

Authorised



**MINUTES OF THE THIRTY- SEVENTH MEETING OF POTATO
COUNCIL
HELD AT SUTTON BRIDGE
ON 26TH SEPTEMBER COMMENCING AT 9.00 AM**



Board Members Attending	Allan Stevenson, Chairman, Growers , Tony Bambridge, Tim Papworth, Duncan Worth, Graham Nichols Processor representative Dave Chelley, Nick Tapp Independent members Ms Zoë Henderson
Staff Attending	Dr Rob Clayton, PCL Director, Dr Mike Storey, Head of R&D, Dr Sharon Hall, Head of Communications, Mr Adrian Cunningham, Head of SBCSR, Mr Robert Burns, Head of Seed & Export, Ms Caroline Evans, Head of Marketing and Corporate Affairs, Mrs Rita Hall

12/61 CHAIRMAN'S WELCOME

ACTIONS

The Chairman welcomed the Board to Sutton Bridge and advised that the Board would be followed by a tour of SBSCR for any members who wished to participate.

12/62 APOLOGIES FOR ABSENCE

Apologies were received from Alistair Melrose, Rob Doig, Fiona Fell and Anthony Carroll. Robin Baines was absent. The Chairman advised that he would discuss Mr Baines' absence with him after the meeting.

Chairman

12/63 DECLARATIONS OF INTERESTS

The Chair advised the Board that he had been appointed Chairman of the Bidwells pension scheme with effect from 1st November, but that he did not act for the employer and that all activities were independent and no legal conflict was applicable.

Mr Tapp also declared that through Bidwells, he had been involved in work relating to DairyCo, a sector of AHDB.

12/64 MINUTES OF THE MEETING OF THE BOARD HELD ON 25 July 2012 (PCLM/12/04)

The Minutes of the Board meeting held on 25th July, which had been circulated, were approved and signed as a true record, with the following caveats:-

Mrs Fell had requested that the reference she had made to the R&D seed pathology project at the previous meeting could be misconstrued and should be rewritten.

Terms of Reference for the Finance Committee would be reviewed rather than developed.

The reference to minutes from Sutton Bridge Advisory Committee should be corrected.

12/65 MATTERS ARISING (PCLP/12/32)

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

12/39 Positive Messages relating to Corporate Plan

The Director advised that the Corporate Plan would be dealt with later in the agenda.

He reported that production of the cost/benefit documents used to support the Plan was slightly delayed but that they would be available prior to public consultation on the plan. Outputs would be reviewed prior to publication and any that struck discord with the challenges of the 2012 season would be held for later publication.

12/50 Briefing on FERA

The Director reported that the AHDB Chairman had been briefed about the speed of delivery of FERA's Full-Cost-Recovery (FCR) review prior to a meeting with the CEO of FERA. Dates had now been received for plant health working groups, but it was felt that it was quite late in the day for any new recommendations to be considered. It was agreed that PCL take a lead stance on these concerns and Mr Papworth was asked to raise the issue on the agenda of the forthcoming NFU forum. The Director also commented that the implications of FCR were cross-sectoral and account of HGCA and HDC views should be taken. The Chair asked the executive to consider a more public letter of concern via key farming media and referred to a scheduled meeting with Defra where both he and the Director would raise their concerns. Mr Nichols advised that some of FERA's contracts (e.g. for IT platforms) would end in 2014 and these should be discussed at the forthcoming working groups.

12/51 Response to revenue shortfall

The Director advised that this issue would be dealt with within the Corporate Plan item of the agenda and a lengthy session on revenue models was planned.

12/52 Terms of Reference for Finance Committee

The Director advised that he was in discussion with the AHDB Finance Director regarding revised terms. These would be discussed with the Committee Chair and brought back to the board in November.

**PCL
Director**

12/55 Update on Safe Haven and related communications

The Director invited Mr Burns to update the Board on this issue and he reported on a situation in the Netherlands where a risk of brown rot had been highlighted, due primarily to flooding which may have spread the pathogen from drainage ditches. This was a timely reminder that plant health remained paramount in GB. He reported that Safe Haven messages would be amplified through the seed industry event and Dr Leah Tsor from Israel would assist by describing the challenge Israel had faced in growing crops from seed from outside of the Safe Haven. A crucial anomaly in scheme was being addressed and the James Hutton Institute had passed pre-inspections and which would soon affirm their eligibility to supply Safe Haven assured varieties.

Dr Hall gave an update on plant health issues advising that an industry wide consultation of key stakeholders was well underway. Regional focus groups for growers were scheduled to take place in October and November where storage and disease would be highlighted. Views garnered through these events would furnish an industry forum in the Spring.

Mr Worth expressed concern that from a ware-grower's perspective, messages about the benefits of the scheme, or about the risks of purchasing out with the scheme had yet to achieve impact. **Mr Burns would revisit communication plans to identify harder messages relating to risk.**

**Head of
Seed &
Export**

Messrs. Bambridge and Papworth shared some examples of how conflicting messages and practices might slow the up-take of the scheme amongst ware growers. These included the generation of proprietary information on seed management and agronomy within vertical supply chains and the need to introduce seed from overseas to speed up the introduction and multiplication of new varieties. The Board felt that this latter point may have been a result of commercial drivers (e.g. supply chains seeking to switch varieties to achieve sustainability milestones) and that PCL's response to propriety could be re-examined when the current contract for Independent Variety Trials came to an end. Some board members felt that the seed sector would struggle to sell Safe Haven messages at a time when seed prices and contracts were difficult to find. They recognised that the consequence of the 2012 conditions was that there would be less clarity about total seed availability at this current time compared to previous years. **Mr Burns would discuss this issue with Messrs. Doig and Melrose.**

**Head of
Seed &
Export**

12/56 Agriskills agenda

Dr Hall updated the Board that AHDB had achieved a strong position with The RDPE skills and training initiative so Potato Council would be in a strong position to benefit from the initiative. However, the parafiscal nature of levy had resulted in its eligibility for use in match funding arrangements being under question. Dr Hall had put forward a strong package of activities relating to business improvement into the scheme and would continue to update the board on developments.

12/66 AHDB: REPORT FROM CHAIRMAN

The Chairman had attended the AHDB Board meeting the previous day and updated on a number of issues:

AHDB's Finance Director had presented on activities within the finance team and the Chairman assured the Board that progress was significant and Mr Goodwin was leading the team to higher standards and levels of efficiency.

In relation to other shared AHDB functions, he reminded the Board that his personal view was that the MI team, working alongside the PCL team under the stewardship of Mr Tapp were developing positively.

DEFRA's Green Food Project was discussed and it was noted that a new ministerial team may give the project a different emphasis. Nonetheless, AHDB had made commitments to leading or supporting a number of components of the project and Dr

Storey would participate in one element that related to catchment management and impact on indicator species of wildlife.

The AHDB Chief Scientist had delivered a revision of AHDB's position on GM crops. Dr Storey confirmed that PCL had been engaged in the development of revisions.

The Chairman informed members that as part of the ongoing development of AHDB a staff survey would be conducted in the near future with benchmark questions repeated over a number of years.

The AHDB Board had considered the ongoing relationship between government and AHDB which had been highlighted earlier in the meeting by The Finance Director. The continuing need for AHDB to supply information to satisfy government controls was an increasing concern and the most recent manifestation was the development of lengthy documentation in relation to spending controls. This had put immense pressure onto AHDBs Marketing and Comms teams. The Board noted that the pressure originated with the Cabinet Office rather than DEFRA and DEFRA support on this issue was recognised. The issue remained a high priority for AHDB and the Chairman would update the Board at the next meeting.

Planning approval for all aspects of the infrastructure of the site and the building at Stoneleigh had been approved and it was felt that LaSalle were making excellent strides at Stoneleigh.

The Chair advised that clarifying the purpose of AHDB had been debated at length and a strategic meeting between Board members and SET would take place as a precursor to branding discussions.

12/67 FINANCE REPORT (PCLP/12/33)

The Director reported that AHDB's income was ahead of budget due primarily to HGCA with a slight shortfall within EBLEX. Expenditure was slightly behind budget and Sector Directors were due to reforecast and present an update to the AHDB Board in November.

PCL had forecast a shortfall in revenue of some £400k from the budget of £6,425K to £6,047K as a result of lower plantings in 2012 along with the likelihood of less potatoes being traded. This was partly offset by achieving good income streams relating to World Potato Congress that had been reported previously. One assumption used in the reforecast was a downturn of 9% in tonnes of potatoes traded. A number of board members questioned this assumption based on their observations of the current season and expected this figure to be higher.

The Director would re-evaluate the position based on recent intelligence and update the Board after the meeting

**PCL
Director**

The loss of revenue forecast had compromised PCL's reserves building strategy and a return to reserves of £200K now looked impossible. The Board accepted this status and the executive were charged with achieving a break-even position. The Director commented that the executive had already identified a number of activities that could be delivered on extended timelines or could be postponed without impacting levy payer services but some activities had longer lead-times and protracted delivery periods so

any changes would generate contract penalties. These modifications to delivery, along with some other savings already achieved (e.g. a condensed missions programme in Seed and Export) meant that a break even position could be achieved. This matter will be kept under close review with the Board for the rest of the financial year.

In relation to levy collection, the Director reported that earlier concerns about low rates of submission of returns had not materialised and return-rate was in fact higher than the previous year in spite of the late season. Further, a more aggressive approach to debt collection had been adopted and overdue debts continued to fall. The Chairman affirmed a view that the levy team continued to become more efficient.

12/68 PROPOSED REVISIONS TO SI (PCLP/12/34)

The Director referred to an AHDB paper that sought views on development of a new SI for AHDB. The Chairman advised that a much tighter, PCL-specific paper be produced, but sought the Board's support for two recommendations to maintain momentum. The first was a proposed increase of levy rate ceiling to £65/ha and the second was a recommendation that the requirement for growers to identify planted fields on return be maintained. The latter was justified as field identity was a vital component in plant health emergencies and underpinned survey design in MI. Both recommendations were supported.

Given the likely longevity of a new SI, the Chairman sought the Board's view on whether a review of collecting levy based solely on tonnage was appropriate. This suggestion was affirmed.

The Director would feedback recommendations, produce a shortened review of proposed changes to SI and initiate work on reviewing a tonnage-only levy collection method.

**PCL
Director**

12/69 PCL OPERATIONAL UPDATE AND COMMITTEE BUSINESS (PCLP/12/35)

The Director reported that the paper be taken as read with the following discussion points.

CIPC

Dr Storey tabled a recently received letter from The Advisory Committee on Pesticides to the CIPC Stewardship Group. The letter acknowledged the positive actions taken by the group so far but cautioned that as monitoring of CIPC residues continued to identify the occasional exceedence of maximum residue levels (MRL), the regulators might have to resort to legislative approaches to further mitigate the risk of exceedence of MRL. The type of legislation was not specified but might include a reduction in allowable dose or a complete revocation of the sprout suppressants. The stewardship group were charged with developing a response to the letter and providing evidence of more stringent controls by January 2013. Dr Storey said a number of activities were already underway and these included a full data review from historic and recent experiments, meetings with application contractors via the NAAC (National Association of Agricultural Contractors) to ensure all were working within the boundaries of the stewardship measures and an audit of practices was planned so that the assurance tests undertaken by AFS could be checked for fitness for purpose. He sought an endorsement from the Board for a stronger agreement with trade bodies that product

should only be purchased from stores meeting the stewardship audit process and would pursue AFS to take a more rigorous stance on auditing.

The Board supported the proposed ramping-up of messages to industry which Drs Storey and Hall were working on.

Response to market conditions.

The Director described PCL's activity in relation to the tough trading conditions resulting from difficult growing conditions in 2012. In short many growers' crops were low yielding with high levels of defects. The consequence was that costs of production were 50-60% higher than anticipated and meeting contract tonnages was a challenge. The inflexibility of contracts was equally challenging within the supply chain. Without flexibility at retail, the supply chain was challenged to fulfil contracts by resorting to the more expensive free-buy market much more than in other years whilst standing the cost of additional wastage and grading etc. The PCL team had supplemented its usual intelligence derived from MI contractors with an additional 30 industry contacts and the position was being reviewed weekly. An evidence base (including anticipated losses, costs of production and supply chain tensions) had been generated and published. Key elements of the evidence base had been covered by the agricultural press and Ms Evans circulated a second draft release for comment; this was targeted at trade press. Key journalists would be invited to discuss the issue in more detail with the Chairman and David Walker, Chairman of FPSA would be invited to represent supply chain views at the press event. Mr Worth suggested that any thought of protecting consumption should be abandoned in creating media messages as this was no longer a priority for the industry. The Board agreed.

Responding to a view that more robust approaches were needed, the Chairman asked the Board to consider the value in hosting an industry summit for key stakeholders to take the issue forward. The Board supported this concept providing it was based on robust evidence that provided a clear picture of industry's current position along with a precise picture of what needed to change to ensure a sustainable industry in future.

The Chairman and Director would develop the concept further.

**PCL
Chairman
and Director**

Skills

Dr Hall then reported further on the skills agenda and referred to the Board's previous affirmation of support for the development of a potato specific LANTRA. She provided Board members with a detailed project specification and asked for volunteers to participate in a focus group to assist with development of the project. The Chair requested the Board respond positive and a meeting could be held prior to the November Board meeting.

She also extended an invitation from the HGCA Board to attend a dinner prior to the LAMMA event. Mr Tapp expressed an interest and requested that she email him the details.

R&D Projects

Dr Storey asked the board to endorse committee support for three new projects as follows:-

Combating Insecticide resistance in major UK crop pests. Research providers: ADAS and Rothamsted Research. Duration: 3yrs. Start: January 2013. **Total cost:**

£555k PCL contribution: £75k cash and £12k in kind.

The overall aim would be to maintain effective chemical control of economically important pests of agriculture and horticulture by using appropriate insecticide resistance management strategies.

Development of CIPC best practice recommendations for low-temperature (pre-pack) box stores to minimise risk of exceeding the maximum residue level.

Research providers: Sutton Bridge Crop Storage Research (& sub-contractor Glasgow University). Duration: 3yrs. Start: October 2012. **Total cost: £167k PCL contribution: £162k.**

The project would provide vital support for the ongoing CIPC stewardship activities.

Develop best practise recommendations for the use of ethylene on processing cultivars. Research providers: Sutton Bridge Crop Storage Research. Duration: 3yrs. Start: October 2012. **PCL project contribution: £247k**

The aims of the project were to produce guidance on best practice for sprout suppression and maintaining fry colour for current and emerging potato varieties then to produce best practice guidance on carbon dioxide atmosphere in potato stores.

Endorsement was provided for each project providing a few detailed caveats were addressed for the latter two.

Potato week

Ms Evans reported on work being undertaken prior to Potato Week. There were many features to the week that included high profile news coverage along with high levels of coverage in lifestyle magazines and a heavy schedule of radio interviews. A full programme of retail tastings had been arranged and a Michelin starred restaurant would feature a potato based taster menu during the week. The Board were impressed with the preparations and wished Ms Evans luck for the week.

Committee nominations

Two nominations for membership of the seed and export committee were supported by the Board. These were for Johnny Martin and Chris Yardley.

Two nominations for membership of the R&KT committee were supported by the Board. These were for growers Richard Smith and Michael Bubb.

One nomination for membership of the Sutton Bridge Advisory Committee was supported by the Board. This was for fresh produce technical manager, Emma Garrod.

Stocks

Following quality issues with PCL's potato stocks figure (reported previously), Mr Tapp sought the Board's view on whether the information was still of value to the industry. The Board agreed that if sufficient statistical accuracy and low error margins could be achieved then the work should continue, but where error margins were unacceptably high the project should cease and an explanation to levy payers be provided.

Mr Tapp would take this recommendation to the MI committee

Mr Tapp

12/70 CORPORATE PLAN AND RELATED COMMUNICATIONS (PCLP/12/36)

The Director presented the business plan for 2013/14 developed since the strategy session that took place in July and sought comment relating to finances and content.

Finance

The Director informed the Board that the plan for 2013/14 had been developed prior to the full consequences of a changing marketplace being realised. The plan was based around an expectation that 120,000 ha would be planted and registered in 2013. The Director had consulted trade bodies and colleagues in MI and recommended that the expectation be lowered to 118,800 ha. The Chairman commented that the lower expected revenue had been discussed with AHDB's Chairman and CEO who recommended a cautious approach.

The Board accepted the revised position providing the Director could circulate a detailed rationale that supported the change.

**PCL
Director**

The consequence of the change would be that the executive would need to deliver a work-plan with between £100K and £300K less than originally anticipated. The Director presented a number of scenarios where the PCL team could deliver more efficiently or cease activities that were of lower impact to levy payer services. He cautioned that it would be valuable to garner opinion from committees on some reductions in activity because although priorities had been set for the highest priority activities, things were less clear lower down the priority ranking.

The Chairman sought the view of the Board on future levy rate increases as it was important to achieve sufficient revenue to deliver an industry approved plan. The Board agreed that the plan should include no increase for 2013/14 but should include potential increases of 3% for each of the following two years.

In reviewing support costs, Mr Tapp sought more detailed information on how support functions were evaluated and whether the services they provided were efficient. Ms Henderson suggested that any analysis should cover head count and any increases be explained.

The Director would consult colleagues within support functions and bring an analysis back to be board.

**PCL
Director**

Content

In supporting the overall balance and content of the plan, the Board recommended a number of changes that included better graphics to illustrate changes in industry shape in the first section, clearer presentation of financial and headcount totals and ensuring clearer headings on financial pages.

Referring to targets set for activities like Grow Your Own Potatoes, Mr Tapp asked if more analysis could be undertaken to capture any change in attitudes amongst those who had participated in the scheme some years ago. Ms Evans responded that it would be impossible to track individuals, but that their views should be picked up within the relevant segments of ongoing market research.

The Director would take account of the recommended changes and circulate a new draft of the plan

**PCL
Director**

12/71 ANY OTHER BUSINESS

The Chairman expressed concern regarding Board succession issues and requested that the current Board be responsible for ensuring a strong Board going forward. He advised that the appointment of the new Chair was the responsibility of AHDB, but that the succession of retiring members in 2013 namely Mr Doig, Mr Worth and Mr Nichols were the responsibility of the current PCL Chair. The Board were advised that interviews would follow a confidential process with strong governance. Ms Henderson as an independent Board member, along with the PCL Chairman and another member of the AHDB Board would constitute the interview panel.

The Chairman and Director would work together to develop advertising for the appointments.

**PCL
Chairman &
Director**

12/72 MAIN BOARD THEMED PRESENTATION: SBCSR STRATEGY

Prior to discussing strategic matters, Mr Cunnington advised the Board that problems still existed with the new Sutton Bridge stores relating to floors and door seals. A solution had been offered by the contractors responsible for the build but the solution came too late in the day and would obstruct operations this autumn. He was still holding final payments for the build and would seek written assurance that the problems would be addressed in future.

He reminded the board that a storage day would take place on 29th November. Mr Tapp would address a business reception prior to the event and the support of PPA, FPSA and two commercial sponsors had been secured.

Turning to strategic matters, Mr Cunnington presented an overview of activities planned at Sutton Bridge. For 2013/14 these focused on delivering quality science and extending communication to levy payers. Underpinning the plan there were two sub-themes relating to skills and business focus for the research team.

Submission of relevant research tenders with the right partners remained paramount to generate income and whilst SBCSR continued to achieve good non-levy income streams (c£250k p.a.), development of strong submissions was resource intensive. A related resource issue that was constraining the team was optimisation of work-planning so that the team could achieve strong operational performance whilst allowing time for new project development. Mr Cunnington was starting to engender slicker ways of working using lean management principles and had already achieved efficiencies in project management. He forecast that further efficiency gains could be achieved allowing more time for the team to pursue commercial activities like store-auditing. This remained a priority as he sought to continue to achieve a break-even financial position for SBCSR.

Another priority for SBCSR was to ensure the appropriate level of IT (both hardware and software) that would optimise operations and allow future development into activities like modelling. This would require close integration with the AHDB team developing an overarching IT strategy for the organisation. This was being arranged.

Mr Cunnington's overarching vision for SBCSR was to be (and be recognised as) the "one voice for storage". This would require further brand development and this would

start by producing a storage manifesto that would identify deficiencies in current storage practice, requirements for future development to achieve best practice and Sutton Bridge's role and capabilities.

To finish, Mr Cunnington summarised a schedule of works that would be required to keep SBCSR in good shape along with estimated costs. The Board agreed that these should be pursued at an executive level.

12/73 DATE OF NEXT MEETING

14th November 2012

12/74 INFORMATION PAPERS

PCL Dates for 2012 update (PCLP/12/38)

Organogram

Minutes of Committee meetings held since the previous Board

Seed and Export Committee 20th June 2012 (tabled) (SE/12/02)

Signed: Dated: