

DairyCo Meeting Minutes

Meeting: DairyCo Board DSB08/02

Date: 05/02/08

Venue: MDC Offices, Cirencester

Present: Tim Bennett (Chair) (TB), Kevin Beaty (KB), Kenneth Campbell (KC), Neil Cutler (NC), Richard Davis (RD), Julia Hawley (JH), Stewart Jamieson (SJ), Trevor Lloyd (TL), Ian Martin (IM), Jonathan Vickers (JV), Arthur Reeves (AR)

In attendance: Ken Boyns (KJB), Brian Peacock (BDP), Kevin Roberts, Lynne Wheeler (minutes)

Apologies: David Homer

Distribution: As above plus Kevin Roberts (KR), Sue Walker (SW)

Description	Action
DSB08/02/1	<p>Apologies David Homer offered his apologies.</p>
DSB08/02/2	<p>Minutes from previous meeting It was agreed that minutes were approved after inclusion of the following three changes:</p> <p>DSB/08/01/4 paragraph 5 to read: DairyCo shall be paying around £80k pa for AHDB overheads, but should save around £190k pa from 09/10.</p> <p>DSB08/01/9 to include: A decision on funding the Dairy Council would be taken at the February Board meeting.</p> <p>DSB08/01/12 to include: The CEO will present to the February Board meeting the overall staffing structure, together with longer-term plans. The Board agreed that agreement on this was a prerequisite for approving any appointments.</p>
DSB08/02/3	<p>Matters Arising The SI has been delayed and is now expected to be passed by the end of February.</p> <p>It was noted that it was likely that AHDB costs in 2008/9 would not be funded out of levy receipts.</p>

TB

Description	Action
<p>Jeff Nicholas has a meeting with Defra this week on a State Aid application to allow match funding of advertising campaigns with private companies. A timetable will be produced by the next meeting.</p>	JN
<p>DSB08/02/4 Declaration of Interests TB stressed the importance of Board members making declarations of interest known at each meeting as appropriate.</p>	All
<p>DSB08/02/5 AHDB Update KR updated the board on AHDB progress.</p> <p>He reported that as the SI had been delayed, this meant VAT registration was a key issue and was a focus of the AHDB team.</p> <p>KR reported that the Research subgroup had recommended taking the Applied Research Forum in to AHDB, with John Cross from Eblex as Chair, and developing it from its current position as the forum for co-ordinating research activity.</p> <p>KR reported that the marketing sub group were discussing a possible single quality scheme for agriculture. He stated that there would be no imposition of involvement in any such scheme on individual sectors.</p> <p>DairyCo board members asked about staff reporting lines. KR confirmed that staff would answer to the DairyCo board through the management structure DairyCo put in place. KR reported that in his view remuneration policy etc. would be under the control of the sector boards until co-location, but AHDB board had not yet discussed this.</p> <p>TB reported that Defra had been asked to pay for issuing new contracts to MDC staff being transferred under TUPE to AHDB.</p> <p>It was stated that a decision on a possible TUPE transfer of staff from AHDB to DairyCo had not yet been made.</p> <p>KR reported that the AHDB board had agreed to increase the AHDB team by 4-5 people, and would be looking for secondments in the first instance.</p> <p>KR reported that after feedback from the consultation exercise the AHDB board had decided not to make any changes to the business plan.</p> <p>He reported that the AHDB board has discussed a divisional</p>	TB

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<p>structure, but had agreed that the default was a company structure. The AHDB board has asked KR to produce a paper on whether there would be any impact (tax etc.) from having a company structure on the 1st April 2008, if at some point in the future AHDB wished, in consultation with the industry, to implement a divisional structure.</p> <p>DairyCo board members stated that if they had or were perceived to have responsibility for delivery to dairy farmers, they must also have the power for delivery.</p> <p>KR stated that AHDB's aim was to ensure that delivery was done in the most efficient way possible and that the DairyCo board would remain responsible for identifying dairy farmers' priorities and ensuring delivery.</p> <p>KR informed the DairyCo board that net back office savings are estimated to be £12 million over five years.</p> <p>DairyCo board agreed that it was important that all levies were identified on milk cheques as DairyCo levies, although recognised the invoice to the milk purchaser would have to have "DairyCo, a subsidiary of AHDB" or similar on them.</p> <p>KR reported that the AHDB transition team would remain in Defra until 9/08, and then they would move to temporary accommodation in Stoneleigh.</p> <p>KJB agreed to supply weekly updates to the DairyCo board on progress over the next few weeks.</p>	
<p>DSB08/02/6</p> <p>Chairman's Report</p> <p>Long term funding for the Dairy Council will be reviewed after DairyUK have considered their position. It was agreed that in the short term the Dairy Council should be funded on a short notice/rolling basis if possible.</p> <p>If no long term proposal is forthcoming from industry partners, DairyCo will need to review the issue independently.</p> <p>Since the last Board meeting TB has attended various meetings with positive feedback expressed about the DairyCo business plan.</p>	
<p>DSB08/02/7</p> <p>Chief Executive's Report</p> <p>KJB apologised for the lateness in distributing the Board pack. Future packs will include the transition and delivery timetables.</p>	

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<p>Regional Committees/Forums The decision was made not to send letters to regional committee members. It was agreed that DairyCo Board members will communicate the changes personally when they meet with them. Terms of reference are being drafted for the Regional Forums and will be brought to the board for approval at a later date.</p> <p>KJB alerted the board that negotiations regarding the SAC contract were ongoing. Open book accounting exists for the contract and negotiations are underway as to contract costs for the next two years until the contract ends. It was agreed that the board would need to agree the final figure and this would need to be done before the end of March.</p> <p>KJB alerted the Board to the possibility of a public issue blowing up surrounding the MDC decision to unfortunately decline funding for an interim marketing campaign from the Milk Marketing Forum.</p> <p>Transition update The opportunity for a seamless handover to DairyCo has been lost due to the delayed SI, and full re-branding on 1/4/08 will not happen. Contingency plans are being formulated however clear, timely instructions are needed from AHDB.</p> <p>Of the three possible new logos submitted to the Board for their approval the majority of members chose option three. KJB circulated examples of the logo at the meeting.</p> <p>JV requested that a thorough debate should be held regarding the choice of logo, now that the urgency of making the decision had receded; he felt that none of the proposed new logos related to our agreed vision, mission or values. The board rejected his request and decided to adopt the "option 3" logo, which had had a clear majority preference in the email poll of board members. JV voted against this decision.</p> <p>Industry responses to the DairyCo business plan were distributed at the meeting.</p> <p>Kevin Roberts left the meeting.</p>	<p>TB</p>
<p>DSB08/02/8</p> <p>Budget 2008/9 Brian Lindsay, Jeff Nicholas, Philippa Stagg and Huw Thomas joined the meeting to answer questions on their departmental budgets and Karl Babbington answering general financial queries.</p> <p>KJB explained the budget format needs further development</p>	

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<p>but has improved from previous formats and now includes much more detail. KB asked for the colour coding to be changed to be more distinctive.</p>	KJB
<p>Points raised: <i>Market Information budget</i> The main information supply contract is to be re-visited with the aim of seeking improved value for money.</p>	HT
<p><i>Research budget</i> It was suggested other sources of income may be available from RDAs which might be worthy of investigation although it was possible this may be less likely for research purposes.</p>	BL
<p>It was decided to re-prioritise Herd Health Management to category A.</p>	BL
<p><i>KT budget</i> It was noted that the staff budget included costs for 4 additional staff members that permission was not being asked for at present. A paper on future KT structure would be forthcoming to the board which may or may not include a recommendation to appoint those roles. However, the budget has been prepared to allow for that possibility, subject to board approval.</p>	
<p><i>Genetics budget</i> TB asked TL to provide a briefing and breakdown of the Genetics budget for the next DairyCo Board meeting. TL reminded the Board that it is intended to bring Evaluations in-house as soon as possible.</p>	TL
<p><i>Market Development budget</i> It was agreed that the Market Development budget would be revised to allow additional spend on Animal Welfare.</p>	JN
<p>It was agreed that roll on funding for the Dairy Council would be on a short-term notice basis.</p>	
<p><i>Communications budget</i> The Board approved the budget, with the exception of the rolling contact programme which had been previously identified as something the board wished to be brought back to the board before expenditure occurred.</p>	
<p>An amended budget will be circulated before the next board meeting.</p>	KJB
<p>A capital budget will presented to the board for approval at the next meeting, with none presented at this meeting due to the minimal amount of capital expenditure planned.</p>	

Description	Action
<p>The Managers left the meeting.</p>	
<p>DSB08/02/9 Staffing Structure KJB explained the rationale behind the short-term and longer-term (vision) charts and general discussion followed.</p> <p>Longer-term - Concern was expressed about having no financial expertise within DairyCo in the long term. The need for this would be reviewed as AHDB/DairyCo developed. KJB is to assess the need for retaining financial expertise and recommend to the board for the April meeting.</p> <p>It was agreed to:</p> <p>Recruit a Head of Knowledge Transfer, KT Product Manager, PR Executive, and two senior Economists</p> <p>Extend Market Development Director's fixed term contract to the end of December 2008.</p> <p>Advertise for the Head of Knowledge Transfer very widely.</p> <p>All of the above posts should have succession planning in mind when appointments are made</p> <p>The board approved the proposed staffing structures.</p>	<p>KJB</p> <p>KJB</p> <p>KJB</p> <p>KJB</p>
<p>DSB08/02/10 Staff Consultation The board considered the questions raised by staff representatives at the meeting on 29/1/08. The Board approved the draft answers provided by TB to staff representatives' questions.</p> <p>The Board considered the questions and answers and decided that the questions and comments raised had no material impact on the business plan and therefore did not amend the DairyCo business plan.</p>	
<p>DSB08/02/11 Authorities The Audit Committee will be asked to review the delegated authorities table at the next Audit committee meeting on 6/3/08 and recommend any changes to the board meeting on the 1st April.</p>	<p>KJB</p>
<p>DSB08/02/12 Any Other Business</p> <p>12.1 A joint communication from BDP and TB will be sent to dairy</p>	<p>TB/BDP</p>

Description	Action
farmers explaining the changes.	
<p>12.2 TB will ask all Board members to conduct brief presentations over the next few board meetings giving a flavour of their specialist subjects and interests e.g. NC on welfare and TL on MDC Evaluations</p>	TB/KJB
<p>12.3 TB and KJB will address DairyCo staff on 1st April at Trent Lodge at which a full complement of staff is expected. Board members were asked to attend at 12 noon, and then, in pairs, spend time in departments getting to know staff followed by a board meeting.</p>	
<p>Date of next meeting 1st and 2nd April 2008</p>	

Agreed as a correct account of the meeting and signed on behalf of the Board

Signed..... Date.....
Tim Bennett - Chairman