are you a levy payer? A levy payer is a farmer, grower, processor, merchant, or related supply chain business in the UK who pays a statutory levy specifically to the AHDB for services in the following sectors: Cereals and Oilseeds (across the UK), Beef, Sheep and Pigs (in England), and Dairy, Horticulture and Potatoes (in Great Britain).

- Yes
- No
- Don't know

Q 8. If you are a levy payer, for which sectors do you pay a levy? Please select from the following (you can select multiple options if relevant):

- Cereals
- Oilseeds
- Milk
- Pigs
- Beef
- Lamb
- Potato grower
- Potato processor and/or merchant
- Horticulture – mushrooms
- Horticulture – Bulbs and outdoor flowers
- Horticulture – Protected edibles
- Horticulture – Soft Fruit

- Horticulture – Protected ornamentals
- Horticulture – Field Vegetables
- Horticulture – Tree Fruit
- Horticulture – Hardy Nursery Stock
- Horticulture – Other please specify below

- None of the above

Q 9. Are you content to be contacted about your consultation response after the consultation has closed?

- Yes
- No

3 Introduction

Background

3.1 AHDB is a statutory levy body funded by farmers, growers and others in the agriculture and horticulture supply chain to deliver services to help the sector adapt and thrive in a changing policy and commercial environment. The AHDB was created in 2008 following an extensive review of predecessor levy bodies. The AHDB currently serves several agricultural and horticultural sectors, with varying coverage across England, Great Britain, and the United Kingdom. Between them, AHDB's sectors cover over 70% of the total UK agricultural and horticultural output. AHDB raises about £60 million per year in statutory levies. A levy raised in one sector can only be spent for the benefit of that sector.

3.2 In 2018 the UK Government and the Devolved Administrations issued a 'Request for Views' on the performance and future role of the AHDB. The results indicated³ that most respondents felt that there is value in a statutory levy to support collective endeavour in areas such as market access, export market development, domestic marketing and promotion, research and development, technical advice, and knowledge exchange to help sectors adapt and improve productivity and competitiveness. However, responses also revealed there are areas of the AHDB's role and performance that need reform and improvement. Many respondents highlighted the need for an overhaul of the AHDB's governance structures to reduce bureaucracy and

³ [Government response to AHDB request for views published - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/ahdb-request-for-views)

costs to ensure that in future it operates in a more efficient and effective way. Levy payers also indicated that they want a greater say in how their money is spent and more influence over the AHDB's priority activities so they can be assured they are getting value for money.

3.3 The UK Government and the Devolved Administrations response to the Request for Views was published in April 2020. This included a commitment to implement reform of the AHDB to reduce bureaucracy, improve governance, give greater accountability to levy payers and ensure a wider representation of levy payer views in the direction and priorities for the AHDB. A key recommendation was to introduce a regular vote every five years on the priorities for the levy in each sector. With the AHDB serving several sectors, this will help to ensure that the levy provides good value for money helping to support farmers and growers as they enter a time of significant change outside the EU. This includes supporting farmers and growers to meet the challenges and opportunities of reducing carbon emissions, engaging in environmental land management, and improving competitiveness and productivity. As we negotiate new trade deals around the world the AHDB will also play an increasingly important role in helping farmers and growers' access new markets delivering important export market development work as well as domestic marketing and promotion.

A new governance structure and strategic direction for the AHDB

3.4 In response to industry feedback on the Request for Views and the UK Government and the Devolved Administrations recommendations, the AHDB has embarked on a major change programme to ensure that it is an effective and efficient organisation fit to meet evolving levy payer needs in future. In summer 2020 AHDB established a Governance Review Group to conduct an evaluation of the AHDB's governance structures which set strategy, budgets, and monitor performance, including the main board, the sector boards, and committees. An independent external review of board effectiveness was also undertaken. This resulted in significant changes starting with bringing in a skills-based main board. This is consistent with good governance practice and will also ensure that the organisation has the breadth of industry knowledge and skills needed to support a new strategic direction and future challenges.

3.5 Following a recent Board member recruitment exercise the composition of the AHDB main board has changed so that the independent non-executive Chair is supported by nine board members of whom at least 50% are current, or recent, levy payers. All Board members have been recruited for their specialist skills to ensure that at least five members bring industry knowledge relevant to the levy paying sectors and there is also expertise in specific areas such as environmental matters, data and evidence, marketing, research, exports, market access, customer engagement, finance and transformational change. Improving board diversity and inclusivity and appropriate geographic coverage are also important considerations.

3.6 Over the coming months the AHDB will continue with reforms to the rest of its governance structures to shift the decision-making back onto a sector basis with far greater input from levy payers. This will include changes to sector boards and panel structures and the introduction of regular levy payer voting on proposed sector work programmes and annual open meetings. The aim is to have a more effective two-way levy payer engagement in the setting of sector work programmes and levy rates. The AHDB has committed to delivering this new system of a regular vote on five-year sector work programmes for the first time in the spring of 2022 and will be encouraging all levy payers to register to vote and participate from the autumn of 2021.

3.7 The intention of these changes is to increase accountability to and input from levy payers, ensuring an even stronger voice and that sector specific needs are met. This will give levy payers much more influence over the programmes in their sector and how much levy will be raised. A more inclusive, democratic approach to levy payer engagement is being delivered through these structural changes and a culture shift in AHDB, coupled with greater transparency on costs.

Outcome of the horticulture and potato sector ballots

3.8 In January and February 2021, before the reforms to AHDB's governance structures outlined above were fully underway, a number of levy payers in the horticulture and potato sectors utilised provisions under the AHDB Order to trigger a ballot on whether the levy should continue (a ballot can be triggered if requests are received from at least 5% of levy payers in the sector over a rolling three-month period). The horticulture ballot closed on 10 February 2021, 69% of horticulture levy payers turned out to vote and 61% of those that cast a vote voted "no" to the levy continuing. The potato levy ballot closed on 17 March 2021, 64% of potato levy payers turned out to vote and 66% of those that cast a vote voted "no" to the levy continuing.

3.9 Whilst the overall outcome of the ballots in these two sectors is clearly in favour of ending the levy, a detailed breakdown of the results of the ballot (see Annex 1 attached separately) and feedback received by the UK Government and Devolved Administrations from stakeholders since the ballot has highlighted differences in views between different parts of the industry. Horticulture is a very diverse sector covering around 300 different products with several very large producers that together grow the majority of fruit and vegetables we produce in Great Britain alongside a very long tail of small and medium sized businesses. There are some AHDB services that some subsectors continue to value and may want to continue in future. For example, the top fruit, soft fruit, and mushrooms sectors voted to keep the levy, whilst other sectors such as field vegetables, ornamentals and protected edibles voted to end the levy. In the potato sector ballot, smaller and medium sized potato buyers (those paying under £5,000 levy a year) mostly voted to stop the levy and larger buyers voted to keep it, while potato growers mostly voted to stop the levy.

3.10 To respond to the outcome of the horticulture and potato sector ballots and to implement reforms resulting from the Request for Views, the UK Government and the

Devolved Administrations intend to amend the AHDB Order to deliver an updated legislative framework that sets a new direction for the AHDB. Section four (below) of this consultation sets out each of our proposed legislative changes for your views. We aim to implement these reforms so that they come into force at the beginning of the next financial year in April 2022.

4 Proposals for priority reforms to the AHDB Order

Policy aims

4.1 The policy aims of the proposed amendments to the AHDB Order are to:

- Respect the outcome of the recent ballots in horticulture and potato sectors in Great Britain by ending the statutory levies in these two sectors from the start of the financial year in 2022.
- Improve accountability to levy payers in the other sectors through a new duty on the AHDB to deliver a vote every five years on sector work programmes setting out how the levy will be spent. The AHDB has committed to delivering the first votes on sector work programmes in the Spring of 2022.
- Provide greater flexibility in future for the AHDB to provide services (where they are requested by industry) to other non-levy paying agricultural sectors on a commercial or voluntary levy basis. This will only be where there is a request from industry for AHDB services and where the UK Government and the Devolved Administrations agree that there are benefits to this.
- Create more flexibility for additional AHDB services (such as export market development) to be delivered (if requested) to the English sheep sector through a higher maximum allowable levy rate in this sector in England.

The future of the horticulture and potato levies in Great Britain

4.2 Currently the AHDB Order states that the AHDB must impose a mandatory levy on anyone growing horticulture products in Great Britain where they have an annual adjusted sales figure of over £60,000 and on anyone who grows three hectares or more of potatoes every year in Great Britain. For the potato sector there is also a levy on buyers, i.e. processors and wholesalers. For the financial year 2020/21, the levy provided around £7.59 million of income from the horticulture sector and £5.67 million of income from the potato sector funding the delivery of AHDB services such as knowledge exchange, applied research and development and marketing activities for these sectors.

4.3 The results of the recent ballots in the horticulture and potato sectors showed that the large majority of levy payers in these sectors are no longer satisfied that the AHDB's

services are providing value for money and have signalled overall that they do not want the levy to continue. 61% of levy payers that voted in the horticulture sector ballot and 66% of those who voted in the potato sector ballot voted “no” to the continuation of the statutory levy in their respective sectors. Whilst the overall result of the ballots in these sectors showed a large majority of levy payers do not want the levy to continue, the detailed breakdown of the results (see Annex 1 attached separately) and feedback from stakeholders within these sectors since the ballot, has highlighted a diverse range of views and some subsectors such as top fruit, soft fruit, and mushrooms voted to keep the levy.

4.4 Proposal 1: To respect the overall outcome of the recent ballots we propose to amend the AHDB Order to remove the duty on the AHDB to impose a statutory levy in the horticulture and potato sectors in Great Britain and remove the related horticulture and potato levy mechanisms from the AHDB Order. This will end the statutory levies in their current form in these two sectors from the beginning of next financial year. We accept that these two sectors do not believe the current one size fits all approach to the statutory levy is optimal for their diverse needs. However, there is still a need for cross industry collaboration - including in research and development. Therefore, we remain open to exploring industry led proposals from any parts of the horticulture and potato sectors, or from any other agricultural industries, who may see value in working with the AHDB through a statutory levy mechanism in the future.

4.5 We also want to highlight that any group of growers can agree to pay a voluntary levy to fund applied research or other activities at any time (this can be done now or at any time in the future and does not require legislative change). This could be done by the industry working with the AHDB or by working with other organisations or by establishing their own governance structure for organising, collecting, and delivering a voluntary levy programme. There are already several sectors where voluntary levies work successfully, for example the Processors and Growers Research Organisation (PGRO) that mostly delivers services for the pea and bean sector. Also, any parts of the horticulture or potato sectors in Great Britain could choose to work with the AHDB in future through a commercial contract arrangement to deliver services or research activities where there is industry demand for this and where the UK Government and the Devolved Administrations agree that there would be benefits.

4.6 The AHDB levy has historically, primarily funded applied research and development in the horticulture and potato sectors in Great Britain. The proposal to end the statutory levies in their current form means this will no longer be the case as the AHDB's activities in these two sectors continues to be wound up. Public sector funding, including through the farm budget in England, will not pay for research or other actions that were, or could reasonably be expected to be, funded through levy investment. Therefore, it is essential that industries across these two sectors coalesce to provide leadership and formulate new industry led funding models that are better suited to their needs and will enable cross industry collaboration for the delivery of priority research, development, and other activities to support their businesses in future. This could be

through a voluntary levy, subscription models, or commercial agreements with AHDB or with other suitable organisations capable of coordinating and delivering applied research services or other priorities. In addition, and as noted above we remain open to exploring industry led proposals for a new statutory levy from any parts of the industry to fund specific AHDB research or other services in future.

4.7 It is also important to highlight that there are 34 producer organisations (POs) recognised in the EU Fruit and Vegetable Aid Scheme in the UK, who receive about £40 million per year in match funding from the UK Government. Many of these POs carry out important applied research projects in their operational programmes. We are keen to encourage further uptake of research and development activities by POs and will be working with the POs to determine how we can continue to support them to carry out this important work. We will explore this option further as we close the current EU scheme and work with the horticulture sector to consider what support it needs to enable it to continue to thrive.

4.8 It is also worth noting that section 87 of the Natural Environment and Rural Communities Act 2006, enables any of the Devolved Administrations to establish a separate levy body to deliver services to agricultural or horticultural sectors within their country at any time, should they wish to, where there is industry demand for this in their country.

Transitional arrangements in 2021/22 and 2022/23

4.9 In the short term during 2021/22 and 2022/23 some limited specific AHDB activities will continue in the horticulture and potato sectors in Great Britain on a transitional basis. This includes completing research projects that are already underway and are already funded and a transitional service for the AHDB to continue to deliver applications for Emergency Authorisations (EAs) and Extensions of Authorisation for Minor Use (EAMUs) of pesticides in the horticulture sector in Great Britain (funded through reserves).

4.10 Currently about 70% of EAs and EAMUs are secured by the AHDB giving growers off-label access to fungicides, herbicides, insecticides, acaricides, plant growth regulators and seed treatments for crops where a full certification process has not been made by pesticide manufacturers. The AHDB makes between 80 and 100 applications to the Health and Safety Executive annually for EAs and EAMUs primarily for use in the horticulture sector across Great Britain. This number is expected to rise in the next few years, due to a decline in the availability of active substances. Providing continuity for the AHDB's EA/EAMU application service in the short term responds to feedback from some parts of the industry that the AHDB EA/EAMU application service is very important to their business. We are exploring options for a longer-term funding solution for a continued AHDB EA/EAMU application service from 2023/24 and we are interested in industry views on this (see questions twelve and thirteen below).

Q10. Should the AHDB Order be amended to remove the statutory levy in the horticulture sector in Great Britain?

- Yes
- No
- Not applicable
- Please provide any comments to support your choice

Q11. Should the AHDB Order be amended to remove the statutory levy in the potato sector in Great Britain?

- Yes
- No
- Not applicable
- Please provide any comments to support your choice

Q12. Do you want the AHDB's application service for emergency authorisations and extension of authorisation for minor use of pesticides for the horticulture sector in Great Britain to continue (EA/EAMU application service)?

- Yes
- No
- Not sure
- Not applicable
- Please provide any comments to support your choice

Q13. If you want the AHDB's application service for emergency authorisations and extension of authorisation for minor use of

pesticides for the horticulture sector in Great Britain to continue do you have views and suggestions on how it should be funded? Please

provide comments below.

A regular vote for levy payers

- 4.11 Currently the AHDB Order provides that the AHDB may hold a ballot at any time on whether or not a levy should continue, that it must do so if directed by the appropriate authority, and that it must do so if it receives within a rolling three-month period requests for a ballot signed by at least 5% of persons entitled to vote in a ballot.
- 4.12 Responses to the 2018 Request for Views demonstrated strong support for a regular vote for levy payers at least once every five years and a desire for much greater involvement and say in the future direction of AHDB's activities, including how levy payers' money will be spent. In addition, following the results of the binary 'yes/no' vote on the continuation of the levy in the horticulture and potato sectors, feedback from stakeholders in the other levy paying sectors has indicated that a more nuanced approach enabling levy payers to vote on priorities across a range of levy funded activities would be more useful and appropriate in future.
- 4.13 In response to this feedback, the UK Government, the Devolved Administrations' and the AHDB have committed to delivering a new approach from spring 2022 providing levy payers with the opportunity to vote on the work that the AHDB will undertake with levy funds from each sector. This will allow all levy payers to have a direct influence on identifying the challenges facing their sectors, the broad programmes of levy funded work that are proposed to address these and the option to vote in greater detail on individual products and services. Results will provide evidence to inform decisions by AHDB's Sector Boards on what is most valuable for their sector. This autumn, the AHDB will be asking levy paying businesses to register and nominate who will vote on their behalf, ahead of voting in spring 2022 on the activities and priorities they want to see AHDB deliver. The AHDB will be announcing more details on this new voting process in early autumn 2021.
- 4.14 **Proposal 2:** To deliver on this commitment and to provide levy payers with a regular say in future on what their levy is spent on, we will amend the provisions set out in Article 11 of the AHDB Order to specify that the AHDB must hold a vote at least once every five years on proposals for how the levy will be spent in each of the levy paying sectors. The AHDB will undertake regular engagement with levy payers to gather feedback on priorities which will inform the development of five-year work programmes for each sector and ensure they are responsive to levy payers' needs.

Subject to the outcome of this consultation, the AHDB is committed to delivering this new regular vote on five-year sector work programmes for the first time in spring 2022 and will work with sectors to develop new voting processes to enable this as well as encouraging all levy payers to register to vote and participate. In addition, the AHDB has committed to engage annually with levy payers so that they can review and vote on priorities more regularly and work programmes can be adjusted accordingly.

4.15 These reforms provide levy payers with a greater opportunity to shape and vote on the priorities they want to see delivered which should ensure that in future the AHDB is meeting the needs of levy payers and delivering value for money. However, if this is not the case, it is important for levy payers to retain their current rights under the legislation to request a ballot on whether the levy should continue which can be used if there is widespread dissatisfaction with the five-year work programme for any sector. Therefore, we propose that the current provision which allows for a ballot to be triggered by a least 5% of persons entitled to vote on whether the levy should continue should remain in the AHDB Order. As currently final decisions on whether a levy will continue will remain with the appropriate authority⁴ (Ministers in England, Wales, Scotland, and Northern Ireland, as appropriate).

4.16 In addition, we propose to revoke the provisions at Article 11(6) of the AHDB Order which were put in place in 2008 to prevent a ballot taking place in the early years of the AHDB being formed i.e. before April 2012 as this is no longer relevant or necessary.

Q14. Should the AHDB Order be amended to ensure that levy payers can vote on proposals for how the levy will be spent in their sector at least once every five years?

- Yes
- No
- Not applicable

⁴ Article 96 (1) of the Natural Environment and Rural Communities Act 2006 (the Act) define the appropriate authority as follows: (a) in relation to matters concerning England only, the Secretary of State; (b) in relation to matters concerning Wales only, the National Assembly for Wales; (c) in relation to matters concerning Scotland only, the Scottish Ministers; (d) in relation to matters concerning Northern Ireland only, the relevant Northern Ireland department;(e) in relation to the matters mentioned in subsection (2), the Secretary of State acting with the approval of the National Assembly for Wales, the Scottish Ministers or (as the case may be) the relevant Northern Ireland department. Article 96 (2) of the Act states that the matters referred to are: (a) the making a section 87 order establishing a board which has cross-border functions; (b) making an order under section 91 or 92 dissolving an existing levy body or such a board; (c) making appointments to such a board or exercising other powers in relation to a cross-border function of a board.

- Please provide any comments to support your choice

Q 15. Should the AHDB Order retain the current provision that a ballot on whether the levy should continue must be held if, within a rolling three-month period, requests for a ballot are received from at least 5% of eligible voters?

- Yes
- No
- Not applicable
- Please provide any comments to support your choice

Extending the scope of the AHDB Order

4.17 Currently the AHDB Order limits the operations and activities of the AHDB to the six statutory levy paying sectors currently included in the scope of the order which are:

- the beef and sheep industry in England;
- the cereal and oilseed industries in the United Kingdom;
- the horticulture industry in Great Britain;
- the milk (bovine dairy) industry in Great Britain;
- the pig industry in England; and
- the potato industry in Great Britain.

4.18 This means the AHDB cannot currently provide any services or activities to other agricultural sectors even if there is demand from industry for this and where it would be funded through a voluntary levy agreement, a commercial funding agreement, or where the AHDB might be a potential delivery body for a publicly funded grant scheme to other sectors.

4.19 **Proposal 3:** Providing the flexibility for the AHDB to deliver services to other agricultural sectors, for example the poultry sector, on a commercial or voluntary basis

or through a partnership with other organisations or levy bodies, is likely to become increasingly important over the next few years as all sectors face significant changes. To allow for this we propose to amend Article 2 of the AHDB Order to extend the scope of the Order to include any other agricultural or related industry in the UK in addition to those sectors already listed in the AHDB Order (those set out at paragraph 4.17 above). This will enable the AHDB to respond to the strategic needs of all farmers and growers in the UK in future where there is demand from industry for them to do so and where the UK Government and the Devolved Administrations agree there would be benefits from this. AHDB services delivered to other agricultural industries would be funded through commercial arrangements or on a voluntary levy basis or delivered through an agreed partnership arrangement with another levy body or organisation. It is important to note that this proposal is not intended to, and will not, enable, a statutory levy to be implemented in other agricultural sectors.

4.20 We also propose to amend Article 8 of the AHDB Order to clarify that the AHDB can charge for any services it may provide in future to any industry within scope of the AHDB Order whether they are in levy paying sectors or non-levy paying sectors. This clarification is important as it enables any industry within scope of the Order to contract with the AHDB for the delivery of specific services and activities where they wish to do so on a commercial basis in future.

4.21 AHDB has a close working relationship with levy organisations in the Devolved Administrations including Hybu Cig Cymru – Meat Promotion Wales (HCC), Quality Meat Scotland (QMS) and the Livestock and Meat Commission Northern Ireland (LMCNI). Where there are benefits from collaboration in terms of sharing expertise or delivering added value, the levy organisations work together. However, there is also a clear understanding between these levy organisations about the activities and services that must be delivered only by each individual levy body for the benefit of the industries in their respective countries. This will continue to be the case in future. Extending the scope of the AHDB Order to include other agricultural sectors will not change this and the AHDB will not be offering services to sectors in Wales, Scotland and Northern Ireland which are already served by a levy body unless that is through an agreed partnership arrangement where it makes sense for levy bodies to collaborate.

Q16. Should the scope of the AHDB Order be extended to include other agricultural or related industries in the UK so that the AHDB can offer services to them (where requested by industry)?

- Yes
- No
- Not sure
- Not applicable

- Please provide any comments to support your choice

Q17. Should the AHDB Order be amended to clarify that the AHDB can charge for services delivered to any industry in scope of the Order through a commercial agreement?

- Yes
- No
- Not sure
- Not applicable
- Please provide any comments to support your choice

Change in headroom for levy rates in the English sheep sector

4.22 Currently the AHDB Order defines the mechanisms for collection of the levy in each sector and stipulates the maximum rates of levy which can be charged in each sector. In the English sheep sector, the levies which are currently being charged to fund the services delivered are already at the maximum rate permitted under the AHDB Order (the current maximum rates are set out in column two in the table below). This means there is no headroom in future to enable the levy to be raised should the sheep sector want this. By contrast, the beef and pig sectors still have about 25% to 29% headroom between the current levy rate charged and the maximum rate allowed, which allows for potential future increases in the levy rate where the sector has identified a need and requests the delivery of additional services.

4.23 **Proposal 4:** This is not a proposal to raise the English sheep levy. It is a proposal to enable more headroom so that if in future levy payers in the English sheep sector would like the AHDB to deliver additional activities (such as additional export development activity to open up new markets for sheep produce) this would be possible by raising the maximum allowable rate of levy per head for each of the English sheep sector categories. In addition, annual inflation reduces the buying power of the levy, and with no ability to increase the sheep levy rate the real value of levy raised diminishes year-on-year. Therefore, we propose to increase the maximum allowable

rate of levy per head for each of the English sheep levy categories by 25% as set out in column 3 in the table below to create more flexibility for additional services to be delivered if they are needed and supported by the sector in future.

4.24 As set out in proposal two (at paragraph 4.14 above) in spring 2022 levy payers in the English sheep sector will have the opportunity to vote on costed proposals and priorities for how the levy is to be spent in their sector in future. Any increase in the levy rate would only be necessary if levy payers have indicated through the voting process that they want additional or expanded services to be delivered on top of existing services. Where the cost of delivering a new or expanded service can be covered by reductions elsewhere a levy rate increase may not be needed. Ultimately, any increase in the levy rate can only be implemented if it is approved by Ministers.

4.25 It is important to note that this proposal applies only to the English Sheep sector. The Devolved Administrations have separate arrangements in place for levies and services delivered in their red meat sectors including through: Hybu Cig Cymru – Meat Promotion Wales (HCC), Quality Meat Scotland (QMS) and the Livestock and Meat Commission Northern Ireland (LMCNI).

1. Levy category in England	2. Current maximum rate of levy per head	3. Proposed new maximum rate of levy per head
English sheep producer	£0.60	£0.75
English sheep slaughterer	£0.20	£0.25
English sheep exporter	£0.20	£0.25

Q18. Should the AHDB Order be amended to increase the maximum levy rates allowed in the English sheep sector by 25% to provide more flexibility for the AHDB to deliver additional services if there is demand for this from the English sheep sector in future?

- Yes
- No
- Not applicable
- Please provide any comments to support your choice to support your choice

5 Future reforms to the AHDB Order

5.1 The proposals set out above are the reforms to the AHDB Order that need to be implemented as a priority to set in place the legislative framework for a new strategic direction for the AHDB from April 2022 and respond to the outcome of the horticulture and potato ballots. These priority changes will deliver more accountability to levy payers giving them a greater say in how the levy is spent and they will provide sectors and subsectors with a wider range of options on how they can work with the AHDB to deliver what their industries need in future.

5.2 These priority changes are the start of an ongoing programme to reform how the AHDB operates and to continue to modernise and update the AHDB Order to support this reform programme and respond to the needs of industry. We envisage that, in future, further legislative reforms may be needed such as technical changes to enable a more efficient levy collection process. We will continue to engage with levy payers, industry stakeholders and the AHDB to identify where further reforms are needed and we will consult again before any further changes to the AHDB Order are implemented.

Q19. What future reforms to the AHDB Order do you want to see delivered? Please provide comments below.

6 What happens next?

6.1 The closing date for this consultation is midnight on the **10th January 2022**. Responses received by this date will be analysed and considered by Ministers in the UK Government and Devolved Administrations in any future policy and legislative changes. A summary analysis of responses to the consultation including a breakdown of responses from stakeholders in England, Wales, Scotland, and Northern Ireland will be published on the UK Government and Devolved Administrations websites (available in English and Welsh) within 12 weeks of the closure of this consultation.

6.2 During the consultation, if you have any enquiries, please email us at: ViewsonAHDB@defra.gov.uk or write to us as at the address below.

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