

CAMPBELL  
TICKELL



# Red Tractor

Independent Governance Review

February 2024

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*This independent report has been prepared by consultancy Campbell Tickell, in response to a commission from the NFU. We would like to thank colleagues at the NFU for their assistance and support in our tasks, and in particular Andrew Clark, Fayza Benlamkaden, James Osman, John Mercer and Terry Jones. Thanks also to colleagues from Red Tractor and its governance structure for their openness, time and insights.*

*Please note that Campbell Tickell is not able to enter into individual correspondence about this report, and that any observations need to be sent through the appropriate channels.*

## 1. Executive summary

- 1.1 Campbell Tickell was retained to conduct a review of the governance of the Red Tractor Scheme ('RT'). This is the report of that review. In doing the work we followed our usual tried and tested methodology. We have reviewed relevant documents, conducted a number of interviews, of RT Board members and others, held focus groups and organised two online surveys. Our methodology is described in more detail at Appendix 4 below.
- 1.2 The Red Tractor Scheme is a food and farming assurance scheme set up in around the year 2000 to help address consumer concerns about the safety and quality of UK food in the wake of several scandals at that time. Red Tractor operates through a company limited by guarantee, Assured Food Standards Limited (AFS). AFS is a not-for-profit company whose six owners (described as members) are drawn from various sections of the UK food and farming industry.
- 1.3 References in this report to Red Tractor and the Red Tractor Scheme are references to AFS and *vice versa*. Red Tractor has operated successfully since its creation, producing five iterations of its suite of standards, the most recent having been adopted in 2021.
- 1.4 Most recently, however, an attempt to develop and introduce a stand-alone module dealing with environmental protection – the Greener Farms Commitment – has led to significant problems, considerable opposition among farmers and a decision by the National Farmers' Union (NFU) to commission this review. The NFU, with AHDB, has also decided to undertake a more wide-ranging review of the future role and nature of food and farm assurance in the UK, including Red Tractor. Campbell Tickell has attempted not to stray into the territory of that second review, but there is some unavoidable overlap.
- 1.5 Any governance review can be expected to identify some potential areas for improvement, and we have made recommendations for the introduction of Red Tractor Board and Committee member training and appraisal, of a Board Member Code of Conduct and a Governance Handbook. However, overall, we have found that Red Tractor's governance is sound, albeit complex as compared to organisations from the range of other sectors in which Campbell Tickell is engaged.
- 1.6 This complexity reflects Red Tractor's aim of ensuring wide engagement. We understand that, compared to similar schemes, including in other countries, Red Tractor is not an outlier in terms of complexity, and is also among the more participative.
- 1.7 In any case, we have found that the Red Tractor's procedures were followed and there was no procedural breach in relation to the events which gave rise to the decision to commission this review.
- 1.8 Our findings also relate to the overall suitability of Red Tractor's governance model, and to behaviours and perceptions. Red Tractor's representative governance model, with Board and Committee members deliberately drawn from across all areas of food production and processing, may not - in its current form - be capable of dealing effectively with challenges as intense as the company's current operating environment.

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- 1.9 This is not to suggest that the model is fundamentally flawed, but that in relation to recent events, it has not been able to deliver consensus. At this stage we have raised this as an issue to be addressed principally in light of the outcome of the second review. However, given that the second review may not produce its report for a year or more, we have also made recommendations for Red Tractor to implement in the interim, to avoid being in a state of limbo during that period.
- 1.10 Secondly, we have found widely contrasting perceptions of the behaviour and culture of Red Tractor. Its supporters see Red Tractor as an effective, forceful and well-run leader in the food and farming industry. Its detractors, some of those within the governance structure, see it as closed, over-controlling, dominated by certain interests and secretive.
- 1.11 We heard, for instance, perceptions that Red Tractor is ‘in the pockets of retailers’ or that it is broadly an English enterprise, with inadequate regard paid to the devolved nations. Others equally forcefully put the opposite points of view.
- 1.12 Again, it is neither within our remit nor helpful for us to comment on the validity of which view is correct. But the existence of this gulf in perception is itself a governance issue and indeed a communications issue. It is also damaging, and we are making recommendations for action to be taken both by Red Tractor and its Ownership Bodies (the members of AFS) to address it.

## 2. Introduction and context

- 2.1 At the end of the 20<sup>th</sup> century problems in UK farming and food production – including salmonella disease in eggs, the emergence of Bovine Spongiform Encephalitis (BSE) and the Foot and Mouth outbreak in 2000/2001 – led to a loss of confidence in UK food. To address this, a number of farming and food sectors began to develop assurance schemes whereby scheme members agreed to meet and be audited against safety, quality and other standards of food production.
- 2.2 The Red Tractor Scheme was introduced around 2000 with the purpose of drawing existing assurance schemes together under a single, easily recognised logo and to develop and maintain further standards to cover every food sector and link in the food chain.
- 2.3 It can be said that Red Tractor has broadly succeeded, over more than 20 years, in its purpose. UK consumers have confidence in UK-produced food, a great many farmers and food producers are members or licensees of the Scheme and the Red Tractor logo is widely recognised as an emblem of UK food. Over the course of those 20 years Red Tractor has produced five versions of its suite of standards, with the most recent variation having been adopted, following an extensive process of development and consultation, in 2021.

### ***Environmental protection***

- 2.4 However, during the course of the development of the Version 5 Standards, it became clear that there was significant concern and opposition among farmers to the costs and practical implications of some proposed elements of those standards, notably those concerning environmental protection. Interviewees made it clear to us that this was not

about opposition to environmental protection as such, but rather a reaction to the additional costs involved at a time of great financial stress to many sections of the farming community.

- 2.5 In March 2021 the Board of Red Tractor agreed that rather than add to existing environmental protection standards (which remained unchanged), as part of the Version 5 Standards, a voluntary environmental module should be developed separately.
- 2.6 It was agreed that development of this module would not follow the usual Red Tractor procedures involving Technical Advisory Committees and Sector Boards first. Instead, a process was agreed which included customer surveys, piloting with 40 farming enterprises, a cost-benefit analysis, updates to all Sector Boards, and regular OB and Board updates. Some 300 + stakeholders were involved in this process, including the NFU, which was duly briefed at formal meetings during the process.
- 2.7 The proposed environmental module (“Greener Farms Commitment”) was reviewed and approved unanimously by the AFS Board in September 2023. At that point it was agreed by the AFS Board that next steps should include an intense period of scrutiny from Sector Boards and TACs, and a newly created Development Advisory Panel, to be completed before April 2024.
- 2.8 However, following that Red Tractor Board decision, news of the module found its way into the public domain and, despite the process described above, many farmers expressed their frustration at a perceived lack of involvement by the farming constituency, including the NFU, in the module’s development.
- 2.9 This led to the NFU’s decision to commission this review by Campbell Tickell, and a decision by Red Tractor to suspend work on the roll-out of the module. At that point the work by Sector Boards and TACs to give detailed feedback on the GFC was just beginning and was never completed.
- 2.10 It is not our role to investigate in detail the circumstances surrounding the events of September to November 2023 in relation to the Greener Farms Commitment or to apportion responsibility for what happened.
- 2.11 While in carrying out our review we have inevitably heard various diametrically different accounts of those events and seen a number of documents relating to them, we are concerned solely with the light those events and documents may shed on the governance of Red Tractor, not with issues of fault or blame. We are anxious to assist in the resolution of the controversy, rather than to create ‘winners and losers’ by pronouncing which version of reality is most accurate.

### ***The second review***

- 2.12 The NFU, with AHDB, have also decided that there should be a second, wider and more fundamental review into the future of food and farming assurance in the UK. Preparations for this are under way. Clearly, there are links between this review and the second one, and indeed many of those who spoke to us were under the strong impression that we should be considering wider strategic issues as part of our brief. We have made all efforts

to correct any such views, but they do remain extant within the wider stakeholder community.

- 2.13 Campbell Tickell has been commissioned to review the governance of Red Tractor, a specific brief, and one that is familiar to us. While our review and the second, far wider review are obviously very closely interrelated, we have throughout our work tried not to stray into the territory of that review. In the final section of the report, we do discuss the governance implications of the second review, and suggest an approach for consideration.

### ***The operating environment***

- 2.14 It is important when considering the governance of Red Tractor, to take account of its operating environment. Although throughout its 23-year existence Red Tractor has always needed to balance pressures and forces – the needs of consumers, retailers, processors, farmers, governments and others – that are often in direct conflict with one another, there has probably not been as difficult a set of operating circumstances as at present.
- 2.15 The cost-of-living crisis, the impact on commodity prices of wars in Ukraine and the Middle East, heightened and intensifying consumer concern over environmental issues and the impact of social media are just some of the factors which have placed Red Tractor and its stakeholders – particularly farmers and producers – under intense pressure. It would be surprising if that pressure did not place Red Tractor’s governance arrangements under strain.

### ***Devolution***

- 2.16 In the United Kingdom constitutional settlement food and farming are “devolved matters”. Legislative and policy responsibility for food and farming rests with the Westminster Government, in England, and with the devolved administrations in Scotland, Wales and Northern Ireland. This adds further complexity to the operating environment for Red Tractor whose assurance scheme extends to the whole of the UK.
- 2.17 Within Red Tractor’s governance this complexity is partially reflected in the composition of the Ownership Body, which includes representation from the Ulster Farmers’ Union, and NFU Scotland as well as the NFU (England and Wales). The AFS Board has one appointed Board Member to represent the farming unions. That role is currently filled by the NFU.
- 2.18 During the course of our review we received a number of comments from individuals within the devolved administrations indicating a belief that the interests of stakeholders within those countries were not taken on board sufficiently by Red Tractor. Indeed we also heard that within the governance and staffing structure, some considered that there was insufficient understanding of the devolved policy and regulatory landscapes.
- 2.19 It was also put to us that the varied and diverse interests of farmers in Scotland, Wales and Northern Ireland could no longer all satisfactorily be reflected by a sole NFU Officeholder on the Board of Red Tractor.
- 2.20 For the sake of balance, we should here recognise that Red Tractor’s standards reflect devolved policy, and that there are members from devolved nations on the Sector Boards and TACs. Red Tractor also collaborates with a number of devolved schemes. But our work,

at the very least, has revealed issues of perceptions and communication, which should be of concern, and which we consider to fall within the wider definition of governance issues.

- 2.21 In the final section of this report, we make a number of recommendations for wide, and thorough engagement by both Red Tractor and its owners. In our view that engagement should begin as soon as practicable and not await the outcome of the second review. Clearly, it needs to encompass a devolved perspective to ensure that views and interests of stakeholders in the devolved administrations are fully taken into account and that those stakeholders are able to buy in to Red Tractor's work and evolution.
- 2.22 Whether the devolved landscape should be further or additionally reflected in Red Tractor's governance is a question that should await the outcome of the second review, but it will need active consideration when the time comes, as a major strategic issue.

### 3. Findings and recommendations

#### ***Red Tractor Instruments of Governance***

- 3.1 The starting point for considering the governance of Red Tractor is the instruments of incorporation of AFS, the limited company formed in 2003 to be the corporate vehicle for the Scheme. Those instruments, as with any limited company are its Memorandum of Association (the Memorandum) and Articles of Association (the Articles). The former describe the objects and powers of the company, the latter its constitution.
- 3.2 Thus, from paragraph 3 of the Memorandum it is clear that Red Tractor's objects include the development of credible and proportionate food assurance standards. Red Tractor is to adopt or develop quality assurance standards covering every key food commodity sector and any necessary link in the food production chain. It is to develop, promote and defend the Red Tractor Logo and to work to ensure that food assurance provides added value for producers. In effect, this is Red Tractor's mission, and needs to be delivered, and be seen to be delivered.
- 3.3 Red Tractor's standards are to cover food safety, animal welfare and the protection of the environment. Red Tractor's activities, in producing its assurance standards, promoting the Red Tractor Brand and developing the environmental module, the Greener Farms Commitment, fall full-square within its corporate objects.
- 3.4 A company limited by guarantee, such as AFS, does not have share capital. Instead, its members – the shareholders – are liable for a nominal one pound in the event of the company winding up. AFS has six members: The National Farmers' Union England and Wales (NFU), NFU Scotland, the Ulster Farmers' Union, the Agriculture and Horticulture Development Board (AHDB), Dairy UK and the British Retail Consortium (BRC).
- 3.5 Together Red Tractor refers to this group as "the Ownership Body". One further organisation, the Food and Drink Federation, sits on the group as observer but not as a member of the company.

### ***The Ownership Body ('OB')***

- 3.6 The members – the Ownership Body – meet to receive the annual accounts of the company and to appoint and if, necessary, dismiss directors of AFS. Under the Articles they also have a limited dispute resolution function (see below) but it may be that in describing them as the Ownership Body, Red Tractor has created some confusion as to the extent of their role.
- 3.7 **We recommend that the nature and role of the Ownership Body be clarified as part of a wider clarification and explanation about the governance of Red Tractor through the production of a Governance Handbook.** Our recommendation to produce a Governance Handbook for use by all who participate in Red Tractor's governance is described later in this report.

### ***The Board and its committees***

- 3.8 The Articles of AFS are, in comparison with most companies limited by guarantee, somewhat complex, for reasons that we have acknowledged above. However, a successful 20-plus year track record suggests that they have, until recent events, proved fit for purpose. They reflect Red Tractor's remit, covering the broad range of food and farming production, and its role to produce assurance standards. Thus, they provide for a governance hierarchy, with a large Board of independent, industry and food sector Directors, committees (Sector Boards) for each of six food sectors and Technical Advisory Committees (TACs) for each Sector Board.
- 3.9 AFS has 18 Directors. In addition to the Chair and Chief Executive, the chairs of each of the six Sector Boards (Beef and Lamb, Pigs, Poultry, Combinable Crops and Sugar Beet, Dairy and Fresh Produce) are AFS Directors. There are five Industry Directors drawn from the UK farming unions, the food levy bodies, food retail, meat and poultry processing, and a Vice Chair together with four other Independent Directors bringing additional relevant expertise to the Board (veterinary practice, science, finance and consumer affairs).
- 3.10 Many of those to whom we have spoken have suggested that the AFS Board should be smaller. But equally, many have acknowledged that within the current overall model for Red Tractor any significant reduction in the size of the Board would be very difficult to achieve.
- 3.11 From Campbell Tickell's experience Boards tend to function better if their size is limited to eight to ten directors, allowing a free-flowing debate and a good level of challenge and scrutiny. There are however examples of effective Boards with a larger number of members than the ideal. Whatever the number of Board members, it is important that all should be united around common purpose, and should fully understand their role and behave accordingly. We return to this subject below.



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***The Sector Boards and Technical Advisory Committees***

- 3.12 As mentioned above, the Articles require there to be committees known as “Sector Board Committees”. In addition, there must be a Standards Committee, to deal with cross-sectoral and common issues from the Sector Board Committees, and a Nominations Committee to handle the process and make recommendations on Director and Sector Board appointments. AFS also has an Audit and Finance Committee and a Remuneration Committee.
- 3.13 Each Sector Board Committee is expected to establish a Technical Advisory Committee whose role, as the name suggests, is to handle much of the nitty gritty of the Standards drafting. The Board sets the terms of reference of the Sector Board Committees, and those Committees in turn set the terms of reference for their respective TAC.
- 3.14 As their terms of reference make clear, the role of each Sector Board Committee is, in respect of its sector, to “advise on the development of the technical strategy for the sector and to take it forward with the engagement of all stakeholders ...” Sector Board Committees are accountable to the AFS Board for (amongst other things) the development and maintenance of the assurance standards.
- 3.15 The terms of reference of the Sector Board Committees also deal with the processes for appointing chairs and members of those Committees and make clear that the composition of the Committees should attempt to reflect all elements of the food chain for the sector. We heard in our focus group discussions a perception that some people seem to get passported into the governance structure, while others need to be selected, and that processes around appointments are inconsistently applied. A similar point was made about tenure of Sector Board members.
- 3.16 A viewpoint communicated to us was that the members of the Sector Boards were selected with a view to minimising any serious challenge to Red Tractor. We cannot say whether this is or is not the case, but we would comment that such perceptions can be reputationally damaging. The countervailing view is that it is not unreasonable for any governance structure to have arrangements in place that look to secure the necessary skills, experience and goodwill of participants if they are engaged in its decision making (rather than just being consulted).
- 3.17 As with the Memorandum and Articles, the Sector Board Committee terms of reference have been designed to facilitate Red Tractor’s purpose, and overall, the Red Tractor governance hierarchy has, as we observed above, functioned satisfactorily until recently, enabling the company’s objects to be achieved. However, it is undoubtedly complex and weighty. Its operation requires the participation of some 150+ people, and some 15 significant governance entities.
- 3.18 This can be burdensome and somewhat unwieldy under any circumstances, and we heard how exhausting and stressful the process of developing the Version 5 suite of assurance standards had been for the executive of Red Tractor. We also heard how constricting the current governance model is and that there are risks (such as competition from other assurance schemes and from retailers looking to those) in the lack of pace it engenders.

The problems experienced with the handling of the environmental module may suggest that Red Tractor's governance model is not suited to such intensely controversial issues.

- 3.19 We also read and heard frustrations with the shaping of agendas and content for some (not all) Sector Board and TAC meetings, and with the late despatch of minutes, some of which participants felt did not reflect the more contentious elements of debates. It was suggested that there should be an agreed standard for meeting minutes.
- 3.20 We should note here that we are aware that all the Sector Board meetings are held within the space of a fortnight to ensure that participants receive the latest information consistently. Nevertheless, this creates a resource challenge around the follow-up administration, with the Standards Committee and then AFS Board immediately following.

### ***Board and Committee member appraisal***

- 3.21 **We recommend that Red Tractor introduce a formal process of appraisal**, both of individual directors (including the Chair) and members of committees and sub-committees, and also of the overall operation of each element of its governance hierarchy.
- 3.22 The separate process for the CEO led by the Chair should continue, include objective setting and regular review, possibly with the involvement of a small number of Board members to ensure better visibility of the process to the whole Board, given the survey finding that a significant minority of Board members either disagreed or did not know whether this was being undertaken. This may assist in addressing some behavioural issues referred to below, but we make the recommendation here because such a process can help foster a culture of continuous improvement within the governance of the organisation and enable opportunities for ongoing simplification and streamlining to be identified and acted upon.

### ***Governance procedures and processes***

- 3.23 We have examined the procedures and processes through which Red Tractor operates its governance, both in relation to Red Tractor's business of developing and maintaining assurance standards, and its general management as a company. In relation to the latter, we have found nothing problematic.
- 3.24 Meetings of the Board are scheduled, held and minuted. The Board meets six times a year, every two months; the Sector Board Committees meet three times a year, in the week preceding every alternate Board meeting. Technical Advisory Committees are more *ad hoc*, meeting frequently when there are matters of substance to be dealt with and less frequently at other times.
- 3.25 We followed the operation of the governance process in relation to the development and adoption of the Version Five standards. The development of Version Five began in 2019, with horizon scanning and issue identification, the TACs then worked on detailed revisions to the standards, leading to a set of drafts approved for consultation.
- 3.26 There was a two-month consultation period involving gathering online comments, and meetings with farmers and producers. The TACs then considered the consultation

outcome, the drafts were reviewed by Sector Board Committees and by the Standards Committee and the whole suite of standards was approved for adoption in 2021. The process appears to have been thorough and inclusive, and necessarily prolonged.

- 3.27 We have identified some areas where improvement would further support effective decision-making:
- The risk register is not sophisticated and makes no real distinction between controls and assurance; indeed, some of the risks raised in our Board member interviews are not particularly captured on the register, perhaps reflecting that Board involvement in it has been limited.
  - It would be helpful for the Board to have some kind of balanced scorecard or performance dashboard across the range of its responsibilities (e.g. financial, growth, farmer/customer/retailer sentiment, organisational health etc.)
  - There is currently no conflicts of interest policy that gives guidance on how these are defined and managed, or examples of how different scenarios are best managed, which is surprising given that the structure is one in which these are likely to be commonly encountered
  - We have not seen a stakeholder engagement plan or relationship strategy, which sets out the approach to comms and engagement with the different communities of stakeholders within Red Tractor's 'ecosystem', which again seems important given the type of model being operated by the AFS Board.
- 3.28 But overall, it is our view that Red Tractor's governance rules and procedures have been designed with a view to facilitating the achievement of its objectives. And there has been no breach of those rules and procedures in the events leading up to the problems in autumn 2023 that lie behind the commissioning of our work.
- 3.29 However, the rules and procedures were unable to avert those problems, and that has led us to consider whether there are deeper issues, other than the 'nuts and bolts' of Red Tractor's existing governance processes, that may have frustrated the operation of those mechanisms. As will be seen below, one can only conclude that a decision causing such controversy suggests at least a failure of communication.
- 3.30 Indeed, we heard across the supply chain from individuals that Red Tractor needs to have much more proactive communications with farmers, and that much more effort needs to be invested in preparing the ground for change, for sharing the 'bigger picture', for listening to different inputs (including from across the devolved nations) and in ensuring that there is a transparency of engagement with them. We address this point in our recommendations below.
- 3.31 We also heard that retailers, instead of perhaps allowing Red Tractor to carry the message about what they need, could be much more direct in their own communications with farmers about any case for change, so that Red Tractor is more facilitator than the messenger and not continually pushed onto the back foot. A significant point arising from across our findings is that farmers do not feel that they have been taken on a journey (with

the finger of blame pointing in different directions, depending on the seat in which someone sits).

### ***The governance model***

- 3.32 It is certainly the case, as we observe in our introduction to this report, that the operating environment for Red Tractor is unlikely ever to have been so challenging. With the benefit of hindsight, we can say that the current consensus-based governance model was not fully effective during the recent controversial episode. We are writing this report at a time when the hardships faced by the UK's farmers are a regular subject of news reporting.
- 3.33 We can certainly say that the model is surely under considerable stress. It is perhaps not surprising that the introduction of an environmental module might have proved to be such a major hurdle for Red Tractor. The longer-term question of the overall governance model is, we think, something to be addressed in light of the outcome of the second review once there is more clarity about the future role of food and farming assurance in the UK.
- 3.34 We should note again here that the differences between the devolved nations have become more pronounced over recent years, and that ensuring that Red Tractor can respond to and engage with all the nations will be one of the critical success measures going forward.

### ***Misunderstandings and lack of clarity***

- 3.35 Aside from problems stemming from its intensely difficult operating environment, there are issues closer to home for Red Tractor. Firstly, a significant minority people within its governance structure and to whom we have spoken in the course of our review have expressed themselves unclear as to their role and the precise role of their part of that structure, whether the Sector Boards or Technical Advisory Committees.
- 3.36 We should point out that this uncertainty came out more strongly from the interviews than from the survey results. We specifically heard from various interviewees that they were sometimes unclear as to whether they were in a meeting to decide something, to be consulted or to influence or to initiate some action; this opacity leads to a perception that 'bottom up' decision making is being thwarted by 'top down' decision making, and that they are being rendered passive in the structure ('showing good governance rather than living it', said one).
- 3.37 We also found much misunderstanding about the role of the Ownership Body, with many considering that it had more powers and engagement than is actually the case.
- 3.38 At best such lack of clarity can result in individuals feeling detached from the organisation, and being demotivated. At worst such doubts can allow negative perceptions to grow. An individual who does not understand how an organisation operates can suspect that there are "hidden agendas". If such perceptions become widespread, then whether they are accurate or not is immaterial. The perception itself can be highly damaging.

- 3.39 We consider that this situation is partly a communication issue – there is of course a great deal of communication and consultation, but its recipients may not always fully understand exactly how a given item may fit into the wider processes under way. In this sense, Red Tractor is perhaps significantly more transparent than other assurance schemes, but given the considerable complexity of the structure, this does not currently always operate in its favour.
- 3.40 To help address these issues, **we recommend that Red Tractor create and publish a Governance Handbook**, explaining how its governance operates and the roles played by each component of its governance structure. This should not be a lengthy, or complex document, and having it available, and maintained will assist both those participating in Red Tractor’s governance processes and its stakeholders. Such a handbook can be used as part of new Board and Committee members’ induction and could be incorporated in a regular training programme for participants in Red Tractor’s governance.
- 3.41 We write below about the need for a new governance model to be devised, once the second review has reported, and the future role of Red Tractor can be established.

### ***The “duty of independent judgement” conundrum***

- 3.42 A number of AFS Directors have observed that in their view some Board Members behave, in relation to Red Tractor, more as representatives of their respective organisations than as company directors. To a degree there is inevitable tension inherent in the role of a Director who is appointed because they are a senior representative of, for example, a farming union or levy body. We also heard contradictions in the arguments, for example frustration on the one hand that they are operating as representatives and then on the other that they may be operating as ineffective representatives (because of not being briefed by their communities or indeed debriefing appropriately).
- 3.43 Company law requires directors to act in the best interests of the company. Those interests can sometimes conflict with the interests of the body the director represents. However, as this report has already made clear, the composition of the Board of Red Tractor is deliberately representative. To depart from this principle would require some recasting of the governance model and this, again, must be revisited once the second review has reached its conclusions. **Nonetheless, the duty of independent judgement that all company directors are required to discharge has to be regarded as non-negotiable.**

### ***A Code of Conduct***

- 3.44 In the meantime, there are some steps that can be taken to help address these issues for the future. We have not seen a Code of Conduct for Red Tractor Board Members and the wider community of people engaged in the governance structure. As mentioned above, the behaviour of company directors is regulated by Company Law, but many companies find it helpful to reinforce those legal duties with an explicit Code of Conduct adapting the general legal provisions to the specific circumstances of that company.

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- 3.45 Such a code would also be an opportunity to express the values of Red Tractor and the behaviours expected of Board Members as leaders and representatives of the company, and indeed with the legal responsibilities attached to company directorship.
- 3.46 It should also include clear measures on declaring and dealing with conflicts of interest, for instance in the situation where the Board makes a decision which a member of the Board disagrees with, or has a fundamental conflict of interest. The code should also be specific on the handling of confidentiality (a couple of interviewees mentioned the Board as being 'leaky', which is likely to inhibit the content and quality of discussions).
- 3.47 We recommend that Red Tractor develops and adopts a Board Member Code of Conduct, and that some of the elements of that Code should also be applicable to the wider community engaged in the company's governance structure.**
- 3.48 We had feedback also about poor behaviours in Red Tractor's wider governance structure (not at the Board), which should not be tolerated and should invite sanctions for anyone who looks to put forward their views in that way. We heard several times that decision making should not be influenced by those who shout loudest in Sector Board meetings, highlighting the need for agreed ways of working and clarity of the scope of engagement and influence at each tier of the structure. **Any code will need to contain clear provisions about the conduct and behaviour of all individuals involved in the affairs of Red Tractor.**

### ***Contrasting views of Red Tractor***

- 3.49 Thirdly, and of most significance, we have been struck by the widely contrasting perceptions of Red Tractor, its governance and management and of the background to the events of autumn 2023, held by Board Members and members of Committees and Sub-Committees and by other stakeholders.
- 3.50 Many see Red Tractor as a well-managed, effective and professional organisation striving to make progress in difficult conditions and to exercise much-needed leadership in the food and farming industries. Others (although fewer of these on the Board of Red Tractor) see the organisation as having a closed, top-down and controlling culture and as having lost touch with the farming communities.
- 3.51 See the various appendices for more details of the survey results. Of the Board/senior exec respondents, 15% did not agree that the Board provides focused strategic leadership and direction to the work of the organisation. Perhaps more significantly, there was a significant split of opinion as to whether the Board takes decisions collectively and confidently and unites behind the decisions it takes. This relates to the points raised above on conflicts of interest.
- 3.52 In fact, 70% of respondents did not agree that this is the case. Similarly, 80% of respondents did not agree that Board members took full collective responsibility and stood by difficult decisions. A majority of respondents did not agree that the Board reviews its collective performance, and that of the Sector Boards and the committees.

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- 3.53 From the survey of Sector Board and TAC members, less than 30% of respondents agreed that lines of communication between the Board and Sector Boards were open and effective, with around 40% disagreeing and the remainder unsure. Around 30% did not agree that decisions were made in the appropriate body, with a further 15% unsure.
- 3.54 Around one third of respondents did not agree that the decision-making process was fair on their Sector Board or TAC, and 10% were unsure (A11). Just over 40% of respondents considered that Red Tractor did not listen and respond to their views and those of other stakeholders.
- 3.55 From some of the survey return comments and interviews, we also heard accounts of particular meetings and incidents where the conduct of certain individuals was seen as over-forceful. Others did not consider that this was the case, indeed the opposite.
- 3.56 Thus we have found evidence to support both the contrasting sets of perceptions referred to above. There is widespread praise for the quality of Red Tractor Board Members and for the professionalism, commitment and effectiveness of the executive team. In the focus groups we encountered much respect for the wider staff workforce and a recognition of the very stressful conditions under which they were working. However, the response of farmers in response to the proposed Greener Farms Commitment suggest that in this respect at least, Red Tractor has not been able to take all sections of its stakeholder community with it.
- 3.57 The current situation is serious, and damaging for Red Tractor, but need not be fatal. Our review, irrespective of the ongoing second review or its future outcome, can be seen as an opportunity for a reset. But for this opportunity to be taken successfully requires commitment and timely action not just by Red Tractor but also by the Ownership Bodies.
- 3.58 We understand that Red Tractor intends to commit resource and time to engaging with farmers in coming months, explaining its work and purpose. We recommend that this be carefully planned, and done as soon as practicable.
- 3.59 This effort needs to be matched by the Ownership Bodies. If they do not engage with their respective constituencies and advocate for Red Tractor to continue its work pending the completion of the second review, they run the risk of a damaging hiatus and continuing uncertainty which can only benefit those who wish to compete with UK food and farming. We return to this issue in Section 5 below.



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## 4. Summary of recommendations

- 4.1 As we have stated above, the current situation is serious, and potentially damaging for Red Tractor. Our review, irrespective of the ongoing second review or its future outcome, should be seen as an opportunity for a reset. But for this opportunity to be taken successfully requires commitment and timely action not just by Red Tractor but also by the Ownership Bodies. Drawing on the previous section, here we bring all the more immediate recommendations into a more summary form, as set out in the following paragraphs.
- 4.2 **Create and publish a Governance Handbook:** To address issues around lack of clarity about roles and responsibilities, we recommend that Red Tractor create and publish a Governance Handbook, explaining how its governance operates and the roles played by each component of its governance structure. This need not be a lengthy, or complex document, and having it available, and maintained will assist both those participating in Red Tractor's governance processes and its stakeholders.
- 4.3 Such a handbook can be used as part of new Board and Committee members' induction and could be incorporated in a regular training programme for participants in Red Tractor's governance. Clearly, addressing the level of misunderstanding about the roles of all the different entities within Red Tractor governance structure must be a priority going forward.
- 4.4 It should also help to address other issues of perception. For instance, we heard from some survey returns and interviewees that the members of the Sector Boards had been selected with a view to minimising any serious challenge to Red Tractor. We cannot say whether this is or is not the case, but we would comment that such perceptions can be reputationally damaging.
- 4.5 A clear process set out in the handbook, would help to counter such perceptions. This would need to cover such matters as the role of the Nominations Committee, how vacancies will be publicised, the process for applications or nominations, how the skills required will be established, and the interview and selection process.
- 4.6 **Introduce a formal process of appraisal for Board and Committee members:** We recommend that Red Tractor introduces a formal process of appraisal, both of individual directors and members of committees and sub-committees, and also of the overall operation of each element of its governance hierarchy. Such a process can help foster a culture of continuous improvement within the governance of the organisation and enable opportunities for ongoing simplification and streamlining to be identified and acted upon.
- 4.7 **Develop and adopt a Board Member Code of Conduct:** There is inevitable tension inherent in the role of a Director who is appointed because they are a senior representative of, for example, a farming union or levy body.
- 4.8 Company law requires directors to act in the best interests of the company. Those interests can sometimes conflict with the interests of the body the director represents. However, as this report has already made clear, the composition of the Board of Red Tractor is deliberately representative.



- 4.9 To depart from this principle would require some major recasting of the governance model and, again, should be something revisited once the second review has reached its conclusions. Many companies find it helpful to reinforce their legal duties with an explicit Code of Conduct adapting the general legal provisions to the specific circumstances of that company.
- 4.10 Such a code would also be an opportunity to express the values of Red Tractor and the behaviours expected of Board Members as leaders and representatives of the Company. **We recommend that Red Tractor develops and adopts a Board Member Code of Conduct, including clear provisions on declaration of and dealing with, conflicts of interest.**
- 4.11 **Ensure that relevant aspects of the Code of Conduct have application to the wider Red Tractor governance community** (Committees, Sector Boards and TACs).
- 4.12 **Address stakeholder engagement and relations as a priority:** We understand that Red Tractor intends to commit resource and time to engaging with farmers in coming months, explaining its work and purpose, effectively a communications campaign. This should also be able to address the misunderstandings about the roles of the Sector Boards and TACs that we have described above.
- 4.13 This campaign will need to be carefully timetabled, planned, guided and monitored by the AFS Board. At the risk of stating the obvious, such an effort will need to start in evident listening mode, so that the engagement is widely perceived to be real. Given that much of what we heard from interviewees and survey comments suggests that Red Tractor's communications to date have not always succeeded in their objectives, at least with some sections of the intended audience, **we recommend that the Board consider whether it may be desirable to obtain strategic specialist advice on the proposed campaign.**
- 4.14 **We recommend that this be done as soon as practicable.** This effort needs to be matched by the Ownership Bodies. If they do not engage with their respective constituencies and advocate for Red Tractor to continue its work pending the completion of the second review they run the risk of a very damaging hiatus and continuing uncertainty which can only benefit those who wish to compete with UK food and farming.
- 4.15 **Review and revise the RT risk map:** so that it can be fit for purpose in the new environment in particular in relation to the second review.
- 4.16 In the following section we go on to make more a range of suggestions about longer term considerations and options during and beyond the second review.

## 5. Looking forward

- 5.1 Although the governance framework of Red Tractor is broadly sound, and was carefully devised to achieve its objectives, the fact remains that Red Tractor faces a situation that could become to an existential crisis. It faces intense criticisms and mistrust from a significant minority at least of the farming community and has agreed to pause the implementation of its proposed environmental module.

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- 5.2 A wide national review of UK farm assurance is about to get under way, which may end up making recommendations fundamentally affecting Red Tractor's future role and success. And although Red Tractor itself may have suspended development work on new standards while this governance review is under way, its operating environment is moving on: the pressures constantly rising, consumer expectations and competition from other food suppliers and exporters – these are growing, not abating.
- 5.3 That review is certain to take a significant period of time before it reports leaving Red Tractor in a potential state of uncertainty and limbo for that time. We can also be certain that some, possibly many, of the submissions made to that review will express negative views about Red Tractor.
- 5.4 It may be hard to maintain the confidence of all the stakeholder groups during such prolonged stasis. At the end of the review, it is also possible that a rather different Red Tractor scheme may emerge, let's call that Red Tractor 2.0 by way of shorthand.
- 5.5 Red Tractor 2.0 may well require changes to its governance framework to be truly effective for any changes to its role. And the business of devising and implementing those changes will not be delivered swiftly either, but will need careful thought and phased implementation.

### ***2024-26 in perspective***

- 5.6 It follows then that the major governance challenges facing Red Tractor and its Ownership Bodies are around its continuing operations over (say) the next two years. Almost all of those to whom we have spoken have emphasised the importance of there being a body of assurance standards for UK food and farming and an organisation such as Red Tractor to develop and apply those standards.
- 5.7 At the risk of exceeding our governance brief, we therefore suggest that the following actions on the part of Red Tractor and each of its Ownership Bodies are needed:
- (1) Engaging constructively and extensively with the second review, providing it with evidence, and seeking to influence its deliberations and recommendations so as to ensure an optimal future for UK farm and food assurance;
  - (2) Consulting widely, and creating a clear vision of Red Tractor's positive, and hopefully central, future role in that future UK farm and food assurance;
  - (3) Assembling the widest possible coalition of stakeholder support, including from the devolved nations, for the vision referred to, again so as to inform and influence the strategic review;
  - (4) Using this process to rebuild the trust and support of as much of the stakeholder base as possible, and in particular that of those disaffected sections of the farming community, however extensive they may or may not be;
  - (5) Similarly using the process to increase awareness of how the governance of Red Tractor operates, and how it can act as a conduit to the views of all different elements of the UK food chain;

- (6) As, if and when Red Tractor 2.0 emerges, being ready with changes and enhancements to existing structures so as to deliver, and be seen to deliver, the highest possible standard of governance going forward, building on the positives and strengths of the existing governance structure.
- (7) Ensuring that Red Tractor's 'business as usual' is still delivered, and seen to be delivered, to a high standard during the period of the second review and any implementation of its findings.

5.8 Our review has of course suggested certain immediate improvements to the governance framework, which we expect to be non-controversial, and capable of implementation in a straightforward manner. But these will not of themselves be enough to deliver the points set out above. This will also need a bold new approach, careful planning, significant resourcing and effective governance oversight.

### ***For additional consideration***

5.9 In addition to our formal recommendations above, we therefore suggest that the following be actively considered:

- (1) An early joint awayday of the Board and Ownership Bodies to consider and plan delivery of the objectives set out above, if indeed these are agreed;
- (2) Creation of one or more smaller committees or task-groups of the Board to oversee delivery of the agreed plan, and to ensure that targets set are clear, measurable and reported on; such committees could benefit from expert co-options to bring the skills and experience needed to oversee such an ambitious programme; and
- (3) An enhanced role for the Ownership Body during the interim period as an advisory 'think tank' in addition to its existing responsibilities, possibly with representation from a small number of other key organisations, for instance from the devolved nations.

### ***The governance of Red Tractor 2.0***

5.10 The final design of any new governance framework will need to wait. Form must follow function, as we know, and until function is established, the detail of form cannot be agreed. Nonetheless, we can suggest some considerations and questions to be taken into account:

- (1) How best to follow the important principles of simplification and streamlining, which generally contribute to the success of governing organisations with complex functions and stakeholder interests;
- (2) Review the Board size: AFS has 18 Directors. Many of those to whom we have spoken have suggested that the Board should be smaller. But equally, many have acknowledged that any significant reduction in the size of the Board would be difficult to achieve. From CT's experience Boards tend to function better if their size is limited to eight to ten directors. However, there is no set optimum size, and it is equally important that all members of the Board fully understand their role and behave accordingly.

- (3) Any changes to the ownership model of Red Tractor, including consideration of the possibility, favoured by some, but not all, that it should become an independent organisation; others, conversely, have suggested that the Ownership Bodies should take a more active role; certainly, as we have indicated above, we suggest that an active role by each Owner will be needed during the interim period, pending the conclusion of the second review.
- (4) Resolving the “duty of independent judgment” conundrum outlined above, so that the formal company directors of Red Tractor are not, and are not seen to be, representing particular external organisations or interests;
- (5) Creating mechanisms for the engagement and consultation of all sectors, stakeholders, devolved nations and other interested parties which are, and are seen to be, responsive and open;

Although we do not necessarily recommend it for RT, we have seen two tier structures work well elsewhere, with a larger advisory Council and a smaller board of directors, selected principally for their skills and experience. Key to such an arrangement is to ensure that the Council members do not and cannot be seen to act as ‘shadow directors’ of the company.

- (6) Within the previous point, ensuring that there is common cause and a perceived equitable balance between stakeholders in the four UK nations;
- (7) Having access to the best technical advice on the development and evolution of standards; and
- (8) These add up to a more comprehensive review of the governance model, once the shape of Red Tractor 2.0 is clear. Overall, the governance hierarchy has, as we observed above, functioned satisfactorily until recently, enabling the company’s objects to be achieved. However, it is undoubtedly complex and its operation requires the participation of some 150+ people. We consider that the new demands of Red Tractor 2.0, and dealing with the legacy of recent controversy, will demand a significant evolution of the current structures, building on their strengths.

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## Appendix 1: Overview of survey results

We sent out two versions of the survey:

- The Red Tractor Board and senior staff effectiveness survey (20 respondents)
- The Red Tractor survey of Sector Boards and Technical Advisory Committees (90 respondents).

A third survey was originally devised for the Ownership Bodies and some other key stakeholders; in the end it was not used for this purpose. It was however distributed by others (not at our request) and received 2,227 unsolicited responses.

### **1. Survey of Board members and senior staff**

The survey received a total of 20 complete responses from 17 Board members and 3 staff members.

Respondents were largely positive about the governance of Red Tractor. There were some points where a minority disagreed, and some where there was a clear split in opinion – even where there was sizable disagreement it was not unanimous.

The main areas of concern highlighted by survey responses are around collective decision making, the size of the Board, Board appraisal and review, and learning and development for Board members. A significant minority also expressed concerns about stakeholder engagement.

#### **Board leadership and core duties**

Most respondents agreed that the Board understands Red Tractor's objectives and is committed to fulfilling them. However, three respondents (15%) disagreed that the Board provides focused strategic leadership and direction to the work of the organisation (A3).

A quarter disagreed and a quarter did not know whether the Board sets and assesses objectives for the Chief Executive (A8). There was also some disagreement as to whether the Board creates a positive culture, with a strong focus on stakeholder interests – three respondents disagreed (A9).

#### **Decision-making, risk and control**

Risk management was seen as a strength, with all or the majority of respondents agreeing that the Board is kept up-to-date with changes in the operating environment, and that it determines and manages the principal strategic risks to the organisation, is clear about its risk appetite, and is given the right information to make effective decisions.

The majority agreed that the Red Tractor Board understands reserved issues and delegations, is clear on the roles and responsibilities within the governance structure, and that it is well supported by the Sector Boards and TACs.

There was a significant split of opinion as to whether the Board takes decisions collectively and confidently and unites behind the decisions it takes – 70% of respondents disagreed that this is the case (B10). In response to a similar question, 80% of respondents disagreed that Board members take full collective responsibility and stand by difficult decisions (D4).

## Board operations

Respondents were generally positive about Board operations, with the majority agreeing that papers are well-structured, agendas effective, and the sequencing of meetings works well. However, a fifth disagreed that the governance structure makes the best use of Board and senior staff time (C1). Three respondents (15%) did not know and two disagreed that the Chair seeks feedback on how to foster constructive challenge (C7). Two respondents disagreed and a quarter did not know whether the Board has effective governance support in place (C10).

## Board culture and dynamics

All agreed that Board members bring wisdom and insight, and that Board members are respectful and behave appropriately in meetings. All but one (who didn't know) agreed that Board members have the range of skills, knowledge and experience needed to make high quality decisions. Most agree that the Board debates the issues robustly and that everyone participates.

As noted above, there was significant disagreement about whether the Board stands by collective decision making – 80% disagreed (D4).

## Board effectiveness

There is serious concern about the Board's size, with 40% of respondents considering that it is not the right size to support efficacy (E1).

The Board member appraisal process was highlighted as an area for improvement, with just 20% agreeing that appraisals are rigorous (E10). Half disagreed or did not know whether the learning and development needs of the Board are met (E5).

A small number (15%) disagreed that the constitution of the Board provides a balanced and diverse mix of skills and experience (E4), and 30% disagreed or did not know whether succession planning for Board members is effective (E6). There was also some uncertainty about whether the process for appointing Board members brings through the appropriate skills (E7).

Just over half of respondents disagreed that the Board reviews its collective performance, and that of the Sector Boards and the committees (E8).

A significant minority, 20%, disagreed that the Board models principles of equality and diversity in considering its own working, and 20% did not know (E9).

## Stakeholders and accountability

A fifth of respondents (20%) disagreed that the Board's stakeholder strategy and communications are effective (F1). The same number disagreed that the Board has access to the information and insight it needs to understand its stakeholders (F2).

## Sector Boards and Committees

In terms of the wider governance structure, the vast majority are satisfied with the scope and operations of the Sector Boards and the committees.

## The Chair

Respondents were very positive about the Chair: they agreed that she gives everyone the chance to speak, chairs meetings well, and encourages open and robust discussion. Further comments about the Chair and suggestions for her focus over the next year can be found in Appendix 2.

## **2. Survey of Sector Boards and TACs**

There were 90 responses to the survey of Sector Boards and TACs. Respondents were asked to state their level of agreement with 11 statements about the governance of Red Tractor.

There was some disagreement with all statements.

While the majority agreed that they understand the different roles of the Board and the Sector Boards (A1), and the Board and the TACs (A2), a significant minority disagreed that Sector Boards and TACs add value to the development of the Red Tractor Scheme (A4, A5).

Less than 30% of respondents agreed that lines of communication between the Board and Sector Boards are open and effective (A10), with around 40% disagreeing and the remainder unsure.

Around 30% did not agree that decisions are made in the appropriate body, with a further 15% unsure (A3). Around one third of respondents did not agree that the decision-making process is fair on their Sector Board or TAC, and 10% were unsure (A11).

Almost 90% agreed that Red Tractor is accountable to and open to influence from food suppliers and retailers (A8); however just under half agreed that the same is true for farmers and food producers (A7).

Almost half (just over 40%) of respondents disagreed that Red Tractor listens and responds to their views and those of other stakeholders (A9).

### ***The unsolicited responses***

The large number of unsolicited responses received to the third survey, which was never in fact issued, but circulated by others, were almost entirely negative, suggesting considerable anxiety and frustration among some sections of the farming community about Red Tractor assurance.

We have not considered it correct to take account of the responses in our report, given that respondents were self-selected from a particular group of the farming community, and that the responses had no direct bearing on the governance of Red Tractor as defined for our review.

Clearly though, the views expressed are likely to have some relevance to the second wider review, and we will liaise with NFU and RT as to whether and how best to feed them in at the appropriate moment.

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## Appendix 2: Board survey results

### *The survey format*

The survey received a total of 20 complete responses from 17 Board members and 3 staff members. Respondents were asked to indicate the extent of their agreement using a scale of:

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Not sure/don't know

This was done against the following categories:

- Board leadership and core duties
- Decision-making, risk and control
- Board operations
- Board culture and dynamics
- Board effectiveness
- Stakeholders and accountability
- Sector Boards.

Respondents were also asked to indicate the extent of their satisfaction using a scale of:

- Very satisfied
- Satisfied
- Dissatisfied
- Very dissatisfied
- Not sure/don't know

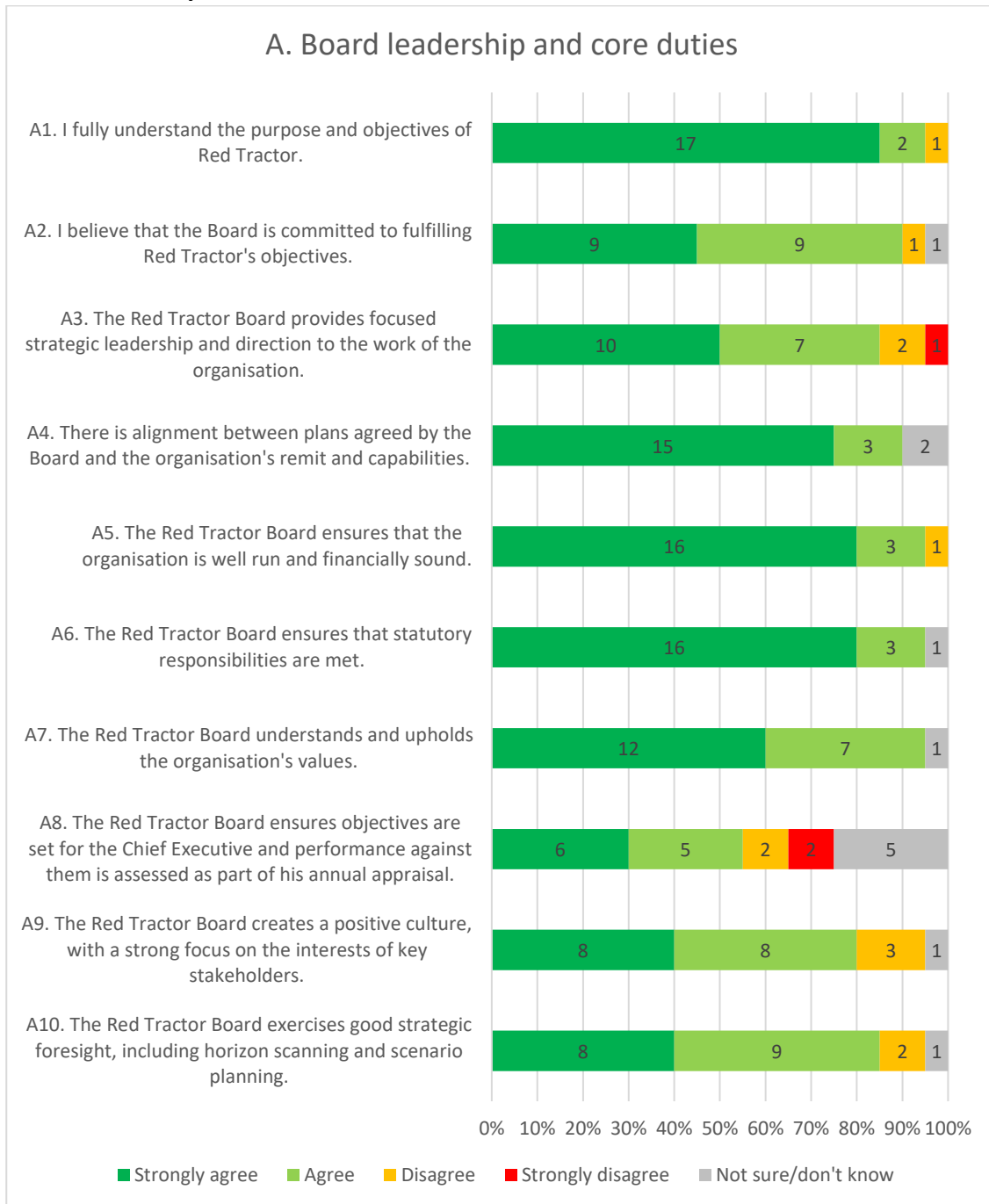
This was done against the following categories:

- Audit & Finance committee
- Nomination committee
- Remuneration committee
- Standards committee
- Overall governance committee structure.



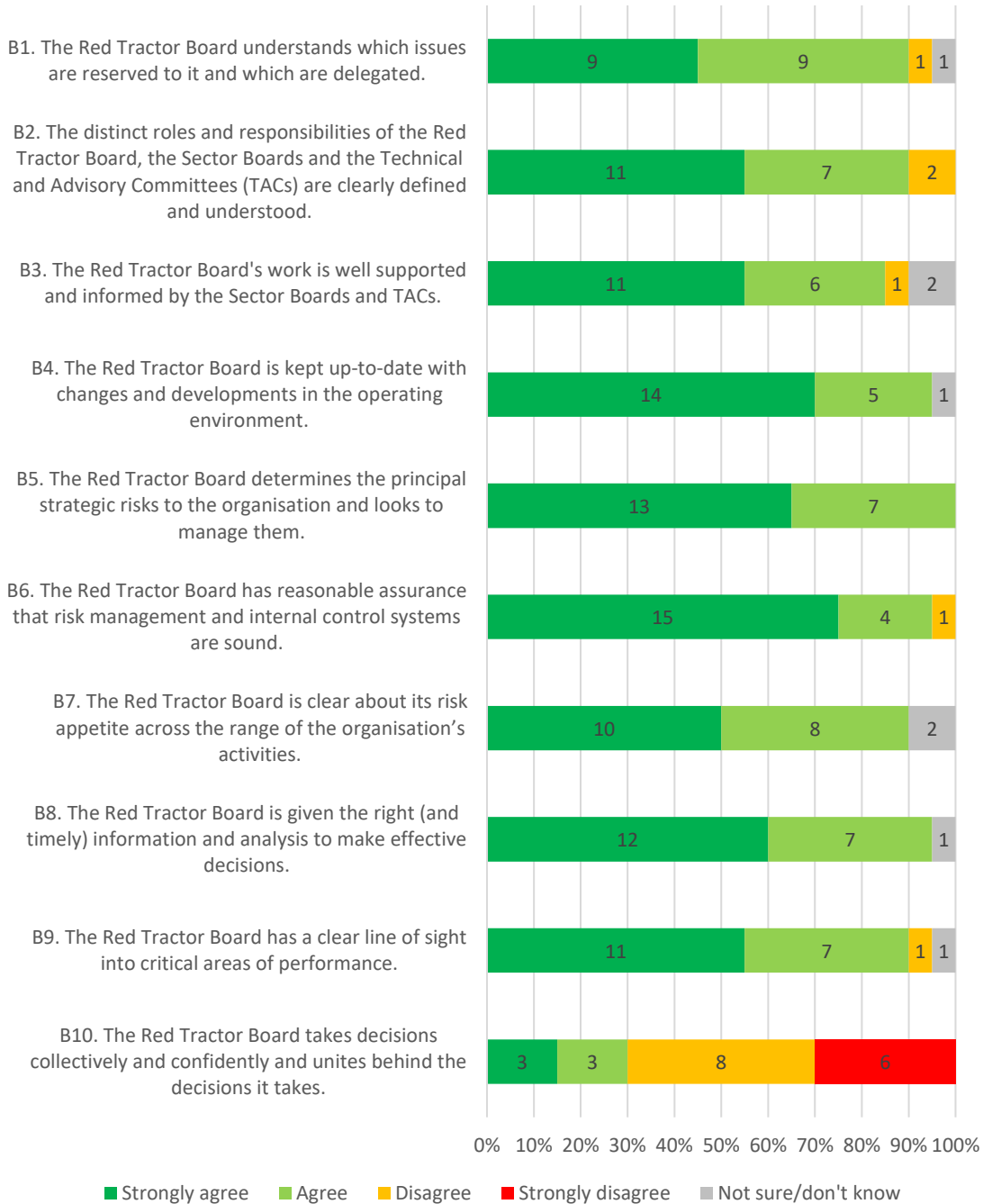
**Board evaluation charts: (all respondents: BM and staff)**

**Board leadership and core duties**

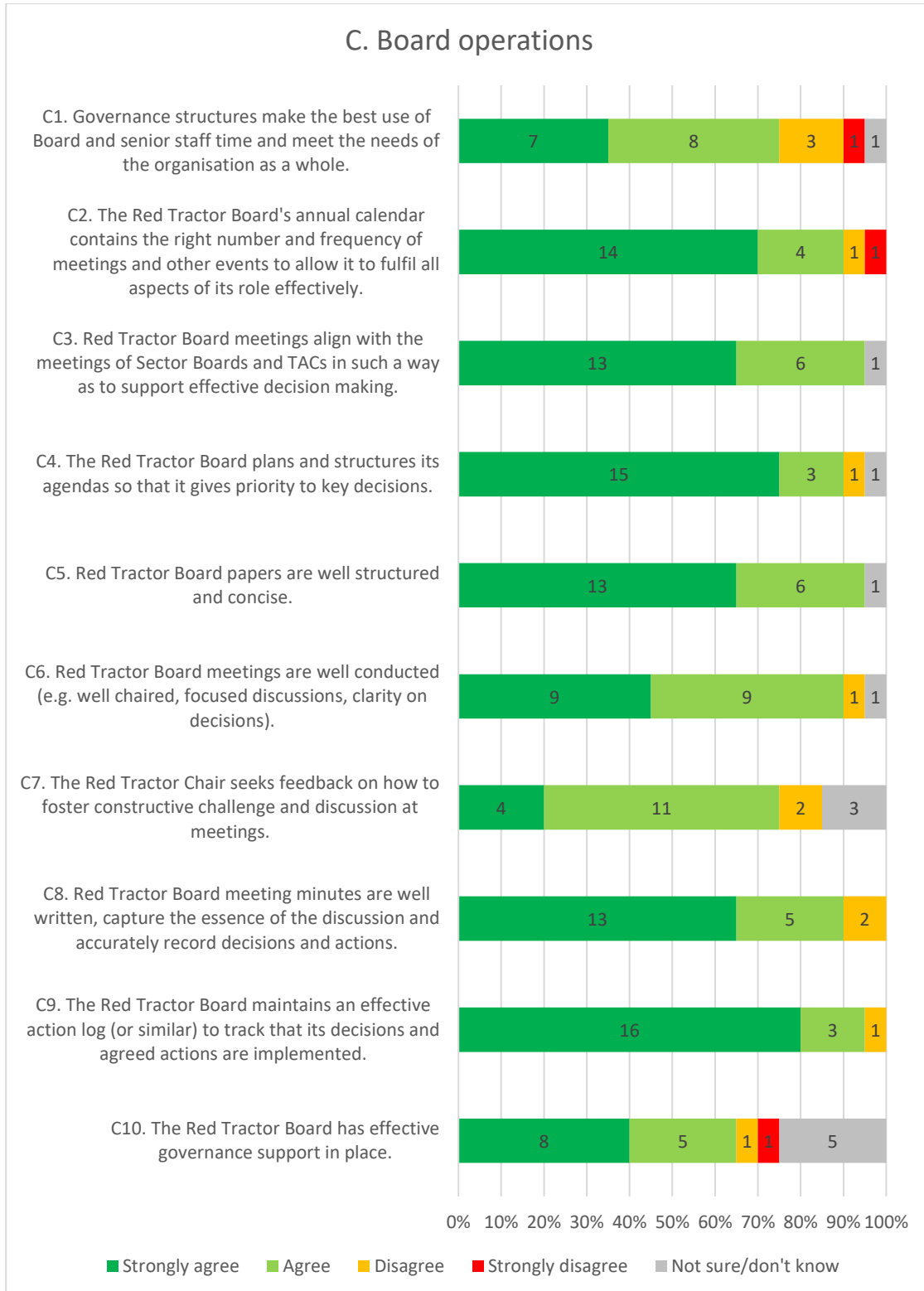


**Decisions-making, risk and control**

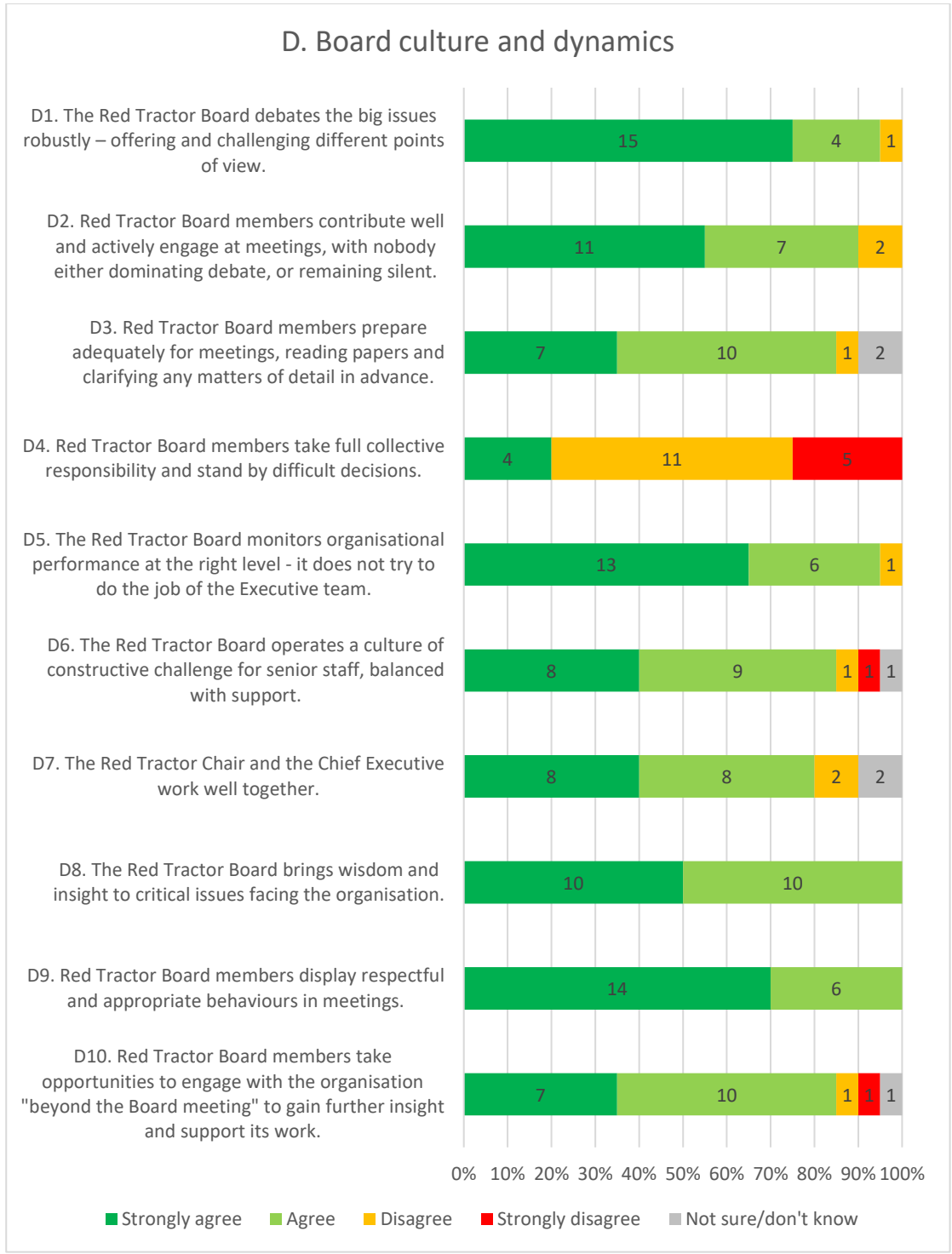
**B. Decision-making, risk and control**



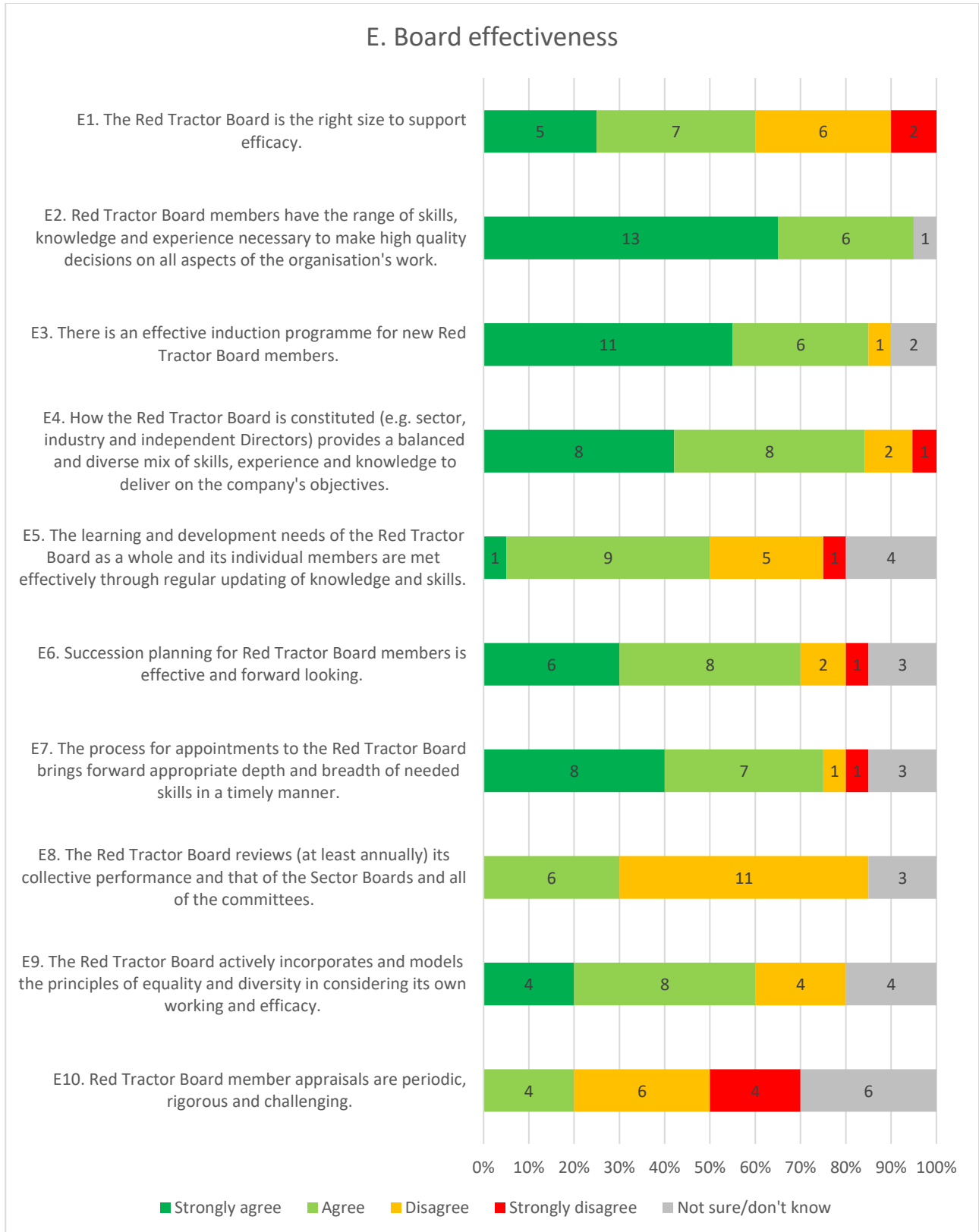
**Board operations**



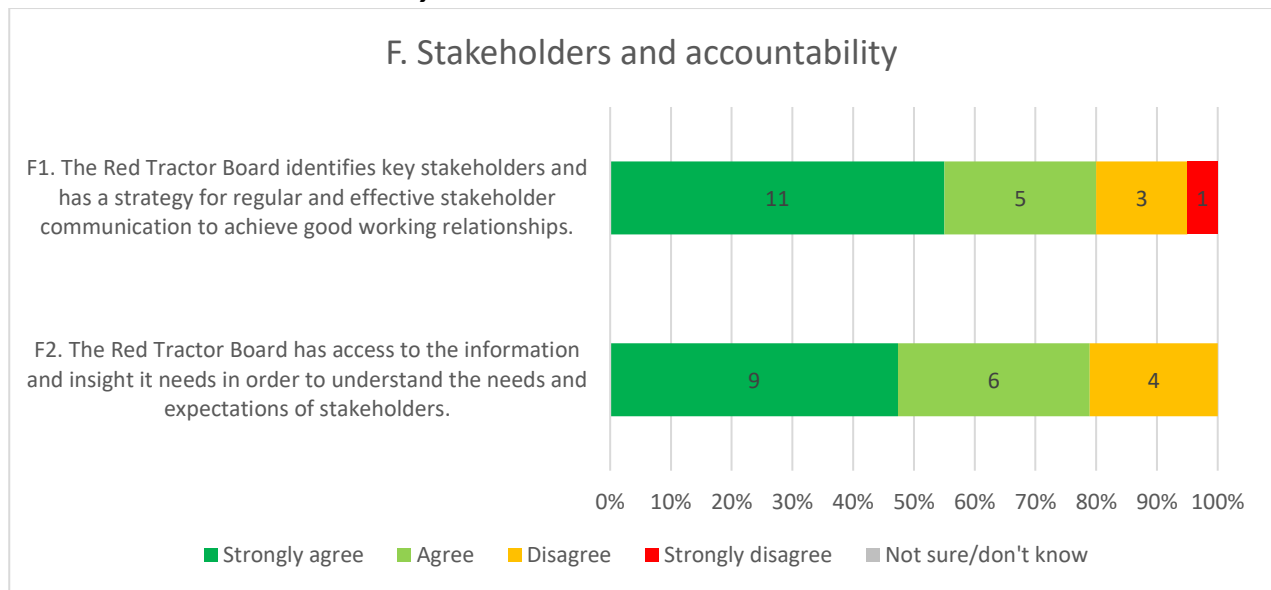
**Board culture and dynamics**



**Board effectiveness**



**Stakeholders and accountability**

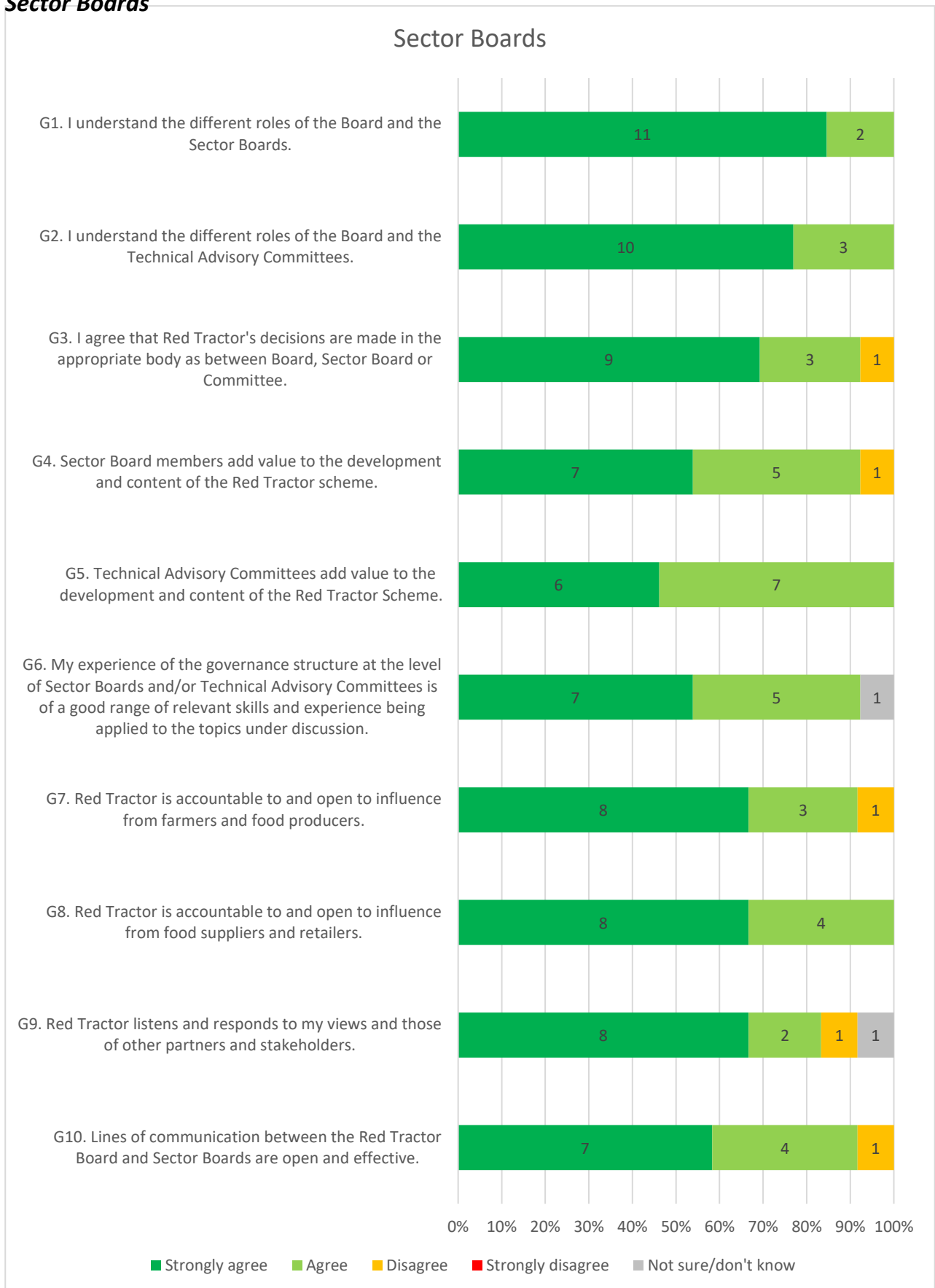


**Sector Boards**

Respondents answered as sitting on or attending the following Sector Boards:

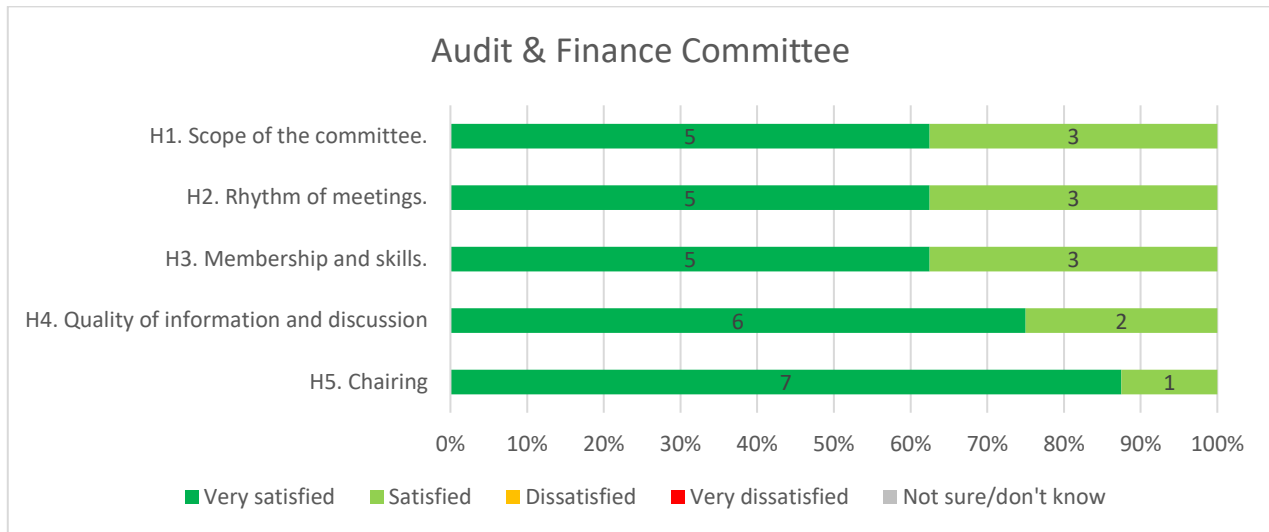
- Pigs
- Main board and ownership board as chair
- Dairy
- Main board
- Independent Scientific Director
- Fresh Produce
- Standards committee, AFS Board, Ownership board
- Poultry
- Previous main board vice chairman, chair of Standards committee, Finance & GP, remunerations
- Beef and Lamb
- All.

**Sector Boards**

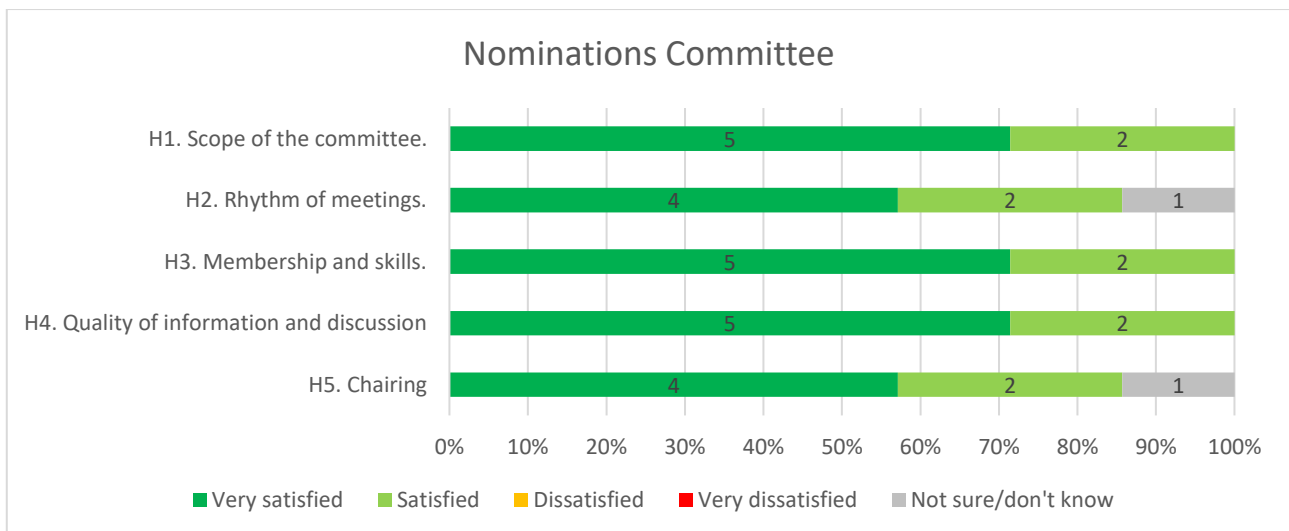


**Committees**

**Audit and Finance Committee**

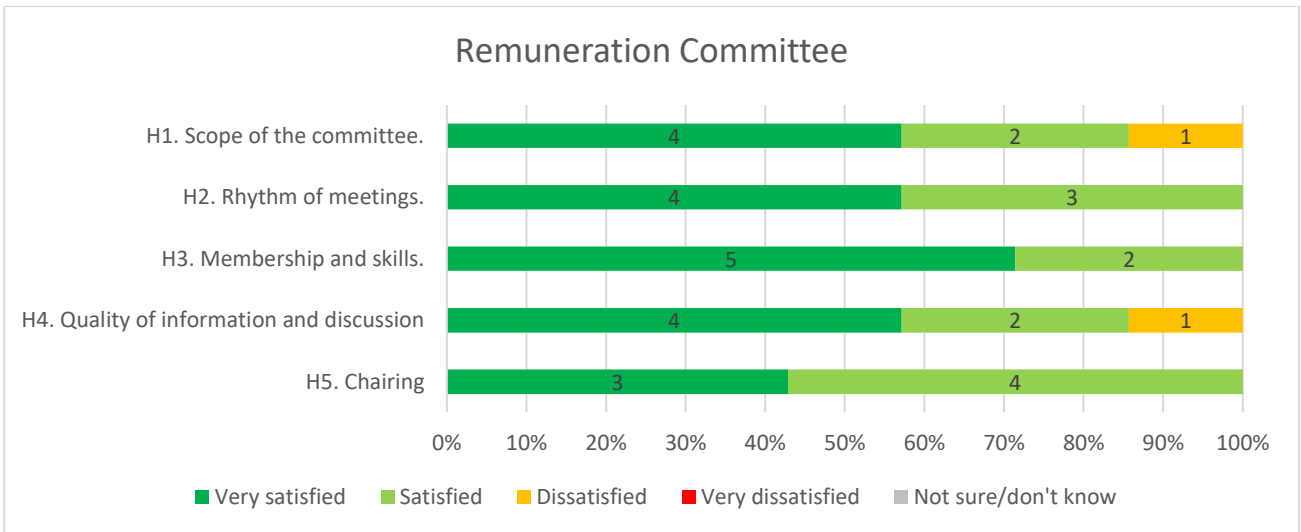


**Nominations Committee**

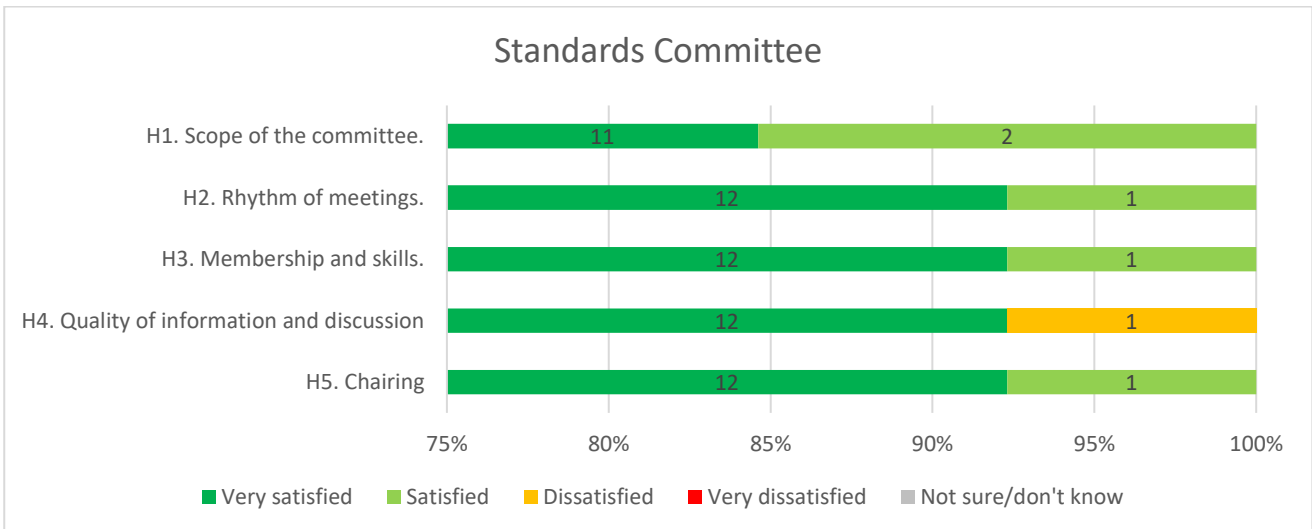




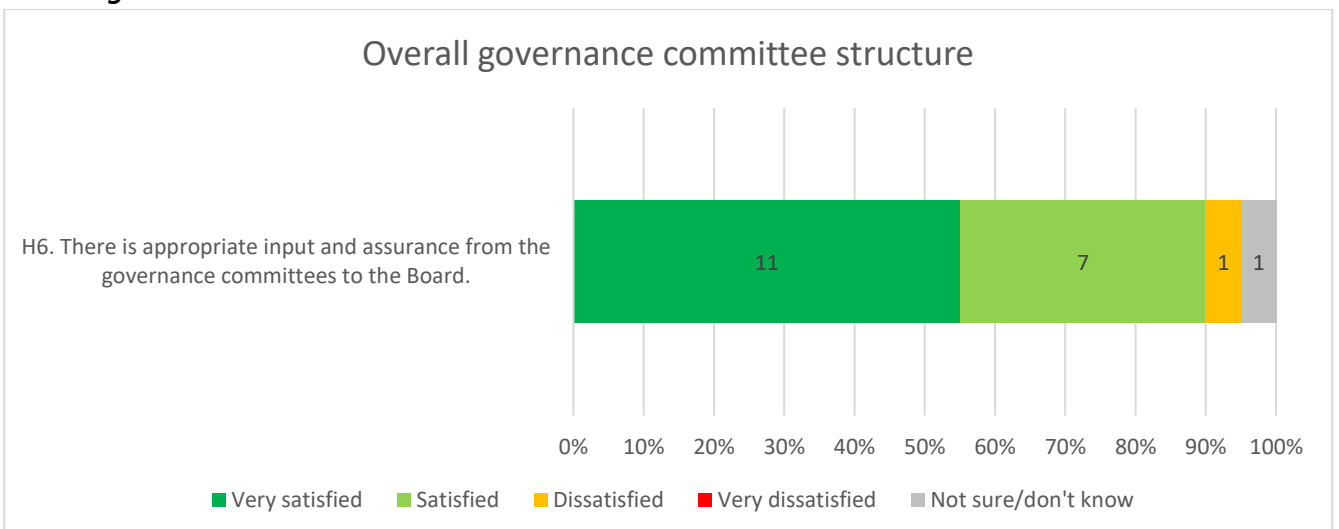
**Remuneration Committee**



**Standards Committee**



**Overall governance committee structure**



## ***The Chair***

### ***What does the Chair do well?***

Respondents praised the Chair for the following behaviours and actions (in order of importance):

- She gives a chance to everyone to speak up during meetings.
- She chairs the meetings well.
- She encourages robust and open discussions.
- She brings the debate to a close properly and with clear decisions made.
- She engages with stakeholders and reports back to the Board.
- She has a good knowledge of the subject matter and a wider industry perspective.
- She asks challenging questions to Board members and staff.
- She knows how to reach compromise when necessary.
- She ensures that the Board has a strong agenda.
- She allows adequate time for discussion and keeps meeting on time.
- She provides good support to the executive team.
- She publicly recognises staff performance and professionalism.

Respondents also described the Chair as someone who is a good listener, sincere, objective, passionate, honest, courteous, disciplined, and approachable. They welcome her good reputation outside of the organisation and believe that she genuinely wants the best for Red Tractor.

### ***If you were giving advice about her performance, what would you say?***

In general, several respondents answered that they want to see the Chair keep up with the good work that she is already doing in a challenging climate. Other advice that was mentioned are listed below.

- Better summary of the conclusions reached and recommendations from the Board to ensure everyone is on the same page.
- Keep the content of the discussions more focused for optimal effectiveness.
- Ensure clear direction at the end of the meeting but also ahead of the meetings.
- At times, be more directive and less consensual.
- Stick to the agenda for each meeting.
- Take a stronger stance regarding Board performance and less tolerant of poor behaviour.
- Ensure in-depth discussion when there is a disagreement among directors.
- Seek the views of all Board members on a 1-2-1 basis more regularly.
- Consider the impact of Board decisions on various stakeholders (especially if those decisions are contentious).
- Get more support from the ownership body.
- Be less involved in the day-to-day details and operate at a higher level with influential stakeholders.
- Bring more challenge to the CEO to deliver on clear objectives.

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***What should the Chair focus on over the next 12 months in order to ensure that the Red Tractor Board is as effective as it can be?***

Here is a list of suggestions made by respondents regarding what the Chair should focus on for the next 12 months:

- Reduce the size of the Board.
- Reconstitute the Board in an open and transparent way.
- Improve the transparency of the decision-making process and future standard development.
- Ensure that Sector Boards and TACs own their outputs.
- Hold the industry representative Board members to account in publicly supporting key decisions and actions they are party to.
- Ensure Board members share a collective responsibility for Board decisions.
- Keep discussions and debates more focused.
- Conduct regular governance review and appraisal of Board members skills with a skill matrix.
- Consider stronger actions in case of bad behaviour.
- Rebalance research and communication within the Board.
- Foster more cohesion among Board members.
- Deliver the outcomes from this review and work with the right stakeholders.
- Communicate change effectively.
- Bring the whole industry together.
- Improve grassroot member engagement.
- Re-build the reputation of Red Tractor.
- Deliver a stronger understanding of the organisation and its structure to all stakeholders.

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## Appendix 3: Survey of Sector Boards & TACs

### ***Headline findings***

In total, this survey received complete responses from 90 respondents. Respondents were asked to indicate the extent of their agreement using a scale of:

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Not sure/don't know

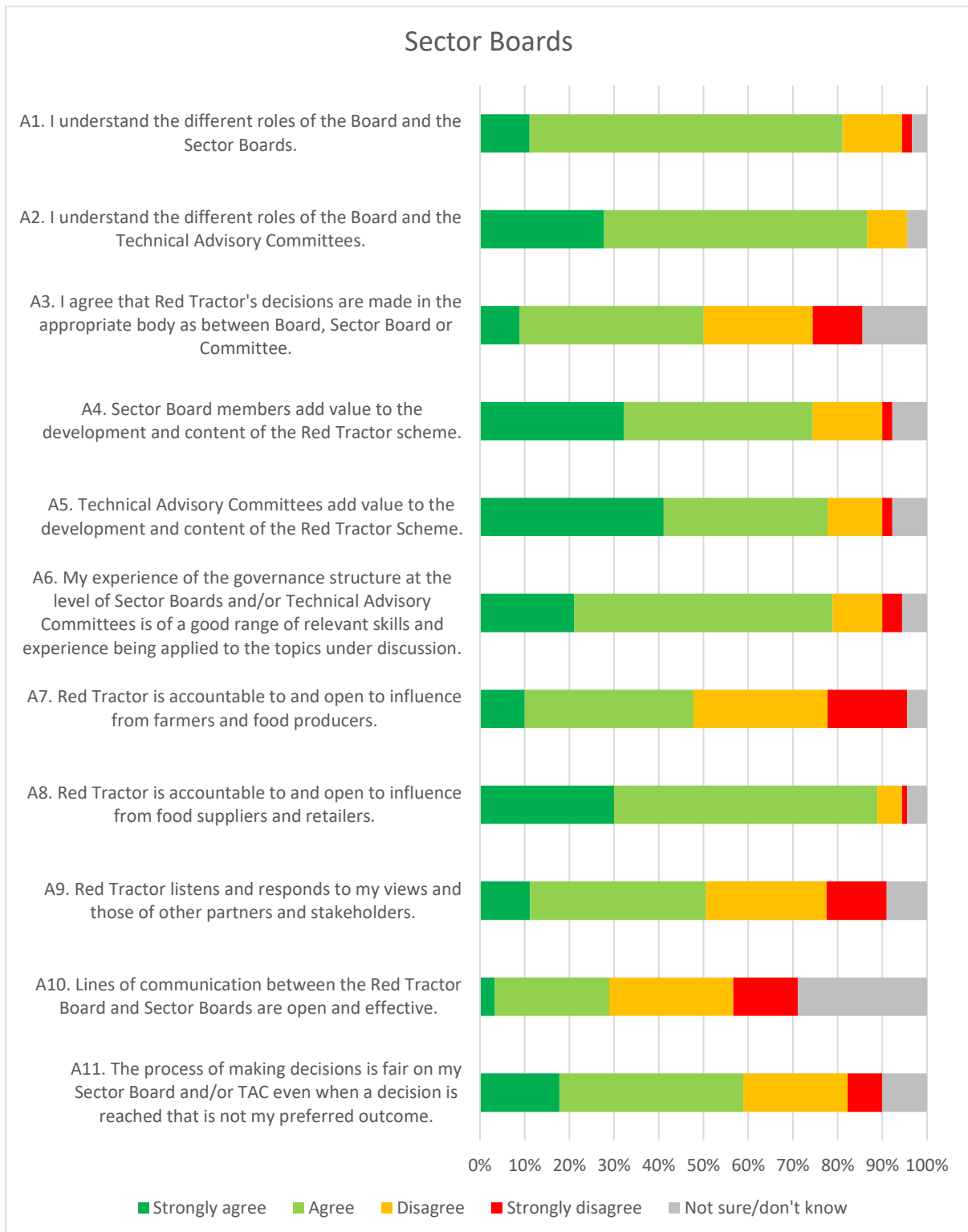
This was done against the following categories:

1. I understand the different roles of the Board and the Sector Boards.
2. I understand the different roles of the Board and the Technical Advisory Committees.
3. I agree that Red Tractor's decisions are made in the appropriate body as between Board, Sector Board or Committee.
4. Sector Board members add value to the development and content of the Red Tractor scheme.
5. Technical Advisory Committees add value to the development and content of the Red Tractor Scheme.
6. My experience of the governance structure at the level of Sector Boards and/or Technical Advisory Committees is of a good range of relevant skills and experience being applied to the topics under discussion.
7. Red Tractor is accountable to and open to influence from farmers and food producers.
8. Red Tractor is accountable to and open to influence from food suppliers and retailers.
9. Red Tractor listens and responds to my views and those of other partners and stakeholders.
10. Lines of communication between the Red Tractor Board and Sector Boards are open and effective.
11. The process of making decisions is fair on my Sector Board and/or TAC even when a decision is reached that is not my preferred outcome.

### ***Respondents' Sector Boards and Technical Advisory Committees:***

- Beef and Lamb Sector Board
- Beef and Lamb TAC
- Combinable Crops and Sugar Beet
- Crops and Sugar Beet Sector Board
- Crops and Sugar Beet TAC
- Dairy Sector Board
- Dairy TAC
- Fresh Produce TAC
- Fresh Produce Sector Board
- Pigs Sector Board
- Pigs TAC
- Pork Sector Board
- Poultry Sector Board
- Tech Committee

**Sector Board evaluation chart**



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## Appendix 4: Our methodology

### ***Methodology***

Our methodology was set out in our proposal, and was designed to address what we understood to be the key lines of enquiry informing this review:

- The scope/content of the scheme and how this is determined;
- The structure of accountability of the scheme;
- The mechanisms within Red Tractor for decision making; and
- How the scheme is intended to reflect the different situations of the nations across which it operates

### ***Inception meeting***

We held an initial meeting to plan and discuss the review with the relevant review leads from the NFU. This meeting allowed us to understand more fully the context for the review, the expectations of it, and any sensitivities in more depth. We then agreed practicalities and timescales and submitted a project plan.

### ***Desk-based document review***

We reviewed a range of documents from Red Tractor, including constitutional documents; strategy and risk documents; policies and processes; and a sample of Board and committee agendas, papers and minutes.

The document review allowed us to understand the strengths of the scheme's governance arrangements, as well as to identify any potential areas for further exploration. We also looked to understand the Red Tractor scheme advisory structure, with its extensive Sector Boards for beef and lamb, dairy, combinable crops and sugar beet, fresh produce, pigs and poultry, and Technical Advisory Committees which make recommendations to the sector boards.

### ***Survey***

It was not practicable within the timeframe to interview all involved with decision making at Red Tractor, with 150+ individuals involved. It was considered helpful, however, to have insight into their views about the operation and decision making of the scheme, how they understand their role, and the flow of engagement, communications and decision making. We needed to develop a clear view of the strategy for engagement and consultation with members and how the outputs from such a framework are intended to connect with decision making in RT's formal governance. The optimal, and appropriate, relationship between RT/AFS and the guarantor/founder organisations was another area for consideration.

We therefore conducted two online surveys for different stakeholder groups to respond to, namely:

- Board members and the Executive team of Red Tractor
- Sector board and technical advisory committee members

A third survey was designed for a specific audience. In the event, it was shared (not by us) for an audience for whom it was not designed. A large number of responses came from people who are

not involved in RT's governance, and we have not taken these into account in our governance review. These are not publicly available. We have however retained the responses, and would be happy to submit them, anonymised, to the second review if that were considered appropriate and useful.

We agreed the structure of the surveys with NFU and with Red Tractor. This approach allowed us to capture a wider range of opinions than undertaking interviews only and generated both qualitative and quantitative data to support our findings. The survey results, and associated comments, together with the document review, were used to inform the subsequent interviews.

### ***Interviews***

We made provision for up to 25 interviews and two focus groups. The list of interviewees included: personnel from the NFU; Red Tractor Board members and senior staff; representatives from AFS; stakeholders from the other guarantors and the UK Farming Unions.

### ***Playback meetings***

Our proposed methodology allowed us to triangulate findings obtained through different methods – document review, survey, interviews, our own knowledge, and experience – to ensure that our findings were based on a rounded perspective and are balanced, proportionate and meaningful.

### ***Playback meetings***

Our preference is to play back our emerging findings before we start drafting our report. We therefore attended NFU Council in January, the RT Board and the OB in February.

### ***Outputs***

We discussed the draft report with NFU, the OB and the Chair of Red Tractor to ensure accuracy before finalising it (taking into account feedback) and supplying the final report.

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