

Authorised



**MINUTES OF THE FORTY FIRST MEETING OF POTATO
COUNCIL
HELD AT STONELEIGH PARK
ON 22ND MAY COMMENCING AT 8.30 AM**



Board Members
Attending

Growers, Edward Lindley, Tim Papworth, **Processor representative**
Dave Chelley, Nick Tapp **Independent members** Zoë Henderson, Fiona
Fell. **Grower Packer** Bruce Kerr, **Seed Merchant** Alistair Redpath,

Staff Attending

Robert Burns, Head of Seed & Export, Rob Clayton, PCL Director, Adrian
Cunnington, Head of SBCSR, Caroline Evans, Head of Marketing and
Corporate Affairs, Mrs Rita Hall, Secretary, Sharon Hall, Head of
Communications, Chris Perry, AHDB Financial Controller (in part), David
Piccaver, PCL Sector Chair.

13/34 CHAIRMAN'S WELCOME

ACTIONS

The Chairman welcomed everyone to the meeting and in particular the new Board members, whom he hoped would enjoy their term of office with the Potato Council. He also advised that as this was his first meeting as Chair, if any member wished to make comment or suggestion for improvement, he was happy to be contacted in this respect. Mrs Fell requested that Mrs Hall circulate all new member contact details to members of the Board.

Mrs Hall

APOLOGIES FOR ABSENCE

Apologies were received from Messrs Bambridge, Hewitt, Melrose, Carroll and from staff, Dr Storey, Head of R&D.

**REGISTER OF MEMBERS INTERESTS AND DECLARATIONS OF INTERESTS
(PCLP/13/16)**

A paper had been placed on the Agenda to cover the 6 monthly update and to incorporate joining Board members and existing members' changes. Mr Tapp had advised that he had now completed his term on the Council of the Oxford Farming Conference and the register would be updated accordingly. Mr Piccaver declared an interest with the British Growers Association. No other interests were declared.

Mrs Hall

**13/35 MINUTES OF THE MEETING OF THE BOARD HELD ON 27 March 2013
(PCLM/13/02)**

These were approved as published with the caveat that the venue of the previous meeting should read the Farmers Club in London rather than the usual Stoneleigh Park location.

Mrs Hall

13/36 MATTERS ARISING (PCLP/13/17)

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

A paper had been tabled at the end of the Agenda for information.

Summit

An updated paper had been placed on the Agenda item PCLP/13/20 for the Boards information and invited comments.

Farming Charities

A reference to the levy update in PCLP13/08-9 highlighting the access to hardship charities was now being implemented and one referral relating to an aged-debt had been made providing evidence that the mechanism was working and charities were being accessed where necessary. The Chair commended the sensitive approach.

Direction through Dialogue

The Director advised that a paper had been included at PCLP/13/21 to ascertain the Board's appetite for engaging with the process.

NFU Contact

Mr Papworth reported that he had raised concerns with the NFU regarding the publication of an advert seeking support for a ballot on the future of HDC. An NFU Horticulture and Potato Board meeting was scheduled for 23rd May and the matter would be discussed at this time. The Chairman advised that the matter had been raised at the AHDB Board and the AHDB Chairman, Mr Godfrey had met with Peter Kendall, President of the NFU. The initial feedback was that as the "flyer" had been paid for as an insert in the NFU publication and had been subject to the usual editorial checks. Both the HDC Chairman and Mr Godfrey remained dissatisfied and Mr Godfrey would continue to pursue the matter.

The Chairman referred to an item under matters arising in the minutes of the previous meeting with regard to proposed MI work on margins within the supply chain. This had been debated by the MI Committee who recommended that the project should not be pursued and was unlikely to provide benefit to the industry. The Chairman felt that having discussed the matter with a number of Board members, it should be explored and discussed further by the Board. Mr Tapp summarised concerns expressed by the MI committee relating to resource requirement and to the likelihood of industry supplying the necessary level of detail that would yield a satisfactorily robust analysis. Mr Chelley sought to confirm that Potato Council had a mandate to explore margins in the supply chain and the Director responded that such a project would help provide a framework for understanding and quantifying risk that would be explored in relation to the recent potato summit (see later). The findings from such a project would need sensitive management with clear expectations set but would likely attract delegates to a future potato summit.

Mr Tapp was happy for the MI Committee to re-evaluate the project.

Mr Tapp

13/37 AHDB: REPORT FROM CHAIRMAN

Referring to recent coverage of a presentation by a potato merchant, Mr O'Malley who sought a more streamlined Potato Council that focussed solely on R&D, the Chairman commented that no ballot requests had been received by the ballot office at AHDB. He asked the Board to note that HDC were responding to a similar campaign. He asked that updates be provided should the situating develop further. He commented that the planned Direction through Dialogue project would provide an opportunity for a wide range of views on Potato Council to be expressed by levy payers.

Mrs Hall

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

Health and Safety was a key issue and that a copy taken from the AHDB minutes had been tabled for information for the Potato Council Board. He reported that all SET team members (Sector and Corporate Directors) had successfully completed their training and that the ratio of trained people within the organisation, (totalling 480 including MLCSL) was 6:1. Mr Chelley asked of Mr Cunnington if there were any Health and Safety investigations ongoing at Sutton Bridge and he responded that any historic incidents and been resolved and that they were moving over to the AHDB H&S reporting system at present. It was also confirmed that a car driver safety policy was inclusive within the AHDB policy.

A new initiative within the AHDB Board meeting encouraged all Sector Chairs to bring discussion topics to the table. Two were debated during the meeting:

The first debate sought to understand whether GB farming would be compromised should GB pull out of the EU following any national referendum and the second sought to understand whether GB was in any way compromised by its island status when it came to buying agricultural inputs relative to mainland Europe.

The Board agreed that the AHDB MI team should present more detailed analyses of these issues at a future meeting.

Mrs Hall

The AHDB Chairman had also provided the Board with a report on the capability and possible uses of AHDB's Brussels office following a recent visit. Mrs Hall was asked to share the report with PCL Board members following the meeting and the Director was asked to meet with Peter Hardwick, Head of Trade Development with Eblex to understand the potential more. The Chairman clarified that such discussions should include the potential to understand the impact of possible regulation and legislation at an earlier stage in development by developing new networks.

PCL
Director

The AHDB Board had also discussed the new Brightcrop initiative that sought to provide a clearer pathway to careers in agriculture for school leavers and Mr Piccaver sought views from staff about how involved Potato Council might become in such an initiative. Dr Hall was already participating in cross-sector discussions about Brightcrop and Ms Evans reminded the board of Potato Council's ongoing participation in AHDB's joint education strategy and initiatives like Grow Your Own Potato.

Dr Clayton added that surveys were underway to understand the potential need for new recruits in potato producing businesses and supply chains. These were being undertaken to inform activities at BP2013 related to new entrants and the survey outcomes would inform where Potato Council could best contribute to developing career paths.

Preparation for AHDB's Triennial Review had been discussed and the AHDB Board had noted that the review would look at all aspects of AHDB's purpose and performance. The Board were very clear that a proactive stance would be adopted which would provide evidence of positive change prior to the review. Preparations would include a well articulated 5 year vision for the organisation, a clear statement of progress within the ARA and a number of other analyses relating to match funding achieved and evidence of impactful cross-sector collaboration. Impact assessments would also be

prepared to look at different funding scenarios in the future. He reported that DEFRA were in favour of engaging with AHDB to enable the opportunity to influence the shape of the review. Mrs Fell sought reassurance that any changes in remit for the organisation would require careful cost-analysis if it were to take on new activity e.g. on behalf of Government. The Director confirmed that MI had just renewed a contract with DEFRA worth c£40k p.a. for potato related data provision demonstrating that a precedent for buying services already existed.

13/38 PCL FINANCE REPORT INCLUDING LEVY COLLECTION UPDATE, REVIEW (PCLP/13/18)

Mr Perry, AHDB Financial Controller, reported on the AHDB Management Accounts and advised that at year end for 2012/13 AHDB had achieved a retained surplus of £2.23M which was c£2M more than budgeted and £850K more than forecast in February 2013. The difference was attributed largely to underspends in R&D and KT in some divisions along with higher fee and grant income.

He then moved on to PCL accounts and reported that after a total revenue of £7.337M and expenditure of £7.124M had been taken into account, a retained surplus of £213K had been achieved which was close to the budgeted figure of £206K and £85K better than was forecast in February. The Chairman commended the efforts of the management team and the levy collection team in meeting the budget by delivering a targeted savings plan following a season where levy revenue was £409K lower than budgeted whilst keeping a tight grip on debts. He added that the result was a good contribution to Potato Council's reserves target bringing the current position to £1.437M with a long term target of £2.1M. Mr Perry confirmed the target was a necessary precaution as Potato Council had a fluctuating levy collection cycle with the bulk of revenue collection taking place in September to November. With regard to ongoing debt collection, Mr Perry commented that Potato Council's aged (>120day) debt continued to fall and stood at £112K at year end compared with £150K a year ago.

The Director reported that the levy collection team were seeking further improvements to the rate of levy collection and had suggested that an earlier engagement of legal services through July would allow the team to pursue issues like late or non-submission of planting returns prior to the Christmas period. Whilst Board members recognised that the approach might indeed bring efficiencies to the levy collection process, they cautioned that a rapid change might be construed as insensitive by some businesses who were already suffering from the difficult conditions experienced in 2012. They recommended that the appropriate level of informal initial contact (by letter, email and phone) should continue during 2013 and that a schedule of levy collection operations along with recommendations for future improvement should be brought before the board for discussion in the Autumn.

PCL
Director

The Director would discuss the recommendation with the Finance Director so that the necessary papers could be developed. .

PCL
Director

Responding to a question from Ms Henderson regarding cross charges received from HDC, the Director confirmed that field staff resource had been shared with HDC on a trial basis. Cross sector work was set to continue in the current year with field staff visiting millers on behalf of HGCA. He assured the Board that the development would be kept under close scrutiny and was confident that there would be no loss in service to Potato Council.

13/39 POTATO MARKET DYNAMICS REPORT(PCLP/13/19)

The Chairman introduced the paper and advised that it had been his initiative to include highlights from various MI publications in the Board pack. He expressed surprise that at his first meeting attended as an observer, discussion around the issue of market dynamics had been limited and he felt that a new report would be a good way to keep the Board availed of the big picture and ensure they were well informed. The report featured key trade events and included *inter alia* key price statistics and import data. The Board agreed that the document provided a useful summary of trading issues during the reporting period and agreed that a flexible format would allow the MI team to bring key issues in front of the Board that would inform strategic thought but noted that wider scrutiny by the management team prior to sign off would allow issues to be put into context more precisely. **With the Board's agreement, the paper would become an integral part of the Board pack in future.**

13/40 UPDATE ON SUMMIT PCLP/13/20

The Director introduced the update on the Summit that took place in March 2013. A summary report on the summit had been prepared and circulated to delegates and Board members and Messrs' Bambridge, Worth and Tapp were thanked for their assistance in preparing the summary. Key statements had been agreed by the summit that illustrated the various challenges faced by growers, retailers and supply chains and recommended action plans for each stakeholder group had been published. The outcomes of the summit had achieved good coverage within the trade press.

The Director and colleagues from EFFF were now in the process of following up the meeting with both attendees and non-attendees either by telephone or face to face meeting. A key proposition was emerging from the discussions so far; that quantification of some risks identified by the summit would allow the industry to start discussions about how risks might either be shared or paid for as part of a contract and that these approaches might yield new capital (or at least a share of capital) so that risk-mitigations could be achieved. The Director sought views from Board members around this proposition and a debate ensued. Members noted that the scope relating to risk was very broad and might range from protection against extreme weather events, sharing capital investments along the supply chain (e.g. new stores). Mr Chelley commented that in each of the examples given, it would be possible to predict a consequence of doing nothing and in this regard a conventional approach to risk assessment would be a good starting point. Mr Tapp pointed out that it would be important to differentiate between poor management practices and genuine external factors and that any project should concentrate on issues that business owners had little or no control over.

The Director thanked members for their input and agreed to develop a scoping document that would break risks into three categories (climate, plant health and trade) and start to explore the financial consequences of doing nothing versus deploying possible mitigations (crop insurance policies would also be explored). He would circulate the scoping document prior to the next meeting to gather feedback.

PCL
Director

Once feedback had been considered, the Director would start to consider the resource required to populate a risk matrix with financial data and the Board recognised that realistic expectations for the project would be required.

Returning to the summit summary, Mrs Fell expressed concern that some of the recommendations for industry would require careful consideration before action. For example the summary suggested that consumer-driven characteristics of potatoes might be exploited via a greater research effort into genomics. She cautioned that at this stage, such determinants had yet to be identified and their elucidation might not be solely a case of using genomics. The Board agreed that all Potato Council committees should be invited to comment on the summit so that such nuances could be identified.

Committee
Chairs

13/41 UPDATE ON DIRECTION THROUGH DIALOGUE (PCLP/13/21)

The Director introduced the paper which sought to re-affirm the Boards appetite to run this consultative project given that timelines were now compact. This was affirmed and in particular new Board members were enthusiastic about the process commenting that it would be a good way for them to demonstrate accountability to their peers and that face to face discussion ought to achieve better a deeper understanding of the issues than a questionnaire. A draft document to support the consultation was tabled and Board members were asked to email any comments and suggestions by 27th May. This would allow for a start in early June so that initial responses could inform strategic planning in July and development of the next corporate plan through August and September. Clear objectives and targets for the consultation would be developed and shared with Board members along with details of key contacts.

Board
Members

13/42 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/13/22)

The Director introduced the paper commenting that it would appear in a new format in order to report against the new Corporate Plan and that the table content would reflect cross function working and invited comments from the Board with regard to its usability. He then invited his management team in turn to report on their individual activities:

KT and Comms

Dr Hall advised that she would take the paper as read. She asked the Board to note that a number of KT events had been postponed and rescheduled as a consequence of late planting; she would circulate a new schedule to Board members and sought board member participation in events where possible.

Dr Hall

She reported on how £127k of RDPE funding from the AHDB skills package was being deployed in the potato sector. An initial course organised in conjunction with the Sutton Bridge team for pre-pack and processing sector had sold out in minutes and a nematode management training course was under development. A new stewardship website had been created on behalf of the CIPC stewardship group as the focal point of a new high profile stewardship campaign.

Two new products have been produced by the KT Team including the 2013 revision of the soil management guide for potatoes. This had been authored by Chris Steele in collaboration with Mark Stalham (NIAB/CUF) and Eric Anderson (Scottish Agronomy). Gary Collins has co-authored the new 'Managing the risk of late blight' guide with Ruairidh Bain (SRUC). Both guides have been uploaded to the web and links sent to the R& KT committee for a final review before printing. Dr Hall referred Board members to the links provided in the operational table as further feedback would be welcomed. Mrs Fell commended Dr Hall on attracting the level of match-funding described in her report.

R&D

In Dr Storey's absence, Mr Cunnington had been requested to update the Board on R&D matters. He reported the updated position on CIPC which was still under review. A meeting scheduled with the Advisory Committee for Pesticides had now been postponed until 9th July and a response that answered specific questions posed by CRD in relation to CIPC projects was in preparation.

Mr Cunnington was asked about research into alternative sprout suppressants and advised that projects were in place to look at alternative sprout suppressants and that Di-Methyl Naphthalene was in registration and may be available for use in trials but would not replace CIPC.

The Director also gave an update on the Horizon 2020 bid preparation that had been discussed in the previous meeting. He commented that Dr Storey was in a good position to take stock of potato research skills across Europe and could use his contacts within the European Association of Potato Research to take a view on possible partnerships. He continued to discuss opportunities with the Chief Scientist and was feeding in various perspectives following a number of meetings with key stakeholders including Ann Glover Chief Scientific Advisor to President Barroso.

Marketing

Ms Evans asked that the paper be taken as read but advised that she would present a rough edit of a TV advertisement prepared utilising funding from Europe before the end of the meeting and that the European funding was due to cease at the end of August. She also referred to a new report, produced in conjunction with Cranfield University, a summary of which would be used in ongoing stakeholder engagement. The report compared sustainability credentials of potatoes with those of rice and pasta. A number of stakeholder engagements were already planned using the report and Ms Evans invited the Board to take stock of the content. A copy would be circulated in due course.

Head of
MCA

Ms Evans sought approval from the Board to make a minor amendment to the Terms of Reference for the Marketing Strategy Committee to allow inclusion of Board level members who did not hold the position of CEO to be allowed to sit on the Board. **The Chairman agreed that this course of action was acceptable provided the process was approved by the Chair.**

Seed and Export

Mr Burns updated the Board and confirmed numbers of non EU seed exports at 71k tonnes for the 2012/13 season. This represented a reduction of 10% on the previous year and reflected the challenging season. He also reported that he had very recently returned from a very positive trip to Vietnam, accompanied by colleagues from SASA, where documentation relating to trade was agreed and signed thus opening a new market.

The Chairman requested information with regard to the potential size of the Vietnam market. Mr Burns did not have precise figures but suggested that a rising middle class population and a demand for western quick food products bode well.

Mr Burns also advised that changes to the Seed and Export Committee would necessitate 3 new members in the near future and would welcome nominations or suggestions from the Board.

Sutton Bridge

Mr Cunnington advised the Board that SBCSR had achieved an £11k deficit for the full year against a break-even budget as input costs including experimental potatoes had risen during the year. A 20% increase in external income had been achieved resulting in a total external income of £306k for the year.

The on-going issues with the sealing of the new store main doors was hopefully to be rectified by means of metal plates being fitted with the cost being covered by retentions within the fit-out contract.

The refrigeration system had again presented problems which had compromised storage temperature and in turn had had an impact on a Potato Council black heart trial, which was causing ongoing concern. Mr Chelley asked what the options available were for rectification, but as the unit was out of warranty the issue remained unresolved. Following a discussion, the Chairman agreed that he and the Board saw risk mitigation on this issue as vital for maintaining commercial reputation and agreed that **proposals to remedy the situation should be developed prior to the next season.**

Head of
SBCSR

With regard to the Committee changes, both Messrs Worth and Doig were standing down at the June meeting of SBAC with Mr Chelley taking over as Chair of the Committee and Mr Piccaver as ex-officio. A Seed and Export expert was still to be nominated by the Seed and Export Committee to join SBAC committee nominee had still to be confirmed. **Mr Cunnington requested Board approval to the changes; this was granted.**

MI

The Director, referring to minutes of the 28th meeting of the MI committee advised that the statistical robustness of outputs had been scrutinised in great detail and was felt to be good. Some new formats for data presentation had also been trialled and the committee had debated the type of MI related activity that should be demonstrated at BP2013.

With regard to the Committee membership Mr Tapp requested fellow Board members to nominate individuals that may be of interest to the Committee but that currently three new candidates had been identified to replace recent retirees and this process was ongoing.

13/43 HEALTH AND SAFETY Tabled

Referring to previous discussions on Health and Safety (13/37) the Director tabled an AHDB paper prepared by HR Director Jackie Dubery. There were no questions.

13/44 ANY OTHER BUSINESS

The Chairman advised details of forthcoming meetings:-

31st July Stoneleigh

25th September would be held at the James Hutton Institute in Dundee

The November meeting had been postponed due to a clash with BP2013 and moved to 10th December.

Ms Henderson raised the issue of an outstanding vacancy in the Marketing Department which was felt to be a business-critical role but recruitment was now delayed by conditions imposed by Cabinet Office via DEFRA. The Chairman agreed to raise the issue of recruitment with the AHDB Chairman.

Chairman

Mr Papworth updated the Board on a recent Red Tractor meeting and advised that spot checking on assured produce on farm was being implemented. A discussion also ensued with regard to one assurance scheme replacing numerous existing ones.

He also requested clarification of the Board involvement required at BP2013. Dr Hall would circulate instructions.

Dr Hall

13/45 DATE OF NEXT MEETING

31st July at Stoneleigh pre dinner on the 30th with AHDB CE Mr Tom Taylor in attendance.

13/46 INFORMATION PAPERS

PCL Dates for 2013 update
Organogram
Minutes of the 28th PCL Market Information Committee.

Signed: Dated: