

Authorised



**MINUTES OF THE THIRTY- FIFTH MEETING OF POTATO
COUNCIL
HELD AT EASTWOOD BOARD ROOM, STONELEIGH PARK
ON 15 MAY 2012 COMMENCING AT 9.00 AM**



Board Members Attending	Growers , Tony Bambridge, Rob Doig, Graham Nichols, Tim Papworth, Duncan Worth Grower packers , Nick Tapp Processor representative Dave Chelley
Staff Attending	Independent members Mrs Fiona Fell, Ms Zoë Henderson Dr Rob Clayton, PCL Director, Dr Mike Storey, Head of R&D, Dr Sharon Hall, Head of Communications, Mr Adrian Cunnington, Head of SBCSR, Mr Robert Burns, Head of Seed & Export, Ms Caroline Evans, Head of Marketing and Corporate Affairs, Mr Chris Goodwin, AHDB Finance Director, Mrs Rita Hall
By Invitation	Steve Wellbeloved, Colin Boxell, Oxford Partnership and Chris Lukehurst, The Marketing Clinic

12/32 CHAIRMAN'S WELCOME**ACTIONS**

The Chairman formally welcomed Dave Chelley to his first Board meeting.

12/33 APOLOGIES FOR ABSENCE

Apologies were received from Anthony Carroll, Alistair Melrose and Robin Baines.

12/34 DECLARATIONS OF INTERESTS

There were no declarations of interest to report and members confirmed there should be no change to the updated register of members' interests (PCLP/12/23).

12/35 MINUTES OF THE MEETING OF THE BOARD HELD ON 28 March 2012 (PCLM/12/02)

The Minutes of the Board meeting held on 28 March, which had been circulated, were approved and signed as a true record with the caveat that under item 12/27 Marketing and Corporate Affairs, reference be made to an agreement to modify the Marketing and Corporate Affairs budget.

R Hall

12/36 MATTERS ARISING (PCLP/12/17)

Dr Clayton reported that all action points had either been completed or were included as agenda items for this meeting.

12/22 Full Cost Recovery (FCR) at FERA

This would be covered under the operational update.

12/24 Planting returns

Chris Goodwin, AHDB FD would cover this item later in the meeting.

12/27 Nematicide Stewardship

Dr Storey reported that he had made progress and discussed the issue of independence of stewardship activities with the agrochemical manufacturers concerned. He felt some issues relating to competitive activity were still to be resolved but manufacturers had been positive about the role of an independent chair in pulling through shared best practice for nematicide use. The Chairman asked if a statement around this issue from the board would help expedite progress and make the point that independence within the domain of stewardship was an important industry wish. Dr Storey commented that he had scheduled meetings with NFU, FPSA and PPA; along with further contact with the manufacturers he felt good progress was being made without additional measures. After a short discussion around the significance of nematicides to potato production the board agreed. Dr Storey would continue to update the Board at future meetings.

Head R&D

Skills

This item would be referred to in the Operational Update.

Consumer Signposting

Included on the agenda for the afternoon schedule.

Dissemination of new R&D Strategy

New documentation that summarises the strategy was in development and outcomes were being actively communicated to stakeholders, research institutes and international partners. Further communication with industry and growers through the KT team was planned.

Coordination of R&D across AHDB

Following previous concerns around how well recent soils related research proposals had been coordinated across AHDB, the Chairman had sought further information on cross-sector coordination from AHDB's CEO. He had reported positively around the development of research management systems and inclusion of a Sector Board member (Neil Bragg, HDC) on AHDB's Science Forum.

Mr Bambridge still felt the response was not positive enough and AHDB was missing opportunities for better co-ordination that would disappoint multi-levy payers especially.

After further debate, the Board conceded that along with this disappointment there were successes within the arena of crop protection and KT that should be applauded. It was difficult for the board to establish with clarity the reasons for and extent of concern that rotational research was not being supported within divisions. The Director suggested that the barriers for progress might not sit with the executive *per se*, who had been positive about integration and he believed there was potential for dilution of strong proposals within sector committees.

Given the lack of understanding of barriers a package of actions were agreed.

The Chairman would have further discussions with the CEO and with the chairman of HGCA.

The Director would recommend focussed cross sector R&D sessions should take place at AHDB's Strategy conference.

The Head of R&D would discuss the issue with HGCA and HDC (and directly with

PCL
Chairman,
Director &
Head R&D

research institutes) to further understand any failings and potential reparations.

12/37 FINANCE REPORT (PCLP/12/18)

The Chair welcomed Chris Goodwin to the meeting to report on both AHDB and PCL finance matters, but advised the Board that time was a premium for Mr Goodwin as he was in the process of preparing the Annual Report and Accounts.

Mr Goodwin advised that the management accounts presented reflected the year end pre-audit numbers. The audit was 90% complete and he did not envisage any changes would be made to the figures as indicated by the auditors.

With regard to AHDB the overall surplus was £3.6m set against a £3.2m forecasted figure. This reflected an under-spend in 2 divisions and would speed up achievement of an approved reserves target across AHDB.

With regard to PCL, Mr Goodwin reported that a surplus of £84K had been achieved for the year which was £60K better than the budget. He reported that exceptional reorganisation costs of £74K had been realised in relation to the final stages of staff relocation and other issues. He reminded the Board that following a change in accounting practice, the PCL reserves had been increased retrospectively by £256K which related to the Capital Expenditure project at Sutton Bridge. The change resulted in a larger closing reserve (£1.224M) than was anticipated and this would expedite PCL's reserves-recovery plan. The Chairman applauded the work of the AHDB finance team and noted that financial stewardship along with the quality of reporting continued to improve. The Chairman wished to thank Mr Goodwin for his stewardship of the improved performance of the finance team.

Mr Goodwin then reported on the current status of levy collection and advised that having instigated cross-training within his team, a significant improvement in operation had been made and this would benefit PCL whose levy collection calendar contained peaks of activity. During the previous Board meeting the finance team had been instructed to ensure processes around pursuit of planting returns were clarified. A number of returns from 2011 were still outstanding and the finance team would now ensure returns from the larger levy payers were collected. Communications were planned to ensure levy payers were left in no doubt that the planting return was a legal requirement. Mr Goodwin added that the role of AHDB field staff would be vital this season as it was likely that a higher frequency of returns would require auditing as they would be submitted mid-way through late planting. He along with the PCL Director, had scheduled meetings with field staff to take stock of the position and exploit their combined experience. Mr Goodwin then left the meeting.

12/38 AHDB: REPORT FROM CHAIRMAN

The Chairman detailed several items of significance to the board:

Firstly, the AHDB board meeting scheduled for May had been cancelled and usual updates from Tom Taylor had been supplied electronically.

Referring to the Government's Review of Arms Length Bodies, he noted that news had been received from Cabinet Office affirming that continuation of AHDB had been approved. He noted that AHDB continued to be directed by Government and that

recently AHDB had been reminded of the need to freeze expenditure on marketing activities. Although DEFRA was now assisting in arguing for appropriate delivery of these activities the issue was a good illustration of how close the Government control of AHDB was and lack of a genuine 'arms length' NDPB we were in reality.

The Chairman discussed the Rt Hon Jim Paice's current visit to China and notified the Board that pre-briefings had gone well and the mission would include reference to potatoes. With regard to development of a trade protocol with the Chinese, he commented that lack of progress was concerning..

Note: a translated letter from the Chinese was received later in the meeting and was described (under a.o.b) as positive progress.

Describing AHDB's role in skills development, the Chairman made reference to detailed reports that were now shared with the AHDB Board and noted that potato-specific reference to skills would be made during the operational update.

An update on accommodation issues reported the majority of the moves had now taken place. There was no update on the new building but no obvious issues anticipated.

12/40 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/12/20)

Prior to the usual functional updates, Dr Clayton asked the Board to note that cost benefit analyses produced in 2011 were now being considered by a cross-sector group exploring the merits of rolling out the work further across AHDB.

He also reported that Drummond Todd, KT Executive, had tendered his resignation and the process of replacement was in place but sought any recommendations from the Board in this respect.

R&D and Communications

Dr Storey began his R&D update by reporting on a new proposed consultative approach being developed by DEFRA/FERA to explore GB's position in relation to a review of the EU Plant Health Directive. The approach differed from that used previously as industry stakeholders including AHDB were positioned much closer to FERA and DEFRA in the high level plant health landscape. The stakeholder grouping would consider facets of the directive including risk based approaches to dealing with harmful organisms, EU co-financing, import regimes and internal movement of plants. Dr Storey felt initial briefing had been positive and he, along with Jon Knight from HDC would continue to participate with this group expecting the new approach to be fully considered for adoption by September. Prompted by an enquiry from Graham Nichols, Dr Clayton asked the Board to note that full cost recovery meetings with FERA were now considered a subset of this overarching consultation and that operation of the subgroups would be vital prior to September. He reminded the Board that Robert Burns had circulated a briefing on FCR suggesting that FERA had been open to many industry suggestions including the consideration of possible co-working arrangements with SASA.

With regard to other stakeholder meetings exploring water abstraction reform, Dr Storey suggested that further detailed workshops and events would take place and the industry should ensure that opportunities were exploited.

Dr Storey reported that a member of the R&KT committee had tendered his resignation due to work commitments (Nick Taylor) and sought suggestions from the Board with regard to a replacement.

He reported that funding for a new PhD studentship (to be co funded by Warwick University and PCL) would cost PCL £74k over 4 years. The aim of the studentship to detect storage diseases and sought the Board's approval for this expenditure. The Board approved this funding.

Dr Hall was then invited to update the Board on the Skills programme and she advised that an update from Lantra on their skills assessment programme was awaited and that AHDB had been successful in 5 out of 6 lots of training provision following an RDPE Training Framework invitation to tender. This was a positive first step in resourcing AHDB's skills ambition. She also updated the Board on a number of cross sector activities including meetings to define KPIs relating to industry change more precisely. She also reported that Phil Bradshaw was working with HGCA who were seeking a common platform for existing benchmarking models. With regard to the potato days, she reported on the success of the South West event but the Welsh day had had to be cancelled out of respect for a prominent growers' bereavement but this would be rescheduled. **The Chair requested details of the rescheduling in order to attend.**

Seed and Export

Mr Burns, Head of Seed and Export updated the Board on his activities as follows:

Head of
Comms.

Final season figures for non EU exports 2011/2012 would shortly be published. Early indications were that there had been another increase this year from 77K tonnes last year to around 78K tonnes this year. Egypt continued to dominate at 53% market share. Market conditions elsewhere appeared good apart from in Israel where there had been a decrease in UK imports, probably due to a lack of seed deemed suitable by Israeli inspection teams.

The EU had published emergency control measures for Epitrix. These included the requirement for potatoes moving from infested areas to be washed or brushed to remove adherent soil.

The PCL seed satisfaction survey had generated an important KT message relating to on-farm storage of seed potatoes in bags rather than boxes. This was discussed at a recent blackleg summit held at SASA where the practice was identified as poor and likely to lead to increased levels of blackleg in crops. Mr Burns planned to revisit the survey with the Seed and Export Committee at a later date.

The results of the Scottish Government's *Dickeya* survey had been published. Scotland had once more been confirmed as free from this important potato disease.

Invitations have been issued to both the Head of Plant Quarantine Services in Egypt and Morocco to attend WPC. Their attendance would be treated as mini inward missions with SG interaction although entirely PCL branded.

Marketing and Corporate Affairs

Ms Evans provided an update on marketing and corporate affairs issues, reporting that

a new team of Potato Ambassadors had been recruited and media trained. Four of the existing ambassadors would continue in the role and she wished to express her thanks to Maria Ball for her assistance in the process. The new list of ambassadors was:- Robin Cropper (NW), Matt Spanton (SE), Reuben Collins (SW), Peter Grewar (Scotland), Mike Newling (East Anglia), Amanda Cornforth (Yorkshire), Kevin Stokes (East England), Nigel Raymond, (Wales), Angela Cliffe, (W), ambassador for NE still in recruitment process.

Mr Papworth suggested that there might be ways to improve the skills set for ambassadors by inviting a selection to join Board meetings as observers. The Board debated this and concluded that members might feel compromised and less able to discuss confidential business and **Dr Clayton was asked to pursue a compromise of inviting a selection of ambassadors to pre-Board dinners where they could present on their industry experiences.**

In relation to recent Corporate Affairs activity, Ms. Evans tabled a recent summary document of nutrition and sustainability credentials that was being distributed to MPs as part of the approved Corporate Affairs strategy. **She was reminded of the need to ensure Board members were briefed on such activities in a timely manner so that they could prepare for any resulting conversations and enquiries.**

PCL
Director

Sutton Bridge

Mr Cunnington then provided an update on activities at Sutton Bridge. He asked the Board to note that SBCSR had achieved commercial income targets >£250K within the year and proposals for more funded work (e.g. through TSB) were yielding positive results. Further proposals (to work on common storage techniques relating to pears and potatoes) were being developed for submission to BBSRC. SBCSR had concluded the first bulk storage trial to be undertaken in 25 years.

Head of
Marketing
and
Corporate
Affairs

A number of high profile visits to SBCSR were planned in the run-up to World Potato Congress and preparation was progressing well.

Mr Cunnington reported positively on a previous risk (relating to Legionella species identified in humidifiers) and recent tests had demonstrated an absence of the bacteria. A more present concern was a recent failure of refrigeration systems within the new storage complex. Two trials had been moved to analogous but older stores and funders had been informed of the move, assessments were underway to identify any material damage. **Mr Cunnington was asked to take stock of contracts, warrantees and insurance policies in relation to the new stores in preparation for any remedial work.**

Head of
SBCSR

12/41 WORLD POTATO CONGRESS 2012 PROGRESS REPORT (PCLP/12/21)

The Chairman welcomed Steve Wellbeloved to the meeting to deliver his final briefing prior to World Potato Congress. He started by summarising key metrics including sponsorship and delegate bookings both of which were ahead of original budget. He referred to strong European, Chinese and American delegations. In terms of a domestic audience he conceded that uptake by growers was slower than expected although bookings from levy paying supply chains was high. He then updated on other planning issues (e.g. speaker presentations and Gala arrangements) all of which were on track.

Instructions were then distributed to Board members in relation to their roles and responsibilities.

The Chairman sought views from the Board on two issues. The first related to top tables and how PCL might maximise strategic engagement and the second related to establishing core messages that would feature in speeches and press releases. The Board debated these and Dr Clayton would take away recommendations and suggestions ensuring an “open for business” theme resonated in core messages.

In order to maximise strategic engagement, Mr Doig requested that delegate listings be made available prior to the event so that sponsors had ample opportunity to identify key business targets. Mr Wellbeloved commented that Terms and Conditions were designed to afford data protection to delegates so electronic sharing was out of the question but printed lists would be available prior to the welcome reception.

12/42 MAIN BOARD THEMED PRESENTATION CONSUMER SIGNPOSTING (PCLP/12/22)

Ms Evans was invited to report on the consumer signposting project for the afternoon session. Zoë Henderson, Chair of the Marketing Strategy Committee pointed out that strategy would be considered at the next committee meeting and for now the Board should reflect on progress of the sign posting project. Ms Evans introduced both Colin Boxell of the Oxford Partnership and Chris Lukehurst from the Marketing Clinic, the two agencies who had been working on the project. They summarised the steps taken from inception of the project to the present day. Reflecting on their presentations, the Board agreed that the project had a solid evidence base behind it noting that the focus on value rather than volume was an important facet to the project. Re-affirming the value of evidence, Ms Evans referred to the breadth of both qualitative and quantitative data and was confident that the classifications that had been agreed would resonate well with consumers. She added that sufficient evidence had been gathered to demonstrate that consumers were ready to accept that potato varieties were different and were willing to trade-up once they understood the difference. She drew comparisons with the dairy sector where colour coding of milk bottle tops had simplified the shopping experience and set expectations for shoppers. She reported that development of plans was progressing well both within PCL and the supply chain. It was important that all functions were involved in delivering the project over long timescales and colleagues within R&D, Communications, Seed and Export and SBCSR had all signed up and were developing plans that would assist in broader industry preparation for initial roll-out scheduled for October. She also reported that case-by-case discussions with individual retailers were progressing well and had resulted in a number of design changes that would enhance the project. Development of a toolkit to assist roll-out was progressing well and included logos, branding pack, technical classification advice, potato language glossary, agreed descriptions for main free varieties, photography and advice on making an emotional connection to the product. She expected industry adoption to take many years and recognised that it would be a challenge to ensure the new classification could find its way through retailer branding policies and strategies.

The Chairman commented that he was delighted with progress on a project that had the potential to change the value of the fresh sector and he invited Board members, particularly those from the fresh sector to comment on progress.

Mr Bambridge and Mr Worth summarised that the project had been received well within their businesses; they recognised the strength of the evidence base and believed that change in the fresh sector was vital. They sought assurances that a number of issues

that had the potential to blow the project off course had been addressed. These included:-

- A recessionary response that was leading even premium retailers into discounting
- Retailers wish to differentiate rather than adopt common principles
- The potential for highlighted varieties to run short
- The potential for one highlighted variety to simply take market share from another
- The potential for a variety's characteristics to change over time

Ms Evans responded that these issues had arisen during industry discussions already and were being addressed. She reminded the Board that the project had a lengthy timeframe and that individual retailer meetings had provided the opportunity to discuss their individual uptake and explore retailer-specific return-on-investment models.

The Chair drew the session to a close commenting that he felt it was wonderful work and applauded the progress made.

12/43 ANY OTHER BUSINESS

China Field Grown Seed Protocol.

Referring to comments made earlier in the meeting (see item 12/38), the Chairman notified the Board that a translated response from AQSIQ had now been received from Scottish Government. Some development-areas still featured in the negotiation in relation to silver scurf and soil tolerances along with evidence of freedom from some nematode species. It was therefore unlikely that a protocol would be signed imminently; nonetheless the letter was considered evident of a good relationship and one worthy of pursuit. The Chairman asked Mr Burns to arrange a meeting with Scottish Government to identify next steps.

Head of
S&E

Stocks Figure.

The Chairman referred to the recent publication of potato stocks noting that a number of levy payers had been disappointed that comparison with previous years' figures was impossible and sought a status report from Dr Clayton. He then reported that some time ago the previous stocks methodology, drawn from merchant returns had been challenged because it potentially contained a degree of drift that was difficult to define. The MI Committee had agreed to a new methodology based on Grower Panel data. This included a new step to remove purchaser-owned stocks stored on farms. This new methodology was believed to be more precise but the figure published had a high associated variance because the Grower Panel sample size was smaller than anticipated. A change in methodology meant that year on year comparisons were impossible and the variance was unacceptably high.

Nick Tapp, Chair of the MI Committee agreed with the appraisal and believed that the sign-off process had become muddled and recommendations to withhold publication of figures where there was cause for concern had not been followed.

Dr Clayton took full responsibility for the current state of affairs and would meet with Mr Tapp and the Director of MI immediately after the Board to agree a clarifying statement and develop remediation plans.

Board dates

The first two dates for the PCL Board Meeting for 2013 were advised as 30th January and the 27th March.

12/44 DATE OF NEXT MEETING

25th July 2012

12/45 INFORMATION PAPERS

PCL Dates for 2012 update (PCLP/12/23)

Minutes of an extraordinary Marketing Strategy meeting – 21st March 2012

Signed:

Dated: