



Agriculture & Horticulture  
DEVELOPMENT BOARD



**PCLM AGENDA ITEM 3  
PAPER PCLM/15/01  
AUTHORISED**

**MINUTES OF THE FIFTIETH MEETING OF POTATO COUNCIL  
HELD AT STONELEIGH PARK  
ON 11<sup>th</sup> February 2015, COMMENCING AT 10.30AM**

**PRESENT:** **Chair:** Fiona Fell **Growers:** James Daw, Dan Hewitt, Bill Quan, Mark Taylor, Anthony Carroll, Alistair Melrose, Ed Lindley **Independent members:** Zoë Henderson, Phil Huggon **Seed Merchants:** Alistair Redpath **Processor representative,** Dave Chelley

**IN ATTENDANCE:** Dr Rob Clayton, PCL Director, Dr Mike Storey, Head of R&D, Adrian Cunnington, Head of SBCSR, , Dr Philip Burgess, Head of KT & Comms, Nick White, Head of Marketing, Mrs Rita Hall, Secretary, Giles Blatchford, Head of Farm Economics AHDB MI. Mr Chris Perry, AHDB Financial Controller, part only. Mrs Anna Farrell part only.

*Note: confidential information in italics*

**15/01 AGENDA ITEM 1 – WELCOME,** Mrs Fell welcomed everyone to the meeting and in particular Giles Blatchford who would now be the PCL representative within MI. Mr Blatchford gave the Board a short resume of his agricultural background, which had encompassed experience in agronomy, farm retail, cost of production, farm economics and benchmarking.

**15/02 AGENDA ITEM 2 – APOLOGIES AND DECLARATIONS**

Apologies had been received from Bruce Kerr and Rob Burns.

**15/03 AGENDA ITEM 3 – MINUTES OF THE LAST BOARD MEETING HELD ON 3rd December 2015 (PCLM/14/06)**

The minutes of the last meeting were approved by the Board and were signed as a true record of the meeting by the Chair.

**15/04 AGENDA ITEM 4 – MATTERS ARISING (PCLP/15/01)**

The Director updated on the matters arising status as follows:

14/42 – Potato Cyst Nematode – situation and legislation in Scotland and rest of GB.

A conversation had taken place with a representative from SASA and it had been confirmed that a 2 tier system of soil sampling and seed production that might allow fields with low levels of PCN infestation into production had been deemed a poor fit with current legislation. There remained different processes for seed certification between England and Scotland and more discussion with plant health officials in England was required before comparison of grower costs and benefits could be made.

14/61 maintain dialogue with YHS

Dr Burgess was in dialogue with the YHS and a meeting was scheduled for March.

Press work for business plan – this item would be covered later in the meeting by the Director

14/62 Cost drivers for central – Mr Perry, AHDB Financial Controller would present an explanatory spreadsheet of current arrangements later in the meeting.

14/63 feedback on PPP sheet

PPP one pager issued to the Board and post the December Team meeting issued to all Potato Council employees internally. It was reiterated that the intention was that it would provide a rolling set of messages and it was imperative that the correct message be published.

14/64 update on Endocrine Disruptor communications

Following the discussions at the previous Board meeting an article was written for the December issue of Tuber Talk highlighting the impacts of the potential loss of ED's to agriculture and potatoes, and providing links to the AHDB reports. A follow up email was sent one week before the EU consultation deadline to all levy payers, reiterating the potential impacts on the potato crop, providing advice based on completing the consultation and a link to the EU consultation response page.

Separately discussions continued with the co-ordinator for an international ag-chem consortium submitting a specific consultation response relevant to potatoes. An umbrella response from AHDB had also been submitted. To help substantiate and strengthen their case, information has been provided and a draft report reviewed. Consistency of message being paramount. Next steps were responses being considered by the EU committee, proper definitions being subject to a parliamentary vote but a further delay had been indicated pushing the outcome back to mid 2017.

Progress on set of additional information for interested seed businesses – **This item would be brought back to the April meeting by Mr Burns.**

14/65 ToRs – A revised MI terms of reference had been discussed with Board members of the MI Committee along with the Chair and the Director. It was confirmed that as part of an annual cycle all committee succession and terms would be on the April board agenda.

14/66 update on branding messages – later in the meeting.

14/67 include storage in KT plans

Dr Burgess reported that this was progressing positively.

#### **15/05 AGENDA ITEM 5 – CHAIRMAN'S UPDATE including current trading conditions (Verbal)**

The Chair commented on the continued low potato price, with the prospect of surplus crop at the end of this season and informed the Board that she had been contacted by numerous levy payers, voicing their concerns over the last few weeks. She advised that the response to the draft business plan was positive but she highlighted that all levy payer issues should be listened to, heard and either referred to the appropriate body for help (e.g. NFU/NFUS) or represented within PCL messaging. The concerns included current low prices, surplus stock, reduced consumption of fresh potatoes, greening and fixture concerns at point of sale and contracts. There was a call from some to increase the budget on Marketing and reduce spend on Research. She was keen to ensure PCL sent the correct messages out to acknowledge these issues and views. She also confirmed that as PCL we could not intervene in commercial contracts but that levy payers should be referred to the NFU/NFUS, who were keen to hear of the current trading issues. She sought the Board's guidance as to the appropriate message content.

With regard to contracts it was agreed that the council could not directly involve themselves but needed to acknowledge the number of contacts being made. “Only grow for a market” was agreed as a suitable message that could be combined with reference to contracts and positive health messages. Reference should be made to the progress made in waste reduction. The Director referred to some of the work and messaging that was already in existence following the PCL Potato Summit of 2013.

**It was agreed that Jim Davies forward the link to Board members for their reference and that he should work with the Chair on a “state of the nation” press release.**

She advised that she had attended the Cupgra conference where she experienced support for PCL. Levy payers had underlined that raising levy rates would be seen as un-empathetic during a difficult season but they understood why the action was being taken.

She had attended an AHDB Agritech strategy meeting, prior to the recent AHDB Board meeting. She was interacting with the new Chair of DairyCo to continue dialogue around crises in our industries. The AHDB Board had agreed to a flexibility of the Potato Council budget within the current year, if activity needed to be brought forward to address current issues and concerns. The proposed increase in the potato levy rate of 1.96% had been agreed. New AHDB Board members would be present at the next AHDB Board once their appointments had been ratified by ministers.

She was scheduled to meet with the new CEO Jane King in the coming week and would raise the subject of better communication tools and contacts both externally and internally.

Both the Chair and Director had undertaken a conference call with David Walker (FPSA) to discuss the current concerns and greening, fixtures etc. A meeting with FPSA CEOs was scheduled for March.

She had attended the Winter Forum in Peterborough and commented on an excellent event.

### **15/06 AGENDA ITEM 8 – PCL ROLE IN DEALING WITH SURPLUS CROP**

In relation to the Chair’s report (above), the Director summarised the current market situation, particularly how a warm 2014 (globally) had led to surplus crops which in turn were impacting on market prices and trading dynamics both at home and abroad. The intensity of requests for help from Potato Council had increased and covered a variety of subjects including assistance with contract negotiations, more interaction with retailers to tackle issues like greening in-store, more aggressive approaches to marketing and better positioning of the potato’s health attributes.

He reminded the board that a number of these concerns were addressed within the 2015-18 business plan and that the PCL functions were already responding to reduced revenues by cutting back on less essential activities. The board then debated and agreed from an options list, any new immediate activity and any activity that could be “pulled forward” from the 2015-18 plan.

They agreed that:

- The Chair’s “state of the nation” press release would be a good way to express to industry that Potato Council was aware of the issues.
- That new corporate affairs activity (to sift and publish a nutritionally focussed global research round-up) would provide fresh messages for the sector.

- That these new messages could be amplified more rapidly by pulling forward a re-launch of One Voice.
- That publicity of PCL's new Research and Innovation plans (see later) would demonstrate a genuine shift to a "consumer first" strategy.
- That interactions with the relevant trade associations and farming unions should be undertaken.

The Director also highlighted an open levy payer meeting in Scotland scheduled for the 16<sup>th</sup> March, would be an ideal opportunity to retest levy payer attitudes.

The Chair advised that although Mr Kerr was absent from the meeting, she had spoken with him for his input into the meeting and he had requested consideration of an event at Westminster using the promotional vehicle in order to promote potatoes.

Mr White announced that he just been advised that the chip mosaic project would be given coverage on The One Show and the Lorraine morning slot.

### **15/07 AGENDA ITEM 9 – AHDB BRANDING UPDATE PAPER**

Mrs Fell welcomed Mrs Farrell to the meeting to update on the progress of the branding project. She asked that her paper be taken as read but welcomed questions from the Board.

She advised that she had met with the market research agency the previous week and that the scripts for the focus groups, which would include Nick White from PCL and Amanda Ball from DairyCo, were being worked on. She had received the initial feedback from Heads of Comms. throughout the organisation with regard to the first slab artwork concepts. She advised that when all responses had been collated, they would be emailed to all Sector Directors for onward forwarding to sector boards with a response time line of around two weeks, but stated that it was her remit to communicate with all AHDB sector boards together to engage their opinion on concept, strap line messaging which would then be incorporated into the process. The Board remained keen to feed their views into the process and Ms Farrell confirmed that this would be invited in tandem with the consultation process.

Mrs Fell thanked Mrs Farrell for the update and requested more communication and collaboration with the Sector Board members going forward. She also requested the **Director take back the thoughts of the Board to SET and to ensure help was given to Mrs Farrell with the process.**

### **15/08 AGENDA ITEM 6 - PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/15/02)**

The Director pointed out that to coordinate with a report given to AHDB main Board, the red, amber and green warnings now reflected KPI risks. He asked that the paper be taken as read with highlights and Board ratification items being addressed:

#### **KT and Communications**

Dr Burgess reported that Mr Daw had agreed to host the precision demonstration farm in 2015 and that a steering group had been formed which would meet on the 12<sup>th</sup> February. Very positive support had been received with numerous applications for the young entrants' programme that would be promoted in February.

### **Market Intelligence** –

Mr Blatchford confirmed that although change within the MI structure had occurred, Mr Swales would retain the key output area data.

The changes to the MI committee terms of reference were read out with changes to the Remit and the Quorum being made, these were agreed.

Mr Carroll made reference to a previous piece of margin analysis work from MI which due to instability of the data had been deemed inappropriate for publication.

**Ms Henderson requested key MI contact details be placed on the organogram. The Board also requested Mr Blatchford forward to the Board a pdf of the MI GB report.**

### **Research & Development**

Dr Storey advised that the Horticulture Innovation Partnership had been invited to join online briefing and collaboration workshop in order to build consortia for the Innovation Centres under Agri-Tech strategy. He also sought endorsement from the Board for changes to the R&KT committee, with Bruce Kerr standing down and Gerry Sadler joining as the Scottish Government representative. A continuation for the final year of a three year blackleg survey programme (previously approved subject to annual reviews) was outlined. **These were approved.**

### **Marketing**

Mr White advised that One Voice was still work in progress with a view to publication w/c 6<sup>th</sup> April, but sought guidance and clarity with regard to the messaging issued. His key activities included working with stakeholders to scope out a new “third tier” to education strategy that might target students in further education, especially catering, developing and scoping a new corporate affairs strategy for Potato Council and developing relationship with Seafish to define collaborative work around fish and chip nutrition

The Board asked what collaboration could be undertaken with Seafish co-ordinating the Fish and Chip Shop Awards and chip week and Mr White confirmed that the dialogue was taking place, they were supportive, but chip week was not their focus, however a chip award within the existing fish and chip award was not out of the question.

**Ms Henderson requested a review and re-presentation of the previous MSC minutes with certain wording being changed to reflect more clarity of conversation.**

### **Seed & Export**

In Mr Burns' absence, Alistair Melrose advised that exports had gone up but on the negative side there have been rejections both on plant health and commercial rejections in Egypt.

He requested ratification of 2 new committee members Grant Cuthill and Sandy McGowan – **these were approved.**

### **SBCSR**

Mr Cunningham asked that his report be taken as read but sought ratification of a new board member Mr Andrew Burgess of Produce World – **this was agreed.**

## **15/09 AGENDA ITEM 7 – REVIEW OF CONSULTATION RESPONSES AND ACTIONS (IDA)**

The Director advised that responses to the draft plan had been received from key stakeholder organisations along with some growers. Whilst all had indicated that the current difficulties in the sector made raising the levy a challenge, most had understood and accepted the business case that reduced areas and continuing challenges made the

proposed increase necessary. Responses had been shared with the AHDB Board and a recommendation made to ministers.

A management response had been prepared covering key themes that had been raised during consultation. These involved tangible changes to the operational delivery planned for FY15/16 and the wording used in the plan itself. Themes variously included addressing the balance between marketing and R&D, the balance between processing and fresh and a general thrust to capitalise on market-growth opportunities both at home and abroad. The response also highlighted the urgency by which some issues needed to be pursued and the overlap with short-term activity was recognised (see item 15/06).

**Board members agreed that the management response should now be communicated to stakeholders to indicate the direction of travel and amendments to the business plan should commence.**

A number of consultees had suggested that areas planted for 2015 might fall below those used in AHDB financial planning and some board members supported this view. As such the board sought reassurances that operations could be discharged even at lower revenue than planned. The Director described contingency planning approaches that were being adopted across the functions where applicable.

## **15/10 AGENDA ITEM 10 – PCL FINANCE REPORT INCLUDING LEVY COLLECTION UPDATE (A)**

### **Central Cost Allocation:**

At the previous meeting the board had noted that PCL proportion of budget attributed to central costs appeared to be climbing. Mr Perry presented data demonstrating the relationship with full income, which had dropped over the same period.

Central support costs across AHDB increased in 13/14 by c.£200k – this was a result of increased pension costs (for which PCL's charge did not increase), IT investment following the introduction of the IT strategy, legal costs in HR, corporate communications costs previously paid by a sector. The costs remained higher in 14/15 (and beyond) due to depreciation in relation to fit out of new accommodation (£100k in 14/15, increasing to £200k in 15/16 and beyond) and necessary components of the IT strategy. It was reported that PCL had a higher proportion of staff based at Stoneleigh, than other sectors and that levy collection for PCL was the most labour intensive. Areas where spend had increased (Estates, IT) were areas where PCL took a higher proportion of costs. Areas where spend has decreased (R&D, Finance) were areas where PCL had a lower proportion. Mr Perry reported that cost drivers were due for further review and would be re-presented later.

### **Finance Commentary**

Looking at direct expenditure across AHDB, the figures were currently £2.3m below budget year to date, with a forecast of £¼m over Plan by the end of the year. Sectors were currently reviewing expenditure plans to ensure this was the case.

With regard to the sector, the levy forecast has reduced slightly since the last meeting, which is all in Growers levy. Owing to planned underspends within functions, a deficit of £68k was forecast, against a budgeted surplus of £98k. PCL has a reserves target of £1,860k, which was prepared prior to the initial 15/16 Corporate Plan. The current forecast is £93k below this, or 5%, which causes no concerns.

A concern was expressed around the inflexibility of levy collection and the Chair advised that she felt it important to afford plenty of communication with levy payers from the team which would give the levy payer a softer approach to debt management. However, the Director also urged against setting a precedent as a response to avoid an emerging financial

situation, the robustness of levy debt collection should be maintained. It was agreed that consideration be given to genuine hardship cases and DD / payment plans be considered where appropriate and the **levy team were asked to carefully define criteria for clemency in this regard.**

**15/11 AGENDA ITEM 11 - STRATEGY THEME Research & Innovation**

Dr Storey sought endorsement for his refreshed R&I strategy.

His strategy was aligned across AHDB divisions and now had a 5 year horizon and tackled issues under PCL's Produce, Promote and Protect themes.

The presentation he gave to Board reflected current and new drivers around customer needs and innovation, building a GB share of domestic market in seed, meeting consumer requirements for affordable and convenient fresh and processed potatoes and exploit export market with a range of potato products and technologies. He explained the industry challenges which included pesticides, stewardship, plant health and climate change. He explained his priorities which included new markets, managing threat to the industry, soil and water, precision agriculture, storage management and horizon scanning. He noted that many were common across Europe and a GB-specific response would allow industry to produce efficiently in comparison with mainland Europe. He highlighted the changing landscape for R&I which involved essential integration with UK Agri-Tech, Research initiative, EU Horizon 2020 and the capital investment plan for Sutton Bridge. Short term priorities included PCN testing, blackleg and blight together with new fellowships and the longer term issues of agronomy, soil and water on a cross sector platform. He highlighted the need for greater KT engagement for ongoing delivery of message. He also felt that an incorporation of "promote" issues as a leading thread was important in the delivery of the strategy. **The Board endorsed his strategy.**

**15/12 AGENDA ITEM 12 – ANY OTHER BUSINESS**

**The Board were once again requested to let Mrs Hall know if they required a hard copy of the board papers.**

A levy payer had requested that a press article illustrating greening be tabled at the Board for members attention, a copy was given to all Board members present.

**DATE OF NEXT MEETING:** 8<sup>TH</sup> April 2015 at Stoneleigh with a prior dinner/discussion and overnight accommodation being arranged, together with an early start.

**INFORMATION PAPERS:** PCL Dates for 2015, Organogram,

**TABLED PAPERS:** Market Dynamics Report (PCLP/15/07)  
MI Terms of Reference

**MINUTES BETWEEN BOARDS:** Seed and Export Committee scheduled for the 15<sup>th</sup> January cancelled due to adverse weather conditions, summary from conference call included in the board pack.

Signed: .....

Dated: .....