

# AHDB CEREALS AND OILSEEDS DIVISION

## Corporate Plan 2012-15

### Draft

#### Introduction

In putting together the cereals and oilseeds section of the AHDB Corporate Business Plan 2012/15, HGCA has focused on three key challenges for the year ahead

1. Assisting growers to cope with continuing market volatility driven by political economic troubles, global trading issues and varying global supplies through its risk management activities.
2. Assisting the industry to meet its environmental obligations through AHDB's implementation of the Green House Gas Action Plan, and publication of HGCA's cereals and oilseeds Roadmap.
3. Focusing research investment in areas identified by HGCA's *Investing in Innovation* strategy to deliver maximum impact for levy payers against a background of declining Government funding.

#### Changes to current strategy

As part of the planning process we have looked at our progress to date against the 2011/14 corporate plan as well as assessing changes to the industry's and HGCA's operating environment. This has led us to propose a number of changes to the plan, some of which are new activities; others are raising the priority of planned activities. The 4 pillars of strategy for HGCA remain in place. The proposed changes to the plan are summarised below:

- To target key businesses and trade associations and further build relationships to ensure that they benefit from HGCA's work and that we understand their business needs
- Monitor all grant funding opportunities and support applications, whilst at the same time trying to ensure that funders understand where the resources are most needed and the best ways to implement them. This includes CAP, RDPE and other DEFRA funding
- Link HGCA communications activity more closely to wider AHDB communications activity, recognising that most growers have multi-sector enterprises, and to improve overall efficiency
- Further remove costs of delivery through improved planning coordination with other AHDB sectors in such areas as communications, procurement of R&D, environmental activity, crop protection and soil science, and with central services on levy forecasting and financial management.
- Assist the uptake of UK cereals and oilseeds for feed by developing a greater understanding of the animal feed sector, their options for raw materials and the issues facing livestock in relation to feed
- Assist in improving supply chain competitiveness through the demonstration of good practice and enhanced communication to businesses in the supply chains
- Help growers to maximise crop value through a greater understanding of end user needs and improved crop marketing.
- Support the industry in its use of quality assurance schemes.
- Assist in the development of electronic information flows along supply chains to help improve information exchange across the industry.
- Work with other AHDB sectors to stimulate consumer demand through the use of educational resources and promotion of the nutritional benefits of cereals and oilseeds

- Evaluate environmental impact assessment/benefit in all HGCA funded research
- Guide research towards meeting climate change needs of the industry (through production of an environment Roadmap)

### **Funding the plan 2012/13**

Direct expenditure for 2012/13 (year 1 of the plan) has been increased by 18.5% against forecast 2011/12 direct expenditure - see full budget at the end of this plan. The main increase spend areas are research, development and knowledge transfer, market intelligence, export marketing and stakeholder communications as set out in the HGCA Levy Business Case 2010/11. Other areas of activity remain unchanged.

### **Delivering the Plan – People and Practices**

2010/11 saw considerable changes in the structure of teams delivering HGCA's strategies. Re-structuring took place in the R&D, Knowledge Transfer and Communications teams to reflect the need to improve the communication of the outputs of our research to the potential beneficiaries in all parts of the industry. Restructuring also took place in the Market Intelligence team to reap the benefits of fully integrating all the MI teams within AHDB.

HGCA saw for the first time since its move from London, a full complement of staff in place (accepting that there will always be natural staff turnover). In addition, strategies are now in place for HGCA to benefit from working with teams from the other AHDB sectors, whether for the sharing of knowledge or financial efficiencies.

### **Priorities for 2012/13**

- Commission new research and knowledge transfer projects to ensure *Investing in Innovation* strategic priorities are met. This will include work on soils and a GM impact analysis.
- Maintain a comprehensive programme of stakeholder and levy payer meetings to capture feedback on activity, raise awareness of HGCA's work and increasingly incorporate it in their businesses.
- Develop a new communications strategy with appropriate regional focus including; comprehensive events calendar, timely and relevant publications, appropriate on-line content.
- Publish the cereals and oilseed environmental Roadmap to assist industry levy payers to meet their environmental obligations.
- Identify where businesses can improve their operation and communicate techniques and benefits through tools as Monitor farms and Cropbench and involvement in Arable Business Groups.
- Develop integrated grain market risk management programmes and promote best practice.
- Work with the industry to build a case for electronic flow of information in the chain (e-passport)
- Gain a more detailed understanding of the animal feed sector to refine AHDB's statistical analysis and identify ways of increasing the volume and value of UK cereals use in feed.
- Monitor developments in CAP reform and provide impact analysis to decision makers.

## **The Plan for 2012 to 2015**

The following 4 fold-out A3 spread sheet pages are designed to illustrate the linkages between the AHDB corporate objectives, the 3 year strategy for cereals and oilseeds and the operating plan for HGCA to deliver the programme in year 1. These are clearly interlinked, but for ease of explanation, the AHDB corporate objectives are listed under the blue bar, the plan for cereals and oilseeds under the red bar and the operating plan under the green bar.

Specific points relating to the tables are:

- The AHDB corporate objectives are shown in column 1 in blue. These are defined in the Statutory instrument establishing AHDB.
- The AHDB Corporate KPI's are those selected from the HGCA KPI's to be put into the AHDB Corporate Business Plan 2012/15. A full set of KPI's can be found after the plan tables
- The HGCA Strategic Themes are those agreed in the strategy workshops held with the Board in 2010.

AHDB Corporate Business Plan 2012 to 15							
				HGCA Implementation Strategy 2012 to 15			
				HGCA Operating Plan Year 1 2012/13			
AHDB Corporate Objectives	AHDB Corporate KPI's	Corporate Goals	HGCA Corporate Strategies	HGCA Strategic Theme	HGCA Objectives	HGCA Department	HGCA Departmental Strategy
CO1: Deliver value for money for levy payers in everything we do	KPI1: Increase levy payer satisfaction score for identified key activities by 5% year on year as measured in annual stakeholder 'intentions' survey	1. Use the levy for co-ordinated high impact activity that aims to yield a better return for levy payers than they can otherwise achieve individually	a) Target key businesses / trade associations and further build relations	Improving Performance	Good stakeholder and company relationships	Bus Dev, Director	Continue programme of stakeholder key businesses meetings to ensure that all sectors feel listened to
			b) Economically evaluate project concepts and outputs for benefits to levy payers	Industry Competitiveness	Greater focus on business improvement	Bus Dev	Ensure that outputs from HGCA's work identifies the benefits to individual businesses
				Improving Performance	Improve financial performance	Bus Dev, Director	Implement programme of cost benefit analysis
		c) Carefully target messages to specific audiences in supply chain	Communications	Meeting sector specific needs	Comms	Implement new set of KPI's. Develop project evaluation programme across all activities	
				Meeting regional specific needs			Specific stakeholder meetings to determine priorities and expectations
		2. Secure match-funding across range of activities	a) Identify funding opportunities and apply for funds	Improving Performance	Additionality in current programmes	Bus Dev	Monitor grant opportunities for all HGCA activities and support applications
		b) AHDB branding to be consistently applied on all materials	Communications	HGCA clearly part of AHDB Brand	Comms	Use dual branding only	
							4. Fully exploit the benefits of the AHDB framework by sharing services and seeking synergies through working together
		b) Identify ways of removing costs from our delivery, especially through the new AHDB structure	Improving Performance	Benefits from AHDB	Bus Dev, Director, All	Seek opportunities to maximise cross sector AHDB activity	
							5. Deliver demonstrable AHDB operational cost and efficiency improvements
		6. Run an efficient, functioning organisation in which employees understand their role, feel engaged and part of a cohesive AHDB team	Reduce staff turnover and succession planning/career development for the future	R&KT	Help support a central approach to procurement of R&KT, in the areas of the environment, crop protection and feed quality		
						Purchase R&D activity jointly with other sectors in areas such as the environment, crop protection and feed quality and safety	Improving Performance
		6. Run an efficient, functioning organisation in which employees understand their role, feel engaged and part of a cohesive AHDB team	Reduce staff turnover and succession planning/career development for the future	Bus Dev, Director	Further develop financial management, contract management and reporting and IT enhanced productivity		
						5. Deliver demonstrable AHDB operational cost and efficiency improvements	Identify ways of removing costs from delivery

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AHDB Corporate Objectives	AHDB Corporate KPI's	Corporate Goals	HGCA Corporate Strategies	HGCA Strategic Theme	HGCA Objectives	HGCA Department	HGCA Departmental Strategy		
CO2: Improve efficiency and productivity in the industry to help levy payers have thriving businesses	KPI2: From an evaluation of the R&D programme against a 2010 baseline, deliver a 5:1 cost benefit per crop tonne from HGCA funded R&D	1. Targeted R&D and efficient knowledge transfer/exchange activities deliver improved levy payer technical and business efficiency to reduce costs, increase yields, maintain/improve quality and optimise use of inputs	a) Manage Recommended Lists to increase yield	Technical Efficiency	Increase yields, Optimise Inputs	R&KT, Comms	Deliver year 1 of the new R&D strategy		
			b) Manage Recommended List to increase value				Commission research and KT activities in: variety testing, crop nutrition, disease, pest and weed management, soil and water mgt, rotations and cultivations, agrochemical performance		
			c) Manage projects to optimise / reduce input usage and costs and run workshop to raise awareness	Business Efficiency	Optimise input costs	R&KT, Marketing, AHDB-MI	Identify ways to reduce input costs and communicate them		
			d) Promote the benefits of well run businesses				More grower business based decision making through wider use of cropbench and budget planning	Marketing, AHDB-MI, Bus Dev, Comms	Widespread promotion of best business practice
							Better understanding of business constraints	Marketing, AHDB-MI, Comms	Identify where businesses can improve their operation and communicate techniques and benefits using such tools as Monitor farms
			e) Raise awareness and use of marketing options and price risk management strategies through workshops and publications				Maximise returns from better marketing of product	Marketing, AHDB-MI	Develop integrated grain market risk management programmes and promote best practice
				2. Farm businesses collect costs and analyse business performance (benchmarking) to identify areas for improvement	a) Promote benefits of benchmarking techniques and run workshops to raise awareness	Business Efficiency	More grower business based decision making through wider use of cropbench and budget	Marketing, AHDB-MI, Bus Dev, Comms	Promotion of Cropbench to increase usage
			b) Raise awareness and use of marketing options and price risk management strategies through workshops and publications		Develop a programme to increase the activity of Arable Business Groups				
				3. The health and welfare status of livestock is improved to levels which are acceptable for consumers and contribute towards greater industry efficiency	a) Target feed research to look at conversion efficiency and explore nutritional benefits	Technical Efficiency	Encourage greater uptake of UK cereals and oilseeds in the feed chain	R&KT	Ensure priority matrix is updated
					4. Seek to generate greater supply chain efficiency	a) Raise competitiveness through demonstration of good practice and improved communication	Technical Efficiency	Improve supply chain competitiveness	Bus Dev, Marketing

AHDB Corporate Business Plan 2012 to 15		HGCA Implementation Strategy 2012 to 15		HGCA Operating Plan Year 1 2012/13				
AHDB Corporate Objectives	AHDB Corporate KPI's	Corporate Goals	HGCA Corporate Strategies	HGCA Strategic Theme	HGCA Objectives	HGCA Department	HGCA Departmental Strategy	
CO3: Improve marketing in the industry to help profitability and customer awareness	KPI3: Deliver a 5% increase in proportion of crops grown for specific end markets, including exports, over the three year period to 2015 as measured in the annual stakeholder 'intentions' survey	1. Levy payers have access to unbiased, high-quality market information (data and analysis) that assists in profitable business decisions and supply chain relationships						
			a) Provide levy payers with regular market information, reports and economic analysis on topics such as market trends, forecasts, policy impacts and supply chain strategies	Industry Competitiveness / Business Efficiency	Establish regional balance sheets	AHDB-MI, Bus Dev	Establish a process to allow regional balance sheets to be established and begin to integrate them into overall balance sheet work	
			b) Workshops to explain options and how to access them for growers to maximise returns through growing for specific markets	Growing the Market	Maximise crop value	Marketing, Bus Dev, Comms	Marketing	Raise awareness of end market needs and communicate through an awareness campaign such as regional workshops
					Match quality to the market	Marketing	Promote the concept of growing for specific markets to maximise returns	
		2. Help producers and processors maximise the value that they get from the market by inspiring and informing consumers	a) Provide supporting information for use with consumers		Assist the industry to stimulate consumer demand	Marketing	Run nutrition and education programmes	
			3. Quality assured produce is identified to aid improved consumer choice	a) Support the development of quality assurance to reduce individual demands on producers by supply chains		Maximise benefit of QA to supply chain	Marketing	Support the Red Tractor / AFS (Year 3 of funding agreement and marketing)
		4. Help defend the industry from unjustified criticism	a) Promote proactive approach by industry to food safety issues		Increase crop value	R&KT	Commission research and KT activities in: Food and Feed safety (Incl Mycotoxins and contaminant testing) and Feed quality	
		5. Improved supply chain development	a) Examine supply chain operations	Technical Efficiency	Identify opportunities to reduce supply chain costs	Bus Dev, Marketing	Liaise with key businesses in major supply chains to identify where changes in practice could lead to benefits in supply chain operations	
					Raise awareness of the benefits			Promote the development of electronic flow of information in the chain (e-passport)
					Growing the Market	Improve the use of the RL in growing for specific markets	R&KT	Develop the RL to enable growers to produce varieties appropriate to specific end markets (food, feed or non-food)
					Industry Competitiveness	Supply chain efficiency	Bus Dev	Development of a model that illustrates grain flows across whole country
				b) Identify the reasons why UK growers should have 'preferred supplier' status	Industry Competitiveness	Help industry stimulate consumer / export demand	Marketing	Increase sales growth through exports and working with assurance providers
				c) Develop understanding of UK biofuels businesses and communicate to growers	Growing the Market	Support markets for non-food products	AHDB-MI	Analyse market for biofuel (bio-ethanol and bio-diesel) and communicate to growers
				d) Understand better the criteria for selecting ingredients in animal feeds and promote opportunities for UK business		Raise animal feed opportunities	AHDB-MI, Bus Dev, R&KT	Raise understanding of the animal feed sector to account for it in the balance sheet and provide feed compounders with information that will encourage wider use of UK grain and oilseeds
		6. Export market development and sustained growth in export volumes which also help underpin domestic market prices	a) Monitor overseas markets, identify opportunities for UK grain and work with exporters to develop trade	Industry Competitiveness	Monitor competitor activity	Bus Dev, AHDB-MI, Marketing	Track competitor activity	
Growing the Market	Develop exports			Marketing, AHDB-MI	Raise awareness of export brands to potential new markets and to growers who produce them. Continue market analysis in export markets and support industry to access key markets			
	b) Promote UK grains as a sustainable product		Support the industry to stimulate long term consumer demand	Marketing	Provide trade information to overseas buyers as part of BCE			
7. Consumers and health professionals have a better understanding of the nutritional benefits of levy payer produced foods in the diet	a) Work with nutritionist to communicate messages to consumers and health professionals		Support stimulation of consumer demand	Marketing	Nutrition programme supporting delivery to end consumers			
8. Raise awareness of food and where it comes from among school children as part of curriculum based learning	a) Work with educationalists to communicate messages to children			Marketing	Maximise opportunities with AHDB sectors, whilst running the education programme in conjunction with NABIM			

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CO4: Improve services that the industry provides to the community	KPI4: 10% year on year increase in website visitors accessing key information	1. Help agriculture and horticulture industries to be able to attract and develop workers with the skills needed to operate effectively	a) Support the industry in communicating the opportunities in the cereals and oilseed sectors	Industry Competitiveness	Support up-skilling of industry and recruitment	Bus Dev, R&KT	Work with Agri-Skills Forum to identify the skills gaps in the industry and communicate skills provision available
		2. Help levy payers to run their businesses in an environmental, social and economically sustainable way. Successful businesses are more able to contribute to their local community, maintaining landscapes and creating direct and indirect employment opportunities	a) All other strategies contribute towards this goal	All other strategies contribute towards this goal			
AHDB Corporate Objectives	AHDB Corporate KPI's	Corporate Goals	HGCA Corporate Strategies	HGCA Strategic Theme	HGCA Objectives	HGCA Department	HGCA Departmental Strategy
CO5. Improve ways in which the industry contributes to sustainable development	KPI5: Year on year increase in the proportion of research projects which include environmental improvement factors	1. Help levy payers produce in an environmental, social and economically sustainable way including efficient management of water, soils, fertilisers, pesticides and waste	a) Manage the cereals and oilseed elements of the AHDB-wide commitments within the Voluntary Industry Greenhouse Gas Action Plan	Technical Efficiency	Support the industry to meet greenhouse gas emissions and carbon usage targets	R&KT	Include environmental impact evaluations in all HGCA commissioned research
		2. Greater knowledge and understanding of climate change and it's mitigation through reduction of greenhouse gas emissions	a) Develop and promote an environmental sustainability roadmap	Industry Competitiveness	Develop a carbon Roadmap for cereals and oilseeds	Bus Dev	establish a Roadmap group, produce a Roadmap and communicate advice to growers and supply chain
		3. Alternative crop protection methods to replace those made vulnerable by the EU Pesticides Thematic Strategy and Water Framework Directive	a) Continue to monitor closely the currently and likely future impacts of the implementation of EU Pesticides Thematic Strategy and the Water Framework Directive on the availability of crop protection products and to mitigate these where possible	Technical Efficiency	Help industry reduce reliance on pesticides and the movement of pesticides into water	R&KT, AHDB-MI	Identify ways in which the industry can reduce the use of pesticides through cultivation of crop canopies and improved weed control practices
		4. Levy payers and stakeholders are able to access knowledge and advice that enables them to better manage regulatory and compliance issues	a) Undertake independent interpretation and analysis of UK environmental policy	Industry Competitiveness	Independent interpretation and analysis of UK environmental policy	AHDB-MI, R&KT	Commission research and KT activities in green house gas mitigation and carbon accounting
			b) Advise industry on maintaining profitability while implementing legislation		Provide support to ensure best outcome for industry from new legislation	AHDB-MI	Monitor UK government policy change and undertake analysis as required
	c) Undertake independent interpretation and analysis of CAP reform and communicate to industry		Independent interpretation and analysis of CAP reform	AHDB-MI	Monitor developments in CAP reform and communicate. Provide impact analysis to decision makers		
	d) Monitor UK government policy change and communicate impact to government and trade associations		Proactive approach to food safety issues	R&KT, Marketing	Monitor developments in food safety legislation and communicate		
			Prepare industry for future	AHDB-MI	Monitor policy development, analyse impact and development risk management ideas		

## Summary of Key Performance Indicators 2012 to 15

The following table lists the KPI's HGCA is using to measure progress in the delivery of the plan for cereals and oilseeds. They are listed against the agreed HGCA strategic objectives. Some actions remain (final column) to complete the process of developing KPI's and their targets.

Mission	Strategic Objectives	Critical Success Factors	Key Performance Indicators	Corporate Plan	Responsibility	Measure	Baseline	Target	Data Source	Collection of Data
To deliver a world-class arable industry through independence, innovation and investment	Technical Efficiency	Independence	Increase in value of key activities to levy payers	CO1: Deliver value for money for levy payers in everything we do	Business Development	Levy payer view of importance of identified key activities	2011 data	5% increase year on year	Intentions (stakeholder satisfaction) survey	Comms
		Knowledge and innovation								
	Business Efficiency	Whole supply chain approach	Cost benefit per crop tonne for research projects	CO2: Improve efficiency and productivity in the industry to help levy payers have thriving businesses	R&KT	To be determined by AHDB-MI	2010 DTZ data	ratio 5:1	Evaluation of R&KT projects	R&KT
		Effective communication and KT								
	Growing the Market	Growing the UK arable industry at home and overseas	Proportion of crops grown for a specific end market including exports	CO3: Improve marketing within the industry to help profitability and consumer awareness	Marketing	Intentions Survey	2011 data	5% increase over 3 year period to 2015	Intentions (stakeholder satisfaction) survey	Comms
		Building collaborative relationships with industry	Proportion of crops hedged using forwards, options or fixed contracts with customers	CO3: Improve marketing within the industry to help profitability and consumer awareness	MI	Intentions Survey	2011 data	Year on year increase	Intentions (stakeholder satisfaction) survey	Comms
	Industry Competitiveness	Reducing environmental impact of the sector	Proportion of website visitors accessing key information	CO4: Improve services that the industry provides to the community	Comms	Web stats	2010 data	10% increase year on year	Evaluation of web hits and duration	Comms
		Sustainable income and expenditure								
	Communications	Highly skilled and motivated staff	Proportion of research projects including environmental improvement factors	CO5: Improve ways in which the industry contributes to sustainable development	R&KT	To be determined by Bus Dev / R&KT	2011 data	Year on year increase	Evaluation of R&KT projects	R&KT
		Effective internal systems and resources								
	Internal HGCA Performance	Delivering value for money to levy payers	Ratio of income to expenditure over time	CO1: Deliver value for money for levy payers in everything we do	Office of Sector Director	5 year average ratio	2003/04 to 2008/09	1:1	Evaluation of Financial Accounts	Business Development
		AHDB								
<b>Vision</b>			<b>Key Performance Indicators</b>	<b>Corporate Plan</b>	<b>Responsibility</b>	<b>Measure</b>	<b>Baseline</b>	<b>Target</b>	<b>Data Source</b>	<b>Collection of</b>
To create a dynamic UK arable supply chain where all are able to profit from a sustainable sector			S1 - Direction of travel of profitability of the sector	Industry Benchmark	Industry	Direction of net farm income over time	2010/11	n/a	Evaluation of Farm Income	Business Development

**MANAGEMENT REPORT - BUDGET 12/13 to 14/15**
**PROVISIONAL**
**HGCA**

	FULL YEAR £'000					12/13 vs 11/12
	10/11 Actual	11/12 Forecast	12/13 Budget	13/14 Budget	14/15 Budget	
<b>INCOME</b>						
<b>Gross levy</b>	10,390	11,408	10,987	10,987	10,987	-421
Fee and grant income	149	150	150	150	150	0
Commercial Services Income	0	0	0	0	0	0
<b>Non-levy income</b>	<b>149</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>0</b>
<b>TOTAL INCOME</b>	<b>10,539</b>	<b>11,558</b>	<b>11,137</b>	<b>11,137</b>	<b>11,137</b>	<b>-421</b>
<b>EXPENDITURE</b>						
<b>DIRECT</b>						
R&D and Knowledge Transfer	-5,173	-4,257	-5,284	-5,294	-5,305	-1,027
Trade Development	-619	-615	-615	-615	-615	0
International	-322	-335	-372	-373	-374	-37
Supply Chain Integration	-269	-440	-519	-523	-526	-79
Market Intelligence	-586	-518	-613	-622	-631	-95
Communications	-796	-1,277	-1,417	-1,424	-1,432	-140
Commercial services	0	0	0	0	0	0
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-7,765</b>	<b>-7,441</b>	<b>-8,820</b>	<b>-8,851</b>	<b>-8,883</b>	<b>-1,379</b>
<b>SUPPORT</b>						
Sector Specific Administration	-620	-648	-563	-565	-567	85
<b>HR and Corporate Services</b>						
HR & Legal / Payroll	-102	-114	-122	-122	-122	-8
Facilities	-368	-404	-414	-381	-348	-10
<b>Finance and Business Services</b>						
Finance	-171	-143	-128	-124	-122	15
Levy Collection	-39	-43	-43	-41	-40	0
Procurement	-24	-29	-29	-29	-30	0
IT	-137	-143	-136	-128	-127	7
Main Board / Advisory	-105	-93	-93	-93	-93	0
Corporate Communications	-28	-28	-31	-32	-33	-3
R&D	-33	-33	-52	-54	-57	-19
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-1,627</b>	<b>-1,678</b>	<b>-1,611</b>	<b>-1,569</b>	<b>-1,539</b>	<b>67</b>
<b>TOTAL EXPENDITURE</b>	<b>-9,392</b>	<b>-9,119</b>	<b>-10,431</b>	<b>-10,420</b>	<b>-10,422</b>	<b>-1,312</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,147</b>	<b>2,439</b>	<b>706</b>	<b>717</b>	<b>715</b>	<b>-1,733</b>
<b>NON-OPERATING ITEMS</b>						
Income	0	0	0	0	0	0
Interest receivable	0	0	0	0	0	0
Interest payable	0	0	0	0	0	0
Taxation	0	0	0	0	0	0
Exceptional reorganisation expenditure	-775	0	-29	-19	0	-29
Other non-operating costs	-8	-41	0	0	0	41
Net FRS17 Entries	-350	-75	-75	-75	-75	0
Share of Commercial Services Returns	0	0	0	0	0	0
<b>TOTAL NON OPERATING ITEMS</b>	<b>-1,133</b>	<b>-116</b>	<b>-104</b>	<b>-94</b>	<b>-75</b>	<b>12</b>
<b>Retained Surplus/(Deficit)</b>	<b>14</b>	<b>2,323</b>	<b>602</b>	<b>623</b>	<b>640</b>	<b>-1,721</b>
Support Exp. Excl MI % of Income	15.4%	14.5%	14.5%	14.1%	13.8%	
Opening general reserves	-835	-821	1,502	2,104	2,727	
Retained surplus/deficit	14	2,323	602	623	640	
Closing general reserves	-821	1,502	2,104	2,727	3,367	
Opening pension reserves	-1169	-581	-581	-581	-581	
Pension movement	588	0	0	0	0	
Closing pension reserves	-581	-581	-581	-581	-581	

The increase in direct expenditure from 2011/12 to 2012/13 £1.5m reflects the agreed increase in activity outlined in the 2011/12 HGCA Levy Increase Business Case.

## Appendix 1: Summary of initial achievements against Levy Business Case 2011/12

During the 2010/11 winter season, HGCA consulted with levy payers on raising the levy to undertake some additional activities. The outcome was comprehensive support for an increase in levy following the 2011 harvest. Achievements to date against the Levy Business Case and future plans are outlined below.

Levy Increase Business Case	Achievements in 2011/12
<b>Investing in new R&amp;D projects to improve technical efficiency in disease and pest control, plant nutrition and inputs management</b>	<ul style="list-style-type: none"> <li>• New R&amp;KT Strategy 2011-14 'Investing in Innovation' was launched in April 2011.</li> <li>• R&amp;KT funding is set to increase from 2012/13 onwards to support new strategy and deliver much needed R&amp;KT work to the industry.</li> </ul>
<b>Investigate ways to increase the volume and value of UK cereals and oilseeds in animal feed</b>	<ul style="list-style-type: none"> <li>• HGCA is currently working with animal feed producers to identify industry needs in this area.</li> <li>• Over the next three years R&amp;KT plans to invest £400K in animal feed quality research.</li> </ul>
<b>Developing GHG and carbon roadmap to identify ways to help the industry mitigate against the cost of legislation requirements</b>	<ul style="list-style-type: none"> <li>• HGCA is currently working on production of the Cereals and Oilseeds Environmental Roadmap due for delivery in spring 2012. This will set out the progress the industry has made so far on improving GHG emissions and provide a source of knowledge in helping the industry reduce its carbon footprint going forwards.</li> </ul>
<b>Aligning raw product more closely to market needs, reducing waste and increasing profits</b>	<ul style="list-style-type: none"> <li>• As part of the new R&amp;KT strategy HGCA are investing in food and feed quality and safety research helping growers to reduce waste within the industry.</li> <li>• The Business Improvement and MI teams are also working with growers to promote marketing of their products increasing profitability and more closely aligning raw products to market needs.</li> </ul>
<b>Raising grower performance through benchmarking and arable business groups</b>	<ul style="list-style-type: none"> <li>• The Cropbench website has been re-launched leading to an increase in users from 1498 to 1750 businesses.</li> <li>• HGCA is also currently supporting 30 Arable Business Groups promoting benchmarking through the industry.</li> </ul>
<b>Building regionality to market intelligence statistics and the production of balance sheets for regional supply chains</b>	<ul style="list-style-type: none"> <li>• Work is underway on the development of a Regional Balance Sheet for the cereals and oilseed industry. This work is on target to be completed by December 2011.</li> </ul>
<b>Developing greater regional communications focus to reflect emerging specialist markets</b>	<ul style="list-style-type: none"> <li>• HGCA has increased the number of regional based workshops over the last year to 35.</li> <li>• We have launched the 'Meet the Processor' events increasing knowledge amongst farmers about the quality needed for specific markets.</li> </ul>
<b>Ensuring strong links between the business improvement benefits of current and future technical activity developments</b>	<ul style="list-style-type: none"> <li>• R&amp;KT has developed a new proposal form for projects to more closely align activity with business improvement and environmental performance.</li> <li>• R&amp;KT is also commissioning work in 2012/13 to improve the evaluation of research work in HGCA.</li> </ul>

## Progress against Key Performance Indicators

13 KPI's were listed in the 2011/14 plan. These were very much in development and subsequently some have been changed. A full list of KPI's to be used in the 2012/15 plan can be found on page 8 of this plan. Progress against the 2011/14 KPI's is as follows:

Key Performance Indicator	Progress in 2011/12
Cost benefit per crop tonne of research programmes	A detailed evaluation of the R&D programme for the last 4 years was undertaken during the year and overall it was estimated that the maximum potential economic value for the spend of £7.9m was £164.2m
Percentage of total hectares planted with varieties from new Recommended List	Wheat is 96.3% Barley is 92.7%
Percentage of crop grown on forward contracts	It is estimated that 25% of production is grown to forward contract in the UK. Much of this is barley in Scotland and product for premium and niche markets
Annual percentage increase in strategic investment in sector	As a measure of confidence, cereal producer average incomes have risen over the year from £48k to £80k (Farm Business Survey)
Number of hits on nutritional information web pages	This has risen by 3% year on year
Proportion of hectares grown for a recognised processor	Awaiting data.
Hectares of land where key exportable crop varieties are grown	For the 4 main wheat growing regions in the UK, representing 159742ha, 59.8% are growing ukp or uks exportable crop varieties
Proportion of web site visitors accessing key information (Top 5 areas to be identified)	Hits to the website have increased 49% to 1,169,185 over the period.
Number of hectares of agricultural land represented at events in last 12 months	From surveys taken during events in 2010/11 in excess of 1,000,000 hectares were represented at HGCA events
Variation from budget profile	There was a positive variance against budget of 1.8%. (Variation in levy income has been stripped out of this figure)
Satisfaction score from stakeholder survey	A survey has not yet been conducted but 21 meetings with key stakeholders have been held with 6 remaining
Percentage of staff meeting organisational objectives	All staff undertook a PDR and 33% have had a 6 month review. The change from the original appraisal process means that an alternative approach will be required to measure organisational objectives.

## **Appendix 2. Achievements against corporate objectives 2011/12**

Some examples of activity completed under the AHDB Corporate Objectives are shown below

### ***CO1. Deliver value for money for levy payers in everything we do***

During the 2010/11 winter we consulted with levy payers on raising the levy to undertake some additional activities. These were

- Investing in new R&D projects to improve technical efficiency in pest control, plant nutrition and inputs
- Investigate ways to increase the volume and value of UK cereals and oilseeds in animal feed
- Developing GHG and cereals and oilseeds carbon roadmap to identify ways to help the industry mitigate against the cost of legislation requirements
- Aligning raw product more closely to market needs, reducing waste and increasing profits
- Raising grower performance through benchmarking and arable business groups
- Building regionality into market intelligence statistics and the production of balance sheets for regional supply chains
- Developing greater regional communications focus to reflect emerging specialist markets
- Ensuring strong links between the business improvement benefits of current and future technical activity developments

The outcome was comprehensive support for an increase in levy following the 2011 harvest. Each of the 8 programmes has been initiated in the second half of the year and a summary table of initial progress can be found in Appendix 1.

The R&D, Knowledge Transfer and Stakeholder Communications teams all underwent comprehensive review to ensure that they were fit for purpose in delivering new programmes for the industry

Costs continued to be driven out of the system during the year. Year on year reductions in staff numbers have led to staff costs declining 9% in the period. The annual cost of the pension recovery plan declined from £350k to £75k pa. Increasing benefits came from being part of the larger AHDB organisation. Savings included procurement of media monitoring and market research, mailing, in-house editing, printing and copying. In addition HGCA was able to beneficially renegotiate contracts for design, printing and website management.

### ***CO2 Improve efficiency and productivity in the industry to help levy payers have thriving businesses***

Following comprehensive consultation, the new HGCA Research & Knowledge Transfer Strategy 2011-14, Investing in Innovation, was published in April. It identified 4 priority areas, which form the basis of the 3 year strategy. These priority areas are

- Increasing crop yields to help growers obtain premium quality and yield
- Optimising inputs to help business profitability

- Increasing crop value to optimise market opportunities
- Preparing the industry for the future to benefit the UK supply chain

HGCA has continued its programme of sponsoring PhD's as both a way of delivering R&D and to train scientists for the future. Currently 14 PhD's are being funded by HGCA. 3 more are in the process of being set up.

A new Recommended List (RL) collaboration agreement was signed in March 2011 leading to the introduction of the RL Project Board providing more efficient and levy payer focused delivery of the work.

The new RL database was launched in autumn 2011 providing the team with the tools to more efficiently analyse RL data and providing a system fit for purpose for the future.

The communication of best practice in the management of crop production on farm continues to be a high priority. Following the successful management of an initial Monitor Farm programme in Scotland, HGCA successfully received funding to run a second programme.

A further round of risk management activities were delivered this year, focusing on helping growers cope with an increasingly volatile cereals and oilseeds market.

The HGCA Arable Business Groups (ABG's) programme was independently reviewed and the following extract from the report stated: *"Using CropBench has identified the potential for improving business performance as a result of making practical changes to how crops are grown crops and businesses are organised – the results indicate that production costs for feed wheat can be improved by as much as £46/t, for milling wheat £58/t and for oilseed rape up to £95/t. Typically these savings are possible through a combination of technical improvements and practical changes to business organisation."*

The ABG programme continues to develop with 30 groups in operation representing over 120,000 hectares. The ABG's are valued both as a route to promoting business improvement activity and as a test bed for new strategic concepts.

The HGCA mycotoxin campaign continues to go from strength to strength with 91% completed DON scores on grain passports in 2011 compared to 64% in 2010.

The new HGCA Grain Storage guide was launched in autumn 2011 providing growers with up-to-date information and recommendations on the safe storage of grain.

### ***CO3 Improve marketing in the industry to help profitability and customer awareness***

A review of the process of drawing up the UK balance sheet was initiated in the year to cater for the growing volatility in the market place. This year also saw the delivery of the first early balance sheet, in October, designed to assist the industry in its business planning.

Work began on the development of regional balance sheets. This programme is designed to analyse market intelligence data in more depth to permit the greater understanding of trade

flows within major regions of the UK. Although there is a general need for this to assist regional businesses and supply chains, there is also a trend towards greater regionalisation of trade and differentiation due to specific regional needs. The rate of change has been increased by the development of major biofuels businesses which may lead to shifts in demand in the north east of England.

The Market Intelligence team continued to provide information on the markets through a range of media, dramatically increasing the number of industry events and presentations to businesses and their customers. In excess of 120 events were supported by the MI team over the period.

The programme to bring growers in closer contact with end users successfully started, with an initiative in the malting sector. It forms the blueprint for a new programme called '*Meet the Processor*' designed to improve communications along the supply chain and reduce waste in production.

HGCA's export team British Cereals Export (BCE) undertook its first outward mission to Algeria in November 2010 extending the reach of *ukp* and *uks* export promotion.

The HGCA Farmhouse Breakfast campaign was relaunched in 2011 with a new theme 'Shake up your wake up' with revised materials and resources promoting healthy eating and the nutritional value of a farmhouse breakfast amongst consumers. Over 700 events were organised during the week and the campaign generating a PR value of £2.1m. There were also 80,000 orders of the new wholegrain goodness booklet.

The bi-annual 'Inspire' competition for teachers took place in 2010. This is designed to encourage schools to promote the use of flour and baking, whilst at the same time raising awareness of UK grain production. The finals took place in June, with TV chef Paul Hollywood judging a cupcake competition.

HGCA contributed to the development of the AHDB Education Strategy to identify and implement opportunities for the separate sectors to work together.

#### ***CO4 Improve services that industry provides to the community***

HGCA continues its support for the raising of skills among growers, particularly ensuring that new technologies will result in maximum benefit to the industry because the workforce is able to implement the outputs from the work. HGCA's input into the Agriskills Forum has helped focus both on existing skills and those for the future, as well as succession planning.

The work of the Knowledge Transfer and Communications team plays a key role in ensuring that the information generated from research is put into a format that meets our customers' needs so that it is widely understood and incorporated in businesses and activities. This applies not only to growers and supply chains, but also to school children and others both to attract people into the industry but also to ensure that they consume safe and nutritious products.

HGCA undertook live streaming of its Biofuels Conference in November 2010 extending the reach of the conference to stakeholders and levy payers unable to attend.

During the year a new project was initiated to categorise growers by their information needs and preferred channels for information. This was to ensure that most useful information was delivered in the right format, by the best route and at the right time. This ground breaking piece of work will dramatically improve HGCA's delivery of information to its stakeholders.

HGCA has undertaken extensive restructuring of its website over the last year improving the experience for users and leading to a substantial increase in web traffic, up 49% to 1,169,185. A new mobile version of the website was launched in October 2011 improving access to HGCA resources for mobile users.

HGCA has launched two new social media channels in the last year; a HGCA Facebook page and Twitter account. This has increased HGCA outward communications with over 700 Twitter followers joining in the first eight months.

There was a 20% increase in the uptake of RL pocket books in 2011 improving the reach and communication of the RL amongst growers.

A new KT plan for HGCA was agreed and delivered in 2011 improving the transfer of knowledge within the industry. Far greater emphasis is now put on informing agronomists as they represent a major route to growers.

#### ***CO5 Improve ways in which the industry contributes to sustainable development***

HGCA plays a key part in the GHG Action Plan. In addition HGCA decided that a strategy for the future was needed to identify its own role and where it may help the industry meet expectations. This plan, known as the Environmental Roadmap, is initially focusing on greenhouse gas emissions, but will develop to include water and phosphorus. It is focusing on the farm situation at present and intends to propose a framework for the measurement of the carbon footprint in cereals and oilseeds to allow reliable comparisons to take place.