

Authorised



**MINUTES OF THE FORTY FOURTH MEETING OF POTATO
COUNCIL
HELD AT STONELEIGH PARK
ON 10TH DECEMBER COMMENCING AT 8.30 AM**



Board Members
Attending

Growers, Tim Papworth, Anthony Carroll, Tony Bambridge, **Processor representatives** Dave Chelley, Dan Hewitt, **Independent members** Fiona Fell (Chair), Zoë Henderson, **Grower Packer** Bruce Kerr, **Seed Merchants** Alistair Redpath, Alistair Melrose

Staff Attending

Rob Clayton, PCL Director, Mike Storey, Head of R&D, Sharon Hall, Head of Communications, Robert Burns, Head of Seed & Export, Adrian Cunnington, Head of SBCSR (part), Caroline Evans, Head of Marketing and Corporate Affairs, Mrs Rita Hall, Secretary, John Godfrey (AHDB Chairman), Chris Perry, Financial Controller AHDB (part), Ken Boyns, Head of MI (part), Julie Macleod, Senior Analyst, MI (part), Rebecca Room (minutes)

ACTIONS**APOLOGIES FOR ABSENCE**

Received from Nick Tapp and Edward Lindley.

David Piccaver has resigned from Chairmanship due to ill health and Mrs Fell will be acting as Chair until a replacement is appointed.

DECLARATIONS OF INTERESTS

John Godfrey advised he is a member of the Assured Food Standards Board.

13/74 MINUTES OF THE MEETING OF THE BOARD HELD ON 2nd OCTOBER 2013 (PCLM/13/05)

These were approved as a true record of the previous meeting and signed by the Chair.

13/75 MATTERS ARISING (PCLP/13/38)

Dr Clayton reported all action points had either been completed or were included as agenda items for this meeting, with the following updates:

13/64 Corporate Plan (PCLP13/32)

The Plan was launched at BP2013 and is now out to consultation and available on the website. Board member comments were incorporated in the final draft.

13/70 Board member succession

Mr Godfrey advised that planning was underway for the positions of both Potato Council and AHDB Chairs. These appointments are made by Defra, and AHDB is likely to be represented on the interview panel for PCL Chair.

Potato Council Board member appointments will be made by AHDB, with PCL Board members on the interview panel and this process is underway.

13/76 CHAIRMAN'S UPDATE

Verbal

Mrs Fell reported from the AHDB Board meeting on 26th November.

A Health & Safety audit report raised issues of lone working and driving excessive miles, both of which are relevant to PCL. Mrs Fell reminded Committee members to consider the impact on staff when identifying new work. It was confirmed there is an existing H&S policy and a driving policy overseen by the AHDB Board.

Defra will be undertaking internal audits of AHDB in the future.

It was confirmed AHDB can fund AgriTech strategy projects as part of a consortium or group, but not as sole funder.

Professor Ian Crute, Chief Scientist, will retire at the end of March and it is likely that the new role will be focussed on co-ordinating R&D work across AHDB. Jackie Dubery, HR Director, will leave at the end of December and will not be replaced, her work areas to be redistributed across existing roles.

A bid will be made by AHDB for Horizon 2020 funding.

The Sector Board conference in November was useful and Board members who attended were thanked. Among other things, decisions were made to develop a new name for AHDB, to further develop the organisation structure and to continue work on improving communications, both internal and with levy payers and external contacts.

Mrs Fell noted that BP2013 had been a very successful and positive event, and thanked Board members and staff for their contributions.

13/77 PCL FINANCE REPORT INCLUDING LEVY COLLECTION AND LEVY COLLECTION SCHEDULE (PCLP/13/39)

AHDB Management Accounts

Mr Perry reported levy income for AHDB is currently almost £600k below budget year to date. Forecast to increase to more than £1m below budget by the end of the financial year with some sectors (EBLEX, HGCA and PCL) forecasting shortfalls in revenue.

Sectors had responded to known shortfall by developing savings plans in the current year and overall, the forecast deficit was currently £104k, compared to a budget surplus of £56k. However, this forecast is likely to change significantly with a number of issues reaching resolution, including the sale of old Stotfold Pig Testing Unit.

Overall, the AHDB central support expenditure is 5% ahead of budget with the largest variance (12%) associated with sector specific support. Forecast for year end was for an overspend of c£290k (3.5%) in total central support.

PCL Management Accounts

Levy to the end of October is £186k below budget, and is forecast to be £153k below budget at year-end. The figure is currently subjective as possible discounts and estimates are included within it, and bad debts will be reviewed at the end of November and again in March.

Direct expenditure in PCL is currently £66k above budget year to date, and is forecast to be £50k below budget at the end of the year. Sector Specific expenditure is slightly above budget year to date, but below the level of previous years and is forecast to meet budget.

Debtors

Out of £5.6m (net of VAT) invoiced, just over £400k remains outstanding across 259 accounts. This represents a value collection rate of almost 93% 'on time'. Last year at a similar point, almost £800k remained outstanding across over 300 accounts.

The Buyers levy debt of £318k is represented by £316k of debt not yet due, £1k from a company in Receivership, and the remaining £1k subject to legal action.

Miss Henderson noted an increase in headcount for central services. It was confirmed that phased recruitment accounts for the apparent change.

Planned savings have been agreed for each department, in areas where levy payer impact is minimal. Heads of Department briefly outlined where they plan to make savings. Mr Godfrey noted some savings will be made in central services, by not replacing the HR Director, and slightly changing the role of Chief Scientist.

Some levy payers had reported multiple calls from the levy team chasing outstanding payments. Mr Perry advised that processes were being improved around multiple account holders and the timing of calls.

Mr Perry

Mrs Fell requested the finance report be in bigger type in future. Mr Perry agreed to look again at whether this is possible.

Mr Cunnington joined the meeting. Mr Perry was thanked, and left the meeting.

13/78 REVIEW OF BP2013

Staff and Board members were thanked for their attendance, enthusiasm and energy at the event. There had been very useful contact with levy payers and the MI team, attending for the first time, had found it particularly valuable.

Dr Hall showed a short video capturing some highlights of the event. Dr Clayton noted that full statistics were not yet available, but the event had been useful in capturing the mood of the industry, and a number of new campaign launches had been included. Delegate numbers were increased and the feedback seen so far was overwhelmingly positive.

Board members briefly outlined their experience of BP2013, which had been positive overall, with the following suggestions and comments noted:

Mr Hewitt noted that in the West, some growers were scaling down their potato operations in favour of other crops, particularly maize.

Mr Redpath had heard from growers in the East that there was strong competition for land from Biofuel crops. The Seed Expo area had not worked well and needs further development for next time.

Mr Papworth had been disappointed with the attendance at the NFU forum, and it was noted that it had been difficult for attendees to get around all the seminars and peripheral meetings which they wished to attend.

Mr Kerr suggested name badges for all delegates would be helpful.

Mrs Fell requested next time that Board members receive a table plan and briefing on guests sharing their tables.

There had been two negative comments about Benchmarking, with the opinion that it was dangerous to put a value per tonne on the crop.

The venue for the One Voice reception had been larger than expected and in consequence looked rather empty. Ms Evans noted that a future launch of this type may work better just before the industry dinner.

A mix of stand-types and exhibitors between halls would encourage a more equal distribution of people and atmosphere.

It may be possible to arrange buses or other transportation from those areas of the country which are not well-represented at BP, for example the South West.

13/81 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/13/42)

This item was taken out of agenda order. Dr Clayton introduced the paper and Heads of Department briefly expanded on highlights of their reports:

KT

Knowledge Hubs are at the planning stage. The goal is to enable more effective communications with levy payers by using links with local research providers, agronomists and key growers. Hub activities will include meetings where webinars

are accessed online and then the local group continue to discuss the topic and other issues.

Pioneers in Potatoes activity is planned in the next 3 months. This will be a two-way process delivering the latest technical developments to industry leaders and early adopters and will capture views on future priorities. Mr Hewitt invited Dr Hall and Dr Storey to attend his local grower group meeting this week.

The Research & KT Committee had recommended 25% support of a PhD at University of Warwick, looking at innovation in the fresh supply chain. Cost to be £12k over three years, plus some in-kind support. **This decision was ratified by the Board.**

R&D

Dr Storey reported from the recent RKT meeting, which had discussed the new R&D strategy and reviewed the CIPC in Commercial Stores project underway at SBCSR.

Following the Advisory Committee for Pesticides (ACP) decision on CIPC, approval holders are working together to develop a package to meet requirements for additional data, and have submitted a draft to the Chemicals Regulation Directorate (CRD).

Dr Storey noted implications of further exceedances are likely to be regulatory action on low temperature box stores, which are at higher risk. Mr Cunnington added that some storage managers were interpreting current advice in a way which raised concerns and it may be helpful to discuss the advice with the FPSA. Mr Bambridge asked whether UK regulations were developing in line with competitor countries and was assured CRD are aware of these issues regarding both CIPC and nematicides.

Dr Clayton was asked to keep the Board updated on developments. Mr Godfrey undertook to raise with the Minister at their next meeting. Dr Storey to provide a briefing paper.

**Dr Clayton
Mr Godfrey
Dr Storey**

Mr Papworth was thanked for attending the Defra meeting on Nematicides to represent growers. It was noted that changeover of staff in Defra meant background knowledge of issues was limited.

Marketing

Ms Evans advised that 150 One Voice pledges had been collected at BP, and the team were seeking opportunities to present to growers and other groups. A pack of stickers and other materials would be sent to Board members for their information.

Ms Evans

Recent WRAP research showed 1 in 5 potatoes being wasted in the home, an increase in waste since 2007. Portion size and home storage seem to be major factors, but a meeting with WRAP is planned to discuss the findings further.

Fresh volume sales were low recently. Commentators at BP had suggested a number of causes and these were being explored by the Consumer Insight team. Ms Evans would check the timing of the research and email the Board with findings.

Ms Evans

In response to a query by Mr Bambridge, Ms Evans confirmed that analysis of the EU project had been received by the Marketing Strategy Committee. Miss Henderson confirmed a positive outcome, and the Committee had agreed to actively

seek further EU funding.

New Department of Health data on nutritional content of foodstuffs had appeared on their website. This will be challenged as the sampling process used is felt to be unrepresentative and conclusions could be detrimental to the industry. **The Board agreed the data should be challenged.**

Dr Clayton

Mr Kerr was disappointed by the decision not to attend county shows in future. Ms Evans confirmed this was due to budget considerations, and the increased opportunities offered by attending specific education events which were run by Showgrounds. It may be possible to maintain a potato profile at the larger events by working with partners, and it was confirmed that AHDB sectors were now better at coordinating joint attendance. Ms Evans will feed back to Mr Kerr.

Ms Evans

Seed and Export

Mr Burns reported that Safe Haven standards had been reviewed and the new document will be sent out for comment before publication. He reminded the Board that 10,000 tonnes of seed annually is retailed to non-commercial growers, representing a plant health risk, and this market is now being targeted to promote Safe Haven standards via Scottish Government and other partners.

Mr Burns and his colleagues at Scottish Government are in discussions regarding reopening the Cuba market, which has been closed for several years, and will be visiting the country in January.

Sutton Bridge Crop Storage Research

Planning is well underway for the Storage 2020 event in February. The new StoreCheck auditing service to begin in April, and the Web-based interactive store will also be promoted as part of the Storage 2020 campaign.

Store loading at SBCSR was now complete, with over 90% utilisation of stores. Other crops than potatoes were now being stored, and the work on leeks had won a research prize.

Staff had attended and presented papers to an EAPR (European Association of Potato Researchers) meeting in Poland in October.

Capital development proposals included in current budgets are to buy two incubators and some new equipment to carry out StoreCheck audits. **This expenditure was supported by the Board.**

Market Intelligence

Dr Clayton reminded the Board that they had challenged MI to provide more detail and insight on the data currently provided, and the team was developing some clear ways of splitting and interpreting the data.

Attendance at BP2013 had been very positive for the MI team, with good discussions and interaction with levy payers regarding Grower Panel and other outputs and needs.

A Committee subgroup had been convened to consider the balance sheet, and this work was progressing. Another subgroup would consider the quality assurance and audit process for the Weekly Average Price Survey (WAPS) and Potato Weekly.

Mr Hewitt advised that new members of the Committee were providing a new focus and impetus to activities, and effective support to the MI team. It was confirmed that Direction through Dialogue findings would be on the next MI Committee agenda.

It was proposed by the MI Committee that Tony Edwards at Ibbotsons should be invited to join the Committee, and **this was approved by the Board.**

It was confirmed by the Board that Mr Hewitt will formally take over as Chair of the MI Committee at the March 2014 meeting.

Mrs Hall

13/82 GOVERNANCE WITHIN POTATO COUNCIL (PCLP/13/43)

This item was taken out of agenda order. Dr Clayton had undertaken to review Committee governance across PCL and introduced a short paper on reporting of financial information, which showed some inconsistencies between Committees. Board members discussed and the following points were noted:

Mr Hewitt suggested a shadowing or mentoring process for new Board or Committee members would be helpful to provide background and clarify expectations.

A breakdown of funding information for R&D is provided for the RKT Committee, and Mr Redpath suggested this may be useful for PCL overall.

Mr Kerr suggested that a single template to provide financial information could be used by each Committee, which could then be combined into a Board report.

Mr Carroll suggested more detail around capital expenditure could be provided.

It was agreed that increased financial overview would be useful to provide an overall picture of spending to the Board and management team. Dr Clayton undertook to work with Mr Perry to provide a simple visual presentation of financial data, and update at the next Board meeting.

Dr Clayton

In response to a query from Mr Godfrey, it was confirmed the Board find it useful to have an overall picture of AHDB finance included in the regular finance report.

It was noted that the Finance and General Purposes Committee had not met recently and would arrange to meet soon.

**Mrs Fell
Dr Clayton**

Mr Boyns and Ms Macleod joined the meeting.

13/79 UPDATE ON MARGIN ANALYSIS FEASIBILITY (PCLP/13/40)

Mr Boyns and Ms Macleod were thanked for attending to report on preliminary findings and seek feedback on preferred methodology and timings for a new margin analysis report. Ms Macleod presented this first attempt to show the returns and margins through the supply chain.

Two methods of analysis had been investigated. The first used net margins, showing margins for each step in the supply chain: retail, packers and growers. The results reflected very different levels of information available for the 3 areas and an investment in time and funding would be needed to ensure accurate data.

The second method used gross margin analysis to give indicative data, showing the end retail price and the distribution of this between retail, packers and growers. This was agreed to be most useful, offering an indication of trends over time. It was also most cost-effective.

Mr Hewitt queried how the report, would benefit levy payers. It was hoped to provide levy payers with a clearer view of the economics of the supply chain and evidence based data to inform discussions with customers.

It was agreed to continue to develop the second method as outlined. The final reporting format should use information already available from a variety of sources. The report should be simple, offering broad but benchmarked and accurate trend information.

**Mr Boyns
Ms Macleod**

Dr Clayton to report back to the next meeting on progress.

Dr Clayton

13/80 MARKET DYNAMICS REPORT (PCLP/13/41)

Mr Boyns confirmed that a sign-off process was now in place. It was suggested that WAPS be spelt out as Weekly Average Price Survey and requested less repetition in the text. It was agreed that this was a very helpful new report, which had so far received very positive feedback.

Mr Boyns was asked for his views of the BP2013 event and confirmed that his staff had found it very useful. They had received a lot of feedback from levy payers and others, and identified several possible new Grower Panel contacts.

Mr Boyns and Ms Macleod were thanked for attending and left the meeting.

13/83 ANY OTHER BUSINESS

Mrs Fell announced that Dr Hall had tendered her resignation. She would be joining the PPA so would still be involved in the industry and working closely with PCL. The Board offered congratulations and thanked Dr Hall for her work developing the KT/Comms team.

13/84 DATE OF NEXT MEETING

5th February 2014 at Stoneleigh Park.

13/85 INFORMATION PAPERS

PCL Dates for 2013/14 update
Organogram
Register of Members Interests (PCLP/13/43)
Minutes of SBAC held on 15th October 2013
S&E Committee held on 31st October 2013 (tabled)
Marketing Strategy Committee held on 12th November 2013
R&KT Committee held on 13th November 2013 (tabled)
MI Committee held on 12th November 2013 (tabled)

Signed: Dated: