

Authorised



**MINUTES OF THE FORTY SECOND MEETING OF POTATO  
COUNCIL  
HELD AT STONELEIGH PARK  
ON 31<sup>st</sup> JULY 2013 COMMENCING AT 8.30am**



Board Members  
Attending

**Growers**, Tim Papworth, Tony Bambridge, Alistair Melrose, Dan Hewitt, **Processor representative** Dave Chelley, Nick Tapp, **Independent members** Zoë Henderson, Fiona Fell. **Grower Packer** Bruce Kerr, **Seed Merchant** Alistair Redpath,

Staff Attending

Rob Clayton, PCL Director, Adrian Cunnington, Head of SBCSR, Caroline Evans, Head of Marketing and Corporate Affairs, Chris Goodwin, AHDB Finance Director (part), Sharon Hall, Head of Communications, David Piccaver, PCL Sector Chair, Rebecca Room, minutes, Mike Storey, Head of R&D, Tom Taylor, AHDB Chief Executive (part)

### 13/47 CHAIRMAN'S WELCOME

### ACTIONS

The Chairman welcomed everyone. He thanked Mr Taylor and Mr Goodwin for their attendance and Ms Room for attending to take minutes.

Mr Taylor gave an update on AHDB progress and noted the annual report was now available. Cross-sector working was growing in scope and staff were increasingly involved in Government committees, allowing AHDB to exert influence to benefit levy payers. Good relationships had been established with key trade associations across all sectors providing the associations with access to AHDB's growing evidence base.

Analysis in preparation for the AHDB Triennial Review had been presented by Rebecca Geraghty of HGCA. This focussed on AHDB activities and how these benefit levy payers.

There was a reduced risk around pensions following several buy-ins.

Several members of AHDB Board would finish their terms of office in March 2014, so succession planning was underway. Board members are formally appointed by Defra.

Building was underway on the new office building at Stoneleigh Park. The rental agreement had been signed and represented good value for AHDB.

No ballot requests had been received recently despite press speculation. Mr Taylor outlined the process that would be followed should a ballot be triggered.

In response to a question from Mr Chelley, Mr Taylor advised that information on levy payer engagement had been delivered to AHDB Board by the KT/Comms Head in each sector.

Mrs Fell asked how Defra see AHDB developing. Mr Taylor considered they were likely to request increased involvement in committees and platforms. Mrs Fell noted that, while positive in terms of influence, this was demanding in terms of staff time and it was important to ensure the cost was justified by the benefits. Mr Taylor agreed activities should primarily benefit levy payers rather than Government.

Ms Evans raised a Health & Safety issue around the Stoneleigh site entrance. Mr Taylor advised that improvements were planned. Mr Goodwin noted that new broadband access would soon be available on site.

The Chairman asked about AHDB's relationship with NFU and it was confirmed regular meetings and conversations took place.

Mr Taylor left the meeting.

**APOLOGIES**

**13/48**

Received from Anthony Carroll, Edward Lindley, Rita Hall and Robert Burns.

**DECLARATIONS OF INTEREST**

**13/49**

No declarations were made.

**MINUTES OF THE MEETING HELD ON 22<sup>ND</sup> MAY 2013**

**13/50**

A spelling mistake was identified on the heading of minute 13/38, otherwise agreed as a true record of the meeting and signed by the Chairman.

**MATTERS ARISING**

**13/51**

13/34 Changes would be made when Mrs Hall returns.  
13/38 A full levy schedule would be brought to the September board meeting.  
13/42 The Cranfield sustainability team had been invited to present to AHDB on 21<sup>st</sup> August. Mr Cunnington updated on the purchase of a supplementary refrigeration unit.

**Mrs Hall  
Mr Goodwin**

**AHDB: REPORT FROM CHAIRMAN**

**13/52**

Health & Safety was discussed as a matter of corporate governance. Noted this should be a standing item on PCL management meetings. Mr Chelley suggested a system be put in place to measure and compare incident rates. Mr Goodwin advised AHDB H&S contractors are able to undertake benchmarking. Dr Hall and others had recently attended IOSH training and recommended improving policies particularly with regard to lone working and travel safety for staff. Mr Goodwin would take comments back to the AHDB H&S Group. It was confirmed all PCL events were risk assessed in advance.

**Mr Goodwin**

AHDB Board had declined a request to provide additional support to Red Tractor above commitments already made for the current year. Ms Evans advised that currently PCL buy specific services from them, rather than providing a grant.

A cross-sector AHDB office in Beijing was planned, providing opportunities for the seed sector. Mr Bambridge questioned the value to levy payers and Dr Clayton advised that Mr Burns was working on a potato-specific business case to consider this.

Lord Currie had attended the pre-AHDB Board dinner to talk about FACE work on engaging schools, and each sector had agreed £4k funding annually to develop a plan. Ms Evans noted that PCL's Grow Your Own Potatoes campaign reached three quarters of primary schools and Cook Your Own one quarter of secondary schools. Charities in this area often seemed to achieve a high profile with Government, while similar work such as GYOP was acknowledged less.

A meeting for all sector Board members was being planned for November.

### **PCL FINANCE REPORT INCLUDING LEVY COLLECTION UPDATE**

**13/53** Since the last PCL Board meeting the AHDB annual report and accounts had been approved. The overall surplus figure was just over £2m, which was higher than forecasted.

In the current year, direct expenditure across AHDB was just below budget with a variance of c£800k and a very small surplus at year-end was anticipated. Mr Goodwin confirmed that a 1% variance to forecast at year-end was acceptable.

PLC expenditure for the current year was close to forecast with a full year surplus of £192k forecast. Mrs Fell noted that PCL support expenditure (at 18%) appeared high relative to AHDB as a whole and sought clarification regarding how the figure was arrived at. Mr Goodwin explained that several cost drivers were used depending on services provided. These related to proportion of AHDB revenue (e.g. for financial services), proportion of head-count (e.g. for HR) or for unique operations (e.g. levy collection). Whilst levy collection costs appeared high, the team were now assisting with collection in HGCA and HDC and time-recording would allow a proportion of cost to be shared by these divisions.

**13/54** Debtor balance was now £70k and monies continued to be recovered. Actual exposure was calculated as £5k. Area monitoring had identified an additional 930 hectares. Eight returns were still outstanding and these growers were being offered help to complete. The next formal reminder letters would have amended wording and at the request of Dr Hall, KT/Comms information may be included. Timetables for invoices and letters would be brought to the next Board meeting.

**Dr Hall,  
Mr Goodwin**

### **MARKET DYNAMICS**

Mr Tapp reported that 2013 was likely to be a short season, which could lead to an oversupply at harvest and an undersupply thereafter. Regional differences in the condition of the crop had been observed. Mr Hewitt noted ware crops contracted from overseas would have an impact on the supply situation and urged the MI team to keep and watching brief on the issue and report where appropriate. Mr Papworth noted there was no reference to crisping or snack foods in the paper and was informed the MI team were seeking ways to collect robust data in this area.

**MI Team**

13/55 Mr Kerr advised that demand was currently low for loose skinned early potatoes. Ms Evans considered this was likely to be due to the warm weather leading to a drop in sales. Mr Bambridge added that bad weather in Jersey had caused that crop to overlap with the UK early season, reducing demand for the UK crop.

The high level of seed imports was noted, and the plant health risks noted.

It was agreed the Market Dynamics report would be emailed to levy payers.

MI Team

#### UPDATE ON RISK PROJECT

Dr Clayton introduced the update paper. This listed major risks likely to make a difference to levy payers and highlighted where risk sharing approaches might be encouraged to. After distilling feedback from the spring potato summit, the following work areas had been identified for further exploration.

Weather and climate – to develop tools and financial instruments to help growers cope with unpredictable weather, using experiences from other countries and working to understand how growers calculate risk, particularly those farming in marginal conditions.

Plant health – to include working with supply chains to understand and quantify in more detail the risk from imported seed. Mrs Fell noted links with the plant health project being carried out by Dr Hall.

13/56 Margin analysis – to design a financial framework so that the value assigned to risks can be easily put into context. As a first step, the Market Information team were compiling the data already available to identify gaps.

Separately, Potato Council through numerous MI tools were well placed to keep a “watching brief” on continental production and market dynamics to reassess the likelihood that further imports would follow from new relationships established during 2012.

The Board approved the approach and asked Dr Clayton to continue this work and report on progress at the next meeting.

Dr Clayton

Mr Goodwin left the meeting.

#### PCL OPERATIONAL UPDATE & COMMITTEE BUSINESS

##### KT and R&D

Dr Hall informed the Board of the launch of the new ‘Be CIPC Compliant’ initiative and website. Trade associations were supportive, new advice had been issued and approval holders had undertaken to make changes to the CIPC product labels. A direct mailing would be sent to all levy payers. ACP were now to discuss CIPC on 24<sup>th</sup> September, with Dr Storey in attendance.

Dr Storey,  
Dr Hall,  
Mr  
Cunnington

It was confirmed that alongside working to protect CIPC, research work on alternative sprout suppressant methods continued, with some success. Mr Cunnington noted that CIPC research at Sutton Bridge was being funded by Defra and industry partners, as well as by PCL.

Nematicides were also under review by ACP. PCL's role had been to provide consistent information and advice to industry and regulators.

Dr Storey requested endorsement of an RKT Committee recommendation to continue a project at SBCSR on use of CIPC in low temperature stores. **It was agreed to continue for 2 more seasons at a cost of £102k over 27 months.**

### **Marketing and Corporate Affairs**

Ms Evans tabled the agreed new potato definition which had been updated in response to a Trading Standards enquiry. The new definition had been well received and retailers appeared to be in favour of an industry standard. The Board noted that adoption of the definition was a matter for individual businesses. Ms Evans was thanked for her robust and prompt work to resolve this issue.

### **Seed and Export**

13/57 Mr Melrose reported for the Seed & Export Committee, noting continued work on proposed changes to the EU grading and certification system, and requesting approval to appoint two new Committee members, Gordon Stark and Alistair MacLennan. Both appointments were **approved by the Board.**

### **SBCSR**

Mr Cunningham advised SBCSR had achieved a successful 3 year certificate renewal for ISO9001 and Kate Balloch was thanked. A nomination had been received from the Seed & Export Committee to appoint Archie Gibson to the Sutton Bridge Advisory Committee. This was **approved by the Board.**

### **MI**

13/58 Mr Tapp reported for the Market Information Committee, noting that stocks figures were not yet robust enough to publish. Four new members were proposed for the Committee: Simon Leaver, Daniel Metherringham, Bill Quan and Timothy Rooke. All these appointments were **approved by the Board.**

The Board were advised that the operational tables now had initials of the appropriate head of department against each action, and the appropriate person should be approached for any further detail or discussion.

**Board members**

### **BP2013**

Dr Hall asked Board members to let herself or Ms Rooum know if they were planning to attend BP2013, also their accommodation needs and availability for the PCL stand. Students would be encouraged to attend on day 2, and industry contacts would be asked to meet with them. Dr Hall outlined the seminar programme and noted members of the North European Potato Group would be visiting.

### **STRATEGY PLANNING**

Dr Clayton reported that the new business plan was being developed for launch in November. Information from the industry was being collected via Direction

through Dialogue and other routes, and it was also important to look at consumer and market needs in advance of planning. Colin Boxell of the Oxford Partnership presented research on the current situation and trends in the marketplace.

**a) Market pull – Colin Boxell**

With living costs still rising, households continued to cut back on spending by shopping less often, being more price conscious and looking for longer lasting produce. The retail landscape was also changing, with a trend towards fewer, smaller shops and a move to online retailing.

For potatoes, sales volumes remained static while expenditure had risen, largely due to new product launches. In the last month volume sales in the fresh sector had contracted sharply, perhaps partly due to warm weather and the arrival to the market of the early crop, which is typically sold in smaller bag sizes.

In the home, total carbohydrate consumption was down, with a reduction in potatoes and bread while rice and pasta consumption saw a slight rise. Fresh potato meal occasions were down, with frozen potato meals on the rise. Younger life stages were still the major marketing challenge.

An analysis of consumer attitudes showed that two thirds of those surveyed thought potatoes were healthy, but this depended on cooking technique. The message of better cooking results from spending a little more on potatoes was well received, suggesting an opportunity to persuade shoppers to trade up to named varieties. Health messages on vitamin C and fibre were found to be most popular. Mr Boxall was thanked for his presentation and left the meeting.

**b) Industry push – Direction through Dialogue (DtD)**

Dr Clayton summarised DtD responses so far and tabled an additional paper. Main themes emerging from Board member discussions with levy payers for DtD were around engagement and messaging of PCL work, especially where advice was interpreted by third parties, and the balance of R&D and other activities. Levy payers in the South West asked for more contact with PCL but it was noted meetings arranged in that area were poorly attended. In response to a query, Ms Evans clarified 'chip skills' incorporated business skills and quality advice for the chip market in response to queries about the value of chip week.

Mr Bambridge noted the industry now consisted of fewer growers. There was a perception that integration into AHDB had slowed progress and there was a need to review what was being delivered and how. It would be useful to have contract information on Market Information material. Mr Tapp asked members to note that this was being worked on.

Mr Hewitt reported that many levy payers did not understand the scope of PCL's involvement and work within the industry. Ms Henderson agreed that information was often received by growers from their agronomists, and it was not always understood that the agronomist was interpreting data which in many cases originated from PCL. Closer working with agronomists may address some of these issues.

Mr Tapp suggested the challenge was to reach those levy payers who never attended events or contacted PCL voluntarily. The 50+ project undertaken by the

KT team had reached some of these, but with a team of four covering the whole of the UK, and the time constraints of growers, it was simply impossible to visit every grower. Small, local meetings had been introduced to try to attract less engaged growers.

Many DtD participants were unaware of marketing activities, the close relationship PCL had with the major retailers and the role played in crisis and issue management within the industry. The marketing team needed more contact with levy payers to raise awareness. Stimulating innovation in the industry was another role played by PCL and it was important to promote these activities effectively.

The seed sector was perceived to be more effectively engaged with PCL. Recent CIPC roadshows had been supported by supply chains which had broadened attendance. Mr Redpath had been disappointed to hear from several growers that they had received the DtD document, but had not yet read it.

There was still some way to go in concluding the project and the executive team would be working up specific responses based on the levy payer feedback gathered so far.

#### **c) Director's overview**

Dr Clayton briefly presented the main headings of the plan so far and key points were discussed. It was suggested terminology could be changed to be more generic to the whole industry rather than sector-specific, for example 'slow decline in fresh market' could be changed to 'promote potato sales'. Activities could focus on the gaps already identified, but the wording would leave scope to address other issues. The 'importance' heading would be changed to 'issues management and press office' to better describe the activity.

Dr Clayton

#### **d) Functional presentations**

Heads of department advised briefly of main issues regarding their area plans. Their full presentations would be distributed to Board members after the meeting for further comment and discussion.

#### Sutton Bridge Crop Storage Research

Development options included increased store auditing and certification. Team development and succession planning were also identified in the plan. Developing links with industry and academics to expand into horticulture and grain storage. Longer term plans included replacing older stores and greater engagement with levy payers.

#### Seed & Export

The political situation in Egypt was identified as a big threat to exports and the plan focussed on identifying new export markets, in addition to ongoing work.

#### Marketing

13/59

Ms Evans highlighted an increased focus on engagement using simple and consistent messages and referred to the launch of a 'One Voice' campaign at BP2013, that sought to bring messages from many stakeholders together. Press and issues management had been identified as an existing work-stream but it required development to articulate the volume and quality of work needed in this

area.

Research & Development

The 2012-15 R&D strategy was ongoing, with £1.1m of research already identified for next year. Increased representation with Government and industry partners had been recognised throughout the current programme. Cross-sector projects including studentships were underway or in the planning stage. A new 5 year strategy would be developed for 2015-20.

Knowledge Transfer & Communications

Dr Hall highlighted the need to continue to translate and communicate R&D work for levy payers whilst identifying gaps in information available. Work on developing and participating in “one voice” would include working with HIP and others. Accessing outside training funding to encourage young people into the industry was also seen as a priority and work with supply chains and agronomists to maintain PCL branding was considered important. A series of Webinars to be launched shortly and continue into next year.

Dr Clayton

13/60

**e) Financial forecast, levies and reserves**

Dr Clayton to distribute following the meeting.

Dr Clayton asked Board members to continue interacting with the executive over the coming weeks, using the functional presentations as a prompt. The executive would continue to develop plans for 2014-17 prior to the next meeting at which point a more detailed plan and a more comprehensive analysis of Direction through Dialogue would be available.

Dr Clayton

**ANY OTHER BUSINESS**

The Chairman requested that Board members forward him details of possible new Board members.

It was noted the MI Committee minutes had not been tabled as planned, and these would be forwarded when available.

Board members and management team were thanked for their contributions and the meeting was closed.

**DATE OF NEXT MEETING**

Rescheduled for 2<sup>nd</sup> October at Stoneleigh. Details to be confirmed.

Please also note the following date of 10<sup>th</sup> December 2013 (changed from 27<sup>th</sup> November) at Stoneleigh Park.

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