

Authorised



**MINUTES OF THE FORTY FIFTH MEETING OF POTATO COUNCIL
HELD AT WOODLAND GRANGE
ON 5TH FEBRUARY COMMENCING AT 8.30 AM**



Board Members
Attending

Growers, Tim Papworth, Anthony Carroll, Tony Bambridge, Edward Lindley, Nick Tapp **Processor representative** Dave Chelley, Dan Hewitt **Independent members** Fiona Fell, Zoë Henderson **Seed Merchant** Alistair Redpath, Alistair Melrose

Staff Attending

Rob Clayton, PCL Director, Dr Mike Storey, Head of R&D, Dr Sharon Hall, Head of KT, Adrian Cunnington, Head of SBCSR, Caroline Evans, Head of Marketing and Corporate Affairs, Mrs Rita Hall, Secretary, Chris Perry, Financial Controller AHDB, Michael Archer, Head of MS team in MI (part meeting only for both Messrs Perry and Archer)

ACTIONS

WELCOME AND APOLOGIES FOR ABSENCE

Mrs Fell welcomed everyone to the meeting and advised that apologies were received from Bruce Kerr and Robert Burns, who were both attending Fruit Logistica in Berlin. She also mentioned that since the last meeting of the Council, David Piccaver had sadly passed away. She expressed the sadness and the loss felt by the Council as David had embarked on the position of Chair with optimism and enthusiasm and she hoped the Board would be able to continue his legacy. A number of both AHDB Board and PCL staff had attended his funeral, together with a large congregation made up of both family and industry representatives which was testament to his popularity and recognition of his services to the industry.

DECLARATIONS OF INTERESTS

There were no declarations of interest.

14/01 MINUTES OF THE MEETING OF THE BOARD HELD ON 10th DECEMBER 2013 (PCLM/13/06)

These were approved and ratified as a true record of the previous meeting, with the exception of the wording on page 4 in relation to Pioneers in Potatoes, which the Chair felt did not capture the high level delivery to industry’s technical leaders sufficiently.

Mrs Hall

14/02 MATTERS ARISING (PCLP/14/01)

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

13/70 Board Member Succession

The Chair thanked both Ms Henderson and Neil Bragg (HDC Chairman) for their time and assistance participating in the interview process. Two of the candidates had been offered and accepted the position on the Board, Mr Bill Quan, a fresh

grower from Herefordshire and Mr Mark Taylor from Agrimarc. A further vacancy would be re-advertised week-commencing the 10th February and would make particular reference to a processing grower to join the board. Interviewing for independent Board members was under way.

13/77 PCL Finance (PCLP13/39)

The Director reported that improvements to the levy-team contact process had been implemented and additional “filters” introduced to eradicate duplication of calls to one individual involved in more than one business.

13/78 Review of BP2015 Planning

Dr Hall advised that planning was continuing and a report would be provided at a later date.

R&D

An update on CIPC would be provided later in the meeting.

Marketing

A “One Voice” pack had been developed and sent out to all members of the Board and Marketing Strategy Committee and additional car stickers were made available.

Fresh volume sales: Following on from the previous Board meeting an initial analysis of possible causes for a drop in consumption (extended summer weather, price, mild winter etc.) had been shared with the Board and with Marketing Strategy Committee for comments, a follow-up meeting with retail suppliers had taken place and further analysis was underway.

Health Claims: A letter had been written to the Secretary of State for Health regarding nutritional data published on the DH website. Whilst no formal response had been received, the Food Composition project team (Institute of Food Research, Norwich) had made contact to discuss how their project had been constructed and reported. Dr Storey commented that the team had reviewed their project in the light of data supplied by AHDB and had improved their report structure. There remained potential compromises as both VitB6 and natural fat figures were respectively lower and higher than previously published although the team were keen to point out that gains had been achieved for both VitC and Fibre. The team clarified that health claims could be made against new data if it were to be submitted and had been derived from suitably accredited analysts. A meeting would be scheduled with the Food Composition team to discuss next steps. Next steps would have an impact on labelling and packaging within the fresh sector and an extraordinary meeting of the Marketing Strategy Committee would be called.

Head of
MS&CA

Potato Council attendance at County Shows: Mr Kerr had met with Sue Lawton and was satisfied with provision of resources for the Suffolk Show. Further, contact had been made with the AgriFood Charities Partnership to see if any cooperative/collaborative activity was possible. However, Mr Kerr remained concerned that foot-fall at shows was not being effectively exploited across AHDB. Mrs Fell would raise the matter at the next AHDB Board meeting and the Board confirmed that they were content with the current proposals and recommendations made by the Marketing Strategy Committee. Individual Board members commented that they would still be happy to support the team at shows where required and would liaise accordingly.

