

Wind-down and transition of all AHDB Horticulture and AHDB Potatoes activity and levies for 2021/22 period

These pages record information on the wind-down and transition of all AHDB Horticulture and AHDB Potatoes activity.

AHDB Horticulture wind down

Through discussions across horticulture grower associations, an industry group chaired by John Chinn, proposed to deliver the former AHDB Horticulture EAMU services through a new company, Horticulture Crop Protection Ltd (HCP Ltd), funded through voluntary subscriptions from industry.

Following review of a proposal for the new HCP Ltd, the AHDB Board considered options and approved, in principle, a grant from surplus levy funds to pump-prime the new company. Given the industry wide support for HCP Ltd, Defra and the devolved governments approved the use of surplus horticulture levy for this purpose. These actions and decisions brought a degree of certainty against which the important EAMU services work was able to continue and transfer to the new organisation as it developed its operation.

The team delivering the EAMU service and the data associated with the service was transferred to the newly formed Horticulture Crop Protection Limited in April 2023. The AHDB grant of £1.31 million derived from surplus Horticulture levy has been supplemented by direct industry contributions to establish the team and continue the EAMU process.

Update on surplus AHDB Potato levy

In the potato sector, some proposals were submitted to the AHDB Board for small grants for important work to continue in the absence of AHDB Potatoes taking the lead. The AHDB board required finalisation of the sale of Sutton Bridge before being able to consider any grant funding requests. With the sale now complete, discussions with industry groups are underway. AHDB Board felt that clear majority industry support would be required for any grant schemes to progress.

Responses to questions asked by levy payers

*Why was a levy collected for 2021/22 when the vote to end the levy had already happened?
/ Why were levy payers chased for payments after they had voted to stop paying levy and given that activities in these sectors were either stopped or being stopped?*

Ministers were clear there would need to be a final 2021/22 levy.

AHDB had to fund operational liabilities associated with the wind-down of contracts, people and assets and levy payers had a responsibility to cover the costs of winding up levy supported activities. This meant that the levy was needed in 2021/22 to supplement horticulture and potato sector reserves to cover these costs. The statutory levy in the horticulture and potato sectors remained in place as a legal requirement for the financial year 2021/22.

AHDB recognised the outcome of the ballots and the end to the statutory horticulture and potato levies and the subsequent confirmation by Ministers in their analysis report on the

industry consultation. Following this step, Ministers had to put changes to the legislation that governs AHDB in place to complete the process.

So, will 2020/21 be the last year of the Horticulture and Potato levies?

2020/21 was confirmed as the last year of the statutory levies in the report published by Defra and the Devolved Administrations on 8 March 2022.

Why was the horticulture levy rate lower in 2021/22, but the potato levy rate the same?

For AHDB Horticulture it was estimated to cost c. £10.6M to meet all the liabilities through the planned transition of activities and the wind-down process. AHDB horticulture reserves at 31 March 2021 were £6.05M. The reduced 2021/22 levy rate was expected to raise £4.55M.

For AHDB Potatoes it was estimated to cost c. £7.4M to meet all the liabilities through the planned transition of activities and the wind-down process. However, AHDB potato reserves at 31 March 2021 were only £1.2M. These reserves were relatively low because over the previous three years the sector had planned to run an annual deficit to reduce its reserves.

AHDB sector reserve levels were never set to fund a sector specific wind-down situation. The 2021/22 potato levy rate was expected to raise £5.6M.

What happened where businesses refused to pay the 2021/22 levy?

AHDB encouraged all levy payers to act responsibly and pay the 2020/21 levy which was necessary to cover the wind-down costs of the activities in Horticulture and Potatoes. AHDB remained legally obliged to pursue all overdue levy payments and was therefore required to use its powers to pursue levy debtors, where necessary.

When deciding on the approach to wind-down, did you consider any other options or alternative models like transferring staff to third parties to avoid redundancies?

AHDB considered a number of approaches and where industry organisations had shown interest in taking on products, tools or services then staff expertise also featured in those discussions, when appropriate.

How were the costs for EAMUs and related services for Horticulture calculated?

For full detail on the costings associated with the EAMU programme and service, [Download Extension of Authorisation for Minor Use \(EAMU\) programme costings – 2022/23](#)

When BPC was handed over to AHDB, £4M pounds of potato growers funds went with it. Where has it gone?

When AHDB was set up and BPC operations moved from Oxford to Stoneleigh, there were a number of exceptional reorganisation costs involved which were funded through those reserves. All of the AHDB Annual Report and Accounts (ARA) are available.

In the 2008/09 ARA, you will see an opening reserve of £4.16M for the Potato sector, which reduced to £1.36M at 31 March 2010 (as stated in the 2009/10 ARA Annual Report and Accounts). Subsequently the Potato sector ran board-approved deficits in some years, spending the reserves money on Research, Knowledge Exchange, Marketing and Market Intelligence work to benefit potato growers.

Previous AHDB boards took a view that farmers would not want more reserves than necessary to operate cash-flow and a small contingency reserve.

In detail, what were the contractual liabilities which led to a £4M liability on the research programs for potatoes?

There were 17 non-storage research projects that ran throughout 2021/22 financial year (four of which extended into the following one or two financial years) along with Strategic Potato (Spot) Farms final liabilities, and AHDB Market Intelligence products that ran until June 2021. A few smaller contract commitments were included where potatoes were part of cross sector arrangements (e.g. paying for a share of the contract with British Nutrition Foundation for the schools education programme). Expenditure was £2.5m and staff costs were £1.5m which brings the total to £4M.

As work on existing contractual potato storage programmes (£0.6M) - with Sutton Bridge closed down and the team has left, where has the money gone?

Storage projects don't profile well against the financial year with crops in store as late as Aug 2021 and project data processing/reporting taking place in December 2021. We included expenditure of £0.1M against six projects which when added to staff costs of £0.5M brings the total to £0.6M.

Project titles are available listed in the appendix to this document

Will former levy payers get a refund from any money levy left over at the end of the 2021/22 financial year?

A contingency of funding will be held for a period of up to six years to fund any residual liabilities arising in the horticulture or potato sectors. After this period the utilisation of any funds remaining will be discussed with the industry and government.

If there are any significant amounts of horticulture or potato funds remaining, over and above the required contingency, at the end of the wind-down process, the more immediate utilisation of these will be discussed with the industry and government.

Governance

The former Potato Sector Board had oversight of the potato activity wind-down process. Alison Levett remained as interim chair and attended relevant parts of the main AHDB board as an observer. This arrangement ceased at the end of March 2022, and members were thanked for their contributions in a closing meeting

The former Horticulture Sector Board had oversight of the horticulture activity wind-down process. Peter Judge acted as the interim chair and attended relevant parts of the main AHDB board as an observer. This arrangement continued until March 2023, recognising the need to provide oversight of the EAMU/EA work and the remaining horticulture research projects (22 running in 2022/23, 6 in 2023/24 and 8 in 2024/25)

Appendix

The following research and knowledge exchange projects were funded until contracts expired.

Horticulture

Horticulture contracts completed by March 2022

Asparagus: Sustainable soil management for stand longevity and yield optimization

Carbon audits

Development and implementation of season long control strategies for *Drosophila suzukii* in soft and tree fruit

Downy mildew control strategies

Hardy Nursery Stock strategic centre

Improved understanding and control of bacterial blotch and green mould in mushroom production

Insecticide resistance in the Tomato leafminer

Next generation berries- implementing genome wide selection approaches

Onion: Improving understanding and control of white rot in salad and bulb onions.

Pest Bulletin

Preventative measures to reduce economically significant weeds, pests and diseases in non-broadacre crops high level scoping review

Seed treatments for damping off disease control in spinach and herbs

Selection and improvement of insect pathogenic fungi for the control of multi-resistant aphids

SmartHort labour efficiency online modules

Soft Fruit Demonstration Centre (Wet Centre)

Soil Biology & Soil Health Partnership

SPECTRA: Whole plant spectral response models: Optimised greenhouse light environments, modelling whole plant responses to spectral quality (Studentship)

The role of endophytes in affecting symptom development of European apple canker caused by *Neonectria ditissima* or Systemic infection and symptom expression of *Neonectria ditissima* (BBSRC)

ToBRFV: biology, detection and management of 'Understanding disease development of Tomato Brown Rugose Fruit Virus (ToBRFV)'

Tomato: An investigation into poor pollination performance by the native bumblebee, *Bombus terrestris* audax

Towards a better understanding of the biology and genetics of *Phytophthora rubi* and *P. fragaria* which causes devastating root rot disease in raspberries and strawberries (Studentship)

Tree Fruit- Plum demonstration centre

Tree Fruit Quality

Horticulture contracts ending by March 2023

Application and Management of Biopesticides for Efficacy and Reliability (AMBER)

Asparagus stand longevity and yield optimization

Bedding and Pot Plant Centre

Bioinspired vision systems for automated harvesting (Studentship)

Data Collection including residues trials, and application fees to support EAMU and EA applications

Developing nutrient management guidance in Protected Ornamental, Bulbs and Cut Flower crops

Developing nutrient management guidance in Rhubarb crops

Efficacy trials to support EAMUs programme (18 work packages)

- Bean seed fly control on alliums (leeks)
- Bean seed fly control on legumes
- Bait sprays for Spotted Wing Drosophila (raspberry trial crop)
- Scab control on pome fruit
- CSFB control on oriental cabbage
- Optimising bioprotectants for herbs IPM
- Whitefly control in glasshouse crops (strawberry trial crop)
- Thrips control in protected crops (strawberry trial crop)
- Thrips control in cut flowers
- Seed treatments for spinach damping-off
- Powdery mildew control on lettuce
- Pythium IPM for cucumbers
- Botrytis fruit rot IPM screen for peppers
- Fungal leaf spot control in Hardy Nursery Stock
- Bacterial leaf spot control in protected ornamentals
- Narcissus bulb treatments for Fusarium control
- Pre-emergence herbicides for weed control in turnip / swede

- Prevention of storage rots in stone fruit

Herbs: determining the basis of variation in flavour

Improved management of bacterial diseases of horticultural crops

Improved management of virus diseases in UK carrot crops

Improving integrated pest management in strawberry pests

Improving weed control in hard nursery stock

Integrated decision support tools for management of downy mildew in onions

Integrated forecasting for diseases affecting multiple hosts exemplified by vegetable brassicas and oilseed rape

Monitoring and managing insecticide resistance

Non-chemical growth control of protected pot and bedding plants or Controlled substrate moisture growing (and other innovations) for poinsettias and other pot plants

Role of auxin in Phytophthora root rot disease development in soft fruit (Studentship)

SCEPTREplus

Strategic Centre for Herbs & Leafy Salads: Vegetable propagation peat reduction grower demonstration trials

Strategic Centres for Field Vegetables

Surveillance of virus diseases in UK pea crops

Using LAMP for non-invasive monitoring systems for tomato brown rugose fruit virus (ToBRFV)

Horticulture contracts ending by December 2024

Developing nutrient management guidance for Hardy Nursery Stock

Development of an integrated strategy for Bean Seed Fly control (Studentship)

Diagnostic tests to assess Fusarium disease risk, select rotation crops and monitor microbial communities

Efficacy trials to support EAMUs programme

Growing media usage monitoring

Integrated management of lettuce downy mildew (Studentship) or Understanding populations of the lettuce downy mildew pathogen *Bremia lactucae* to inform integrated disease management

Lettuce: host resistance to fusarium wilt

Membership of the East Malling Strawberry Breeding Club (EMSBC)

Monitoring and managing insecticide resistance

National Cut Flower Centre Programme

UK Raspberry Breeding Consortium (UKRBC)

Horticulture contracts ending by September 2024 to be transferred to another provider (subject to Ministerial decision)

Fruit Crop Research CTP PhD Studentship Scheme (some over-run to manage linked to extensions on individual studentship projects within the scheme to be managed by NIAB as the scheme leaders)

Growsave

Utilisation of single and multiple species cover crops for the suppression of soil borne nematodes of Narcissus (Studentship)

Horticulture market intelligence: to be transferred to another provider (subject to Ministerial decision)

Econometric analysis post EU exit

Horticulture: communications and knowledge exchange - stopped June 2021

All hard copy factsheets, publications and grower events which are not part of a contractual commitment

Potatoes

Potato: market intelligence work stopped July 2021

Potato market prices

Potatoes contracts ended March 2022

Investigation of the potential for precision soil and crop growth mapping to improve tuber size distribution at harvest.

CIPC mechanisms

Soil Biology & Soil Health

Blight population monitoring for management recommendations

Mineral oils for control of aphid-borne virus transmission

IPM: response to loss of actives for pest management

Integrated potato agronomy and storage

Metabolic markers to mechanism of growth suppression - understanding the molecular physiology of sprouting in potato

Low temperature storage of potato varieties

Integrated alternative sprout suppressants: Fresh

Integrated alternative sprout suppressants: Processing

Maleic Hydrazide Review

CIPC Contamination

Potato storage using spearmint oil

Growsave

Strategic Potato Farms

Aphid monitoring

Blight Spy

PhD Conference for Crops

Potatoes contracts ending by March 2023 to be transferred to another provider (subject to Ministerial decision)

Blight IPM - Fungicide Resistance Management

Potato variety database

Monitoring and managing insecticide resistance

Applications of machine learning to precision potato blackleg prediction

Potatoes contracts ending by March 2024 to be transferred to another provider (subject to Ministerial decision)

Cross sector - Insecticide resistance management

Metabolic markers to mechanism of growth suppression: understanding the molecular physiology of sprouting in potato

Potatoes: education, exports and marketing to be transferred to another provider (subject to Ministerial decision)

Education partnership with the British Nutrition Foundation

Safe Haven Assurance Scheme

Potatoes: market intelligence to be transferred to another provider (subject to Ministerial decision)

Potatoes - Brexit econometric analysis

Potatoes communications and knowledge exchange stopped June 2021

Yield Enhancement Network

AgriLeader work

Farmbench data validation and group work

Nuffield sponsorship

On-farm carbon audits

All hard copy factsheets, publications and grower events which are not part of a contractual commitment

Potatoes: education, exports and marketing work stopped June 2021

Consumer marketing campaigns

Grow Your Own Potatoes

Potato Europe trade show

Fruit Logistica trade show

Export missions and market access work

Potatoes: market intelligence work stopped June 2021

Area, yield and production estimates

Potatoes planting, lifting and crop condition survey

Global data provision