

Authorised



**MINUTES OF THE FORTY SIXTH MEETING OF POTATO COUNCIL
HELD AT WOODSIDE CONFERENCE CENTRE
ON 26th MARCH COMMENCING AT 8.30 AM**



Board Members
Attending

Growers, Tim Papworth, Anthony Carroll, Tony Bambridge, Dan Hewitt, Bruce Kerr, Edward Lindley **Processor representative** Dave Chelley, Nick Tapp, **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, Head of Seed and Export, Rob Burns, Mrs Rita Hall, Secretary, Chris Perry, Financial Controller AHDB, Chris Goodwin, AHDB Director of Finance and Business Services, Ken Boyns, AHDB Director of MI (part meeting only for both Messrs Perry and Goodwin)

ACTIONS

WELCOME AND APOLOGIES FOR ABSENCE

Mrs Fell welcomed everyone to the meeting.

DECLARATIONS OF INTERESTS

There were no declarations of interest.

14/13 MINUTES OF THE MEETING OF THE BOARD HELD ON 5th FEBRUARY 2014 (PCLM/14/01)

These were approved and ratified as a true record of the previous meeting.

14/14 MATTERS ARISING (PCLP/14/06)

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

14/02 Matters Arising (PCLP14/01)

Health Claim update: Dr Clayton summarised recommendations made by R&KT and Marketing Strategy Committees. These had been discussed further with the FPSA. In summary, the key remaining issue was that figures reported by the Institute of Food Research for natural fat were marginally above a threshold of 0.5% and this would preclude making a fat-free statement in marketing campaigns. Dr Storey was in touch with the IFR team and was negotiating access to an EU database on nutritional composition. This would further inform the debate whereby a raised fat figure across Europe would satisfy the Board that no further pursuit for changes in the GB figure was worthwhile whereas a below threshold figure across Europe would trigger further activity. Ms Evans confirmed that current claims were still acceptable until the new version of McCance and Widdowson was published (now due in Autumn 2014).

Head
R&D

The Director also reported that at the FPSA meeting mentioned, the margin analysis project had been discussed and concerns expressed with regard to the purpose of the analysis and he had been cautioned to carefully consider any unplanned consequences of activity (e.g. a retailer shift away from the category). Dr Clayton confirmed that initial analysis had now been completed and was in the process of reviewing messages. These were likely to include a stronger call for growers to understand costs of production along with an evidence based message to avoid speculative plantings. The Board discussed how the data might be used to reinvigorate interest in benchmarking and the Director would explore RDPE funding to compliment this.

Director

County Show discussion with AHDB: Fiona Fell had discussed this at the recent AHDB Board and encouraged a co-ordinated approach which she urged **the Director to pursue at SET level**. Tim Mordan the Defra representative on the AHDB Board had advised that he would share with the Board, the county shows being attended by Ministers over the coming months.

Director

The interim report of the Elliot Review had now been circulated as requested, Tim Bennett Chair of Dairy Co had advised of an FSA interim review discussion and in conclusion the dialogue surrounding the review would be ongoing.

Discussion on HR: The Director had yet to meet with Tom Taylor. However, the Chair had advised that the subject to would be discussed by AHDB Board. **Mr Chelley asked that updates on Job Evaluation and succession planning be reported to the Board when available.**

Director

Switching analysis: an update on this has been emailed out to the Board and the item would be covered within the Operational Update paper.

14/06 PCLP Operation Update (PCLP14/04)

Update on abstraction consultation: Mr Steele had contacted Board members for input to his consultation response. An update will be provided at item 8 (PCLP/14/09)

Update on pesticide availability and impact: Further to the discussions at the last meeting Dr Storey reported that the issue of EU Pesticide policy had been discussed by the RKT committee on 27th February. Subsequently an AHDB cross-sector group had met with NFU and BBRO to agree the format for an initial review of impact of potential loss of pesticides. PGRO would also be engaged in plans. The report would serve a number of purposes; it would inform key stakeholders such as COPA and ECPA and would constitute part of the gap analysis with PCL's own R&D strategy review. MEPs, had been identified as key targets for receiving evidence and other stakeholders like FPSA, PPA and the Crop Protection Association would be invited to inform the document. In terms of timings, Dr Storey pointed out that EU work would commence prior to Endocrine Disruptors (EDs) being defined by the Commission. DGSANCO were sponsoring the work which would start with publication of a road map for crop protection. A definition of EDs, to be agreed by DGs SANCO, ENV and AGRI would follow and a three month consultation would be invited. Thereafter impact assessments would be refined and this process was expected to take a year with changes to national legislation starting in 2016. Mr Carroll sought assurances that the pace of the AHDB was sufficient to have an impact on decision making and Mr Bambridge asked if adequate connectivity with DGSANCO was being achieved noting that previous legislation had been sponsored by DGAGRI. Dr Storey provided assurances on these issues and was thanked for his update.

Update on Ambassadors recruitment: 21 enquiries had been received to become potato ambassador and to date only four applications had been received. Ms Evans sought the assistance of the Board to encourage recruitment especially in the SW, Cornwall, SE, Wales, Yorkshire and Norfolk but also advised that 3 existing Ambassadors had agreed to extend their term of office. She also felt that commitment levels were a primary concern for applicants.

14/15 Chairman's Update

Verbal

Mrs Fell reported on the following:

Both the Director and Mrs Fell had attended a meeting at Defra on the 10th March at Defra where encouragement for PCL to access the new RDPE funding had been discussed and reiterated at the AHDB Board.

At the FPSA CEO strategy group meeting, Potato Council were requested to show leadership to the industry in discussing the balance between quantity and value of the GB crop "value not volume". The Director advised that a rethink of the messaging should be carried out to emphasise the risk and reward messages to temper expansion issues, better cost of production messages to help make informed decisions and provide evidence but not to dictate strategy and to ensure the appropriate market information was available to the levy payer. The Director confirmed that this crossed over with messages coming out of the margins project.

The Director had been invited to present the Potato Council issues at the AHDB Board and his presentation had been extremely well received, stimulating valuable question and debate and the Chair thanked him for his informed presentation.

An IGD shopper confidence report had been shared showing positive movement.

Will Lifford had updated on the results of a recent Health and Safety Audit. Late reporting of incidents had been flagged for the team at Sutton Bridge. Mr Chelley was asked to offer support to Mr Cunnington in the implementation of policy and Lorraine Clinton (AHDB independent Board member) had expressed a keen interest in visiting Sutton Bridge to understand their operational activity in greater depth.

Auditors had also flagged purchase transactions as an area that AHDB could improve.

The Audit committee were due to focus on MI delivery and Trade Development controls.

Sector Board appointments had been approved by the AHDB Board. For PCL, these were Bill Quan, Mark Taylor, Phil Huggon and James Daw. Phil Huggon was the new independent member bringing a wide range of skills which AHDB would also draw upon for various issues. The induction date for new members had been organised by Mrs Hall for the 28th April.

Mrs Hall

Both the AHDB and PCL Chairs were still to be announced but both Lorraine Clinton and Fiona Fell had been asked to, in Lorraine's case step up to the Interim Chair and for Mrs Fell to continue in the role until a decision had been made.

Both Professor Crute together with Steve Tones (HDC) delivered an update on the Horizon 2020 project to aid understanding of the project and will continue the work and the feedback.

The Chair had undertaken Health and Safety training along with the remaining AHDB

Board members illustrating the importance the Board placed on the item.

The new building was on track for relocating the staff in the autumn.

14/16 MARKET DYNAMICS REPORT (PCLP/14/08)

Tabled

The Market Dynamics report was tabled and Mr Boyns would join the meeting to take stock of comments on relevance and value. The Director advised that the report continued to stimulate informed discussion but of late was taking longer to create and sign-off. After a period of reflection Board members confirmed that the document remained stimulating and agreed that the original concept of assimilating pre-published information and providing context was worthy. The Director would work with Mr Hewitt and colleagues in MI to see if the creative and sign-off process could be rebased.

Director
and MI
Chairman

14/17 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/14/09)

The Director introduced the paper asking that the table content be taken as read and asked members to note that full year summaries were included.

KT

Dr Hall expressed her thanks for the input of the Board in relation to the Abstraction Consultation which was ready for submission. Various stakeholders such as the NFU, PPA and FPSA had requested a copy of the document in order to ensure an aligned industry response. The AHDB Communications Director had confirmed the robustness of the document.

The R&KT Committee had agreed a decision model to help clearly differentiate between demonstrations and R&D. This would help the team clearly articulate why demonstrations were put in place and would discourage KT practitioners from attempting to get R&D funded via the KT function.

