

## HARPER ADAMS UNIVERSITY

### Minutes of the meeting of the Farm Strategy Committee held on 13 October 2016 in the Boardroom.

<b>Present:</b>	Dr D Llewellyn Mr M Roach Mr R Hooper Dr J Donaldson Mr C Bailey Mr S Kirby Professor P Mills Dr A Wilcox	Chairman
<b>In attendance:</b>	Dr C E Baxter Mr R Heath	Clerk to the Governors
<b>Apologies:</b>	Mr C Ellis Miss R Reeves	

Members were reminded to update their entry in the Register of Interests as necessary.

#### 16/01 Minutes

Approved: the minutes of the meeting held on 2 June 2016 (15/21-15/31).

#### 16/02 Matters Arising

Received: a matters arising report from the University Secretary.

- Noted:
- i) that Mr Bailey had been in touch with relevant senior staff at Tesco and was still hopeful that a visit to the University could be arranged. He would keep the Vice-Chancellor informed as appropriate;
  - ii) that a visit to the farm had been arranged for members of the Board of Governors prior to the July 2017 meeting;
  - iii) that Rosie Reeves and Scott Kirby had worked together to develop some initial farm scenarios. These focused upon how movements in both milk and concentrate costs within the Dairy Unit would affect the overall performance of the herd in financial terms. The analysis still needed further work to include a wider range of costs such as general overheads, utilities, and other items such as machinery and forage. Further work would be undertaken to break these down so that they could be allocated as accurately as possible to the relevant farm enterprises;
  - iv) that the initial analysis indicated that the University's dairy herd was comparable with benchmark data, although it was recognised that the Tesco contract had been helpful in assisting the University herd to continue to perform well in terms of profitability;
  - v) that minor movements in the region of as little as 0.1pl either way could lead to an increase or a decrease of £38k over the year, provided the herd size and litreage remained the same. Similarly, a £25 movement on average concentrate costs had a similar effect in terms of increasing or decreasing profits at the rate of c£38k over the year;

- vi) that the exercise had also involved a review of the effectiveness of price fixing for feeds over the past few years. The analysis showed that the recent increases for forward buying had enabled the farm to be close to the spot market price for wheat. The farm had continued to fix contracts as effectively as it could and had been able to secure prices before recent increases. This would be helpful for the next period;
- vii) that capital replacement costs also needed to be included within the next phase of this work and every effort would be made to include depreciation as accurately as possible, specifically for the Dairy Unit;  
**RR/SK**
- viii) that the VAT position for the University farm also varied because only 76% of VAT could be recovered, in contrast to a fully commercial farming operation. In this regard, benchmark data was not entirely comparable as it also included 'paid for' family farms or similar farming arrangements whereby labour and capital costs were not always fully calculated or included in the data;
- ix) that members of the Committee continued to understand that they were aware that the University farm also needed to support other activities, including teaching and research which inevitably had an impact on costs. It was recognised, therefore, that enterprise costings could never be 100% accurate but would be useful, provided assumptions were clearly expressed and taken into account when reviewing the data.

#### 16/03 Terms of Reference

- Noted:
- i) that the terms of reference for the Committee had been updated and discussed at both the Finance and General Purposes Committee and the Board of Governors during the previous year. The terms of reference represented the final updated version following comments from the Board of Governors, in particular. Governors had asked that the definitions included on page 13 of the agenda at No 2 Section 3 should be reworded to clarify what was meant by rigorous financial appraisal;
  - ii) that it would be helpful to further update the section on authority (paragraph 4) where it was suggested that the second sentence should be extended to include reference to crops work managed by the Crop and Environment Sciences Department. **CEB**

#### 16/04 Risk Management

Received: a report from the University Secretary on risk items monitored by the Committee.

- Noted:
- i) that the recommendation made by the internal auditors in relation to the administration of purchases made by the farm had been agreed by management. Progress would be monitored by the Audit and Risk Management Committee during the year. Following this, internal auditors would undertake their independent follow-up to check that the action had been completed;
  - ii) that opportunities to obtain further farmland were still being actively followed up;

- iii) that a new chair in Beef Production, partly funded by ABP, had been advertised in the past few days. This was a very positive step and it was hoped that a strong field of candidates would be attracted;
- iv) that some local opportunities for land had arisen recently on the road towards Eccleshall. Unfortunately, the rental price had been high and, therefore, the University had not been able to explore this further;
- v) that the Local Development Plan for Telford was currently at the final inspection stage. This had led, it was believed, to a number of developers seeking to progress various development sites prior to the new plan being put in place. This had impacted on agricultural land on the edges of Edgmond some of which was currently rented by the University. A plan for up to 85 houses had been proposed on one of the rented fields. Alongside the Local Development Plan, Edgmond Parish Council had also been encouraged to start work on its Neighbourhood Plan which would focus on providing further underpinning details to be considered alongside the main policy statements in the Local Development Plan;
- vi) that the Neighbourhood Plan had a number of implications for the University and Harper Adams was engaging with it positively. The new Neighbourhood Plan would have the same legal status as the Local Development Plan in any future planning applications that the University might wish to make. The University had asked that positive references be made to its work in the Local Development Plan and these were included in the final draft for consideration by the Government Inspector. Senior staff were also currently engaging actively with the Parish Council to ensure that the University was appropriately represented in the Neighbourhood Plan. There was an opportunity for the University to provide a draft section on the future development of the campus to the Parish Council and this was currently being prepared;
- vii) that, within the Neighbourhood Plan, the University intended to define the boundaries of its campus rather than give detailed statements about future development planning;
- viii) that the Neighbourhood Plan had identified a number of mineral rights, some of which were relevant to the University's land and holdings. However, this was not a major issue for the University.

16/05 **Farm Management Accounts (Grass and Arable)**

- Considered:
- i) the Farm Management accounts (Grass and Arable) for the period to 31 August 2016;
  - ii) a progress report on the annual operating plans for the University Farm: Dairy Unit.

- Noted:
- i) that the overall contribution from the farm for the year ended 31 July 2016 was £42k. In addition to this, the farm had absorbed £104k costs to support teaching and research. The significant factors in the outturn included the lower milk price which had dropped liquid milk income by £80k over the year. Costs had also increased when compared to budget but the closing stock had been positive and over-budget by £136k. The opportunity had been taken to secure stock at good auction prices before the year end;

- ii) that a marginal increase in milk prices had occurred recently although the farm continued to recognise that cost control remained critical;
- iii) that the farm was able to report positive progress against its operating plan. Unfortunately, the farm continued to be affected by TB and, therefore, late sales of calves were challenging. There had also been some increase in cell counts and this was being actively managed. Overall, members wished to congratulate the Farm Manager and his team on a very good set of results; **SK**
- iv) that reports from the arable operation of the farm indicated that the rape yield had been good although barley had not been so strong this year and wheat was also very variable due to the weather conditions during the spring and summer seasons. Maize yields looked good so far and it was believed that the variance in crop yields related mainly to the challenging growing season that had been experienced;
- v) that an up-to-date report on the sheep flock would be presented at the next meeting; **SK**
- vi) that favourable feed costs had been secured from both youngstock and sheep;
- vii) that further land owned by the Coal Board had been released at Huntingdon, located between the two rented farms. This was an ex-opencast mining area. Due to the Farm Manager's work in seeking to find a positive way to get the land reinstated and his work with Telford and Wrekin Council, he had been invited to take on the land for grazing by British Coal. It was understood that, in due course, the land might move from management by the restoration department of the Coal Board to management directly by Savills (as the relevant agent). It was not yet known whether Savills would seek to sell or rent the land in due course. In the meantime, the grazing was a useful short term acquisition and was being used positively by the farm.

#### 16/06 **Pig Unit**

- Considered:
- i) the Pig Unit accounts for the period to 31 August 2016;
  - ii) a progress report on the annual operating plan for the Pig Unit.
- Noted:
- i) that the Pig Unit had made a positive contribution slightly up on anticipated budget for the year. Members noted that this was an excellent result and on congratulating Richard Hooper asked him to pass on their thanks to his team; **RH**
  - ii) that the Pig Unit continued to perform in the top 10% of pig units. This was particularly remarkable as research added a number of different dimensions and challenges;
  - iii) that the current data on anti-microbials was positive and it was hoped that this good performance could be maintained;
  - iv) that feed costs continued to be managed as closely as possible and a review of the Pig Unit's buying strategy had confirmed that appropriate pricing had been secured;
  - v) that the operational plan continued to be developed and targets were being managed proactively. Since the BREXIT announcements, a

number of new research enquiries had been received possibly due to the weakness of sterling. These were currently being followed up;

- vi) that the number of students interested in working on the Pig Unit remained strong.

**16/07 Animal Production Welfare and Veterinary Science/Crop and Environmental Science Departments - Operating Plans 2016/17**

Received: a progress report on the Annual Operating Plans for:

- a) APWVS Sheep Unit
- b) APWVS Beef Unit
- c) CERC

Noted:

- i) that the APWVS Sheep Unit continued to progress appropriately towards meeting its operational plan for the year. In particular, over 200 students had already worked with the sheep flock during the new academic year;
- ii) that, as previously noted, a new Chair focusing on Beef Production would be a welcome additional senior member of staff to the work of the Beef Unit. Work to identify the appropriate location of the Beef Unit, funded under CIEL, continued to be progressed;
- iii) that CERC continued to perform against its operational plan;
- iv) that NIAB had now left the University campus. The land which it had previously used had been re-allocated for growing a feed crop for a forthcoming beef trial. Thereafter, it was likely that the land would be used for single crops in an effort to restore it and afterwards it would become part of the normal farm rotation/trial plots;
- v) that Dr Wilcox had spoken to Karen Kerr in the IT Department about the Farm Information System. She had agreed that developers would consider the current database further and see what could be done to make it more user friendly. The Vice-Chancellor agreed that he would discuss the matter with the Director of Finance as the senior manager looking after IT. **DGL**

**16/08 Research Projects**

Received: an oral report from the Deputy Vice-Chancellor on new/current research projects involving the farm.

Noted: that 22 research awards had been received since the last meeting of the Committee. This involved two projects on the Dairy, funded by AHDB. Some of the other awards would also be relevant to work on the Pig Unit.

**16/09 Any Other Business**

**BREXIT**

Noted:

- i) that Charles Cowap had agreed to lead a group of staff to put together opinion pieces on BREXIT;
- ii) that a number of key speakers had already visited the University to speak about the likely impacts of BREXIT on the agri-food sector. Jeremy Moody from the CAAV would be visiting the University later

in the day to speak on the same subject. Andersons had also visited the University and given a seminar focusing on scenario planning;

- iii) that Tom Tynan, a member of the EU Agriculture Commissioner's Cabinet, had given a talk at a recent Harper Adams in Ireland dinner. He had completed his BASIS and FACTS qualifications at the University. He would be leading on agricultural trade matters and had desk responsibility for both UK and Ireland within the EU. He would be visiting the University on 11 November to give a talk to staff and students;
- iv) that discussions with the NFU leadership team were also planned, with a view to finding ways for the next generation to be given an opportunity to comment on emerging policy as appropriate;
- v) that early indications were starting to emerge about future farming policy from DEFRA officials. There appeared to be a welcome emphasis on the importance of higher level skills and research. George Freeman would also be one of the key figures leading on policy developments and the University would be getting in touch with him as appropriate. It was understood that an outline of environmental policy might be developed before the end of 2016 and that the final food and farming policy was likely to emerge during 2017;
- vi) that the Vice-Chancellor had also suggested by letter to the Minister for Agriculture, Fisheries and Food that the University would welcome an opportunity to help with the development of trade negotiation skills. A response was awaited.

### **Working Hours**

Noted: that Mr Bailey had experienced in his own business, new ways to review working hours for his team to ensure that staff had an appropriate work/life balance. It was agreed that the Farm Manager would discuss this further with Mr Bailey. **SK/CEB**

### **IFSA Visit**

Noted: that the Committee recorded its thanks to Mr Roach for kindly hosting a visit by delegates to the recent IFSA conference held at the University. Very positive feedback had been received from delegates and the University was very grateful for Mr Roach being able to host the group.

### **16/10 Date of Next Meeting**

Noted: that the next meeting of the Committee would take place on 2 February 2017 at 10.00am

**HARPER ADAMS UNIVERSITY**

**Farm Strategy Committee**

**Reserved Business – October 2016**

**16/01R Incident at CERC**

Noted: that there had been an unfortunate accident involving a member of CERC in the past few days. An injury to a finger had been sustained. This was being managed appropriately and it was hoped that the individual would be able to return to work in the near future. The University's Health and Safety Office was working with the Head of Department and others to ensure that additional precautions were put in place.