

**AUTHORISED**



**MINUTES OF THE TENTH MEETING OF POTATO COUNCIL  
LTD HELD AT NASH COURT, OXFORD ON  
WEDNESDAY 2 JULY 2008**

- \* Mr Dennis Heywood - Chair (Interim)
- \* Mr Tony Bambridge ) - Growers
- \* Mr Colin Bradley )
- \* Mr Jim Cruickshank )
- \* Mr Robert Doig )
- \* Mr Graham Nichols )
- \* Mr Tim Papworth )
- \* Mr Fraser Scott )
- \* Mr Alex Stephens )
- \* Mr Duncan Worth )
  
- \* Mr David Rankin ) - Grower/packers
- \* Mr Nick Tapp )
  
- Mr Nick Vermont - Processor representative
  
- \* Mrs Fiona Fell - Independent member
  
- \* Present

In attendance: Mrs Helen Priestley, CEO  
Mrs Inga Martin, Company Secretary  
Dr Mike Storey, R&D Director  
Mrs Kathryn Race, Marketing Director  
Mr Steve Moore, Head of Finance & IT (Items 08/120 – 122)

Mr Colin Boxell, the Oxford Partnership (Item 08/111)

**ACTIONS**

**08/103 APOLOGY FOR ABSENCE**

An apology for absence was received from Mr Vermont.

**08/104 DECLARATIONS OF INTERESTS**

There were no declarations of interests.

**08/105 MINUTES OF THE BOARD MEETING HELD ON 7 MAY 2008 (PCLM/08/05)**

The Minutes of the meeting held on 7 May 2008 were approved and signed as a true record.

**08/106 MATTERS ARISING (PCLP/08/54)**

**Planting Returns 2008: Double Cropping (Minute 08/81)**

During a discussion on area monitoring, Members had raised the issue of double cropping, and asked what safeguards were in place to ensure that potatoes lifted early and replaced with another crop did not escape detection.

The Secretary said that she had consulted the Field Officers who confirmed that true double cropping (planting more than one potato crop on the same land) was now relatively unusual. Most planted sequentially on fresh land. Both aspects were taken into account when the plans for area monitoring – regions to be covered and the timing of the programme – were agreed.

Legally, the onus was on each grower to provide accurate returns, including his total plantings (whether or not these were completed by 1 June) and failure to do so was a criminal offence.

Mrs Martin said that, in practical terms, the Field Officers had a good understanding of what goes on and she had no reason to believe that this particular issue was causing any problems about evasion. As always, however, staff welcomed information of any suspected wrongdoings. Resources were limited and local knowledge was invaluable. Such matters were always handled in utmost confidence.

Mr Stephens commented that it would be easier to flag such issues up if it was possible to check, on a field-by-field basis, which plantings had been declared. The Secretary said that such information was available through staff, but direct access was not possible currently. This was something which was part of the plans for the e-return version, still at a very early stage of development. The matter would be discussed with relevant staff.

Secretary

Members confirmed that they were satisfied with the report on double cropping.

**SBEU Business Plan: Progress Report (Minute 08/82)**

An interim report was presented to the Board (see item 08/116).

**Consumer research (Minute 08/83)**

Members had been informed that a number of consumer research projects had been completed, with very exciting results. These would be presented at a conference later in the year, and there would also be meetings with individual industry companies. The Board had confirmed that they would welcome a presentation. (See item 08/111)

**Correspondence with AHDB (Minute 08/84)**

The Board had expressed concerns about the way the vacancy for the new PCL Chair had been handled. This had been conveyed to the AHDB Chair in a letter dated 15 May. Copies of this and of the reply from Dr Bridge, had been circulated to PCL Board Members.

The Board also received copies of correspondence regarding organisational structure.

**Legal Structure of Potato Sector Company (Minute 08/86)**

Having given careful consideration to a number of factors, the Board had confirmed that its preference would be to continue acting in the name of Potato Council Ltd for a period, with the intention of changing its legal status to become a fully integrated division of AHDB nearer the time of the move to Stoneleigh, when the limited company would become dormant. This meant that the new Memorandum & Articles of Association would be adopted and the Members would be appointed as directors. There was no intention to change from being a division in accounting terms.

These decisions were subject to two provisos:

that they were in line with the awaited written legal opinion (*this is the case*); and

that they did not cause any taxation problems. (*AHDB have now confirmed that there is no such concern*)

The Board noted that the following steps would be taken:

The appropriate resolutions would be prepared for adopting the revised Mem & Arts, for appointing the Board members as directors of Potato Council Ltd, and for reaffirming the decisions taken by the Board during the period when it had, in effect, been

inquorate.

Staff and other relevant parties who are aware of the issue, would be informed of the outcome.

Internal documents, processes and so forth would be reviewed, to ensure there were no inconsistencies.

AHDB would review and revise the formal Delegation Agreement in line with the agreed legal structure of PCL. The Secretary reported that this was the most pressing issue. The Company could not pursue certain legal actions until its authority to do so had been clarified. To be followed up.

CEO

### **Benchmark Proposals (Minute 08/87)**

The Board had approved the proposals for a benchmark study and asked that this be progressed as speedily as possible. (See item 08/113)

### **Draft Annual Accounts 2007/08 (Minute 08/90)**

Work on preparing the Annual Report had progressed and the revised version would be presented in July; see item 08/120.

The Board noted that the CEO's enquiry about possible DEFRA cover for transfer specific-costs had not received an affirmative response.

### **Communications: Review of Staffing (Minute 08/93)**

The Board had considered the issue of communications with levy payers, currently and in future. It had been agreed that this matter would be given further thought at the next meeting; staff had been requested to provide additional information. (See item 08/110)

### **Communications with Stakeholders (Minute 08/94)**

Communicating at senior level with NFU/NFU(S): Messrs Cruickshank and Papworth had accepted the Chair's invitation to have a role in this.

Introduction to interim PCL Chair: A meeting with the NFU had been arranged for 27 May. The CEO would have a follow-up meeting in July.

**Review of Agronomy Research Group: Cambridge University Farm (Minute 08/98)**

The Chair of the Review Group had acknowledged receipt, with thanks, of the PCL submission. She had confirmed that the panel had completed its work and delivered its report to the University. The content would be treated as confidential, at this stage.

**08/107 CHAIRMAN'S REPORT: UPDATE FROM AHDB BOARD AND FEEDBACK FROM PCL MEETING WITH AHDB CHAIR**

The Chair said that the most important issue on the agenda for the AHDB Board meeting on 7 July, was that of organisational structure. This, and other relevant matters, had been discussed when Members met, in camera, with the AHDB Chair the previous evening.

The PCL Board was unanimously in favour of a sector-based structure, for reasons which had been debated at its previous meeting, and conveyed to AHDB. There had been a full and frank discussion of this at the meeting on 1 July, and it was to be hoped that the comments made would be given due weight in the decision-making process.

Members recognised that AHDB would be presented with two different proposals, as – regrettably - the sector company CEOs had not been able to reach consensus, and it would be for the Board to balance the arguments. Mr Cruickshank pointed out that Members had put forward constructive and well argued points and all they could now do was wait and see to what extent these had been accepted.

There were two comments made at the meeting which had given Members some comfort: one was Dr Bridge's assurance that a decision *would* be taken on 7 July (any further delays would be difficult for staff to cope with); the other was his reaffirmation that it was for the sector boards to determine strategy and AHDB's role was delivery.

Turning to the issue of recruitment of a new PCL Chair, Mr Heywood said the chosen candidate had to be approved by all three Ministers. He understood that, so far, two had done so. It would probably be another 7 to 10 days before the appointment could be confirmed; this would be a formal announcement by DEFRA.

The Chair said that there was a need to select a deputy Chair for PCL and he suggested that this should be left until the new permanent Chair was in post. The Board agreed.

**08/108 OPERATIONAL SUMMARY: REPORT FROM THE CEO  
(PCLP/08/55)**

The Chief Executive presented a report on a range of management and operational issues, including departmental highlights.

**Potato Council/AHDB**

As previously agreed, all sectors would contribute to the AHDB's central transition costs, on the basis of relative turnover. Recent projections showed that the original estimate of £750K had been understated to the tune of £407K. The major part of this related to accelerated business development and re-location of finance support staff; the remainder (ca £100K) was caused by slippage in the original DEFRA timetable, including the delay in completing the Statutory Instrument.

The costs would ultimately be covered by the Advantage West Midlands (AWM) grant – which had been renegotiated from £2.5m to £3m – but this funding would not be available for some months, so there was a gap to be filled. The CEO said that the PCL Finance Group, which was due to meet later in the day, would be asked for a steer on the most appropriate method of dealing with this. Mr Cruickshank, who chaired the Group, said that it was important to have clarification on how these transactions would be treated in the accounts. This would be put to the interim Finance Director of AHDB, who was due to attend the meeting.

In response to a question from Mr Doig, the Chair said that there was no cause for action against DEFRA for the delay and consequent increase in spend.

The plans for developing a central support system were progressing apace, the concerns over connectivity at Stoneleigh having been resolved. It had been decided to replace existing hardware with new equipment for the relocated activities.

The Board noted that AHDB had engaged a brand consultancy to explore the issue of a common quality assurance brand for GB agriculture, based on the 'Little Red Tractor' model. Corporate Edge, who had been selected to carry out this project, had been invited to present at the next Board meeting on 6 August.

*It was subsequently agreed to invite them the previous evening, 5 August, instead – see item 08/127.*

Members were surprised to learn that such a decision had been taken without consultation with the sector companies. The point had been made very strongly at previous Board meetings that

there was not widespread support for the 'Red Tractor' in the potato industry and that any strategy which was based on a quality scheme would be wholly unacceptable to the sector. The CEO, who had seen the briefing for the project, said that this contained an element of feasibility study, indicating that the project was not a 'done deal'. The meeting on 5 August was an opportunity for Members to voice their views.

Mr Tapp felt that the decision to embark on this activity conflicted with the statement that strategy was a matter for the sector companies. His message to AHDB, through the Chair, was to desist from spending money on sector issues without consultation and sector approval.

Chair

### **Departmental Highlights**

The report contained reports on activities and issues from each of the PCL functions, many of which were augmented by reports from Group Chairs and staff later in the meeting.

### Market Information

The CEO reported that agreement had been reached with Denis Alder on a change in contractual status. Dr Alder had resigned from his post of Head of Statistics and Market information and would now provide technical support under a contract for services. This meant that PCL had secured Dr Alder's specialist knowledge and experience for at least another two years, and avoided an interruption in cover, while enabling him to develop other business opportunities. The contract provided that he could not engage in any activities which might interfere or conflict with his duty to PCL.

The Board noted the position.

## **08/109 AHDB ORGANISATIONAL STRUCTURE: REPORT ON DEVELOPMENTS**

As reported at the previous meeting, AHDB had asked the Sector Company CEOs to develop proposals for the future structure for the organisation. They had devoted a large amount of effort to this project, working very closely and meeting on several occasions. In the course of the process two irreconcilable views had developed, one in favour of a functional model and the other in favour of a sectoral model. Mrs Priestley said that the proponents of each model felt passionately about their preferred option and, despite best efforts, it had not proved possible to reach consensus. Therefore, the two models would be presented to AHDB on 7 July and the Board would be asked to make a decision.

Details of the two options had been sent to AHDB Board members only, in preparation for their meeting. Wider circulation had been discouraged, so the PCL Board had not seen the paper. The CEO went through a summary of the proposals.

#### Functional model

This was based on the principle that collaboration was the key issue, and a belief that, without a strong central structure, such activities would not happen. Examples which had been put forward as suitable areas for joint activity were major issues such as climate change.

Mrs Fell said that one of the messages she had been given as part of the Industry Dialogue, was that such aspects were seen as areas for Government policy, not for levy funding. Mr Bambridge strongly agreed with this: levy payers wanted their industry body to engage in work which was of direct help in their businesses. Mr Tapp, also concurring, stressed that PCL was there to work for the levy payers, not to act as a delivery vehicle for Government policy.

Members agreed that collaboration was very important and, as had been noted in earlier discussions, there were many examples of that happening already, for instance the Applied Research Forum and the Nutrition group. In terms of specific projects, however, it had not been possible to identify many suitable topics.

In the functional model, each sector board was represented by a General Manager, a staff position without line management or budget responsibility, which reported to the AHDB CEO through the Director of Finance & Business Development.

#### Sectoral model

In this structure, all front line functions were sector specific, with the exception of market information which was included with the other central activities such as finance, IT and HR.

Each sector was headed by a senior manager, with line management responsibilities, reporting directly to the AHDB CEO. The focus was on the sectors, with each board being responsible for strategy. However, the sector managers were accountable for, and would be judged by, both sectoral outputs and collaborative activities.

The champions of this model believed that it was more likely to be acceptable to levy payers and easier to deliver. It was conducive to concentrating on agreed priorities and less likely to

be distracted by external influences.

The PCL Board favoured the sectoral model which, they felt, was more likely to meet one of the key concepts in the AHDB report, namely that the levy payers were key. Members wondered why some of the CEOs had such a different take on this and came to the conclusion that this was likely to be caused by differences in industry sectors.

They agreed that it was important for AHDB to be one organisation with one internal culture. The CEO and the Directors said that, from their own experience of working with staff in the other sector companies, that would not be a problem. However, looking out, it was necessary to be able to address different audiences. Levy payers were multi-faceted: One Grower might supply several industry sectors (say potatoes and cereals), each one with different characteristics, and he would deal with more than one levy body. He was quite likely to have different relationships with, and expectations of, these various organisations.

Looking at the benefits put forward for the functional model, the Board felt that most, if not all, could also be claimed for the sector-focused one. This was an important aspect to cover in the presentations.

Members recognised that AHDB would have to make a choice between the two proposals, so no matter what the outcome, there had to be some kind of compromise. What they would find quite impossible to accept in the functional model was the proposed, indirect line management link between the sector boards and the AHDB CEO. They felt that the General Manager post would be unlikely to attract high calibre people and, consequently, the boards would be 'demoted'.

#### Members' Preferred Option

The Chair, in preparation for the AHDB meeting on 7 July, asked for a show of hands to demonstrate Members' preference between the options. All were in favour of the sector-focused model.

### **08/110 COMMUNICATION ISSUES (PCLP/08/66)**

The Board considered the issue of communications with levy payers, currently and in future. The CEO was authorised to proceed with the next stage in the investigations.

**08/111 SUMMARY OF NEW CONSUMER RESEARCH (PCLP/08/767)**

The Marketing Director said that the BPC/PCL had commissioned some major pieces of consumer research over the years, through the Oxford Partnership, which had come up with some very interesting and useful findings. She introduced Mr Colin Boxell, who had been closely involved in this work throughout the process.

The starting point for the current project was that potato consumption was linked to life-stages and that individuals' eating habits tended to stay with them through life. Hence, a person who did not include potatoes in his diet when young, was unlikely to do so later. So, it was important to persuade young people to start eating potatoes, through education on the benefits of this food, and to reiterate those positive messages over time.

Another starting point related to the finding that the association between various types of food tended to be fixed – curry and rice; roast beef and roast potatoes - and that the foods which were associated with potatoes tended to be those which were favoured by people at a later life-stage. This pointed to the importance of 'stealing' other foods for re-positioning with potato dishes. However, Mrs Race said, the champions of rice and pasta could be expected to do the same in reverse.

Mr Boxell reported that the new research had focused on single households, which accounted for a large, and growing, proportion of the population. It had looked, in particular, at younger males and retired females. This had highlighted the need for a review of pack sizes and availability of single portions. Convenience was the key food driver for the younger singles and health and convenience remained important for the older generation.

The work had also focused on the pre-family life stage, which was identified as having the lowest potato consumption of all. Messages about convenience and health remained key here, to combat a low level of awareness within the group. An interesting finding was that potatoes had an emotional aspect for this group, which they did not feel for other carbohydrates; also, potatoes were seen by them as 'British', rather than cosmopolitan. The researchers suggested that there were opportunities for capitalising on the former and for developing the latter into positive messages/images.

The work had also looked at consumers' views on packaging. The priorities which had been identified were both environmental – recyclability, compostability – and practical – the ability to see the product, clarity of messages, and ease to carry and store.

The results of the research would be disseminated through a number of methods: one to one meetings with industry companies, workshops, printed reports and a retail conference planned for November. The reports would also be accessible from the website.

A review of the marketplace for fresh potatoes demonstrated that there was a polarisation with value added and economy products both gaining ground at the expense of the middle ground. The Marketing Director said that this would be reflected in the strategy for the following year. It was important to resist the temptation to concentrate solely on the lower end, thus missing the opportunities to benefit from the premium market.

Mr Scott asked whether there was any evidence that price pressures – real or perceived – were influencing purchasing. Mr Boxell said that he had so far seen no data to support that. He also commented on Mr Doig's theory that, as the economic climate got harsher people would move away from value added meals and go back to cooking from scratch, stating that there was no evidence of that so far, though he believed it would happen.

*Since the meeting, new PCL research has shown this to be true.*

In response to a question from Mr Bambridge about out-of-home potato consumption, the Marketing Director said that the Oxford Partnership were in the middle of a major review of the food sector. That would complement the results of the recent project, to paint a picture of the whole industry.

The Chair thanked Mr Boxell for his presentation and he left the meeting.

**08/112 SUMMER HEALTH CAMPAIGN 2008 (PCLP/08/57)**

The Board received a detailed report on the 2008 Summer campaign entitled "Love Potatoes".

The Marketing Director highlighted the PR activities featuring the model Nell McAndrew which, whilst not entirely uncontroversial, had achieved an enormous amount of media cover, including 20 spontaneous radio interviews in addition to the scheduled event.

The Board noted the information and complimented staff on their efforts.

**08/113 LEVY PAYER DIALOGUE (PCLP/08/56 & 69)**

The CEO said that a good number of meetings had been held/scheduled as part of this project. There had been 55

Dialogue events and another 111 were planned for July. However, this was clearly well below the agreed targets.

A list of completed activities was being produced, but this needed more work before it could be circulated. A number of levy payers had responded to the call for comments by completing and returning the fax-back form. A selection (mostly negative in tone) had been sent to Members.

Mr Scott said that he had found it difficult to engender much interest in the dialogue among his contacts and, where meetings had been arranged, the level of attendance was minimal. Mr Rankin and Mr Doig said that they had had the same experience. Mr Papworth was of the opinion that disgruntled people were more likely to respond than those who were broadly content. He suggested that the negative comments on the fax-back forms should be viewed in that light. Other Members agreed. Mr Bradley said that many levy payers' views had changed from negative to positive in the course of face-to-face conversations.

He commented that many growers were unaware of the work which PCL did with, and through, the supply chains and he felt that more information should be given about this.

The Chair agreed with Mr Doig that it had to be up to levy payers to decide whether they wished to take an active part in the Dialogue project. He suggested that Members should arrange as many meetings as was practicably possible by the end of July. They could not be expected to do more.

The CEO added that, whilst the closing date for completing this particular project was end of July 2008, this did not, of course, preclude Members from communicating with levy payers and other industry contacts on an ongoing basis.

A note of the questions and answers identified at the Members' Dialogue workshop had been circulated, as requested. (PCLP/08/69)

At its meeting in May, the Board had agreed that, in parallel with the dialogue project, a benchmark survey would be carried out, to obtain quantitative data on levy payer views. The questionnaire to be used in this process, which had now commenced, had been circulated to Members for information (PCLP/08/56)

## **R&D AND KT ISSUES**

### **08/114 MINUTES OF COMMITTEE MEETING (RKTCM/08/01)**

The R&D and KT Committee, which had recently been re-named,

to reflect the importance of Knowledge Transfer, had held its first meeting under the Chairmanship of Mrs Fiona Fell on 15 May, hosted by SCRI, Dundee. Mrs Fell reported on the proceedings.

### **Strategy Papers**

At the start of the meeting the current R&D and KT strategies and finances had been reviewed in relation to the PCL business plan. It had been acknowledged that the future strategy would be shaped by feedback received from the Levy Payer Dialogue.

A timetable for the key meetings and decisions in relation to developing strategy and agreeing the R&D and KT activities for the PCL business plan in 2009/10, had been discussed and would be followed through at the September meeting. This would take advantage of planning opportunities presented by the move from a July/June financial year to an April/Mach year.

### **SCRI Presentations**

Staff from SCRI had provided an overview of results from four completed R&D projects. These included work on understanding the genetic factors affecting texture and flavour, and the links with Rerad funded research which should help improve variety selection efficiency. Also two projects on black dot and diagnostics. These reports were valuable in providing background for later discussions on project commissioning.

### **Project Commissioning**

Five proposals were considered by the committee following earlier discussions of concept notes

1. *CIPC management in box stores* - Work to be jointly carried out by Sutton Bridge and Glasgow University on improving application and management of CIPC in box stores was approved. This addressed particular issues identified by the CIPC stewardship group and the PSD were being contacted regarding sponsorship of the Glasgow aspects of the work. **Total costs for the project: £328k over 3 years.**

2. *The role of ethylene in potato storage* – With the pressures to reduce pesticide residues ethylene was used as an alternative to CIPC for sprout suppression for fresh market crop. However, there were a number of issues about its use that were limiting its uptake. The project from Cranfield and Sutton Bridge sought to better understand its fundamental role and the effects on respiration rates and crop texture. **It was agreed to support a three year project at a cost of up to £136k subject to including material from the ongoing SB studies on CO2 and texture.**

3. *Extending the scope of disease diagnostics and their interpretation* – The current projects on diagnostics had recently completed and the proposal from SCRI, SAC and CSL drew together the different elements that were identified by the industry steering group and put the Potato Council in a position to exploit opportunities for international collaboration. This included work on ring testing, soil sampling, powdery scab and multiplexing PCR tests. It was agreed to support the work to a maximum total cost of £138k over 12 months.

4 & 5. *Novel approaches to seed treatment & Early quantification of skin spot using QPCR* - Two projects examining different aspects of seed potato treatments and skin spot control were also considered. Following discussions, it was agreed that the proposal from SAC on seed treatments would be supported with caveats on the timing of treatments and reviewing of the necessity for full season's field evaluation. The opportunity to link that treatment work with the second project from CSL which was developing diagnostics was considered. It was agreed to pursue the opportunities for using the diagnostics for the assessments. The cost for the submitted project from SAC was £37k over 21 months and that for the CSL study £44.5k. These were being reviewed to look for synergies and appropriate reductions to meet the caveats set by the committee.

These decisions were ratified by the Board.

### **CUF Agronomy Group Review**

The draft letter to Cambridge University was approved and had subsequently been sent on behalf of the Potato Council and AHDB. Drs Storey and Clayton had attended a meeting with the University review group (chaired by Professor Bainbridge) and had had the opportunity to expand on the RD and KT issues. Mrs Fell said it was understood that the final report had been prepared and that the University wished this to remain confidential for the time being.

### **KT Events & Activities**

New guides and code of practice to reduce glyphosate contamination had been mailed to all seed producers. The activity, driven by Potato Council, has won support from HGCA, National Association of Agricultural Contractors, Assured Combinable Crops Scheme and Scottish Quality Cereals. All had been assisting with communications

The themes for the summer events were: fertiliser costs and best use, CIPC Stewardship, energy management, and grower

collaborations. which would be featured at:-

- East Midlands Potato Day (8 July)
- Potato Storage Day (16 July)
- Potatoes in Practice (7 August)
- East Anglia Potato Event (4 Sept.)

There would also be a number of smaller, bespoke meetings for industry companies and other organisations.

The Potato Storage Day would be used to launch the New Store Managers Guide (including updated sections on CIPC and energy), along with a new online energy hub (including best practice case studies).

### **Acrylamide**

Dr Storey reported that the FSA were raising the issue of Acrylamide again, from the viewpoint of consumer education. A stakeholder meeting had been held to discuss the issue; the notes of this were awaited.

### **Visit to CUF**

Mrs Fell completed her report by saying that the Research & Knowledge Transfer Committee had visited CUF the previous day to review recently completed work, and to discuss ongoing research there. Members of the Committee had had a useful discussion on topical KT opportunities such as optimum P and K usage, and they had inspected the trial plots. She thanked Mr Nichols for attending the meeting and for his contribution to the debate.

### **PCL Position on Genetically Modified Products**

In response to a question from Mr Papworth, the CEO said that there was an agreed position statement, to the effect that PCL supported good science and responsible development of GMs. Until consumers were ready to accept such products, however, the Board would adopt a holding position. It was acknowledged that there would come a time when this position would need to be tested through further debate.

## **08/115 EU PESTICIDES REVIEW (PCLP/08/63)**

Potato Council had taken a lead, with HDC, in developing an AHDB response to the EU Commission. Copies of letters sent to Commissioner Vassiliou on behalf of PCL and AHDB were included in the paper.

Dr Storey reported that, at the meeting of the Council of Ministers on 24 June, the vote had been to carry forward a qualified majority in support of the proposals which had been brokered by the Slovenian Presidency. This would now go to a European Parliament vote in September/October 2008 to revise to legislation.

The submission on behalf of the industry had made the point that the proposals, which would serve to eliminate many plant protection products currently in use, would have an immediate and serious adverse impact on the industry and its ability to supply consumers with the required quantity and quality of potatoes. Members were concerned to learn of the recent development and agreed that it was appropriate to embark on lobbying; it was suggested that the forthcoming barbecue (see item 08/124) was a suitable opportunity for this.

**08/116 SBEU BUSINESS PLAN: INTERIM REVIEW (PCLP/08/64)**

The meeting received a brief update report, noting that NIAB had been selected to carry out the review of SBEU. As agreed by the Board, this would cover industry needs (potatoes and other crops), suitability of location, and opportunities for grant funding. The paper gave a brief outline of planned activities.

Dr Storey reported that persons with specialist knowledge/contacts had been identified and the process of listing potential sources for funding had commenced. Mrs Fell asked that the grid in the paper be updated accordingly. The target date for completing the review was September.

R&D  
Director

**08/117 SEED & EXPORT ISSUES**

Mr Doig, the new Chair of the Seed & Export Committee, gave a brief resume of current issues.

**Committee Meeting**

Mr Doig said that the new team comprising Mark Prentice and Val Crowder were making good progress and there was a positive feeling that things were happening. Unfortunately, the scheduled Committee meeting had had to be adjourned, due to poor attendance, and would now take place on 28 August. Members had been consulted about the reasons and staff were confident that it was a matter of conflicting business needs rather than lack of commitment to the Group. Mr Nichols was unhappy about the short notice and Mr Doig acknowledged that this had been most regrettable.

### **Consultation**

Staff had responded to Government consultations on various seed and ware potato issues.

### **Dates for Diaries**

Potatoes in Practice – One day event on 7 August. This would be followed by an SCRI conference linked to the International Year of the Potato.

Potato Europe – 10 & 11 September in Lille, France. Nine companies are committed to joining the GB pavilion.

Seed Industry Event – 30 October at Crieff. This would be a one-day event, followed by a formal dinner; the second day would be an opportunity for individual meetings, networking events etc.

### **Export issues**

Plant health issues involving Turkey and Thailand had caused problems. Quarantine restrictions had become insurmountable and there were import bans on several varieties. Both countries had been visited and, although it would take time to resolve these issues, the process had started and good progress made.

There would be a Chinese inward mission in connection with Potatoes in Practice and there were also plans for a visit from Egypt.

### **Nuffield Scholar**

Mr Doig advised the Board that Peter Grewar, a potato grower of Ardler, Perthshire had been awarded the Nuffield Scholarship for 2008/09. The topic for his study was “the future of global potato production, with specific reference to China and India”.

The CEO added that, whilst PCL was a sponsor for the scholarship, the funding came from a trust and not from current budgets.

## **08/118 MARKET INFORMATION ISSUES**

Mr Scott, who chaired the Market Information Committee, gave a brief update report.

### **Grower Panel**

The Grower Panel programme for 2008 was nearing completion and was judged a success.

### **2008 Production Estimate**

The first estimate of 2008 planted area had recently been published, at 130,500 hectares – down by 0.3% compared to 2007. A breakdown by varieties would be available at the end of August; and a production estimate based on 2008 yields would be published in November.

### **European Production**

Production figures from Europe indicated that the potato area was expected to be somewhat reduced there too.

### **Weekly Reports**

Demand for Potato Weekly remained strong, with ca 2,700 subscribers.

### **MI Committee**

The next meeting of the Market Information Committee was scheduled for 24 July.

Mr Scott felt that the MI function was doing very well and that securing the services of Denis Alder, albeit on a contract basis, was key to its continued success. He was pleased that Dr Alder was committed to attending meetings of the Board and Committee as required.

## **08/119 PERSONNEL AND STAFFING ISSUES**

### **PCL Staff Working Group**

The Board received the notes of the Group meeting held on 7 May 2008.

Mr Heywood said that AHDB had not yet published a retention policy. PCL had a small number of particular staff concerns in this respect, as detailed in the notes. One of these had now been resolved.

### **Feedback from AHDB HR Forum**

The Secretary said that this was a useful group, set up to consider practical issues relating to the TUPE transfer (now completed), the re/co-location, forthcoming organisational changes (which would entail redundancies), and the harmonisation of certain non-contractual issues.

Two of the sector companies, PCL and Meat Services, recognised the trade union, Prospect, for bargaining purposes. AHDB had not decided what to do about organisation-wide union recognition, preferring this to be determined by the staff. That would be a matter for post-relocation.

Once AHDB had made the decision on organisational structure on 7 July, plans could be progressed for details in terms of actual posts, as well as detailed plans for the move to Stoneleigh. Proposals for redundancies would then be developed and consulted on.

The proposed relocation package, which had been circulated to the Board, had now been approved by AHDB. Details of the final terms had not yet been announced.

PCL staff who wanted to know more about Stoneleigh and surrounding areas would receive a presentation at Oxford on 17 July and there would also be an opportunity for a site visit.

### **Salary Review 2008/09**

The Board received a recommendation from Management for a salary increase for the year 1 July 2008 to 30 June 2009, on the following terms:

- An across the board increase of 4%; and
- Incremental and merit payments within the salary bands, subject to normal rules, for those individuals who are not at the top of their Grades. (These are very few.)

The Secretary said that there were no recommendations for performance bonuses. Management felt that, this particular year, a general pay rise was fairer, as everyone was working hard, in difficult conditions and facing uncertainty for the future.

These recommendations were accepted by the Board and the Secretary was asked to inform staff. The Chair said that this award was line with the recommendations of the Remuneration Committee, which had been accepted by the AHDB Board.

Secretary

### **08/120 ANNUAL ACCOUNTS 2007/08 (PCLP/08/58)**

The Head of Finance & IT presented the Annual Accounts for the final BPC reporting period, 1 July 2007 to 31 March 2008.

The reporting period was for nine months, due to the decision to change the financial year end. Mr Moore confirmed that the auditors had decided that the full 12 months' grower levy income

should be included, against nine months' expenditure. This was in line with NAO's rule that the total income should be recognised when it fell due. The result of this rule was that the Accounts would show an unexpectedly large reserve; this would require careful explanations.

Mr Moore said that there were still some changes to be made; for instance the auditors had determined that the provision for dilapidations (Nash Court) should be set at £200K (£5K less than stated in the final draft).

The remaining steps in the process were:

- To AHDB Interim CEO for signature - 7 July
- To National Audit Office for signature - 12 July
- Laying before the Parliaments - 21 July

The Board noted the report

Members asked that the auditors' management letter be circulated to them when available.

CEO

**08/121 FINANCE REPORT TO END MAY 2008 (PCLP/08/59)**

The Board received the first financial report produced for the current year – for the two months ended 31 March 2008.

Monthly reports would be presented at each Board meeting.

**08/122 LEVY PAYER RECORDS & COLLECTION REPORT (PCLP/08/60)**

The Board received a report showing matters dealt with and matters still to be resolved, in terms of levy collection and chasing defaulters. *Details are at Annex 1.*

**08/123 PCL: CRITICAL TIMINGS (PCP/08/65)**

The Board received the updated reference document. *See Annex 2 to these minutes.*

**08/124 AHDB WESTMINSTER BARBECUE 2008 (PCLP/08/68)**

Members received details of the forthcoming barbecue on 9 July. The stated aim of this event was to provide an opportunity to highlight and discuss key sector and cross-sectoral issues with parliamentarians and others in a relaxed atmosphere. For the potato sector, relevant issues were soil and water, health messages and, as discussed earlier in the meeting, EU pesticide proposals.

A briefing would be held for Sector company staff attending the event, at 5.30 PM on the day, and Members were also welcome to come to that.

A public affairs consultancy had been commissioned to provide support for the event and they could assist PCL members, staff and industry guests to link up with relevant decision makers.

Some Members commented that this was not the kind of event they were accustomed to attending as representatives of their industry. In order to enable them to respond to possible questions from their levy payers, they asked what benefits were expected from the gathering. The Chair was asked to take this up with AHDB.

Chair

Other Members pointed out that this was a long established arrangement which had been "inherited" from MLC who, presumably, considered it worthwhile. If PCL did not find it useful, they could decline to participate in future years.

#### **08/125 DEFERRED PAPERS**

It was agreed to defer consideration of the following papers until the next meeting, due to shortage of time:

Area Levy: Examination of Extended Payment Options (PCLP/08/61)

AHDB Order: Definition of "Co-operative" (PCLP/08/62)

#### **08/126 ANY OTHER BUSINESS**

There was no other business to discuss.

#### **08/127 DATE OF NEXT MEETING**

It was agreed that the next Board meeting of Potato Council Ltd would be held in Oxford, at 8.30 AM on Wednesday 6 August 2008.

Members agreed that, if possible, the brand consultants Corporate Edge (see item 08/108), should be invited to meet the Board at the pre-meeting gathering on the evening of 5 August, rather than at the meeting itself.

CEO