The Chairman thanked Dr Hall for putting in place all of the frameworks currently being used and asked that demonstration trial plots were clearly badged so as not to be seen as commissioned research.

KT team

The Director then updated on interim measures for KT and Communications that would ensure the function continued to operate until a new Head of Department was in post. Gary Collins, technical executive would also leave the organisation in April. Dr Hall had provided a detailed hand-over document, budgets had been set and diaries already populated for field and communications events. Stoneleigh based staff would report to Jim Davies and technical executives would report to either the Director or Rob Burns. Recruitment plans were underway. The Director would also return to the field for the summer programme of events and would lead the grower engagement relating to the One Voice initiative.

R&D

Updating on Agritech strategy, Dr Storey informed that industry feedback had been positive following a forum organised by Horticulture Innovation Partnership (HIP), about the possible development, under the Agri-Tech Strategy of a 'Fresh and Prepared Supply

chain innovation centre'. Analysis of a questionnaire about the industry priorities had been carried out and a meeting of an industry steering group is being convened on 7th April to help ensure that a robust business case can be prepared to support any application to government in advance of the tender being issued (most likely to be Autumn 2014).

Then, he informed that a meeting had taken place with BBSRC and the Sustainable Agriculture Research Innovation Club to discuss a £10 million funding drawing a 10% industry contribution. There were 9 industry partners in the club, one of whom was AHDB. The discussion group would focus on developing a tender around crop production, water and nutrient management and involve Agchem and water companies together with AHDB and other levy bodies. It would be a 5 year programme with a c£15k pa AHDB contribution offset in subsequent years.

Dr Storey sought endorsement for the following projects:

- *A one year extension to the England and Wales blackleg survey to be carried out by Fera at a cost of up to £20,000.*
- *A one year extension to the work at JHI to characterise late blight samples collected by Blight Scouts, at a cost of up to £28,849.*
- *Potato Council support for a cross sector call for research on slug management, with a provisional PCL budget of up to £75,000 over three years.*

Two R&D proposals from CUF had been received and the Committee had not been able to take these forward. A meeting with NIAB-CUF to discuss future opportunities as part of the Potato Council R&D strategy, underpinning transparency and equity between research institutes.

Dr Storey also sought endorsement for Mr Tony Bambridge, although retiring from the main board to remain on the R&KT Committee.

All proposals were endorsed.

Marketing

Ms Evans reported that to celebrate the 10th anniversary of GYOP and in order to thank the industry for their contribution, a small celebration to mark the occasion would take place prior to the next Board meeting at Sutton Bridge commencing 2pm on the 3rd June at Sutton Bridge. Mr Tapp asked whether attitudes and dietary habits had been measured for early participants in the scheme. Ms Evans reassured the Board that although this was not measurable, alternative assessments of impact were being looked at.

Responding to a question regarding potential retail sponsorship for GYOP Ms Evans said that teachers required independent appropriate messaging in relation to food and it remained paramount to consider the possible pros relating to income alongside the possible cons relating to loss of independence. There remained opportunities to build relationships with charities like the AgriFood Charities Partnership and Board members recognised that the balance of funding versus independence remained core to many PCL products e.g. the Fight against Blight.

Ms Evans also updated on the factors impacting on potato volume decline. Switching

analysis indicated that 2/3 of shoppers were cutting back on volume, the remaining 1/3 were buying bread, ready meals and frozen products. Waste was still a key factor and a further meeting with WRAP to discuss messages would be undertaken. . **It was agreed that ongoing work streams to provide evidence to understand the fresh decline would be brought back to the Board.**

Head
MCA

Ms Evans updated on Committee recommendations regarding a bid to the EU promotions scheme. Two options considered were Multi Country (potato specific) and Multi Product bids. Ms Evans and Ms Henderson had met with potential partners in Ireland and Ms Evans had simultaneously pursued multi product opportunities within AHDB. The committee had recommended that the potential partnership with Ireland was developed further given similarities in language, culture and market conditions. This would potentially involve a commitment from Potato Council of c£500k p.a. over three years and would be aligned to support strong health messaging and support for lovepotatoes.co.uk. A multi-product bid might also yield good results although the committee had cautioned that unique potato-specific messages might become diluted in a bigger programme. They recommended that this type of bid should be developed over an extended period of time in which focus could be determined. The recommendations were supported by the Board.

Ms Henderson updated the Board on changes to the Marketing Strategy Committee Messrs Armstrong and Baird had stepped down. She planned to invite marketing directors from Greenvale and Albert Bartlett to join the committee. This approach was supported by the Board who would also provide suggestions for new grower members. Mr Papworth had agreed to stay on the committee for a further year.

Seed and Export

Mr Burns advised that he would be presenting strategy later in the agenda and asked Board members to note that following a recent visit to Cuba there was a distinct possibility of reopening this market place later this year. The Cuban government had expressed a genuine interest in the Egyptian model of seed import and multiplication.

He also mentioned the positivity surrounding recent corporate affairs engagement in Scotland. This included meeting with MSPs, members of the Rowett Institute and Scottish Food and Drink Federation.

He advised that Alistair Redpath had now resigned from the Committee to take up the position of Chair on the R&D Committee and requested suggestions from the Board with any potential new candidates for Seed and Export.

The Chair recommended that the Director schedule a conference call with all of the Committee Chairs to ascertain and summarise the succession planning of the Committee membership.

Director

Sutton Bridge

Mr Cunnington confirmed that a recent TSB bid had been successful resulting in a new consortium that would explore the role of ozone in treating wash-water. The project would generate £180k funding for SBCSR over 3 years and a new operative would be recruited to service the project.

He also advised that communications around CIPC best practice were being revisited as some store managers might deviate from best practice by attempting to extend storage

thus capitalising on a market opportunity resulting from a late “earlies” crop.

Mr Cunnington then provided an update on Storage 2020. The launch conference had been a great success, storage T.I.P.S. (an interactive advice module) was now live on the website and equipment was undergoing final testing ahead of launching the store check audit service. The Director would discuss funding opportunities with DEFRA as growers would most likely need to invest in upgrades either following audit or as a result of CIPC Stewardship advice.

Director

MI

Mr Boyns (AHDB MI Director) joined for this item.

Changes to the MI committee were noted with Mr Hewitt taking the Chair and 5 new members joining: Daniel Metheringham, Bill Quan, Simon Leaver, Tony Edwards and Timothy Rooke.

Mr Boyns recapped on issues he had covered in the October 2013, notably that the MI team continued to make legacy products (e.g. Potato Weekly) more robust and the team were developing responses to issues raised in the Direction through Dialogue exercise of 2013. He had indicated resource pressures and had suggested that changes to the Grower Panel payment terms might provide cash that could be used to improve development and delivery within the MI function. As this suggestion had been explored, a number of risks, around industry’s appetite for change had become apparent. As such, Mr Boyns felt that this solution was no longer appropriate and resource issues would become untenable compromising delivery of MI *in toto*. Mr Boyns advised that there were two opportunities to discuss issues with the MI Committee and these would inform plans he would bring back to the Board in August. The Chair advised that the Board were in no position to make a judgement on Grower Panel and this would be discussed with the MI Committee the following day. Board members also expressed a view that the forward looking plan would need much more information to underpin discussions on levy-payer value, resource use and delivery of core products. The Director, MI Director and MI Committee Chair would work on this issue.

Director
MI
Director
MIC Chair

14/18 FINAL VERSION BUSINESS PLAN (PCLP/14/010)

The Director sought final sign off of the PCL Business Plan. Discrepancies had emerged relating to MI resource figures (see above) and these would be addressed prior to a final version being circulated.

Director

14/19 SEED AND EXPORT STRATEGIC PRESENTATION

Mr Burns presented an overview of strategy that had been endorsed by the Seed and Export Committee. He had built on previous Seed Customer Satisfaction surveys with consultations with seed supply chains, merchants and ware growers. Numerous issues had been affirmed during this process including perceptions that dialogue between seed and ware producers was poor, information about provenance was weak and some customers believed that the best seed was kept for export. He had developed a two part strategy, the first part covering domestic issues. In summary various events would be developed to enhance the seed/ware dialogue e.g. at the Seed Industry Event and a seed forum scheduled for BP2015. Safe Haven would continue to be promoted and industry would be consulted to develop best practice guidelines in particular the handling of non-GB seed. The second part of the strategy looked at export and he confirmed that GB non EU seed exports tonnage was being maintained at around 80k tonnes with approximately 60% being exported to Egypt which in itself was a risk to exporters and the development of new markets was essential. China was presenting various challenges for exporters and Brazil, Ethiopia and India were potential new markets that should be explored,

Verbal

together with Sub Sahara Africa. All of these initiatives could be funded from existing budgets. He advised that major competition was still evident from the Dutch and French but that improved intelligence on new markets was essential (such as target country profiles) and that both ware and seed grower collaboration connection work was valuable.

The Director mentioned the review of the Beijing post as a shared AHDB provision. The Board believed that it may still be an AHDB benefit to pursue but had no value for PCL. It was a live issue for AHDB but the advantage and contribution level would become evident in time.

Mr Lindley expressed concern that following a recent meeting he had attended the perception was that the interests of the levy payers in Yorkshire (although a large seed growing area), were not being recognised and Mr Burns had been requested to contact Yorkshire Highland Seed to discuss the matter.

Head
S&E

14/20 PCL FINANCE REPORT INCLUDING LEVY COLLECTION UPDATE

Mr Goodwin (AHDB FD) and Mr Perry (AHDB FC) joined for this item.

AHDB

At the end of February, AHDB were forecasting a surplus of £95k, against a budget surplus of £56k. Major movements recently had included a further drop in HGCA levy of more than £400k, whilst redundancies in central support and MI also had a negative impact compared to previous forecasts. A full review of central costs had been carried out since the last PCL Board report, and whilst central costs were now forecast to come in £100k above budget, this was predominantly down to additional pension costs which had been now allocated to the appropriate sectors (not PCL).

A question was raised in relation to a figure in the AHDB sector support board costs in comparison with other sectors and it was confirmed that the finance team would investigate but felt it was just a matter of realignment of the data.

The general reserves policy was also discussed and Mr Goodwin again confirmed that the level of current reserves reflected a sufficient working capital and adequate provision in the case of an unforeseen catastrophic event.

PCL

The full year forecast remained materially in line with previous reports. The levy forecast had improved a little and was forecast to be £6054k (£186k below budget) at the year-end, which allowed for a small additional provision for bad debts.

As has been discussed previously, the pressure to reduce direct expenditure in light of the levy reduction had reduced as a result of the favourable Nash Court dilapidations negotiations which resulted in the release of £143k of the provision back into PCL's management accounts. Sector Specific Administration was forecast to be £19k above budget for the year, but this still represented a £5k reduction compared to last year. Overall, central costs were forecast to be only £2k over budget for the full year.

With regards Sutton Bridge, the short commentary within the pack explained the variances correctly. Further explanation was given with regard to a rates bill which historically had been reported as income accrued through a prior year explaining the variance on the bottom line.

It was also confirmed that grant income would not be offset in the future.

A cross sector contribution to recent redundancy payments in relation to MI and a contractual contribution to the HR Director leaving had a £20k impact on the sector.

The Chair thanked the team for managing their budgets so efficiently in a challenging year and also the finance and levy team for their efficient handling of the budget. Taking into account the Nash Court income, the level of reserve afforded a comfortable position to take into the next financial year.

In response to queries regarding provision of HR within AHDB, Mr Goodwin confirmed that a Head of HR reporting into him and external expertise could be bought in where necessary and that the provision was appropriate for an organisation of this size. The previous Director of HR had implemented all of the policies and procedures necessary during her tenure. The Chair commented that she was keen for the ongoing provision to remain a focus on the AHDB Board agenda. The protracted process of recruitment through the Defra system was challenging and again Mr Goodwin confirmed that all statutory levy bodies were subject to the same process. He advised that from start to finish, the approvals process was typically taking up to 7 weeks. An update on the job evaluation process was requested and it was confirmed that there was still work to be done on the project.

14/21 ANY OTHER BUSINESS

The Director sought assistance from the Board to sit in on the interview panel for the recruitment of a new Head of KT and Communications.

members

The Chair extended her thanks to the retiring members of the Board whom she had worked with for the last 6 years. It had been a privilege to work with such a committed team. She also thanked Dr Hall for her energy and enthusiasm and recorded the fact that she would still be contributing to the potato industry within the PPA.

14/22 DATE OF NEXT MEETING

4th June at Sutton Bridge

14/23 INFORMATION PAPERS

PCL Dates for 2014 update
Organogram

TABLED PAPERS

Seed and Export summary of decisions
R&KT minutes
Market Dynamics Report
Driving higher value sales in fresh potatoes promotional leaflet

Signed: Dated: