

Authorised



**MINUTES OF THE THIRTY- EIGHTH MEETING OF POTATO  
COUNCIL  
HELD AT STONELEIGH PARK  
ON 14<sup>TH</sup> NOVEMBER COMMENCING AT 9.00 AM**



Board Members  
Attending

**Growers**, Tony Bambridge, Tim Papworth, Duncan Worth, Graham Nichols, Alistair Melrose, Rob Doig and Anthony Carroll. **Processor representative** Dave Chelley, Nick Tapp **Independent members** Ms Zoë Henderson, Fiona Fell. **Guest**, Mr Dan Hewitt

Staff Attending

Allan Stevenson, PCL Sector Chair, Dr Rob Clayton, PCL Director, Dr Mike Storey, Head of R&D, Mr Adrian Cunnington, Head of SBCSR, Mr Robert Burns, Head of Seed & Export, Mrs Rita Hall

**12/75 CHAIRMAN'S WELCOME****ACTIONS**

The Chairman welcomed the Board and Mr Dan Hewitt who had been appointed to the board with effect from January 2013, and invited to attend as an observer at this meeting.

**12/76 APOLOGIES FOR ABSENCE**

Apologies were received from Dr Sharon Hall, Head of Communications and Ms Caroline Evans, Head of Marketing and Corporate Affairs.

**Chairman****12/77 DECLARATIONS OF INTERESTS**

Recently advised amendments had been made to the register of members' interests and members were encouraged to contact Mrs Hall should others arise.

**12/78 MINUTES OF THE MEETING OF THE BOARD HELD ON 26 September 2012 (PCLM/12/05)**

The Minutes of the Board meeting held on 26<sup>th</sup> September, which had been circulated, were approved and signed as a true record.

**12/79 MATTERS ARISING (PCLP/12/39)**

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

## **12/65 Finance Committee Terms of Reference**

This item would be covered under a separate paper later in the agenda.

## **Harder Safe Haven messages and Seed price discussions**

Mr Burns was invited to update on this item and advised that average seed costs had been estimated at £192 per tonne, a rise of £10 on the previous year. Current intelligence suggested that there was adequate seed available for both UK and overseas use.

## **NFU Catalyst for Change discussions**

The Director updated on communication of the NFU Catalyst for Change document. Hayley Campbell Gibbons had spoken at a recent NFU Potato Forum and Meurig Raymond spoke at the PCL Pembrokeshire event. The NFU had suggested at both meetings that a feature on potatoes would be published in the Spring.

## **12/67 Levy revenue**

The Director reminded the Board that a new revenue calculation that used a forecast of lower levels of tonnes-traded had been circulated and figures were incorporated into PCL's financial forecast.

## **12/68 SI and tonnage**

The Director advised that an abridged version of the full AHDB paper submitted at the previous board would be presented later in the agenda.

## **12/69 Plans for Potato Summit**

The Director advised that this issue would be dealt with within a separate paper later in the agenda by way of presentation and he would be seeking input from the Board.

## **Stocks**

The Director advised that it was imperative to achieve statistical accuracy in reporting future stocks figures. Mr Tapp advised that the Grower Panel survey had been restructured so that data on total stored tonnage could be collected from more farms to drive accuracy.

## **12/70 Corporate Plan Finances**

A new financial model based on forecast area planted for 2013 had been circulated to the Board and incorporated into the PCL draft plan.

## **Board appointments**

The Director advised that recruitment advertising was underway and vacancies published on the PCL website, within Potato Weekly, via a direct mailing and a cross sector advertisement would be placed in Farmers Weekly.

Mr Tapp asked if the advertisement covered Board and Committees succession and was advised that it was only Board at present, but that Committee succession issues were high on the agenda and would be brought to the next meeting in order to review and discuss.

To pre-empt interest in committee activities, the Director would upload current committee membership and Terms of Reference onto PCL's website.

PCL  
Director

## 12/80 AHDB: REPORT FROM CHAIRMAN

The Chairman had attended the AHDB Board meeting the previous day and updated on a number of issues:

A Red Tractor ownership board meeting had considered the current funding arrangements and AHDB funding of Red Tractor marketing was due to end in March 2013; replacement funding was sought. The Board were advised that Ms Evans had been asked about likely future funding and after consideration by the Marketing Strategy Committee, had suggested that if the right business case for partnership working was presented then PCL may commit up to £20K to fund specific activity. This was not explicit in MSC minutes and Ms Evans would be asked to reissue the minutes ensuring the decision was documented. Mr Papworth advised that he had taken up a position on the Board of Red Tractor Fresh Produce and the Chair requested he provide the Board with a more detailed description of this role.

Head of  
Marketing

Mr  
Papworth

The Chairman then shared a Tesco press release detailing new relationships with pork producers underpinned by longer term financial support. The Chairman suggested that this symbolised a potential improvement in retailers recognising and supporting sustainable GB food production.

Tess Howe, who had recently assumed responsibility for coordinating AHDB's skills agenda had reported on progress that had yielded significant funding streams for AHDB. The Director confirmed that he had met with Ms Howe and identified a number of key criteria for funding that PCL could meet. The likelihood was that many activities like pesticide stewardship could benefit from RDPE funding providing some industry contribution could be identified.

The AHDB Board had also discussed a comprehensive Health and Safety audit, the development of an AHDB IT strategy and a review of cross sector R&D collaboration. The latter was tabled to the PCL Board and the Chair recommended that Board members take stock of the breadth of collaborative activity now being undertaken.

Members

In discussing the relationship AHDB had with Government and attempts to reduce the bureaucratic burden faced by AHDB, the Chairman shared a letter written to the Prime Minister along with the response received noting that the reply had provided an open door for AHDB to pursue.

**12/81 FINANCE REPORT (PCLP/12/40)**

Chris Perry, AHDB Financial Controller joined the meeting to update on both AHDB and PCL financial matters.

He was able to update the Board on the very latest financial position as AHDB's senior team had met the AHDB Board the previous day to review income and expenditure across all sectors.

He informed the board that a surplus of £1.8M forecast in September had now been revised to £600K largely as a result of changes to HGCA and ELBEX forecast income.

PCL's position had also been revised after circulation of the September accounts. The Director informed the board that targeted savings in operational activity had now been finessed and a saving of £40K in Marketing achieved. Separately, allowance had been made to fund an industry summit that would take place in the New Year. This had resulted in an improved surplus from £14K forecast in September to £58K. However he cautioned that a further revision of income would take place once the MI team published a yield estimate for 2012 and he expected that achieving a break even position for 2012 was more realistic.

In terms of longstanding debts owed to PCL, the Director had reviewed actions recently and asked the Board to note that the pursuit of the largest debtors was well underway and were either at the legal stage or had agreed short-term payment plans.

The Director also updated the Board regarding a number of levy payers who continued to seek leniency following bouts of exceptional weather. Eleven enquiries had been received of which 4 had accepted PCL's position, 4 had not and 3 were still in discussion.

The Chair expressed his continuing concerns regarding fairness of collection with regard to honest levy payers suffering for those trying to evade payment of the statutory levy. He and the Board agreed that vigorous methods of levy collection should be adopted by the levy collection team to eradicate this unfairness. The Director assured the Board that all evidence based issues were investigated and that it was a legal requirement and the wording had changed to reflect this by means of "failure to produce a return is a criminal offence" advised on the returns.

**The Chair requested that the Director and his team ensure they assist the FABS team in the vigorous pursuit of the levy collection process.**

**12/82 PROPOSED REVISIONS TO SI (PCLP/12/41)**

The Director summarised proposed changes to the AHDB Statutory Instrument that would affect PCL.

These included proposals that sought to clarify eligibility to seek a ballot on continued operation of PCL, reinstatement of a statutory register of levy payers, increased powers of entry and audit for AHDB levy staff to access levy payer accounts and clarification that levy was payable on planted area.

Each cluster of proposals was subject to further discussions with DEFRA before progressing to ministerial approval.

Thereafter the Director summarised an interim “pros and cons” analysis of a potential shift to a tonnage levy. This had been proposed at the previous meeting as it may provide a fairer mechanism for collecting levies in seasons with exceptional production. His analysis was based on conversations with other overseas organisations along with HGCA who collected levy only from grain merchants. In short, the analysis identified that the organisation might benefit from better relationships with growers under a tonnage based system, but greater flexibility in management and planning would be required if PCL were to operate effectively in seasons of very high or very low tonnage. Further it would be essential to maintain accurate records of the GB grower base as these underpinned many of PCL’s communication and MI activities.

The Board supported a view that there was sufficient interest to move from an interim to a full analysis that should include any costs associated with delivering both a tonnage-levy mechanism and a mechanism for precise record keeping of growers, merchants and those who sell directly to consumers. The analysis would also seek to clarify whether those who import potatoes could be levied. The Chairman cautioned that changes to a Statutory Instrument were often incremental and whilst the suggested move to a tonnage-based collection was laudable, the Board would need to set a modest expectation of change.

**PCL  
Director**

## **12/83 POTATO SUMMIT**

The Director presented on his initial thoughts with regard to a Potato Summit but sought the Board’s contributions. The summit might include purchasers, producers and trade organisations and retailers and would seek to ensure both problems and solutions received the appropriate balance. He suggested that, from experience, a round-table exercise would be a good forum for such an event; as a possible delivery format, he provided the Board with a recent pork sector model that illustrated both vicious and virtuous circles and demonstrated how change within a sector might be identified and agreed. Further he cited a number of economic concerns and practical examples that illustrated how current relationships within the chain might undermine progress towards profitability and sustainability. Current challenges included trade tensions and low transparency within the value chain and examples of where investment in businesses was desperately needed included water and storage management. The Chair commented that the event should complement the work being undertaken by the NFU and that similar outcomes could be achieved via close co-operation.

The Board agreed that the vicious/virtuous circle model was a good starting point, but recommended that the event ought to focus much more on the strategic challenge facing the industry and question retailers on whether they were supportive of GB agriculture and prepared to help rebalance the share of value along the supply chain. Mr Chelley urged that this strategic dimension be agreed quickly as warming up stakeholders to encourage their participation would need to be undertaken early in the process. Mr Doig commented that exposing poor practices would need to be handled carefully; the industry had a lot to be proud of in terms of good sustainable practices and offered many new entrants a good career path. The summit should seek to

preserve these positive attributes.

Mr Bambridge also questioned the extent to which cost of production information would be used during the event cautioning that over-exposure of costs could result in a cynical move to keep growers just above the headline.

The Director would meet with the Chairman, Mr Tapp and Mr Worth on 10<sup>th</sup> December to develop the concept further.

PCL  
Chairman,  
Director,  
Mr Tapp,  
Mr Worth

#### **12/84 FINANCE COMMITTEE TERMS OF REFERENCE (PCLP/12/42)**

The Director had discussed the terms of reference with Mrs Fell and it was agreed that the remit for this committee remain but that the proceedings be changed to *“The committee will meet typically once a year, when AHDB’s ARA and supporting documents have been assembled. Further ad hoc meetings may be called by prior agreement by the Committee Chairman and PCL Chairman.”* Mrs Fell and Dr Clayton were granted authority to finalise the amendments to the Terms without returning to the Board.

#### **12/85 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/12/43)**

The Director asked that the operational update be taken as read with the following discussion points highlighted.

Media work had dominated the reporting period and interest in potato availability continued to dominate the agenda. He believed that media interest in blight and allotments had been borne out of cynical journalism during which the PCL Chairman and PCL staff had been quoted out of context. He reminded the Board that PCL had a long standing association with those supplying gardens and allotments with seed potatoes and recognised that their understanding of production was a key component in influencing consumers about the positive attributes of potatoes. He expected a further period of media interest and planned to brief staff about their roles during consultation on PCL’s business plan during a busy period of activity that included the Seed Industry Event, ADAS/Syngenta conference and Sutton Bridge Open Day.

#### **R&D**

Dr Storey was invited to update the Board on R&D and KT matters. He advised that a CIPC stewardship meeting had been held earlier in the week and that a new group was being developed to consider nematicide stewardship. He was pleased that commercial businesses, Syngenta, Certis and DuPont, had all agreed to jointly explore nematode stewardship and would address shared pre-competitive issues in the same way as had been done for CIPC. The group had agreed to a new independent Chair, Barry Florendine, and were now exploring the opportunity of having some of their planned activity funded through RDPE’s skills funding.

The Chair recorded the congratulations of the PCL Board to Dr Storey for his achievement in bringing the relevant commercial interests to the table. And asked that any terms of reference for the group be circulated to the Board if available.

Head of  
R&D

Dr Storey then sought the Board's endorsement of the RKT Committee's decision to fund two new projects. The first, a project on trap cropping for PCN management, would investigate the potential of both native and non-native *Solanum* species as PCN trap crops. The research would be led by ADAS for 3.5 year duration and PCL would fund 50% of the £98K required, the remainder being funded by the Chemical Regulations Directorate. The second project relating to better soil management would be led by the James Hutton Institute and would share a common assessment platform with recently commissioned HGCA work and thus allow greater integration across the crop sectors. This would require £257K of funding over 4 years.

After clarification on the relevance of the second proposal, the board endorsed the decisions of the RKT Committee.

Dr Storey also informed the Board that two proposals presented previously had been modified and expenditure had been adjusted upwards by £23k over the life of the projects. These related to minimising CIPC residues in low temperature box stores and best use of ethylene on processing varieties.

## **Marketing**

Ms Henderson reported on outcomes of a recent Marketing Strategy Committee. She asked the board to note that as funding streams started to diminish elsewhere, requests for support from PCL were increasing in frequency, the most recent of which had been from NFFF and British Food Fortnight. In all cases, and similarly in relation to Red Tractor, she advised that such requests were best supported by detailed proposals and business cases so that they could be treated on a case by case basis and account of benefit to levy payers be taken. She also asked that the Board recognise the resource that had been diverted to completing Government spending control exemptions as these had taken members of the marketing team away from the front line.

The marketing strategy committee had adopted a new approach if members could not attend, and written contributions were proving highly effective in maintaining committee activity. The committee had discussed a move to a starchy carbohydrate campaign which, with the right punch title and key messages could take the potato into new territories in consumers' minds. The ongoing consumer-signposting campaign was continuing to receive excellent support from suppliers and the committee had agreed to afford as much support as possible to the appropriate supply chain should the campaign gain more traction with a particular retailer. She thanked seed suppliers for their continued support of the Grow Your Own Potato project particularly in a year where supply could have been compromised and informed the Board that a skills campaign in relation to chip shops was developing well.

## **Seed and Export**

Mr Burns, Head of Seed and Export referred the Board to tabled minutes from the Seed and Export Committee and provided detail on two items. The first was the forthcoming Seed Industry Event for which plans were progressing well. A strong roster of plant-health related speakers had been assembled including Dr Leah Tsor, an eminent plant pathologist who was prepared to share Israeli experiences of growing crops from seed with a range of European origins. Thereafter he described a recent inward mission where Egyptian plant health officials had experienced a number of Government and commercial facilities and had left reassured that GB's plant health status was in good

hands.

The Chairman sought clarification from members with seed interests regarding likely supply of seed for 2013. They supported Mr Burns' earlier comments that supply was adequate but that there was still much to be done as harvest was later than planned.

Mr Cunnington was invited to update on the Sutton Bridge issues and advised that previous concerns about the longevity of the building's structure had been explored and were now considered less of an issue. Two new apprentices had joined Sutton Bridge; a Mr George Café and Miss Emma Bates. He reminded the Board of the forthcoming business reception and open day scheduled for 28/29 November and the Chair encouraged members to register with Mr Cunnington or Kate Balloch and encourage members of their staff to also attend. Mr Worth highlighted the committee succession issue with three board members coming off the Board in the near future affecting composition of the committee. It was advised that Mr Chelley had agreed to join the Sutton Bridge Advisory Committee. The Director would provide detailed committee rosters for discussion at the next meeting.

PCL  
Director

Mr Worth wished to note his congratulations to Mr Cunnington for his continuing success in obtaining external contracts. It was also suggested that he invite both the Chair and Director of HDC to view their facilities in order to encourage use.

To finish, Ms Fell asked that the operational update be restructured to allow greater reporting opportunities for the Head of Communications.

PCL  
Director

## **12/86 CORPORATE PLAN AND RELATED COMMUNICATIONS (PCLP/12/44)**

The Director advised that the consultation on AHDB's Corporate Plan would commence shortly. PCL would launch its consultation to the press on 20<sup>th</sup> November at the Seed Industry Event. He had already briefed the Potato Processors Association and a briefing for the Fresh Potato Suppliers Association was scheduled for later in the month. Subject to minor changes, the communications plans was approved and Board members would work to the same timeline and commence calling stakeholders on 20<sup>th</sup> November. Where necessary, Board members would accentuate key messages relating to the plan including new cost benefit analysis figures, no proposal to increase the levy and a focus on six agreed priority areas.

## **12/87 ANY OTHER BUSINESS**

The Chair advised of a recent very positive fact finding visit to Norway where his industry tour encompassed a visit to a pack-house and a processing facility. Norway was an extremely prosperous and self sufficient industry; however the prices were set by Government to ensure reinvestment. He also encouraged the Board to send representatives to the Seed Industry Event, at least two delegates from each company.

Mr Perry left the meeting and the Chair reiterated the positive position that Mr Goodwin had created in the FABS team.

**12/88 MAIN BOARD THEMED PRESENTATION: MI STRATEGY (PCLP/12/45)**

Mr Boyns, AHDB Director of Market Intelligence was invited to present on the current status of the his division and services offered to the potato sector

Mr Boyns referred to his previous presentation some 12 months ago and highlighted the changes in delivery and the reduction in use of external contractors.

He also reiterated that the current MI Committee chaired by Mr Tapp and the ongoing interaction with PCL working groups had contributed to a successful ongoing relationship.

He highlighted successes as follows: - having brought the publication Potato Weekly in-house, levy payer surveys now demonstrated a score of 3.7 out of 5 for satisfaction and relevance compared with 3.5 in 2010. He reported that staff recruitment challenges had been experienced but that having worked to develop depth and breadth within his team, more than one individual was now working in the potato sector and an appointment of Miss Hannah Goodwin had proved extremely successful in ensuring adequate service delivery.

Previous questions regarding succession planning for MI sub-contractors were being addressed and new recruits had been identified and interviewed. The MI team's focus had been on evaluation of a range of methodologies for a number of MI outputs and a schedule for delivering change had been agreed with PCL's MI Committee. Mr Boyns cautioned that there were still a number of risks that affected future delivery. The first related to PCL's Grower Panel software which was now dated and required unique and expensive expertise if further development was required. He was considering ways in which the Grower Panel Platform could be brought in-house. The second risk related to procurement of consumer data which was now out to tender to fulfil AHDB's legal obligation. The current arrangement for data purchase featured an industry syndicate who could access additional information at discounted prices. The continuation of such a syndicate was subject to the tender process so could not be treated as a certainty. The third area related to PCL's financial position and Mr Boyns asked the Board to note that as part of PCL's broader exercise to identify cost reductions then some services (like the telephone bag line) would need to cease. The Board asked that bag line information be incorporated into Potato Weekly.

Mr Boyns then invited the Board to comment on delivery of MI and help to identify any areas that might be improved, omitted or added to the current level of service.

Mr Bambridge, making reference to a prior discussion on relationships in the supply chain asked what MI provided in relation to other sectors? Mr Boyns referred to margin-share analysis in the Dairy sector and offered to share outputs and likely costs should PCL wish to develop similar analyses.

Mr Boyns

Ms Henderson sought more information on service delivery by MI's Consumer Insight team as recent and more historic projects had not met their timelines. Mr Boyns explained that some exceptional staffing issues had resulted in delays, but conceded that the situation was unacceptable. The Director described recent developments where a Service Level Agreement between the Consumer Insight Team and PCL's Marketing team was being negotiated.

Mr Boyns finished by reporting on progress of the potato yield estimate that was due to

be published shortly.

The Chairman thanked Mr Boyns for his presentation and closed the meeting.

**12/89 DATE OF NEXT MEETING**

30<sup>th</sup> January 2013

**12/90 INFORMATION PAPERS**

PCL Dates for 2012 update (PCLP/12/46)

Register of Members Interests (PCLP/12/47)

Organogram

Minutes of Committee meetings held since the previous Board

Seed and Export Committee 20<sup>th</sup> June 2012 (tabled) (SE/12/02)

R&KT Committee 25<sup>th</sup> October 2012 (tabled) (RKTCM/12/03)

Marketing Strategy 31<sup>st</sup> October 2012 (tabled) MSCM/12/03)

Sutton Bridge Advisory Committee 31<sup>st</sup> October 2012 (tabled) (SBACM/12/03)

Signed: ..... Dated: .....