Mrs Fell

MI: Mr Hewitt would formally take over as Chair of this committee from the end of March. A hand-over meeting had taken place to ensure issues and priorities were shared between Messrs'. Tapp and Hewitt. Both agreed, along with Mrs Fell and Dr Clayton that Board members should be encouraged to attend the next MI Committee 27th March as observers to support the handover. Members should contact Mrs Hall if they can attend. The Board were also advised that to enable better understanding of the function, Mr Michael Archer from the MI team would join the Board meetings from now on.

Michael
Archer

13/82 Governance (PCLP13/43)

To improve governance, to ensure recommendations are brought to the Board in the appropriate way and to keep committee members mindful of the financial and resource impacts of decision making, it was agreed that:

ToRs to be included in committee packs along with a short paper on intended expenditure broken down into key areas for the First meeting of each Committee each financial year.

Each set of committee minutes to be prefixed with a short (1 page) summary of decisions taken, recommendations to Board and any financial consequences. This would increase clarity and allow us to double check issues brought forward.

All
committee
chairs

13/79 Update on Margin Analysis Feasibility (PCLP13/40)

This was on the agenda and would be covered later in the meeting

14/03 Interim Chair's Update

Verbal

Mrs Fell reported on the following:

The AHDB strategy day had taken place on the 3rd February with Sector Directors and Board members attending. The meeting had been positive. AHDB's vision had been explored and participants had discussed openly the various pros and cons of different opportunities that might add value to what AHDB can deliver. The SET would consider these in more detail and report back to AHDB Board.

Christine Tacon, the groceries code adjudicator had been the speaker at the AHDB Board dinner and had described how she was attempting to change cultures within the 10 leading supermarket chains.

Dr Peter Bonfield had spoken to the AHDB Board about his work to encourage public procurement of food based on a range of criteria. Whilst it was felt that his role was challenging during economic recovery, AHDB recognised the value of this work and would assist.

The Elliot Review, commissioned in the wake of the horse-meat scandal had been discussed by AHDB and would be circulated to PCL Board members.

Mrs Hall

Under health and safety, it had been agreed that a joint communication from the NFU and AHDB to attempt to expedite building of a roundabout at the Stoneleigh Park entrance, be sent.

Mrs Fell had discussed the audit of WAPS with Mr Will Lifford, Chairman of the Audit Committee in order to clarify where quality assurance of products created by the AHDB MI team might lie.

Ian Crute, Chief Scientist would retire with effect from 1st April.

Staff were scheduled to move into the new build this year. Mrs Fell had read an email provided by Mr Chris Goodwin with the implications of cost to the sector for the internal fit out as follows: Agreement had been reached for a 15 year lease with a 5 yearly break clause and rent review. First 5 year cycle to be £12/sqft. With one year rent free and the responsibility would lie with AHDB for fit out costs. Depreciation of the costs would be carried out over their “useful lives” with cash outlay being applied as the items are purchased. It was expected that the net additional cost to PCL to be circa £10k in 2014/15 and £20k pa thereafter. Other savings still to be quantified to partly offset these costs and the net effect would be reflected in the final budget submissions made in March. Sectors would not be required to revise their plans in any way to cover the costs and would be offset against the overall reserves held by AHDB.

Mrs Fell sought Board members views on how best to fund elements of pre-board dinners. Board members would feed back.

Mr Chelley asked for an update on the Job Evaluation project and it was advised that Mrs Jackie Dubery, HR Director had now left the employ of AHDB and her role had been reallocated across other members of the Senior Exec Team but primarily with Mr Chris Goodwin, Director of Finance. The Director responded that the project was still ongoing, bands had been agreed for staff and an appeals process was currently open. There remained more work to do, particularly around job competencies and providing staff with known career paths and the project team would provide SET with a recommendation of next steps in February. The Board expressed concerns and asked that the HR function remained under scrutiny and that the Director discuss any concerns with the CEO.

The
Director

14/04 PCL FINANCE REPORT INCLUDING LEVY COLLECTION UPDATE INCLUDING LEVY COLLECTION SCHEDULE (PCLP/14/02)

Mr Perry, AHDB Financial Controller joined the meeting and reported as follows:

Overall AHDB was forecasting a surplus of £804k, against a budgeted surplus of £56k. This was derived partly from high income in HDC offset by reduced income in EBLEX and HGCA. Some sectors including PCL had delivered agreed savings plans based on known levy shortfalls. One-off non-operating items accounted for £466k of the surplus increase, notably the sale of Stotfold and the early termination of the lease of Nash Court for which the original dilapidation provision exceeded the dilapidation settlement. This had cost £57K against a provision of £200K and the remaining provision would be released back to Potato Council.

PCL Management Accounts

PCL Levy was £5,754k to the end of December, a negative variance of £197k, and this variance was forecast to remain until the year-end.

Direct expenditure was broadly in line with expectations, with some fairly minor timing differences against the phased Business Plan. Reduced expenditure, to meet the levy shortfall had been discussed with the Board at a previous meeting.

Sector specific administration was slightly above budget, but below last year’s figure at the end of December. It was forecast to come back into line with budget by the end of the

year.

Sutton Bridge was up on external R&D income, whilst internal R&D income was forecast to be down slightly on last year. Costs were slightly higher than expectation.

In summary. Potato Council were now forecasting a retained surplus of £259K, £67K ahead of budget.

The Chair requested Mr Perry report back to the Board on the implication of the new IS19 pension costs to clarify whether these would be absorbed within existing pension schemes such as HGCA or MLC SL or an AHDB cost. Mr Perry

Levy Collection

Year on year debt as a proportion of total levy (measured in December) had fallen to 5.75% Compared with 11.85% in 2010. Meanwhile outstanding returns had dropped to 0.58% compared with 3.29% in 2010. Bad debt had been reviewed in November and currently stood at £8K against a forecast of £30K.

The Board congratulated the levy team for tenaciously improving systems and bringing debt under control. The management team also recognised assistance from their management accountant and support from the facilities team in securing the early termination of lease at Nash Court. The Chair thanked Mr Perry for attending the meeting and applauded the team on their budgetary saving initiatives.

14/05 MARKET DYNAMICS REPORT (PCLP/14/03)

Tabled

This report had been published and distributed to levy payers the day before the meeting. A discussion ensued regarding fresh sector decline in consumption and board members noted that for named varieties like Maris Piper, King Edward and Desiree, year on year consumption was up slightly in contrast to consumption of standard or economy whites. Ms Evans said that further work to understand “switching” was underway and she would provide an additional report by email when available.

Head of MS&CA

14/06 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/14/04)

The Director introduced the paper asking that the table content be taken as read and invited his management team in turn to report on their individual activities:

KT

Dr Hall reported on the latest position with regard to DEFRA’s consultation on abstraction reform. Potato Council had been asked by DEFRA to assist in raising awareness and the issue had been included in recent PCL publications. Chris Steele was leading the effort to construct a PCL response to the consultation. He was in regular contact with NFU and he was invited to contact Board members who would be able to assist in shaping the response, which they believed ought to make strong references to the need for continuous horizon scanning, investment in reservoirs and the positive role potatoes played in the GB economy. Further discussions were scheduled with FPSA and PPA and consideration by the RKT committee would help inform Mr Steele’s response.

Mr Steele

Dr Hall then updated the Board on a recent visit to Cornwall accompanied by Graham Nichols where they addressed growers both from fresh and processing sectors. They saw marketing expenditure as a key priority and also recognised the need for a strong R&D and KT pipeline. Their views on seed were that export activity was a useful area of

expenditure for Potato Council and they agreed that a visit by Mr Burns would be beneficial.

She also advised that there had been exceptional attendance at Winter forums.

R&D

Dr Storey highlighted developments with regard to CIPC. Notably an agreement had been reached with CRD for sampling guidelines used by industry and a secure mechanism for holding future residue data that allowed the causes of any anomalies to be explored more thoroughly was under development. Approval holders continued to discuss their respective positions with CRD. A discussion ensued around dose rate in low temperature stores and whether these had impacted residue levels and it had been agreed that Mr Cunnington's team would visit stores to undertake sampling identifying specific hot spots as an ongoing exercise. Mr Hewitt had recently undertaken a store audit and offered the data to Mr Cunnington for analysis. Mr Cunnington reported that variability in residue was evident in sampled passively ventilated stores and that positively ventilating stores was imperative. Mr Bambridge expressed the view that the Council should be more proactive in the process and the Chair recognised that this presented a communications challenge for the team. It was also reported that membership of the stewardship group included the NFU which extended communication channels and that both the PPA and the FPSA were engaged within the stewardship group.

He reported on a number of stakeholder engagements including the development of Agritech Strategy and provision of plant health measures at both a national and European level. A draft biosecurity strategy document was currently being written and would be launched in May of this year setting directives for the next 10-15 years.

There had been no RKT Committee meeting since the last Board. However, progress with commissioning new projects and PhD studentships had continued. With the studentships, a successful bid for a CASE award, which provided BBSRC support for the student at Sheffield University to investigate dormancy in potatoes and complement the new HAPI project at JHI. This new BBSRC sponsorship would mean PCL costs c £10k over 4 years rather than c £74k. It was proposed that the balance of funds would be used, with contributions from Agri-Food Charities Partnership, to support the PhD at JHI on PCN resistance, supervised by Dr Vivian Blok.

Dr Storey asked for the Boards ratification that this action take place and the Chair congratulated him for his leverage in obtaining additional funding.

The Chair also advised that it would be her last meeting as Chair of the R&D committee and that she would hand over to Mr Redpath but that she would attend in her role as acting Chair of Potato Council.

Mr Carroll raised his concern regarding the unpredictable nature in which a recent EU ban on methiocarb had come about and felt that long-term sustainability of the sector would be compromised if such decisions took place unchallenged. Whilst a certain amount was already known about the possible impacts of pesticide regulation and Water Framework Directive, Board members felt that this recent news prompted a review of what information was readily available. Dr Clayton reminded members that a number of reviews had been carried out at the launch of the new regulations and these had speculated over the possible impacts of Water Framework Directive and rulings on endocrine disruption although thresholds for the latter were still to be determined. The R&D team would follow up, ascertain what other sectors were doing in relation to this issue and discuss with

R&KT committee whether any further work was necessary. A more detailed briefing would be provided after the meeting.

Head of
R&D

Marketing

Ms Evans would update the Board on her activities later in the agenda and advised that there was a new Strategic Insight Team which had emanated from a restructure within the MI function of the Customer Insight Team. Interactions with the new team were positive.

Mr Lindley expressed a view that having recently spent time with the marketing team he had been impressed by their ability to derive value for money given their modest budget and he sought to understand how more funding might be allocated to the function.

The Director explained that through the previous Direction through Dialogue project and consultation on the business plan, a fine balance of expenditure had been achieved between functions. Future potential increases in levy would be reviewed on an annual basis but a ceiling on levy would be reached soon. This would be reviewed as part of the review of AHDB's statutory instrument. Meanwhile the Director was encouraged to work with SET colleagues to understand the potential for generating funding on a cross sector basis.

The Director also advised that Ms Cox from the marketing team had sought the assistance from the Board in securing engagement from suitable individuals and to encourage them to apply for Potato Ambassador positions.

The Board

Seed and Export

The Director drew the Boards attention to the tabled literature that Mr Burns had produced covering Safe Haven for gardens and allotments and seed export.

He also reported that a recent mission to Cuba had been successful and export to the region was anticipated. Mr Redpath welcomed the development as it spread risk from a market dominated by customers in N Africa.

Sutton Bridge

Mr Cunnington wished to thank his colleagues within the sector for their assistance in a recently held Agri-Food Training Partnership Advanced Storage Course which had been fully subscribed. It had proved to be extremely successful and was likely to become an annual event.

He also reported that he was currently in discussions regarding new IT connectivity for Sutton Bridge. The likelihood was that this would come at a higher yearly cost than current arrangements but would increase speed and volume of data transfer. He would continue to look at alternatives e.g. satellite data delivery.

MI

Mr Archer reported that development of farm and crop-specific reports for Grower Panel contributors were under development and WAPS contributions were being augmented with data from at least six new businesses joining the reporting mechanism. After a period of training for new members, this additional data would provide industry with more confidence in the service.

The Chair commented that she felt MI provision was being strengthened by increased dialogue, creating better focus and utilisation of resource and that Mr Archers attendance at forthcoming meetings was a positive step. Mr Hewitt also advised that he felt that MI attendance at events such as BP enhanced their customer facing skills.

To conclude, the Chair drew the Board's attention to the amber alert within reporting tables that related to store auditing services. Mr Cunnington explained that the service had been "soft launched" at BP2013 and uptake had been limited. He expected more activity in the near future as the service was central to delivering Storage 2020, a campaign that would be launched at the Storage 2020 conference in February.

Mr
Cunnington

Following a question on whether store auditing was a requisite of achieving AFS accreditation Mr Cunnington reported that this was not the case.

The Board broke for lunch and the new Greenvale advert was shown to the Board.

14/07 UPDATE ON MARGINS

The Director started by illustrating the quality of discussion and press coverage achieved from risk and reward sessions at BP2013 asserting that mature discussions that take industry forward by teasing out views on risk-sharing could be achieved through well planned facilitated discussions. In this context, he described how quality assured figures relating to margin share and return on capital might be used to stage future discussions. This was illustrated using a "mock-up" of an output and Board members agreed that this would indeed add value to the discussions that were taking place. The Director then explained that the assimilation of data to furnish the output was underway and each data set was subject to rigorous quality tests. Further, there were opportunities to present the datasets as trends rather than absolute values and this would allow discussions to progress in a balanced way. Board members noted that the project had been deprioritised and this allowed the MI team to concentrate on higher priority issues (like further development of the Weekly Average Price Survey) and they approved of this pragmatic approach. This would allow the Director to identify key debate-facilitators and plan roll-out more precisely.

14/08 RESPONSES TO BUSINESS PLAN CONSULTATION (PCLP/14/05)

The Director advised consultation on the business plan had closed and responses relevant to Potato Council had been received from DEFRA, BPTA, FPSA, NFU, NFUS and Environment Agency. These had been largely positive. A few minor changes to the plan would be made and a final version circulated to the Board. The Director would contact the relevant consultees to explain next steps.

The Director was asked what provision had been made for Scottish Independence. He commented that the impact on the Potato Sector had been incorporated into broader AHDB discussions.

It was also confirmed that no requests for a ballot had been received over the last 19 months.

14/09 MARKETING PRESENTATIONS (MPS AND AUTUMN CAMPAIGN)

Ms Evans presented an update on the marketing and corporate affairs work highlighting two areas of interest; the Autumn Campaign and the engagement with MP's and MSP's

Verbal

In relation to the Autumn Campaign, she advised of strong engagement with industry and a good working relationship with packers and this had been used to good effect to grow recognition (to 88%) for Maris Piper. She illustrated the campaign delivery process in four main areas, advertising (buying space), digital (web based), PR and point of sale, and explained how each had been used in an integrated fashion to get messages to consumers. Mr Papworth suggested that using LinkedIn as an additional channel for contacting key stakeholders might be valuable.

She discussed the success of the signposting campaign, highlighting where colour coding and new descriptive language was starting to become embedded by supply chains and retailers and suggested that the 2014-15 season would be crucial in scaling up the activity.

Her team had recently attended a Guild of Food Writer's event where varieties had been discussed in detail. This group had access to the highest levels within retail and presented a real opportunity for engagement with chefs to maximise on the signposting activity and the language that sits alongside it. Responding to a question about level of engagement with the food service sector Ms Evans reminded Board members that this issue had been discussed with marketing strategy committee who had made a recommendation to concentrate on work within the fresh sector.

Ms Evans then described activity with MPs and MSPs. Evaluation had shown that Potato Council was becoming recognised as a credible source of information and attitudes towards the potato as an important crop had shifted positively. The activity had been underpinned by evidence based reviews on sustainability and nutrition and these had paved the way for broad briefings resulting in specific follow-up with at least 46 MPs. Particular relationships had worked very well and key supporters had been identified in Westminster and Holyrood making activities like round-table events easier to stage. It had become evident that English and Scottish engagement had taken differing courses. In Scotland, following round table meetings and supportive early day motions, relationships had been established with key research providers like the Rowett Institute who had provided views on how best to make health claims through the development of food intervention studies. These were likely to be long term and Ms Evans would seek more views on how and whether Potato Council should participate in such activity.

Ms Evans was thanked for her engaging and positive presentation. Board members recognised that tough targets were being achieved and were particularly pleased to see long-term approaches to Corporate Affairs yielding positive results. She reminded members that the team could assist by providing evidence based messages for their own meetings, many of which were embedded in the "One Voice" campaign.

14/10 ANY OTHER BUSINESS

The Chair extended an invitation to all board members to attend the Market Information Committee as observers scheduled for the 27th March to be held at Woodland Grange which would see the changeover of Chair from Nick Tapp to Dan Hewitt. If they wished to participate they should contact Rita Hall.

A further reminder to alleviate unnecessary expenditure for any Board member not able to attend forthcoming boards to again let Mrs Hall know in good time.

The Chair closed the meeting and thanked the members for their attendance and contribution.

14/11 DATE OF NEXT MEETING

26th March at Stoneleigh in the Woodside Conference Centre

14/12 INFORMATION PAPERS

PCL Dates for 2014 update
Organogram

TABLED PAPERS

Seed and Export literature:
A Guide for Gardeners buying and growing seed potatoes
Safe Haven Certification Scheme Protecting our national seed crop
Seed Potatoes from GB
Market Dynamics Report
Car Stickers for promoting potato values

Signed: Dated: