

Authorised



**MINUTES OF THE FORTIETH MEETING OF POTATO COUNCIL
HELD AT THE FARMERS CLUB LONDON
ON 27TH MARCH COMMENCING AT 11.00 AM**



Board Members
Attending

Growers, Tony Bambridge, Tim Papworth, Duncan Worth, Graham Nichols, Alistair Melrose, Rob Doig, Anthony Carroll and Dan Hewitt
Processor representative Dave Chelley, Nick Tapp
Independent members Ms Zoë Henderson, Fiona Fell. **New Observers** Bruce Kerr, Edward Lindley, Alistair Redpath, David Piccaver and John Godfrey, AHDB Chairman

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, Dr Sharon Hall, Head of Communications and Ms Caroline Evans, Head of Marketing and Corporate Affairs, Mrs Rita Hall

13/18 CHAIRMAN'S WELCOME

ACTIONS

The Chairman welcomed the AHDB Chairman John Godfrey together with Messrs Piccaver, Kerr, Lindley and Redpath to the PCL Board with effect from 1st April and as observers at their first meeting.

APOLOGIES FOR ABSENCE

There were no Apologies of absence. Mr Nichols notified his late arrival due to transport issues.

DECLARATIONS OF INTERESTS

Mr Bambridge had advised the Board that he had recently been appointed as a Non Executive Director of Produce Investments PLC, the holding company that owned Greenvale AP. The Chair also advised that the next meeting agenda would include the half year Register of Members update and that new and existing members should advise Mrs Hall accordingly of any updates.

Mrs Hall

13/19 NEW MEMBERS

The Chair invited all new members in turn to introduce themselves to the rest of the Board and to highlight their back-ground; text would appear on the PCL website as full profiles in early course.

13/20 MINUTES OF THE MEETING OF THE BOARD HELD ON 30 January 2013 (PCLM/13/01)

These had been approved as published with the exception of an amended spelling error on page 8 in the Marketing section "activity" should read "actively".

Mrs Hall

13/21 MATTERS ARISING (PCLP/13/09)

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

13/04 AFS

Statement of level of commitment to AFS reaffirmed in January 13 minutes. The Director confirmed that Ms Evans, head of marketing and corporate affairs was managing the relationship and a service level agreement had been prepared.

13/05 MI Proposals

Proposals for potential work on margins within the supply chain had been rejected by the MI Committee as unlikely to provide benefit to the industry.

13/06 Health and Safety

Training of the SET has now been completed. Training had also been arranged for managers based on risks affecting their teams. Mr Chelley sought a comparison with other sectors. Mr Godfrey AHDB Chair responded by advising that AHDB were taking the matter very seriously and that it had become a standing agenda item for recurring Board meetings. **The PCL Chair reiterated that it should in turn become a standing item for the PCL Board meetings.**

PCL Director

Roles and responsibilities of Sector Board Members

This item would be covered later in the meeting (PCLP/13/12).

13/07 Potato Summit – Galvanising the industry to build a sustainable supply of British potatoes

Recommendations from Board Members were incorporated into the event briefing. A report on the event would be discussed in the meeting (PCLP/13/11).

13/08/13/09 Debt recovery, tonnage levy and central costs

Mr Goodwin, AHDB Finance Director was scheduled to report on this item, but due to year end pressures the Director would provide a verbal update during the meeting and include the legal costs of collection.

Levy staff now had details of organisation who dealt with financial crises and would use their judgement in making referrals. These would be shared with colleagues in KT.

13/10 Committee Succession

As new Board members had now been appointed and skills sets evaluated, committee succession could be addressed. Mr Worth had confirmed that he would Chair one more meeting of SBAC prior to Mr Chelley taking the role. The Board were also advised that Dan Hewitt had agreed to stand down from the Marketing Strategy Committee to enable him to utilise his unique skill set to enhance the Marketing Information Committee which would also aid the industry concern surrounding the cycle of membership of this Committee.

13/11 Responses to Corporate Plan

Feedback has been provided in writing to consultation respondees with the exceptions of NFU and DEFRA who were met in person. A final plan was included in the Board pack, incorporating all changes.

13/12 Ring rot

The Director advised that Dr Hall had provided the Board with a written briefing on the Ring Rot and Safe Haven on 4th February. Mr Burns had sent a ring rot update to levy payers including seed handling best practice messages and information on Safe Haven on February 18th.

13/14 Direction through Dialogue

This item would be discussed later in the meeting (PCLP/13/13).

Ms Henderson requested an update in relation to the “vegetable traitor” story trailed by the Department of Health and the Director advised that both he and David Walker from the FPSA had attended a meeting with Anna Soubry from the Department of Health on the 6th of the month. The meeting had gone reasonably well and the Department of Health had confirmed a series of actions that sought to address any negative messaging associated with potatoes. The Director had written and thanked Miss Soubry, but was still awaiting a response. The actions were underpinned by close liaison between Potato Council’s marketing team and the Department and Ms Evans confirmed progress against a number of agreed outcomes.

13/22 AHDB: REPORT FROM CHAIRMAN

The Chairman updated the Board on the key points from the AHDB Board the previous day as follows:

The Skills Agenda

An update had been received from AHDB’s Tess Howe working in conjunction with Mrs Jackie Dubery, AHDB Director of HR, with regard to providing a strategy for skills. It had however concluded that taking into consideration the amount of providers available it was impossible for AHDB to be lead provider and plug all identified skills gaps. The Board had agreed however to continue with the project taking the next step of identifying the skills providers available, identifying relevant gaps and working in relevant areas.

H2020

AHDB had agreed to make relevant bids to manage parts of a new European framework programme scheduled for the duration of 2014 – 2020. The programme had a budget of 60 billion euros split as follows:

- 25 billion euros to increase Europe’s science capabilities
- 18 billion to strengthen industrial innovation by investing in key technologies and providing greater access to capital support for SMEs
- 32 billion to address shared challenges of climate change, sustainable transport and mobility, affordable renewable energy, food safety and security and an ageing population.

The AHDB Board had expressed concerns with regard to administration and resources within AHDB but had approved next steps that would enhance GB’s capability and profile within Europe; these would likely benefit Potato Council if suitable research consortia could be identified to work against current priorities.

Next steps would include recruitment of suitably knowledgeable research coordinators to support the Chief Scientist to understand the funding potential better and work with R&D

teams to pull together the relevant bids. The Chairman confirmed that this phase would cost up to £200,000 and a contribution to be determined was required from Potato Council. The project would be subject to regular and frequent review by the Senior Executive Team and AHDB Board before deciding on further steps.

PCL Director

The AHDB Chair advised that the AHDB Board had requested a copy of the Potato Summit report. The AHDB Board had identified similar issues and challenges in all sectors and were considering further concerted action using this project as a model. Mr Stevenson said that dissemination plans following the summit would be discussed later in the meeting.

Budgets

It had been reported that AHDB as a whole was now forecasting a return to reserves of £1.38m and the organisation was well on its way to achieving its reserves target.

IT Strategy

User surveys and discussion groups were well underway within AHDB to inform the new strategy which would be brought to the AHDB Board in July. Costs for implementation were still to be calculated and savings relating to the wind-down of legacy systems across AHDB would be taken into account.

Triennial Review

AHDB had agreed a steering group comprising an independent Board member, a sector Chair, and three members of SET to start preparations for the forthcoming statutory review of AHDB. This was unlikely to commence until late autumn at the earliest.

New Building

It had been notified that the HS2 new rail link would run passed the new building within 143 metres and a change of plan had been debated. It had been agreed that taking into account the time it would take to finish the link, the speed and silence of the train on the track and the 5 year break clauses in the contract that the green light to proceed had been given.

13/23 PCL FINANCE REPORT INCLUDING LEVY COLLECTION UPDATE, DEBT DASHBOARD, TONNAGE LEVY AND CENTRAL COSTS REVIEW (PCLP/13/10)

The Director reported on the finance paper as follows; Previously discussed functional savings plans along with a small uplift in tonnage levy were now impacting the Potato Council management report and a surplus for the year of £128K was forecast. By month 11, Potato Council had spent approximately 90% of budget against 92% planned. However, a large MI expenditure would occur imminently to cover grower panel contributions. Mrs Fell, supported by the Chairman, congratulated the management team who had worked hard to achieve a positive position against a backdrop of difficult trading conditions in industry. An observer raised the question of collecting levy on imported potatoes. The Director advised that this might conflict with State Aid regulations but agreed to discuss the matter with the AHDB legal representative to clarify accordingly, the matter would be raised in the context of developing a future Statutory Instrument.

With regard to levy collection, the Director highlighted a new debtor dashboard included in the papers that demonstrated that collection rates had improved over a four year period. Legal costs amounted to c£30K for the 2012 collection period and the Director was asked to report costs for previous years to improve the comparison. He was also

FABS
Director

instructed to brief the levy collection team than any changes to collection process should be brought before the Board for approval prior to implementation.

The Finance Director had provided further analysis relating to a possible tonnage-based levy system and whilst a number of arguments presented previously (that this may indeed limit the number of complaints received in years of flooding, and that collection processes could be streamlined), it had been impossible to identify a mechanism for switching from the current system without either an overlap or an under-lap the in collection system.

The Finance Director had also provided a paper relating to recruitment in AHDB's central functions which illustrated that governance procedures were in place and that total headcount had not increased contrary to the Sector Board's perceptions.

13/24 DEBRIEF ON POTATO SUMMIT (PCLP/13/11)

The Director summarised this event and referred to a report on that had been prepared by EFP. The summit took place on the 7th March and had cost Potato Council £11K. With a wide range of stakeholders attending from retail, food service, processing and fresh supply together with trade organisations including NFU, DEFRA and both English and Scottish Governments, attendees had been willing to share issues affecting all areas of the potato supply chain. Through facilitated sessions and presentations the group had considered each other's perspectives and had started to build a greater understanding of the pressures each faced. In summary, growers didn't realise how precious the floor space afforded to potatoes in supermarkets really was. The continuous energy required to entice in recession-weary consumers with healthy, quick and imaginative meal solutions was also a surprise to many. Meanwhile some of the food service and retail business weren't aware of the crisis looming on farms where cash is desperately required to bring issues like storage and water management up to scratch. For many growers, current contract terms and conditions simply didn't provide the peace of mind to trigger re-investment. Critically, many of the next generation of growers might look at the family business, consider the return-prospects as poor and opt for lower risk crops like cereals and maize. Supply chains had their own story to tell too. Feeling squeezed at both ends an expectation to buffer volatility in difficult supply situations was putting businesses in jeopardy.

A series of responses and actions to the situation had been agreed by the Summit. Some would require action by industry and others would fall to Potato Council to develop new work-streams. Although the event was delivered under Chatham House rules, Messrs Bambridge and Worth were able to share their initial thoughts relating to the event. Both agreed that the event had gone a long way towards elucidating the real issues that were compromising the supply chain although some issues, like quantifying risks taken by growers, would require more work and further dialogue. Both remained disappointed that some key players in the supply chain, particularly retailers were absent.

The Director would now develop a more detailed roll-out strategy for the event outcomes that would include key players who had been absent, along with members of the press and levy payers. Messrs Worth and Tapp agreed to assist in ensuring the messages included in the roll-out remained consistent.

PCL Director

The AHDB Chair reminded the Board that the AHDB Board had requested a copy of the summit report when available and to be shared with the NFU. However, in view of the

decision to conduct the summit in such a short time frame, the event had proved to be very positive.

13/25 DISCUSSION ON ROLES AND RESPONSIBILITIES OF BOARD MEMBERS (PCLP/13/12)

At the previous meeting, the role of Board members had been discussed and it had been felt that further discussion was necessary to understand whether their performance against purpose had drifted over time. To facilitate this, the Director had provided extracts from AHDB's delegation agreement where the role for sector Boards was clearly defined. Further he provided a summary of staff views noting that from time to time, informal interaction between Board members and staff was useful to boost morale and build staff confidence. When considering those duties delegated to the Board, relating to development of sector strategy and relative allocation of funds, agreement of levy rates along with monitoring of delivery and approval of any changes to plans, the Chairman noted that the Board remained largely on track in relation to their discharge of duties and whilst some members felt their primary role was assisting with strategy, the softer side of business was recognised e.g. the contribution at industry events appreciated..

The AHDB Chair reiterated that AHDB existed as the sole legal entity retaining accountability and that PCL were an advisory operational Board and that this fact was set out in the Statutory Instrument together with the role of the Board and the individual members.

13/26 DIRECTION THROUGH DIALOGUE (PCLP/13/13)

The Director advised that the previous Direction through Dialogue exercise took place in 2008 following the transition to AHDB. The principal purpose of the exercise was to take stock of levy payer views on issues like finance and the future of Sutton Bridge whilst raising the profile as a new Board within the sector. This had been achieved by distributing a 30 page booklet relating to Potato Council's purpose and arranging consultative meetings with levy payers thereafter. Board members had been largely self-sufficient in arranging meetings and gaps where further discussion was required to capture the views of less well engaged groups of levy payers were identified by the executive; c300 levy payers took part in the dialogue. The Director had prepared draft documents (based around the 11 components of the Potato Council corporate plan) and processes that would facilitate a similar exercise for 2013. The Chairman sought confirmation from the Board that they had a genuine appetite to repeat the process. Whilst their willingness to undertake this exercise was confirmed and raising the profile of the Board was necessary, members felt that there were fewer specific questions to explore this time round (like the future for Sutton Bridge) and that simplified and shorter documentation would be sufficient to prompt discussions with levy payers. The Director would redraft documents relating to the project ensuring this was achieved in a timely manner that allowed initial levy payer views to be represented in time for strategy planning in July.

PCL Director

13/27 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/13/14)

The Director advised that the management team would summarise yearly highlights during this briefing where possible so that the departing Chairman and Board members

could take stock of activity and the new members observing the meeting could benefit from the overview. He asked that members bore in mind three aspects of activity that were not highlighted in the original Potato Council Plan:-

World Potato congress was successfully delivered in May 2012

All functional teams were subject to delivery against savings plans determined once lower levy revenue had been identified

Issues management relating to the weather and lower potato production had intensified during the year.

He then invited his management team in turn to report on their individual activities:

KT

Dr Hall highlighted that a total of 1800 invitees had attended PCL events during the period with an average score of 7.5 out of 9 for event satisfaction. Levy payer engagement remained a focus; 300 less-engaged levy payers had been contacted in the year and 85% had agreed to meet with staff. Her team had been successful in securing match funding both for business development activities and catchment sensitive farming which had enabled a greater reach for levy payer facing activities. She also reported on excellent match funded activity including business improvement schemes in Scotland, support for storage audits at Sutton Bridge, 2 new monitor farm projects. The success in obtaining RDPE grant money within the AHDB skills development initiative which amounted to up to £130k in the potato sector would provide the necessary resource to address a number of skills related activities like nematode stewardship. She further reported on the forthcoming BP2013 event to be held on the 27/28 November which would include a new initiative on day 2 to encourage new entrants to the sector and that dialogue with McCain was ongoing, which was a good fit with their current strategy around encouraging new people into the business. Dr Hall also advised the Board the Potato Council had agreed to support the Horticulture Innovation Partnership (HIP) and had participated in the launch of the Partnership on 7th March at Defra.

R&D

Dr Storey had summarised the year's activities in his paper and highlighted recent events verbally. He advised that the recent R&KT Committee meeting in Scotland had been extremely positive and that three completed Potato Council funded projects on the international collaboration on disease diagnostics, aphids and virus transmission and late blight had been reviewed.

Four proposals relating to blackleg had been considered by committee and he sought the Board's support for aspect of two of the proposals, led by JHI at a cost of up to £300,000 over three years. Fifty per cent of the project cost (£150,000) was to be provided as co-sponsorship by the Scottish Government. He also sought approval of a recommendation of support for a proposed project on biofumigation at a cost of up to £248,719 over three years. He finally sought support for a project on grain aphid characterisation at a cost of up to £10,982 over 12 months, subject to confirmation of co-funding from HGCA. **Board approval for the three projects was given, and the Chairman's abstention, through a conflict of interest was recorded.**

Mr Chris Yardley, Seed Director of Wholecrop Marketing Ltd was proposed as the Seed and Export Committee representative on the RKT Committee. Mr Yardley would replace Mr Redpath **This proposal was approved by the Board** and Mr Redpath was thanked for his contribution to the Committee during his tenure.

Marketing

Ms Evans updated the Board with her report, and asked members to note that ambitious KPIs had been met, over 157million positive “opportunities to see” had been achieved and over 1million website hits had taken place within the year. She advised that Maria Ball, Corporate Affairs Manager had left the organisation to pursue an overseas career ambition. Thanking Ms Ball, she asked Board members to note that engagement with MPs was proving successful with 1 in 5 more MPs being positive about the sector compared to a year ago. She further advised that being in the third year of the EU-funded marketing programme, both Ms Cox and Mr Baker had been invited to present to the European Commission on the PCL work which was ahead of schedule and she congratulated her entire team on their valuable efforts throughout the year. In a similar fashion, the Grow Your Own Potato educational programme was exceeding all expectations and Cook Your Own Potato, directed at secondary schools was 150% above its expected reach for its first year.

Seed and Export

Mr Burns updated as follows:

Two outward and one inward mission to Egypt co-hosted by SASA had been signed off and a seat on the seed panel in Cairo had been secured.

A cross sector event co-hosted by HDC and Potato Council, Fruit Logistica in Berlin had taken place with the event being a great success and plans were underway to repeat the collaboration next year. New markets being explored including Vietnam, Kenya, Libya and Iraq. The Seed Industry Event held in Crieff had been a resounding success, showcasing Safe Haven, risks of imported ware but pre dated more recent ring rot issues. but the event had achieved record attendance. Collaboration with Sutton Bridge on big bag storage issues had been undertaken to establish best practice and messages on best practice for handling seed had been shared with levy payers prior to planting.

Sutton Bridge

Mr Cunnington updated the Board that external research income for SBCSR had exceeded target set for the year by c. £30k and that a break even forecast for SBCSR was expected. Further enquiries for work in 13/14 had been received together with two external customers having agreed work for next year. Two new Technology Strategy Board projects commenced in April, in addition to the project currently being undertaken where SBCSR was a research partner. These new collaborations tackling research into storage volatiles and machine vision would enhance SBCSR’s research standing and build their relationship with new partners including Monaghams Mushrooms, Robo Scientific, Product World, Ishida Europe, University of Lincoln and Branston Potatoes. Mr Cunnington wished to thank one of his team, Dr Glynn Harper for his proactivity in securing and participating in the work highlighted. An updated SBCSR business plan had been submitted within the operational paper and Mr Cunnington asked Board members to feed back any comments to him outside of the meeting. He also took the opportunity of thanking Mr Worth for his recent participation in meetings to resolve the ongoing store floor-levelling issues experienced at Sutton Bridge. He also confirmed the appointment of Mr Chelley as Chair of the SBCSR committee with effect from October with a handover in June by Mr Worth. A storage conference was scheduled for January/February 2014.

MI

The Director updated the Board on the most recent MI Committee meeting advising that the minutes from the meeting would be circulated electronically when available. Key items covered in the meeting related to how statistically significant surveys (like the

Grower Panel) were; this helped the Committee to establish the language that would be used in subsequent publications. He also advised that Mr Davies, previously Potato senior analyst within MI had joined the PCL communications team and that Ms Hannah Goodwin was a strong replacement within MI.. She had presented initial thoughts on how publications and presentation of data might evolve in future and sought advice from the Committee. The Committee also considered how to improve the timeliness and accuracy of import data. Mr Tapp commented that the Fresh Potato Suppliers Association had been willing to share aggregated data but sadly the same had not been achieved for the processing sector. The industry would as such remain dependent on data provided by HMRC.

Finally, Dr. Clayton informed the Board that Mr Hewitt had agreed to join the Committee. The move was approved by the Board.

13/28 CORPORATE PLAN (PCLP/13/15)

The Director advised that Board that he had provided feedback to consultation responses either in person or by letter.

He highlighted that storage messages around CIPC had been strengthened and objectives relating to education clarified. The budget had been approved by the AHDB Board and the Potato Council Board signed off the final plan.

13/29 PLANS FOR SECTOR BOARD CONFERENCE

AHDB Board had now deferred this conference until later in the calendar, to allow farming operations to catch up under difficult conditions.

13/30 CLOSING REMARKS

The Chairman took the opportunity to thank the retiring Board members, Messrs Nichols, Worth and Doig for their exceptional contribution to the Potato Council during their tenure.

Mrs Fell, the PCL Independent Board Member then thanked Mr Stevenson for his enthusiasm and dedication to the Board especially during the transitional period and commented that she was pleased that the AHDB Chair was present to enable him to take back to his Board the extent of the Board's appreciation for Mr Stevenson's contribution. A presentation to Mr Stevenson from his fellow Board Members and Executive Team followed.

13/31 ANY OTHER BUSINESS

Dr Storey advised that the dated recorded in October for the R&KT meeting had been cancelled and the new date of 13 November confirmed. Mrs Hall

The Chair raised the recent issue of certain levy payers calling for a ballot within HDC by way of a one page leaflet which had been circulated within one of NFU publications. **The Chair wished to record that he found the episode highly inappropriate.** He said the matter was being dealt with by AHDB and Mr Papworth agreed to raise the subject with the NFU reaffirming Potato Council's position. Mr Papworth

13/32 DATE OF NEXT MEETING

22ND May at Stoneleigh pre dinner on the 21st

13/33 INFORMATION PAPERS

PCL Dates for 2013 update

Organogram

Minutes of Committee meetings held since the previous Board

Sutton Bridge Advisory Committee 7th February 2013 (SBACM/13/01)

Seed and Export Committee 14th February 2013

R&KT Committee 13th March 2013 (tabled) R&KT/13/01

Market Information 21st March 2013 (tabled) MI/13/01)

Signed: Dated: