

Authorised



**MINUTES OF THE THIRTY- SIXTH MEETING OF POTATO
COUNCIL
HELD AT EASTWOOD BOARD ROOM, STONELEIGH PARK
ON 25 JULY 2012 COMMENCING AT 9.00 AM**



Board Members Attending	Growers , Graham Nichols, Tim Papworth, Duncan Worth, Anthony Carroll, Alistair Melrose, 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

12/46 CHAIRMAN'S WELCOME**ACTIONS**

The Chairman welcomed Chris Goodwin, AHDB Finance Director to the meeting.

12/47 APOLOGIES FOR ABSENCE

Apologies were received from Tony Bambridge, Rob Doig, Robin Baines and Nick Tapp.

Mr Bambridge's absence was due to vital participation in development of potato related BBSRC proposals and the Chairman expressed his thanks on behalf of the industry for this commitment.

12/48 DECLARATIONS OF INTERESTS

There were no declarations of interest to report .

12/49 MINUTES OF THE MEETING OF THE BOARD HELD ON 28 March 2012 (PCLM/12/02)

The Minutes of the Board meeting held on 15 May, which had been circulated, were approved and signed as a true record.

12/50 MATTERS ARISING (PCLP/12/24)

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

12/27 Nematicide Stewardship

Dr Storey reported that he had attended a recent NFU forum meeting and had met with Lee Abbey, the PPA and the FPSA to discuss the common industry position relating to nematicide stewardship. He had also met with two commercial companies, one being DuPont who had expressed a positive attitude towards collaboration and that Certis had indicated a positive response and a 1:1 meeting would be arranged. It was felt that a broader remit of PCN stewardship would allow better progress of a stewardship group without compromising commercial positions of nematicide manufacturers and these manufacturers appeared content to work under an independent chairman. The timeline for review of nematicides by the Chemicals Regulation Directorate (CRD) was noted and Mr Worth reminded the Board that essential first steps were to make sure workable protocols were in place for planting in 2013. Dr Storey was confident that industry needs would be met by the group.

12/36 R&D Coordination Across AHDB

Dr Storey highlighted a package of measures that were designed to ensure cohesion in AHDB research functions initially in relation to soil management. Measures included initiation of a crops research group drawn from three sector committees along with briefings of the AHDB Chief Scientist and CEO and participation in HGCA and HDC tenders and R&D strategy reviews. The Chairman noted that the issue had resonated with AHDB's Chairman John Godfrey. The Director also advised that he had attended the AHDB Board the previous day where an exercise to prioritise issues within the AHDB PESTLE analysis had resulted in the soils agenda achieving priority status within AHDB's planning cycle.

12/39 Engagement Plans

The Director reported that a package of positive messages to support PCL's business plan would be delivered at the September Board.

PCL
Director

12/40 KT Meeting Dates

The Director reported that these were now included in the operational update.

Ambassadors

Three Ambassadors had attended the dinner the night before where they each provided a personal view on the importance of the Ambassador programme. Maria Ball, PCL's Corporate Affairs Manager would develop an ongoing schedule.

Insurance at SBCSR

Adrian Cunnington had initiated discussions with AHDB's procurement team around business interruption insurance. A follow-up meeting had subsequently taken place, but further information was awaited from the procurement manager with regard to clarification of cover.

Corporate Affairs

Procedures had been revised to ensure briefings were received by the Board prior to

mailing to stakeholders.

China Seed Protocol

Robert Burns was asked to update on recent developments and he reported that there was no obvious movement from the Scottish Government.

He added that Government had received a response from China and were assimilating the information required for a further iteration. The Chairman asked how long Mr Burns thought this process would take and he advised that he had been informed that there would be a 6 – 8 month delay following certain issues which would need to be settled prior to a response. The Chair reported that he had undertaken his own dialogue with Richard Lochhead, Jim Paice and Robin Mortimer (AHDB's lead contact within DEFRA) and had been requested to send a full briefing to Mr Mortimer. Recognising that FERA were the competent authority who would sign off letters to China, The Director agreed to provide a briefing for John Godfrey who would meet with FERA shortly. It was also reported that Jim Paice intended to return to China to enter into dialogue with AQSIQ, that AHDB were close to finalising an appointment in Beijing and that a Scottish food and drink mission was scheduled for November.

PCL
Director

12/51 FINANCE REPORT (PCLP/12/25)

The Chair welcomed Chris Goodwin to the meeting to report on both AHDB and PCL finance matters.

He reported on the AHDB first quarter accounts that showed a surplus of £547K against a budget of -£347K. Much of this position was due to greater income in the quarter from HGCA.

Mr Goodwin said that AHDB's Annual Report and Accounts for the prior year had been laid before Parliament in good time and had achieved a clean audit report. The finance team continued to work with the sectors to improve the accuracy of phased forecast and identify expenditure in sectors where revenue was higher than anticipated.

Turning to the PCL accounts, Mr Goodwin noted that the sector was currently slightly ahead of budget but this was largely due to transactions relating to World Potato Congress. The Chairman and the Chair of the Finance Committee requested that the WPC budget be properly expressed at both the sector and AHDB level within the account. Mr Goodwin reminded the Board that they had originally committed £120K over two years to the event. Once the balance sheet for the event had been reconciled it was evident that the event had only cost PCL £10K, £110K better than the original plan. £50K recovery of this had been recognised in the prior year and the remaining £60K would be returned to PCL's account this year.

On the subject of debtor management from the previous year taking into account those that had gone out of business etc. only £6,000 of PCL's debt remained outstanding. Mr Goodwin advised that he was putting forward a business case for additional resource in the levy collection team to facilitate generating further income cross sector to achieve greater efficiencies.

Mrs Fell requested updates from both Ms Evans and Dr Storey on the EU accounting and financial project administration and both reported a much improved service.

12/52 AHDB: REPORT FROM CHAIRMAN

The Chairman detailed several items of significance to the board:

It had been suggested by the AHDB Chairman that knowledge sharing between sector boards might be achieved by developing a board member exchange whereby members one sector board could attend meetings of another. The feedback from the PCL Board was positive provided the intention was that of an educational nature and confidentiality remained paramount.

DEFRA's Green Food Project ambitions had been published and AHDB were a significant player in delivery of the project. Copies of the plan would be available to board members on request.

Changes to the AHDB SI were being progressed and changes relating to potatoes had been included in the draft of a new SI. No changes would be finalised without prior discussion at the PCL Board. An update would be given at the September Board.

A paper on intellectual property (IP) had been approved by AHDB Board whereby a default position that would see rights reside with selected research institutes had been established. The Director and Head of R&D reported that they were comfortable with the approach taken and that institutes had been omitted from the selection where PCL/AHDB needed to retain ownership of IP.

The AHDB Branding and the relationship with sector brands had been discussed by the Board and the PCL Chairman commented that he felt discussions were best undertaken after AHDB strategy, vision and purpose had been crystallised. Ms Evans agreed and commented that this would be the normal chain of events if a brand consultant were commissioned.

The Chair commented that Defra had initiated the process for both replacing an independent AHDB Board member and Chairman of Potato Council. The initial advert would be placed at the beginning of November, with Defra interviewing on the 14th February and appointments made by 27th March 2013.

The Chair sought views on whether PCL's Finance Committee had served its purpose and should now be wound up. Acknowledging that financial management had improved within AHDB over the last year the board recognised that there were occasions where detailed scrutiny of PCL's finances was required and that they could increase confidence in financial reporting if they had a good grasp of the detail that lay behind the financial reports. Further, on an *ad hoc* basis some issues would required detailed reporting from time to time (e.g. for debt management or capital planning at SBCSR). The Board agreed to retain a yearly meeting of the committee to allow for detailed analysis of figures and processes providing the AHDB finance team could provide detailed analysis to the board on specific issues when required. The Director would work with The Chairman and Chair of the Finance Committee to develop Terms of Reference.

PCL
Director

12/53 WORLD POTATO CONGRESS 2012 PROGRESS REPORT (PCLP/12/26)

The Director drew the Board's attention to a paper prepared by the executive that reviewed all aspects of World Potato Congress and provided useful lessons learnt for the executive to use in preparing future events.

Mrs Fell posed the question as to how the KT team intended to continue the messages learnt and Dr Hall advised that new relationships had been fostered via twitter and the sharing of tools via the website and Tubertalk were being maximised.

12/54 AFS POSITION (PCLP/12/27)

The Director introduced a paper prepared by Caroline Evans that proposed dealings with AFS marketing were delegated to the executive and proposals to work with AFS were addressed at an operational level. Ms Evans added that her team were in the process of discussing specific proposals with AFS, each of which would be judged against a sound business case. The proposed change was approved.

12/55 SEED SURVEY AND STRATEGIC DECISIONS (PCLP/12/28)

Mr Burns presented his strategic view of activities relating to the seed sector after analysis of the 2011 Seed Customer Satisfaction Survey. Whilst there were many positive features within the survey results it was clear that complaints relating to seed were high although it was often difficult to attribute the complaint to anything but appearance.

Mr Burns went on to describe his plans to drive an increase in membership of the industry Safe Haven Scheme. Whilst the value of the scheme was questioned by Mr Nichols who was struggling to deal with the compromising demand to grow imported varieties Mr Burns felt that a situation that was now evident in the Netherlands where over 40% of crops were now infected by Dickeya was simply unacceptable. Mr Burns sought to promote the scheme by making it the central message at this year's Seed Industry Event and finding speakers prepared to talk openly about the Dutch situation. Further components of the event related to Epitrix, climate change, breeding for markets and new variety introductions. Mr Burns then described two other key areas of the seed strategy, one being related to other plant health issues like rhizoctonia, blackleg and powdery scab and one seeking to address the issue of why appearance of seed seemed so important within the seed trade. When examining the seed budget some members were concerned that more should be allocated to Safe Haven if Mr Burns wished to achieve impact and the Director recommended a strengthening of message around the real risks associated with new disease introductions. Mr Burns was encouraged to ensure the risk was explored with FPSA as the campaign developed.

Head
Seed and
Export

12/56 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/12/29)

**Annex 1 NFU Paper Catalyst for Change
Annex 2 Marketing Strategy Terms of Reference**

The Director advised the Board that delivery of this paper would, apart from reporting governance approval issues, change to become more interactive and subsequently more constructive. He drew attention to the inclusion of the NFU's Catalyst for Change document and the amended terms of reference for the marketing strategy committee and introduced items relating to skills, stewardship corporate affairs, seed and export committee membership and a longer term vision for Sutton Bridge.

The NFU publication Catalyst for Change document sought to improve relationships

within the supply chain, by way of exposing and sharing best trading practices. Mr Papworth was invited to comment on the NFU position and he reported that although the draft had a reduced component relating to potatoes than he had envisaged, the message around better trading practice remained a priority for the industry. Mr Chelley commented that the industry was already committed to supporting good practices and that signing up to the Fruit and Veg Pledge was an opportunity to reaffirm industry's commitment to work within the existing Groceries Code of Practice. The Chairman noted that there was always room for improvement in the way businesses operated and referred to examples of where extended credit terms might compromise hard pressed producers. The Board debated the PCL role in communicating the Catalyst for Change report and agreed that the Director should offer PCL's communication tools to NFU to assist with getting the message across. He would also discuss whether any potato-specific elements should be communicated in more detail and how best to engage other parties such as NFUS.

PCL
Director

Dr Hall was then invited to update the Board on agri-skills

She advised that AHDB had been successful in securing RDPE training frameworks which meant that sectors could now pursue the development of skills related activities in earnest. Dr Hall noted that the current KT programme was evolving and smaller workshops were being created that would lend themselves to the development of new courses required for this funding. She would be working with other sectors to devise the best packages for agriculture and had begun by making sure any overlap with KT was accounted for. She sought views from the Board to see if any other subjects should be included within the frameworks; their focus was on making sure the industry had the necessary business skills going forwards and Dr Hall was asked to include business management along with product marketing and market knowledge within the courses being developed.

Head of
Comms

Stewardship

Dr Storey reported that CIPC residues had been found in grain stored in a dual purpose building and that joint communications to industry (HGCA & PCL) were underway. Further, an exceedance of CIPC residue in stored fresh potatoes had now been reported and after investigation, poor practice during the early part of the storage season was the most likely cause. The CIPC stewardship group would continue to strengthen messages relating to this issue.

Terms of Reference for Marketing Strategy Committee

Ms Henderson drew the Board's attention to a proposed change in the terms of reference for the Marketing Strategy Committee. The changes were primarily related to deletion of strategic aims from the document. The terms were approved by the Board and are annexed to these minutes.

Corporate Affairs Strategy

Ms Evans summarised corporate affairs activities so far noting that copy relating to the positive position of potatoes had been supplied to most of the stakeholder target audience but that her team were struggling to persuade farmers to host meetings and MP visits to their farms. She sought further assistance from the Board. The Chairman commented that most would be willing to help and often had their own list of contacts

and relationships that could be exploited given clear request of the desired corporate affairs outcome and dates in each case.

Board Member succession

The Chairman drew the Board's attention to the succession planning for the PCL Board noting that three Board members were due to retire in March 2013; Rob Doig, Duncan Worth and Graham Nichols, two of whom were Committee Chairs. A further 3 Board members were due to retire the following year; Tony Bambridge, Fiona Fell and Tim Papworth. He highlighted that thought should be given to succession now to prevent a weakened Board ensuing and that a Grower, Packer and contributor from the Seed sector were sought imminently. He also mentioned that discussions had taken place around returning Board members being allowed to sit after a reasonable break and recommended that for example a member serving in say his or her middle years should not be precluded from returning to the Board when older.

Mrs Fell would like it noted that a seed pathology project had been rejected and a further 9 proposals relating to PCN management were now being pulled together into one package.

12/57 MAIN BOARD THEMED PRESENTATION STRATEGY TO INCLUDE: (PCLP/12/30)

The Chairman welcomed Ian Crute the AHDB Chief Scientist to the afternoon strategy session.

Industry Benchmarking Data

The Director summarised initial feedback from PCL's biennial grower survey noting that the exercise had yet to finish. The survey identified that levy payer perception had improved for numerous PCL products and activities including the new PCL website. The degree to which PCL was seen to spend its money wisely had also improved since the last survey in 2010 although the survey results indicated a high proportion of levy payers who felt they knew too little about the organisation to be able to participate. The Director would keep this in mind and bring the survey back to the Board once completed.

Strategy Reframed

The Director drew the Boards attention to AHDB's planning timeline and template for developing the PCL sector plan for 2013/14.

The management team had already commenced planning and had developed a new model for the plan that constituted:-

One industry outcome: A sustainable and profitable potato sector

Two Core strategies: Optimising resource / input use and driving profitability and value in the supply chain.

Six Key Focus areas (drawn from functional strategy discussions): Addressing the yield plateau, improving storage efficiency, securing plant health, supporting the seed sector, addressing fresh decline, working with the chip sector.

Five underpinning activities and tactics: (these were largely activities undertaken by the functions that help deliver against the focus areas): Engagement, Voice, Skills, Importance and Educating children.

The purpose of this reframing was to give industry a clearer indication of the key focus areas and to illustrate, through provision of resource related metrics, where functional teams worked collectively against each focus area.

Thereafter, each member of the management team presented a short overview of how their function would address the new strategy and reminded the board of key outcomes of the strategic discussions that had taken place during the last 12 months.

Functional presentations

R&D Dr Storey reminded the Board that a 3 year strategy had recently been published for R&D. He highlighted cross sector opportunities both internally and externally encompassing communication, sustainability, plant health understanding and gaps in knowledge together with participation within issues management. The new strategy would focus delivery on PCN, determinants, soils and water and skills. The Board noted that Dr Storey was now engaged in more AHDB activity (e.g. on water policy) and recognised the importance of quantifying both the sector specific and the cross sector benefits of such activity.

KT Dr Hall summarised KT strategy which largely followed the R&D pipeline but sought to review, refresh and reiterate messages. A new initiative the “50+ project” was now underway which targeted farmers above 50ha and was designed to make targeting of messages simpler by understanding levy payers better. She also introduced a new exercise to develop a team of technical champions who would be drawn from industry and would assist with delivery of KT messages. Further, she suggested ways in which the new plan allowed better cohesion between KT, R&D and Marketing illustrating how the consumer signposting work initiated by PCL’s marketing team, was now a feature of KT events. She emphasised that policy interaction would feature within the new strategy and that PCL had a vital role in screening, sifting and evaluating messages relating to environmental policy. Her team were exploring new interactions (e.g. with the Environment Agency) and these would feature in the new plan.

Seed and Export Mr Burns had presented his strategy earlier in the meeting (see 12/55) His vision was a profitable GB seed brand and a leader of best practice seed production in Europe. This would require development of blueprint quality standards for seed underpinned by the Safe Haven scheme. Mr Burns was also seeking more export options for seed so that the risks associated with a change to Egyptian demand could be reduced.

Marketing and Corporate Affairs Ms Evans described a continuation of the existing marketing activities noting that support for the chip sector during chip week would be an increased area of focus in the coming year. The Board noted that the consumer signposting work was gaining traction both in the industry and with colleagues. Other elements of the MCA function (working with stakeholders to raise awareness of nutritional and sustainability criteria) were progressing well.

Sutton Bridge Mr Cunnington would present a detailed strategic overview at the

September Board meeting and reminded Board members of the key elements of the strategy around developing services, science and skills within the research team. He continued to seek new clients for Sutton Bridge services and was using a planned event in the autumn to showcase the facility whilst growing the number of store audits being undertaken. Mr Cunnington, along with the Sutton Bridge Advisory Committee, was becoming increasingly concerned with the status of some of the older parts of the facility that were in need of repair. He was encouraged to prepare a capital plan for further discussion in September.

To conclude, the Board conducted a short discussion about future finances and whether 120,000ha was an appropriate area to use in financial modelling. The director would explore this with trade associations and with the MI team.

PCL
Director

12/58 ANY OTHER BUSINESS

The Chairman reported on the tabled MI minutes and on the positive transition of the MI team. He advised that he had attended the recent committee meeting and noted that there had been many improvements and wished to express his thanks to Nick Tapp, Dr Clayton and the MI team for their work in establishing this improvement and indeed he commented that the meeting was the best he had ever attended.

12/59 DATE OF NEXT MEETING

26th September 2012

12/60 INFORMATION PAPERS

PCL Dates for 2012 update (PCLP/12/31)

Organogram

Minutes of Committee meetings held since the previous Board

Marketing Strategy Committee on 27th June 2012 (MSCM/12/02)

R&KT Committee on 28th June 2012 (RKTCM/12/02)

Sutton Bridge Management Meeting 2nd July 2012 (SBACM/12/02)

MI Committee 4th July 2012 – tabled (MICM/12/02)

Seed and Export Committee 20th June 2012 (tabled) (SE/12/01)

Signed: Dated: