

AUTHORISED

**MINUTES OF THE SIXTEENTH MEETING OF POTATO COUNCIL
LTD HELD AT STONELEIGH PARK, WARWICKSHIRE ON
WEDNESDAY 4 MARCH 2009**

- * Mr Allan Stevenson - Chair
- * 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 members
- * Mr Dennis Heywood)
- * Present
- ** Items 09/29 to 32 (By conference call)

In attendance: Mrs Helen Priestley, CEO
Mrs Inga Martin, Company Secretary
Dr Mike Storey, R&D Director
Mrs Kathryn Race, Marketing Director

ACTIONS**09/21 CHAIRMAN'S WELCOME**

The Chairman welcomed the Board to the meeting, which was held at the NFU's offices at Stoneleigh Park. Afterwards, Members would be able to join a walking tour of the site and see where AHDB's new building would be constructed (see also item 09/28).

09/22 APOLOGY FOR ABSENCE

Mr Vermont was unable to attend the meeting but took part in the discussions of items 09/29 - 32 by telephone. All other members were present.

09/23 DECLARATIONS OF INTERESTS

There were two declarations:

Mr Heywood had been appointed a Non Executive Director for Mid Staffordshire NHS Foundation Trust;

Mr Papworth reported that he was now a member of the NFU Horticulture & Potatoes Board.

09/24 MINUTES OF THE MEETING OF THE BOARD HELD ON 21 JANUARY 2009 (PCLM/09/01)

The Minutes of the Board meeting held on 21 January 2009, which had been circulated, were approved and signed as a true record.

09/25 MATTERS ARISING (PCLP/09/20)

Relocation: Staff Issues (Minute 09/06)

The steps approved by the Board had been put into effect

Property Acquisition (Minute 09/07)

This matter, which had been deferred from the previous meeting, was included in the Chairman's report (see 09/28).

Hypothecation of Levies (Minute 09/15)

A letter had been sent to the NFU.

World Potato Congress (Minute 09/16)

As reported, WPC inc had extended the period for applying to host the 2012 event beyond 30 April 2009, to enable the Board to give the matter full consideration. See Minute 09/31.

Cross charging/Cost allocation (Minute 09/04)

Support functions, such as Finance and HR, which had hitherto been conducted by the sector companies, would be centralised in the post-relocation AHDB structure. The question of how such costs would be allocated across the sectors had been raised at previous PCL meetings

and Mr Tapp asked whether this had now been resolved. He said that there was an expectation of cost savings amongst levy payers and Board members needed to be able to answer questions raised by them.

The Chairman reported that the subject had been considered at a recent meeting of the AHDB Board, as part of a discussion on transition costs, and the AHDB CEO had been asked to explore a number of possible solutions. In view of other priorities, it was likely that this review would take more time to complete. The Board had agreed that the Sector Chairs should be responsible for the “central fund”, in terms of management and reporting; transparency was key. An operational delegation agreement, formalising this, was being drafted by AHDB.

Mr Tapp said that, in order to be able to make meaningful comparisons and assess actual future savings, he would like to see a record of historic cost data. The CEO confirmed that she was working with the Head of Finance on preparing a record of pre-centralisation support costs.

CEO

09/26 OPERATIONAL SUMMARY: REPORT FROM THE CEO (PCLP/09/24)

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

Stoneleigh Accommodation

The AHDB transition team had moved into the first temporary building and the relocation manager remained confident that the other two Stoneleigh buildings would be ready for occupation as planned. However, Mrs Priestley noted that there was a new risk arising from RASE’s costs of moving out of their building but any risks of delays were acknowledged and would be actively managed by AHDB.

Proposed Redundancies

The timing of these had been developed on the basis of the PCL move to Stoneleigh, which was scheduled for late July. Subject to the outcome of the individual consultation, which was ongoing, the intention was to serve notices by the end of March, the effective date being 30 June for most staff.

Performance and Delivery

The added workload of running the existing business in parallel with various transition activities, such as redundancy and recruitment processes, had resulted in added pressures, primarily on senior staff but also on the support service teams. This had been exacerbated by staff illness. Members were asked to inform management if they

became aware that this had an adverse effect on external delivery, e.g. delays in putting calls through.

Mr Bambridge accepted that staff were, by and large, able to cope with these additional pressures in their customary professional manner and that, so far, there had been no significant decline in delivery to levy payers. Nevertheless, he felt that there would inevitably come a time when the service level slipped and he suggested that this should be reflected in appropriate messages for the industry.

Members agreed that the Board was now moving into a period of greater risk, with the relatively imminent relocation to Stoneleigh and loss of many key PCL personnel. It was agreed that a communication plan should be drawn up in preparation for the change, which could be disseminated from, say, May 2009. Mrs Fell made the point that there were many positive messages to include, such as the re-building of the KT and Marketing teams.

CEO/
Marketing
Director

Grower Meetings

The Board noted that there had been a number of information meetings, which had gone very well. A presentation from Mr Bradley and the CEO at a recent meeting of the Lancashire Branch of the NFU had received positive feedback.

BP 2009: 25 & 26 November 2009

Preparations for this major event were progressing according to plan. The CEO made the point that many experienced employees would have left by then and the PCL stand would be designed in such a way as to accommodate that. Mr Scott said that this increased the importance of having Members in attendance, and he asked for that to be incorporated into the planning.

Think Food and Farming

A draft proposal had come in to PCL, through AHDB, for comment. This was an initiative developed from the Year of Food & Farming project and headed up by Sir Don Curry. Commercial funding would be sought and AHDB was on the list of potential contributors. Concern was expressed at the idea of PCL being asked to fund another off-plan project.

Departmental Highlights

The CEO's summary contained reports on activities and issues from each of the PCL functions, some of which were augmented by reports from Group Chairs and staff later in the meeting.

The Board noted the report.

09/27 PCL QUARTERLY REPORT (PCLP/09/21)

The Board received the quarterly report to December 2008, which had been considered by AHDB. This was taken as read.

The Chairman said that the AHDB Board received reports from all sector companies, amalgamated into one master document, and this made for a very large volume of reading material. There would be a review, to establish who the audience for the report was, and to explore whether it could be streamlined to make it easier to digest. As regards the finance section of the report, the Chairman said that he found this acceptable (it was clear and easy to follow), adding that the new AHDB Finance Director, when appointed, would no doubt wish to review it.

Mrs Fell was aware that a recent report from the internal auditors, Grant Thornton, included a reference to the R&D function and she asked whether the relevant section could be forwarded to her. The CEO undertook to deal with this.

CEO

09/28 AHDB ISSUES: CHAIRMAN'S REPORT

The Chairman gave a report on recent AHDB events.

AWAY DAY: 12 & 13 FEBRUARY 2009

The Chairman said that this event, attended by the AHDB Board and senior transition team, had been an excellent opportunity for team building and identifying issues of common interest, as well as differences. For instance, everyone wanted a fair levy collection system but some sectors did not know who their levy payers were, and there were instances of heavy "levy leakage"; some had a major budget for levy payer skills training; others did not. One common concern was that AHDB was viewed by many as a source of funding, for various disparate causes. All agreed on the need to stand firm in the face of lobbying, to ensure that levy funded monies were spent appropriately and in line with the approved budget. One positive area, which would be explored over time, was that of identifying opportunities for synergy.

Mr Worth was pleased to hear that this had been a constructive and harmonious AHDB event, but he wondered where that left the PCL Board in terms of influence, bearing in mind its accountability to the potato sector. The Chairman said that the AHDB Board had a major task overseeing the complex process of consolidating six sector companies and building the new organisation. The PCL Board members were there to champion the interests of the potato levy payers and ensure that they got a fair hearing; they must not lose that focus.

AHDB BOARD MEETING: 2 MARCH 2009

The Chairman gave a brief report on issues discussed at the AHDB Board meeting.

Financial review

The AHDB CEO had carried out a review of the business case for the restructuring, relocation and development of a new office building at Stoneleigh, based on the 2007 Accenture figures. Whilst there had been various adjustments, the outcome was a positive net present value for the project, slightly higher than in the original business case, which showed that the whole project was still on track with regard to net cost savings over the 25 year project life. The AHDB Board was satisfied that the predictions had been sufficiently tested and agreed that a line could now be drawn under the Accenture business case.

Capital Expenditure for New Building (PCLP/09/33)

The Board received the Paper which had been considered and approved by the AHDB Directors. A decision had been taken to buy rather than lease the new office building at Stoneleigh; this was scheduled for completion in late 2010, though the first quarter of 2011 might be more realistic. The Chairman said that, as reported previously, there could be an opportunity for Potato Council to take an equity stake; proposals would come forward in due course. A monitoring group had been set up to oversee the project and he had been invited to serve on this.

Mr Cruickshank reminded the meeting that the PCL Finance sub-group had worked on the assumption that net cost reductions would be achieved by 2011/12 and there was an expectation amongst levy payers that savings would be delivered. Mr Tapp commented that the timescale kept moving; it was now clear that staff would be in temporary accommodation for at least 18 months and planning consent had still not been obtained for the new building. Mr Bambridge reinforced this point by saying that, contrary to the impression given, the project was not on track: it was late.

Operational Issues

The Chairman said that there was still much work to do on integration and systems development and the interim HR manager was managing a huge recruitment project. A new cross-sectoral risk register was being developed.

PCL Legal Structure

The Chairman asked for the Board's view on whether Potato Council

should be fully incorporated into AHDB, rather than retaining PCL as a separate, non-trading, subsidiary of AHDB. He noted that there was a recommendation to leave Potato Council Ltd in place as at present, but that he did not agree with the reasons given for doing so, and therefore wanted to test this with the PCL Board. The recommendation from staff was that this should be scrapped and the optimum time for such a change in structure would be August 2009, post-relocation, when letters and other documents needed to be amended anyway. All agreed that they did not wish to be Directors of Potato Council Ltd unnecessarily and it was now time to sort this out, but it was noted that the company should probably be retained in the background by AHDB to protect the PCL name only. Members therefore agreed that such a change, which was in line with the original plan, was appropriate.

The Chairman thanked members for their support and said that he would discuss the matter further with AHDB.

Chairman

09/29 THE FUTURE OF NATIONAL CHIP WEEK (NCW) (PCLP/09/29)

Mr Vermont, the Chairman of the Marketing Strategy Committee, joined the meeting by telephone at this point.

A strategic review of NCW was one of the action points in the PCL's business plan. This was consistently one of the most successful promotional campaigns, both for BPC and PCL, and the one most easily recognised by consumers. However, there had been some negative comments about it in the levy payer dialogue of 2008. One possible reason for this was that NCW was 'a victim of its own success', in that it was generally thought that a disproportionate amount of levy spend was devoted to it. In fact, the spend was relatively modest but it attracted a very large amount of media cover.

The Paper gave further information about the subject and posed two questions: whether PCL should promote chips and, if so, whether NCW was the right vehicle for such promotion. The Board was unanimously in favour of both propositions.

Mr Stephens said that he had been one of those who were against spending levy income on this project but he had been persuaded, by the arguments put forward, to change his mind. It was likely that the decision to continue NCW would be questioned by some. The CEO felt that, in order to be able to respond effectively to any such challenges, for instance on the grounds of health and imports, members needed to have a clear understanding of all these aspects.

Members

Developing plans for the 2010 campaign would now be a matter for the Marketing Strategy Committee to take forward. The event had followed the same format, with Keith Chegwin acting as the NCW Ambassador for a couple of years, and, Members suggested, it might be time to introduce some changes. The Board fully endorsed NCW as a key campaign and agreed that a challenge for the future would be to build

on the success of this for other types of potato product.

09/30 RETAIL CONFERENCE: FEEDBACK

A retail conference, entitled “Smashing the Credit Crunch”, had been held in London on 24 February. The Marketing Director reported that this had been a successful event with good attendance and excellent speakers eliciting high satisfaction scores from the audience. A presentation of highlights from the conference would be given at the next Board meeting.

Marketing
Director

09/31 WORLD POTATO CONGRESS: UPDATE ON HOSTING BID (PCLP/09/34)

At its previous meeting, the Board had noted that there was an opportunity for GB to host the World Potato Congress (WPC) in 2012. The first step would be to prepare a hosting bid, which in itself was a major task. WPC inc, the owners of the brand, had granted an extension for this until the end of April, and CEMS, the firm which had managed the biannual BP events for several years, would assist with preparing the bid.

The Board had agreed that it was important to have a clear view of what a commitment of this size and nature really entailed. The Chairman would attend the next WPC, to be held in New Zealand later in the month, and that would give him a greater insight into this. Dr Storey was one of the speakers. Also, as part of the research, Mr Steve Wellbeloved of CEMS would attend the event, at PCL’s expense. The NZ hosts would allow him to shadow their team at the congress and they had undertaken to give him full access to relevant information.

Paper PCLP/09/34 gave information about past WPCs, exhibitors’ feedback, some likely sources of sponsorship revenue, and availability of Scottish venues; whilst this would be a GB event, it seemed that Scotland would be a suitable choice of location, given its export connections, both in commercial and institutional terms. The Chairman said that, in view of the likely costs involved and the potential risk, AHDB would wish to be involved in the decision on whether to go ahead.

Mr Vermont felt that the timing of this issue was unfortunate, bearing in mind all the other pressures on staff and members, in the period leading up to the AHDB relocation. Having past experience of WPCs, both as exhibitor and attendee, he was concerned about the amount of resource required in hosting such an event. It would have a significant impact on PCL.

Mr Bambridge suggested that it might be preferable not to commit to the 2012 event but to consider hosting the following WPC; these events were held every three years so the next one was likely to be scheduled for 2015. This would enable staff and agents to carry out the

necessary research; and the Board could review all relevant facts in a measured way, leading to a fully informed decision.

After careful consideration, the members agreed to go down that route. In reaching this decision they noted that WPC was not a practical event aimed at levy payers but, rather, a high level conference providing a “show case” for the industry. In view of the potential costs involved, it was particularly important to gather as much information as possible. To this end, Mr Wellbeloved’s fact finding attendance at the NZ event should still go ahead.

The Chairman, summing up the discussion, said that PCL would not be making a bid to host the 2012 WPC. However, it would carry out detailed research, followed by a review and assessment, the results of which would be passed on to the new management team. The Board was committed to considering a bid to host the WPC in 2015.

He asked the CEO to inform WPC inc accordingly.

CEO

09/32 EARLY THOUGHTS ON INTEGRATING THE RED TRACTOR LOGO (RTL) (PCLP/09/28)

At its previous meeting, the Board had unanimously agreed to support Assured Produce, without reservation, as the principal scheme for farm assurance in British agriculture. However, a majority of members believed that providing funding for promotion of RTL would not be an appropriate use of levy funded resources in the potato sector, given the priorities identified in its corporate plan and the responses from the sector to the AHDB consultation.

As part of this discussion, it had been proposed that PCL should conduct its own business-to-business and consumer facing promotion of RTL from the existing marketing budget. Such a project would be integrated with existing activities, using in-house expertise, with the aim of raising awareness of the scheme, without losing focus on potato industry priorities.

Paper PCLP/09/28 set out some proposals on how the RTL could be incorporated into PCL’s activities, in terms of communications to levy payers, the consumer and children. Members approved these ideas, feeling that they were in line with the Board’s support of the production quality scheme aspect of the logo.

AHDB had agreed to invest levy funds into promoting the RTL but, before this could be taken further, there was a need to seek State Aid approval for RTL as a “quality scheme” under EU legislation. If such approval was granted, RTL could be a means of using national provenance as a secondary message in promotions. AHDB had made a formal application, through Defra, and it was envisaged that this process would take around nine months. The CEO said that the advice from AHDB to PCL was that no promotional activities should be started

until EU approval had been secured.

The Board, therefore, approved the suggestions put forward by PCL staff, in principle, while noting that these could not be put into effect for the time being.

09/33 UPDATE ON STAFF SITUATION (PCLP/09/25)

This matter was discussed by the Board in camera with the CEO only in attendance. The proposals set out in the paper were approved.

The Board thanked relevant staff for their efforts in ensuring that recruitment and other personnel-related activities arising from the reorganisation had been speedily dealt with.

09/34 RECRUITMENT: PROPOSED TOUR FOR NEW STAFF (PCLP/09/26)

The Board noted and approved proposals for an induction process for newly appointed staff in the Marketing and KT teams; this included an industry tour and visits to suitable businesses.

Members wishing to act as hosts and/or take part in meetings were asked to contact the CEO.

Members

09/35 TRANSITION RISK ASSESSMENT (PCLP/09/27)

The Board received a revised analysis of risks relating to the transition. These included loss of key staff and loss of control over centralised functions. Finance related issues included increase in bad and doubtful debt, due to the harsh economic situation, con-compliance by the industry, systems failure and fraud – the attendant risk being loss of income. Whilst not directly related to the transition, the risks might be exacerbated by the process, the introduction of new systems and the loss of experienced staff.

09/36 R&D AND KT ISSUES

The Board received a report from Mrs Fiona Fell on issues discussed at a meeting of the Research & Knowledge Transfer Committee held at Peterborough on 25 February. Mrs Fell said there had been good presentations and excellent debate; she had been particularly pleased to welcome Mr Heywood, PCL Vice-Chairman as an invited guest.

KT Team

The Committee had been informed of the recruitment of three new Technical Executives to join Dr Clayton's KT team: Drummond Todd, formerly of SCRI, who had a background in plant breeding; Gary Collins, who had transferred from the PCL's Supply Chain team; and Christopher Steele, who was previously with Wealmoor-Atherstone where he was involved in regulatory and compliance issues. A fourth

team member was still to be appointed.

Project Tender: Blight Research

The Committee had approved an SCRI-led bid at a cost of £270K over 42 months. One factor taken into account by the Committee in selecting this bid was that there were valuable international links. Mr Stephens had accepted an invitation to represent the Committee as an industry contact for the project.

R&D Project Proposal

The Committee had received a proposal for work on reducing wastage of potatoes and vegetables during washing, packing and retailing, at a cost of £18.5K. This had been approved, subject to support from HDC or another relevant organisation.

Review of ongoing R&D Project

The Committee had received a report on trials to evaluate the efficacy and crop safety of potential alternatives to Paraquat, and agreed to extend this for a further 12 months at a cost of £12.5K.

Aphid and Virus Review

The Committee had received reports from the stakeholder group set up to review this topic, and agreed that there was a need for further research and KT. A tender would be developed and, in the meantime, the existing network of traps would be maintained.

Pesticides Review

The Committee had received an update on the implications of the pesticides review and agreed that there was a need for research on slug controls.

The Board ratified the decisions taken by the Committee.

The Minutes of the Committee meeting were tabled at the Board meeting.

09/37 BIOTECHNOLOGY: PROPOSAL FOR PCL FORUM

At earlier meetings, the Board had discussed the need to review the PCL position on GM crops and biotechnology, and agreed that an industry seminar, in the form of a technical workshop, would be held in the first half of 2009, to review and discuss the challenges and opportunities presented by genetic modification. The output would be a sufficient understanding of the status of the issue to inform the development of a PCL position statement.

As requested, the R&D Director had drawn up detailed proposals and carried out a risk assessment for the event. Attendance would be by invitation, the aim being to attract delegates who could contribute actively to the debate on this complex issue. The Chairman suggested that consumer-facing benefits were important. He recommended that AHDB be kept involved. Dr Storey asked members to let him have suggestions for the list of invites.

Members

The Chairman, who had attended various events on related topics recently, made the point that there had been a dramatic change in thinking over the last few years and it was important to be aware of shifting boundaries. Mrs Fell, concurring, suggested that things had moved forward to such a degree that there was a need for a new language. She complimented Dr Storey on the quality of his risk assessment.

09/38 THE REVITALISATION OF SBEU: UPDATE REPORT (PCLP/09/32)

Development of storage R&D options had been a topic of debate since PCL was first set up, and the future of SBEU was closely linked to that. A steering group comprising Mrs Fell and Messrs Bambridge, Doig and Worth had been set up to oversee the review and to act as a sounding board. In agreeing that developing the existing site at Sutton Bridge was the most effective solution, the Group had recognised that there were various aspects that needed to be addressed. The CEO had been asked to produce an overarching plan for the business in the form of a frame-work/vision statement, which, if approved by the Board, could then be developed into an operational business plan.

The Board received a report which set out a proposed action plan, based on four “pillars of excellence” – science, people, finance and communications.

One matter which needed further work was that of possible sources of funding. Grants from regional development agencies had to be match-funded from other than levy income. The CEO reported that she had held explorative talks with industry bodies about their members’ willingness to fund the non-grant investment, and they had agreed to raise the issue formally. Further discussions would be held. Mr Rankin, whilst not wishing to prejudge the outcome, thought it realistic to expect a modest level of financial support from industry sources.

The R&D Director would continue to explore opportunities for linkages with academic institutions, in parallel with a review of work volumes; Mr Cunningham, the Head of SBEU, would review operational issues. A new, more transparent financial model for the unit would be drawn up with input from the interim Head of Finance.

The Chairman reminded the meeting that the Board had charged the steering group with developing plans for SBEU and producing regular reports on the project; he thanked those involved for their efforts to

date. Mr Bambridge made the point that the business plan was the critical document, of which grant-funding was only one – albeit important – aspect.

The Board approved the update report.

09/39 MEMBERS' PERFORMANCE REVIEWS

The Chairman advised the meeting that he, in common with other Sector Chairs, was responsible for conducting performance appraisals for the members of his board. The system was one based on self-assessments and he hoped to deal with this by the end of April.

Chairman

09/40 FINANCE REPORT TO 31 JANUARY 2009 (PCLP/09/30)

The Board received a financial report for the period ended 31 January 2009. It was noted that the forecast grower income for the year had increased to £4,852K, reflecting actual returned plantings. Overall, it was anticipated that there would be a draw-down from reserves of £105K, leaving the general reserve at £3,043K at the end of the year - £102K above budget.

The CEO said that the PCL Corporate Plan, which had been submitted to Defra in October 2008, as part of the AHDB Plan, contained a budget statement. In normal circumstances, the Board would have reviewed the figures by now, looking at performance against projections, but this year there had been so many questions arising from the transition, that this review had not yet been done. However, the CEO would now address this together with the Chairman and Head of Finance, with a view to presenting a report at the next Board meeting.

Chairman
/CEO

The Chairman reminded the Board that PCL's reserves would be eroded within a relatively short period of time and that work on behalf of levy payers was currently being subsidised by historical reserves. The situation was a result of the agreed reserve management policy, and he noted that the Corporate Plan already seeks levy rate increases from 2010/11 as a way of bringing PCL finances back into balance. He felt that a further review of the current position would be sensible. Mr Cruickshank added that the transfer of support costs to centralised functions of AHDB would have an effect on this.

The Chairman said that this would be an agenda item for the Board meeting in April. He asked members to give the matter some thought in the meantime.

Members

09/41 LEVY PAYER RECORDS & COLLECTION REPORT (PCLP/09/22)

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.*

The Board noted that the number of planting returns for 2008 which were still outstanding was considerably lower than the situation the year before. This demonstrated that the Board's policy of applying higher levy rate to estimated levies (i.e. where proper returns had not been made) had been effective. This was one of the powers set out in the new legislation (AHDB Order).

Overdue levy debts

The amount of unpaid area levy for 2008 amounted to £345K (ca 7%) and these debts had now been passed to the legal team for action. The figure for tonnage levy was £30K. The Chairman was concerned to think that there were growers and buyers who failed to meet their statutory obligations to their levy body. He felt that the Board should be provided with a detailed analysis of overdue debts as in any other organisation, so that the Board could assess the risks of non-payments and be able to identify who owes us money. The Secretary said that information would be provided for the next meeting, but advised caution as regards the level of detail, as there were commercial sensitivities. The Board asked her to provide a note of guidance, but the proposal was unanimously agreed.

Secretary

Appeal for Dispensation from paying Area Levy

The Secretary reported that a Herefordshire grower, who had suffered crop loss in 2007 and 2008, had asked for levy to be waived. This had been declined, in accordance with the Board's published policy on crop loss relief, and she had now been asked to put a further appeal before the Board. The matter related to a balance of 2008 levy. Details were presented at the meeting.

The Board agreed that there was no justification for departing from the policy and the levy was due.

Secretary

Failure to provide Information

The Chairman advised the Board that he had just been advised by the Secretary that a firm of Potato Buyers, in close proximity to his farm with whom he was acquainted, had failed to provide information to PCL, on behalf of AHDB, in contravention of the AHDB Order. Two urgent letters to the firm had been ignored. The information was required to enable PCL to assess the amount of levy which was due. Unless this matter could be resolved speedily, staff would have no option but to instruct lawyers to set in motion a prosecution. The Chairman suggested that, in the first instance, he would like the opportunity to contact the Buyers and strongly advise them to comply, failing which PCL would take legal action to resolve the matter.

The Board agreed and asked the Chairman to attend to this as speedily as possible.

Chairman

The “Co-op” issue

As reported some time previously, there was one issue relating to the former legislation (the PIDC Order) which had still not been resolved. This was the question of whether some co-operative type organisations should have registered as “potato purchasers” and paid levies. The right to pursue such matters, and the obligation to do so, had transferred to AHDB under the new legislation (the AHDB Order).

Most of these cases had been resolved but there were two outstanding issues and Counsel’s Opinion had been sought. This was now to hand and stated that BPC/PCL had acted entirely correctly in examining these matters. There was a statutory duty to ensure that the legislation was applied fairly. Counsel’s view was that, in one instance, there was not a case to answer. In the other, there was a prima facie case and further information should be requested. This was in hand.

The Board received the report and recognised that it was possible that this matter would not be fully resolved by the time of the relocation and change in the management team.

The Secretary reminded the meeting that, under the AHDB Order, co-operatives (as defined) were exempt from paying tonnage levy. The Board had agreed that any company claiming exemption under that clause should provide copies of their membership agreements and list of members. There had been a poor level of response to this so far and staff would renew their efforts to obtain the information.

Secretary

Electronic Planting Returns

The Board had noted at its previous meeting that plans were in place for a promotional campaign to encourage growers to use the electronic planting return. This had been introduced as a small pilot in 2008 – which had been successful – and it was now hoped to roll it out on a large scale. There was scope for major cost savings, for PCL and for the industry, but that depended on a good level of uptake.

Promotional activities so far included reports in the trade press, as well as the PCL’s own market report and a full front page in PC Update; messages at industry meetings; and a colour post card. As a result of these steps the number of volunteers (including the participants in 2008) had reached a modest 300. The E-system would be kept open throughout the season, in the hope that growers faced with a paper return to complete would opt for the new system instead. Members suggested that NFU should be asked to include details in their publications.

Marketing
Director

Mr Bambridge and Mr Rankin left the meeting at this point.

09/42 SEED & EXPORT ISSUES

The Seed & Export Committee had met on 26 February and Mr Doig, the Chairman of the Committee, presented a summary of the issues discussed.

Conservation Varieties

At a previous meeting the Committee had responded to a consultation to bring conservation varieties into the National List (which had been accepted). As part of this consultation the wider issue of VCU (value for cultivation and use) being a potential barrier for new variety development, had been raised and this had been followed up.

However, at the meeting on 26 February, the Committee had been reassured from a presentation by Dr Stuart Carnegie of SASA, that this was not in practice a serious risk, due to there being a robust appeals process.

Draft PCN Directive

Dr Jon Pickup of SASA had given a comprehensive update on the new draft PCN Directive, which would shortly be circulated for comment. This was a major piece of legislation containing proposals for fundamental change. The Committee had raised initial views at the meeting, which had been noted by the representatives of the Scottish Government who were in attendance. A new Directive for England was also being developed and Richard Macintosh of Defra represented this view. PCL agreed activity would incorporate developments both north and south of the Border. The formal consultation would not start until the week commencing 9 March and it would conclude before the next Board meeting; hence it was important to have a formal system for collecting and channelling members' views and comments.

It was agreed that the R&D Director would lead the process, liaising with the Heads of KT and Seed & Export as appropriate, and keeping in contact with other consultees, including the NFU. A paper would be presented at the April meeting of the Board.

R&D
Director

Aphid and Virus Review

The Committee had received a report on the discussions at the Research & KT Committee meeting the day before. There had been broad support for the recommendations made and a restatement of the need for vigilance to ensure that seed health was maintained.

Ring Rot

The Committee had been informed of outbreaks of ring rot in Holland. This had happened on a farm producing seed potatoes; two varieties were affected, most likely through contaminated boxes. There was thought to be no link to any production in the UK, though the farm had

sent six consignments here between 2005 and 2007. This highlighted the importance of seed provenance and biosecurity, and of the Safe Haven Scheme.

Brown rot had also been found in Holland but, again, there was no link to the UK.

Safe Haven Scheme

The Committee had received a report on the results from the survey of seed growers who are not members of this Scheme. The main conclusion was that many of these growers had not joined because they saw no financial benefit or demand from their customers. This inferred that they viewed the Scheme as another market assurance scheme rather than insurance against Ring Rot, etc.

Growers accounting for 55% of the total seed area (65% Scotland and 17% England) were members of the scheme. For the Pre Basic area the membership was 92%. These figures did not give cause for any serious concern, as they demonstrated that a sufficient source of safe seed would be available in the event of an outbreak. However, the membership had become 'static' and the Committee felt that it was important to keep the issue alive, as complacency might otherwise creep in, particularly as memories of previous problems faded. The risk was still very real for users of imported seed, as the outbreaks discussed in the previous item highlighted.

Potato Europe

Plans for the event scheduled for 9 – 10 September 2009 were progressing well.

09/43 PCL: CRITICAL TIMINGS (PCLP/09/23)

The Board received the updated reference document, which showed that all actions had been achieved on target. See *Annex 2 to these minutes*.

It is understood from AHDB that the Corporate Plan has been cleared by Ministers (February action), though written confirmation is awaited.

09/44 ANY OTHER BUSINESS

Schedule of Meetings

Mr Papworth suggested that it would be helpful to have a list of Board and Committee meetings included in the papers, as part of the routine for each meeting. He asked that the schedule be updated to March 2010.

Marketing Research Book (PCLP/09/31)

A report entitled "Potatoes: a choice for life" was circulated to members.

09/45 DATE OF NEXT MEETING

It was agreed that the next Board meeting of Potato Council Ltd would be held in London, at 8.30 AM on Wednesday 30 April 2009.

Meeting 4 March 2009

PCLM0902 AUTHORISED



LEVY PAYER RECORDS AND COLLECTION REPORT

Civil Matters

This relates to levy collection/ pursuing overdue debts

Historical

During the BPC's tenure, a total of 6,225 overdue debts were collected, amounting to £6.25m

Current

We have met the target of collecting at least 99% of all due debts, for each year including 2007 (area and tonnage levy).

The outstanding debts for previous years total £10.9K (Growers) and £1.7K (Buyers). Currently we have one defended action.

The outstanding balance in respect of 2008 levy debts is **£345K** (Growers) and **£30K** (Buyers).

Criminal Matters

This covers failure to register, failure to make returns or provide information, making false statements

Historical

During the period from 2001, when such matters were brought in-house:

- 2,200 cases have been dealt with
- 307 levy payers have been summonsed
- 37 have been convicted

Current

There are 11 outstanding planting returns for 2008; the statutory return date was 1 June. The figure at a similar date in the previous year was 36.

Court hearings Dec 08 & Jan 09: All but two growers complied before the hearings; they were convicted and fined.

There are 5 Buyer businesses with one or more outstanding tonnage returns.

Historical: Fines totalling £20,845 have been applied; and the Courts have ordered costs totalling £8,540 to be paid.

Current: Fines totalling £3,000; costs £600.

Under the previous legislation the maximum fine for most offences was £1000. Under the new Order, all offences carry a maximum fine of £5,000.



Potato Council Limited Critical Timings

This timetable was adopted by the Board at its meeting in January 2008. It has been reviewed at subsequent meetings, to check progress against plans, and to remove and add items as the process develops.

Levy Payer Dialogue refers to the process of consulting the industry on the PCL Corporate Plan.

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|------------------|--|
| January 2008 | <ul style="list-style-type: none"> ▪ PCL makes decision regarding formal committees on R&D, Marketing, MI and Seed & Export. ✓ |
| February 2008 | <ul style="list-style-type: none"> ▪ PCL Branding is agreed. ✓ |
| April 2008 | <ul style="list-style-type: none"> ▪ Statutory transfer to AHDB and start of PCL. ✓ ▪ PCL Business Plan 08/09 starts. ✓ |
| May 2008 | <ul style="list-style-type: none"> ▪ PCL Levy Payer Dialogue commences. ✓ |
| July 2008 | <ul style="list-style-type: none"> ▪ PCL Levy Payer Dialogue ends. ✓ |
| August 2008 | <ul style="list-style-type: none"> ▪ PCL considers results of the project. ✓ |
| September 08 | <ul style="list-style-type: none"> ▪ Outcome of the Dialogue project. ✓ ▪ Publish results: Executive Summary. ✓ ▪ Corporate plan for 09/12 prepared. ✓ |
| 1 October 2008 | <ul style="list-style-type: none"> ▪ Corporate plan (draft) presented to PCL Board and AHDB sub-group ✓ ▪ Consider levy rate proposals & make recommendations to AHDB ✓ ▪ Agree proposals for sector specific staff complement ✓ • Commence AHDB staff consultation: collective and individual ✓ |
| 17 November 2008 | <ul style="list-style-type: none"> ▪ Corporate plan cleared by AHDB Board ✓ |

- 18 Nov to 22 Dec 2008
 - Industry Consultation on Corporate plan ✓
 - Complete AHDB staff consultation ✓

- January 2009
 - Corporate plan submitted to Ministers ✓
 - PCL collective staff consultation ✓

- February 2009
 - Corporate plan cleared by Ministers **
 - PCL individual staff consultation: formal, recorded meetings ✓
 - AHDB Transition Group relocates to Stoneleigh ✓
 - Staff recruited for PCL Marketing and Communications (KT) Teams ✓

- March 2009
 - Levy rates confirmed
 - Planting returns prepared – with Stoneleigh return address
 - Notices of redundancy issued

- 1 April 2009
 - Effective date of levy rates for 2009/10

- April 2009
 - Some central AHDB functions may co-locate.
 - Business Plan for 09/10 commences.

- 1 June 2009
 - Due date for submitting planting returns.

- 30 June 2009
 - Staff redundancy – proposed effective date for most staff
- 31 July 2009
 - Staff redundancy – proposed effective date for some support staff

- Summer 2009
 - Agreed time for co- and re-location
 - PCL intended move – second half of July

*** It is understood from AHDB that the Corporate Plan has been cleared by Ministers, though written confirmation is awaited.*

Meeting 4 March 2009