

AUTHORISED

**MINUTES OF THE SEVENTEENTH MEETING OF POTATO COUNCIL
LTD HELD AT NOBEL HOUSE, HORSEFERRY ROAD, LONDON
ON THURSDAY 30 APRIL 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

In attendance: Mrs Helen Priestley, CEO
 Mrs Inga Martin, Company Secretary
 Dr Mike Storey, R&D Director
 Mrs Kathryn Race, Marketing Director
 Mr Mark Prentice, Head of Seed & Export (Items 09/57 & 58)
 Mr Alan Tullis, Head of Finance & IT (Item 09/61)

ACTIONS**09/46 CHAIRMAN'S WELCOME**

The Chairman welcomed the Members to the meeting, which was held at Defra's offices in Whitehall. Afterwards, the Board would have the opportunity to meet some members of the Defra sponsoring team.

09/47 APOLOGY FOR ABSENCE

An apology for absence was received from Mr Jim Cruickshank.

09/48 DECLARATIONS OF INTERESTS

There were no declarations to report.

09/49 MINUTES OF THE MEETING OF THE BOARD HELD ON 4 MARCH 2009 (PCLM/09/02)

The Minutes of the Board meeting held on 4 March 2009, which had been circulated, were approved and signed as a true record, subject to one correction: the last line of Minute 09/45 should read Thursday, not Wednesday, 30 April.

09/50 MATTERS ARISING (PCLP/09/45)

Cross charging / Cost allocation (Minute 09/25)

This matter was covered in the financial report; see Minute 09/61.

Communications plan for relocation (Minute 09/26)

A plan had been drafted, and this was included in the CEO's operational summary; see Minute 09/52.

Internal Audit Report (Minute 09/27)

The report had been forwarded to Mrs Fell, independent member, as requested. See also Minute 09/51.

World Potato Congress (Minute 09/31)

The CEO, as requested, had conveyed the Board's decision to WPC inc and received a friendly response. See also Minute 09/54.

Tour For New Staff (Minute 09/34)

This had gone ahead as planned, and was deemed a success. The involvement of Board Members (Messrs Bambridge, Papworth and Worth) was appreciated. Tim Papworth had put on a special planting demo, which delighted the participants.

Electronic submission of Planting Returns (Minute 09/41)

The NFU had confirmed that they were wholeheartedly in support of this concept, recognising that it was an effective means of helping to cut support costs. They would actively continue to promote it in various communications.

This was part of a promotional campaign to encourage growers to use the electronic planting return. 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 sent to all Growers. The Marketing Director suggested that, in a further effort to encourage increased participation, PCL should place advertisements in Farmers' Weekly and Potato Review. The Board, noting that the cost for this would be modest, approved the proposal.

Marketing
Director

Draft PCN Directive (Minute 09/42)

The Board received a presentation on this issue, which had major implications for the industry; see Minute 09/57.

Members' Performance Reviews (Minute 09/39)

The Chairman had become aware that this was a matter of considerable importance both to AHDB and its sponsors. He was therefore particularly pleased to say that all Members had submitted their self-appraisal forms. He would now deal with the next stage in the process, which would involve one-to-one conversations with everyone, and he hoped to complete the task within a week or two. He thanked Members for their support and co-operation.

New AHDB Building (Minute 09/28)

When the Board had been informed of AHDB's decision to buy rather than lease the new office building at Stoneleigh, the point had been made that there could be an opportunity for Potato Council to take an equity stake. Mr Tapp asked when detailed proposals would be forthcoming. The Chairman responded that there had been no further information on that aspect and he did not know what the timetable was. He would now take steps to find out.

Chairman

09/51 FINANCE & GENERAL PURPOSES COMMITTEE

Mrs Fell made the point that she and Dennis Heywood, as independent members, wished to ensure that PCL had a system in place that would facilitate good corporate governance. They recognised that in the new organisational structure, audit committee and accounting officer duties were matters for AHDB. Nevertheless, it was important to have an input into the discussions at AHDB-level, to ensure that PCL's requirements were given due attention. PCL was accountable to the potato sector levy payers for safeguarding the funds contributed by them. Mrs Fell felt that, in the absence of an appropriate forum, there was a risk that certain things might be overlooked. She suggested that a finance and general purposes committee would be a suitable structure for considering such matters proactively, and helping PCL to meet its duties to the industry.

The Board adopted these proposals and agreed to set up a Finance &

General Purposes Committee, with the following membership:

- Mrs Fiona Fell – Chair
- Mr Dennis Heywood
- Mr Allan Stevenson
- Mr Nick Tapp

Mrs Fell accepted the invitation to chair the group and said that, in the first instance, she would draft terms of reference and a timetable, for the Board's approval.

Mrs Fell

09/52 OPERATIONAL UPDATE FROM THE CEO (PCLP/09/37)

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

Staffing Issues

Formal notices of redundancy had been issued in late March and most of the employees who would not be relocating to Stoneleigh, would leave at the end of June; some, mainly services staff, would stay until the end of July.

Recent recruits in the marketing and communications teams had made a very good start.

Recruitment was in train for a number of PCL-specific posts – Head of Marketing, Seed & Export Executive and Data Management Executive. AHDB were recruiting for a number of centralised teams, including market intelligence, which incorporated one potato specialist. The CEO reported that, in order to ensure there was no gap in service, the contract with Dr Alder had been extended to include provision of weekly reports and other regular outputs, for the period August to October 2009. This could be extended further if there was a delay in employing a potato analyst.

Mr Scott stressed the importance of maintaining the market information service to levy payers and other industry players. He was pleased to hear of the contract extension and urged management to keep this under careful review, negotiating a further period if required.

Systems

The new accounts system was up and running, operating from Milton Keynes, but a number of accounting activities were still carried out at Oxford. The CEO said that there were some concerns, particularly relating to transfer and integration of PCL's bespoke systems which were critical to levy collection; the fairly imminent departure of the IT specialist; and plans for the PCL's customer database ("Contacts"). She had reported this to AHDB.

The Chairman commented that he had gained confidence in the new finance system implementation, based on the reports provided by the AHDB Finance Director to the AHDB Board. However, the relocation and restructuring project was a major undertaking in terms of systems development. He asked the executive team to continue raising any concerns they may have and to do all they could to mitigate the risks.

New AHDB Logo

The Board noted that a new corporate identity for AHDB had been developed and the new logo was set out in the paper. In terms of sector branding, it seemed that this would be shown on the reverse of business cards, with the Potato Council logo being used in all other industry communications. Detailed guidelines would follow.

Members were disappointed with the logo and with the method of introducing it, and asked the Chairman to convey these comments. He undertook to pass on the Board's views to AHDB, through its CEO, with whom he had regular conversations.

Chairman

Communications plan for relocation

As requested at the previous Board meeting, staff had prepared an action plan for keeping levy payers informed of developments in the period leading up to the move. An outline was set out in the paper. Mrs Fell suggested a more upbeat tone, reiterating the point that there were many positive messages to include, such as the re-building of the KT and Marketing teams. She warned against coming across as apologetic.

In response to a question from Mr Heywood about the new technical executives, the CEO explained that, strategically, each one's particular expertise was the key factor. In terms of delivery, they would take responsibility for particular campaigns, but their regional locations were of secondary importance.

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.

09/53 AHDB ISSUES: CHAIRMAN'S REPORT

The Chairman gave a report on recent AHDB events, including a brief resume of items discussed at the Board meeting on 27 April.

Recruitment for new Director of PCL

There had been a good level of response to the advertising for the new

post, and interviews would be held shortly; the Chairman and Mr Bambridge would be part of the panel. Relevant details would be circulated to Members in due course. Chairman

New AHDB building

As reported previously, a monitoring group had been set up to oversee the building project and the Chairman had been invited to serve on this. He reported, having attended his first group meeting, that he remained impressed with the quality of the project management. The planning application had been completed and submitted. EU procurement rules had to be followed and this entailed a fairly lengthy timeframe. However, the expectation was that site work would commence in October 2009 and AHDB were still confident that the new building would be ready for occupation by the end of 2010. In short, the project was on target and on budget.

Red Tractor Logo

An application for EU state aid approval had been submitted to the relevant authorities. AFS had been advised of various issues which had been raised in the course of the debate so far, and they were working on addressing these. The Chairman was aware that there was still scepticism about the project within the industry and some concerns had been raised over potential inconsistencies within the standards. These matters had been reported to AHDB and Defra had been kept informed.

Legal Status of Potato Council

The question of whether Potato Council Ltd, along with other sector companies, should become dormant and operate as fully integrated divisions of AHDB, had been discussed on a number of occasions, most recently at the AHDB Board meeting on 27 April. The Chairman felt that, in order to avoid unnecessary costs and complexity, this was the right way forward and that, at the appropriate time, the members should resign as directors of this dormant company. The AHDB Board had now decided to put the fully divisionalised structure into effect by April 2010. In the meantime, the new Delegation Agreement between AHDB and PCL, which was mentioned at the previous PCL meeting, had been adopted.

There was a need to consider what steps PCL should take to prepare for an alteration in company status. It was important to ensure that there was no misunderstanding about the reasons for the change. The Secretary was asked to prepare an implementation plan and timetable, for the next Board meeting so as to assist the new team to implement this in due course with the benefit of current expertise. Secretary

Enhancing Industry Skills

The Chairman said that one of the post-transition priorities, which AHDB had identified, was to build a strategy for developing skills within the

industry. This was very much in line with Government policy. A cross sector working group had been set up. The CEO reported that the PCL's Head of Communications, Rob Clayton, had been invited to serve on the group.

The Board supported this concept in principle, education and knowledge transfer being part of PCL's own strategic plan. However, Members had a number of comments and questions on the details of the proposals.

Mr Tapp felt that the issue raised questions as to who would be setting priorities for collaborative activities within AHDB. This had implications for the use of sector contributed levy funds and he suggested that, as the people responsible for the proper use of potato levies, it was right for PCL to see details of the proposals at an early stage. The CEO suggested that there should be a mechanism for considering proposals of this nature, to ensure that activities were properly managed, in line with agreed strategies, and that resources were not spent in a disjointed and reactive fashion.

Mrs Fell stressed the importance of identifying the specific needs of the potato sector, at the preliminary stage of the project, to ensure that these were given due weight and resource. She asked that time be set aside at the next Board meeting for a discussion, covering the proposals in general, industry requirements in particular, systems for managing these, and any other matters which might be of help to Dr Clayton in his work with the project group. The Board agreed.

CEO

AHDB Barbecue

The Chairman reminded Members that the second AHDB Westminster barbecue was scheduled for the evening of 15 July 2009. The event provided an opportunity for industry invitees, members and senior staff to meet parliamentarians and raise any relevant issues in an informal atmosphere. PCL had been allocated 27 places. A specialist agency had been commissioned to manage communications at the event.

Last year's event had not been well attended by potato stakeholders, due in part to atrocious weather conditions. It was hoped for better attendance this time; Members were asked to put the date in their diaries.

Members

The Marketing Director had suggested that it would be helpful to make this year's barbecue a little more businesslike, for instance by inviting the sector chairs to give brief presentations, preparing some sector specific information sheets/briefing notes for the parliamentarians, and getting more guidance from the specialist agency to ensure that the most appropriate individuals were addressed.

The Board agreed that it was important to set clear objectives and develop a project plan, including a system for evaluating the results. The CEO was asked to progress this, working with the Marketing Director.

CEO

Meeting with Minister

The Chairman was very pleased to report that Ms Jane Kennedy, Minister for Farming and the Environment, had accepted an invitation to attend the next AHDB Board meeting.

It was important to ensure that the time available was used productively. Members wishing to raise particular potato-related topics or questions were asked to do so through the CEO, who would coordinate these for him.

Members

09/54 WORLD POTATO CONGRESS: REPORT ON 2009 EVENT AND REVISED PROPOSALS FOR 2012 (PCLP/09/38)

At its meeting in March, the Board had made the following decisions:

- PCL would not be making a bid to host the 2012 World Potato Congress, but the Board was committed to considering a bid to host the WPC in 2015;
- Detailed research would be carried out, followed by a review and assessment, the results of which would be passed on to the new management team;
- As part of the research, Mr Steve Wellbeloved of CEMS would attend the 2009 WPC in New Zealand, at PCL's expense. (CEMS was the firm which had managed the biannual BP events for several years and would assist with preparing the bid.) The NZ hosts would allow Mr Wellbeloved to shadow their team at the congress and they had undertaken to give him full access to relevant information.

The Chairman, who had attended the WPC event in March 2009, reported that this had given him a better insight into the level of commitment which such an event would entail. He was convinced that the demand for resources, both in terms of financial costs and staff time, had been overstated in the previous submission. He also believed that hosting the 2012 WPC would be an excellent means of showcasing the British potato industry. Mr Wellbeloved, who was in the process of compiling a detailed report on his findings, had visited Edinburgh – the suggested site for the 2012 WPC – and was confident that sufficient facilities and accommodation would be available, notwithstanding the demands of the 2012 Olympics.

The Chairman's suggestions, which were set out in Paper 09/38, were that the Board allow him to submit a business case for hosting the 2012 WPC, including a draft bid, at the Board meeting in September 2009. He would devote time to this project, working with the new PCL Director and executive team, with support and assistance from Mr Wellbeloved. The Chairman's assessment of the cost required for preparing a draft bid was a relatively modest £2,500. The Board would then be able to decide whether or not to proceed.

In response to questions from Members, the CEO confirmed that the

proposals would have limited resource implications, for herself and for the current management team, though they would have an effect on the corporate planning process, in particular the budget and activity plans for the Seed & Export Committee. It was realistic to budget for £60K to £100K to host a WPC event. The Chairman confirmed that WPC Inc, who had already extended the deadline for participation, would remain open to a bid from PCL. They had indicated that there was a possibility of bids from other countries, but so far none had materialised.

The Board noted that new information had come to light, which warranted a revision of its previous decisions. On the proposal of Mr Doig, seconded by Mr Heywood, they accepted the proposals put forward by the Chairman and looked forward to receiving a detailed submission at its September 2009 meeting.

Chairman

09/55 R&D AND KT ISSUES

The Board received a brief report from Mrs Fiona Fell on issues discussed at a meeting of the Research & Knowledge Transfer Committee held at Sand Hutton, York on 22 April

Head of R&D

Before commencing her formal report, Mrs Fell expressed her delight that Dr Mike Storey, whose post was affected by the ongoing AHDB reorganisation, had agreed to remain as PCL's Head of R&D. Losing Dr Storey would have meant a huge loss of scientific knowledge and industry experience; that risk had now been averted. Another positive development was that some of the former supply chain staff, including Mr Bradshaw, would stay with PCL, as members of the KT team.

KT Activities

Dr Clayton had provided the Committee with an update on the work of the KT Executives; he had detailed the following planned events:

3 June	West Midlands Potato Day, Womborne, Staffs
10 & 11 June	Cereals 2009, Royston, Cambs
22 June	South East Potato Event, Margate, Kent
30 June	East Midlands Potato Day, Holbeach, Lincs
7 July	CUF Open Day
21 July)
22 July) Potatoes in Partnership
23 July)
13 August	Potatoes in Practice, SCRI, Dundee
2 September	East Anglian Potato Event

The Potatoes in Partnership was an event organised jointly by SAC/SCRI and PCL, the venues for the three days being Aberdeen, Angus and the Chairman's farm at Luffness Mains, East Lothian, respectively.

It was hoped that Members would be able to attend some of these events.

Aphids & Virus Research Tender

The Committee had received a report on the background to this tender which included an aphid & virus stakeholder forum. Following discussion, it had been agreed to request further information on the proposed methodology before a final decision was taken. The research group had been asked to revisit the question of the effects of insecticides and oils on virus transmission.

Pesticide Availability: Review of Research Priorities

The Committee had carried out a preliminary discussion on research needs, which should be addressed through new research. Drs Storey and Clayton would work together to develop proposals for the next Committee meeting. A communication plan was also being developed by Rob Clayton.

Plant parasitic Nematodes

The Committee had received a summary of current and recently completed research on PCN, and requested proposals for new work at its next meeting.

Biotechnology: Plans for PCL Forum

The R&D Director updated the Board on plans and preparations for the forthcoming event, the aim of which was to review and discuss the challenges and opportunities presented by new technology, in order to inform the development of a PCL position statement. Attendance was by invitation only and it was hoped to attract around 50 people who could contribute constructively to the debate. Dr Storey would circulate the list of invitees to Members and Mrs Fell asked them to let her have any additional nominations as soon as possible.

Members

Mrs Fell also asked Members to contact her, or Dr Storey, with suggestions for items to be discussed at the next R&D and KT Committee meeting. This was to be held on 11 June.

The Minutes of the Committee meeting held on 22 April 2009 were tabled at the Board meeting.

09/56 THE REVITALISATION OF SBEU: UPDATE REPORT

The Steering Group comprising Mrs Fell and Messrs Bambridge, Doig and Worth, which had been charged with developing plans for SBEU and producing regular reports on the project, had met on the previous afternoon for a progress review. The following activities had taken place since the last Board meeting:

The CEO and senior managers had held an Away Day with the local team to discuss the proposed action plan, based on four “pillars of excellence” – science, people, finance and communications.

It had been agreed that Mr Bambridge and Mr Worth would spend some time at the Unit; there was an acknowledged need to help motivate the staff and take the plans forward, and time had to be allowed for that.

The R&D Director was continuing to explore opportunities for linkages with academic institutions, in parallel with a review of work volumes.

The CEO was pursuing the possibility of funding from the local regional development agency (RDA). Grants from RDAs normally had to be match-funded from other than levy income, but it was believed that there may be some possibility of departing from that rule. The CEO was investigating this possibility.

CEO

The explorative talks with industry bodies, which had been mentioned at the previous Board meeting, had not so far yielded any confirmed offers to contribute financially; the CEO was asked to keep these lines of communication open.

CEO

The Chairman asked whether, in view of the foregoing, any alternative methods of funding had been considered. Mrs Fell responded that the Group would reconvene to give detailed consideration to the building requirements. Clean, uncontaminated stores were the basic need and one possible solution might be to keep expenditure within limits which could be met from PCL's own resources. This was one of several options under review by the group.

The Board approved the update report and the Chairman thanked the group members for their continued efforts.

09/57 PCN: CONSULTATIONS ON THE IMPLEMENTATION OF DIRECTIVE 2007/33/EC (PCLP/09/41)

The new draft PCN Directive was a major piece of legislation, containing proposals for fundamental change, which was due to come into effect on 1 July 2010. Certain of the provisions in the Directive were obligatory; others were a matter of interpretation and allowed for some flexibility. The latter was reflected in the way the draft regulations had been interpreted differently north and south of the Border.

At its previous meeting, the Board had agreed that it was important to have a formal system for collecting and channelling members' views and comments. Defra and the Scottish Government had issued separate consultation processes, requiring responses by end-May and mid-June respectively; hence this was a matter requiring prompt attention.

The R&D Director, who had been asked to lead the process, liaising with

the Heads of KT and Seed & Export, presented the Paper. This highlighted a number of issues recommended for inclusion in the consultation response; it demonstrated, under various headings, the major differences in interpretation as proposed for England and Wales compared to Scotland; and it incorporated comments from the NFU. A meeting had been held on 24 April, attended by Tim Papworth, Graham Nichols and Walter Simon, as well as staff from both organisations.

The Board agreed that the responses to the consultations should highlight three major areas:

Surveys of ware land. Differences in interpretation gave cause for concern over effectiveness and fairness. There were two possible ways of dealing with this: relying on the existing system of export sampling, and a self-selecting random sampling system. The former was considered inappropriate, as it was unfair to place the whole burden on these particular growers. Both methods were likely to give false results. Members warned against underestimating the prevalence of PCN, as this would have an effect on pesticide availability.

Place of Production & Farm saved seed. This was the first time a Directive included all seed for replanting, rather than classified seed. It was the land which had to be tested, even if the farm saved seed was moved elsewhere. The risk of spread to rented land was of particular concern.

Disposal of contaminated potatoes. There were differences between England and Scotland, where more stringent restrictions were proposed.

Mr Doig said that the feedback received so far indicated that people wanted thorough testing of land used for seed, and farm saved seed should be grown on clean land. In these areas, the restrictions should be strengthened. However, the general message was that the industry wanted a lighter touch in respect of land used to produce ware. Mr Rankin pointed out that the proposals for waste disposal would have massive ramifications for the industry, particularly in Scotland. Other Members concurred, commenting that there was a risk that the restrictions might make British potato production unviable.

Next step

The period allowed for the consultation was limited and would expire before the next Board meeting. Members agreed that the issue was of sufficient importance to warrant additional time for a detailed debate. It was decided that the next step would be a conference call, chaired by Mr Doig. It would then be determined whether the situation merited a special meeting.

Mr Doig

Mr Vermont pointed out that consultation processes tended to be weighted by the number of respondents. He recommended that this should be taken into account in the planning.

The Chairman reiterated that this was a major issue for the British potato industry. He asked Members to give this some thought, and then email any comments and suggestions to Dr Storey who would coordinate the process.

Post meeting event: a conference call was held on 5 May.

09/58 SEED & EXPORT ISSUES

Mr Doig said that the Seed & Export Committee had not met since the last Board meeting, when he had presented a detailed report on a range of issues. Currently the major one was the PCN Directive (see previous item).

However, the Seed & Export team were engaged in many activities. Mark Prentice, who headed up the team, had been invited to attend and give the Board a brief outline of some of this work.

Mr Prentice said that, of the activities undertaken on behalf of the Committee, seed potato exports had grown in importance over recent years. The team worked closely with importers and exporters and performed an important coordinating function. Inward and outward missions were a major part of this. The markets targeted were primarily non-EU countries. He described two recent visits: One was to Egypt, where the issue was one of consolidating a strong export market. The other was to Turkey, which was a newer market with great potential but some serious issues, e.g. extreme import controls with a zero tolerance. There were numerous, sometimes conflicting, internal regulations and PCL had a role to play in providing clear and independent data.

Mr Doig said that, at his visits to export markets, Mark Prentice was usually accompanied by Dr Pieter van de Graaf of SASA and their combination of commercial and scientific know-how tended to be very effective. Mr Rankin added that, as representatives of public bodies, the visitors had the credibility to conduct meetings at Government level in the host countries. This was something which was rarely available to commercial companies.

The Chairman asked about communications with levy payers promoting the activities of the seed & export function. Mr Prentice said that there was a database of importers and exporters, and they received reports and other information on a regular basis. The CEO added that there tended to be limited interest in these matters amongst the wider group of levy payers.

Members thanked Mr Prentice for his presentation, which they had found interesting and informative, and he left the meeting.

09/59 MARKETING ISSUES**Retail Conference Feedback**

A well-attended retail conference, entitled “Smashing the Credit Crunch”, had been held in London on 24 February. The intention had been that Mr Nick Cole of the Oxford Partnership would present highlights from this event at the meeting. However, the time available was insufficient and it was decided to adjourn this item. Mr Cole would be invited to give his presentation at the next Board meeting on 16 July. Consumer research undertaken by the firm had highlighted important messages, which would help inform the Corporate Planning discussion.

Chairman

EU Grant opportunity

In 2008 the Board had learnt that there was a possibility of an EU grant providing match funding for potato promotions, but some of the participating countries had not been able to resolve certain issues. As a result it had been necessary to postpone the project until the coming season, with a view to having an agreed proposal in place for the three-year period commencing September 2010.

The Marketing Director reported that the project was back on track and she expected to be able to present a positive report at the July Board meeting.

Marketing
Director**09/60 MARKET INFORMATION ISSUES**

The minutes of the Market Information Committee meeting held on 25 March 2009, were presented to the Board by Mr Scott, the joint Chairman. The Committee had stressed the importance of market information as a function of PCL and asked for an assurance that these services would not suffer as a result of the transition process. (See also 09/52)

09/61 FINANCE REPORT TO 31 MARCH 2009 (PCLP/09/39)

The Board received a report which included year end figures to 31 March 2009 and a revised budget for 2009/2010. It was presented by Alan Tullis, the PCL’s Interim Head of Finance.

It was noted that, following adjustments in both grower levy (upwards) and tonnage levy (downwards), the total income for 2009/10 had reduced by £50K, to £6,094K. Expenditure at £6,242K was down by £183K compared to earlier projections. Overall, there was a draw-down from reserves of £138K, leaving the general reserve at £3,010K at the end of the year.

Referring to the revised budget figures set out in the Paper, Mrs Fell said that the breakdown of R&D expenditure was less detailed than the

analyses for the other departmental functions. She asked whether it would be in order for Dr Storey to email a comparative analysis to Members. This was agreed. R&D Director

The budget for 2009/10 showed a total spend of £6,477K. This was broken down between expenditure controlled by AHDB and charged to PCL (£1,878K) and expenditure controlled by PCL (£4,599K).

Mr Tullis pointed out that there was an opportunity to review the way the PCL's finance statements were presented. The level of detail and the presentational structure were for Members and Managers to decide. The Chairman advised him that, earlier in the meeting, the Board had agreed to set up a Finance & General Purposes Committee, under the chairmanship of Mrs Fell; this would be the appropriate forum for considering such matters.

The CEO made the point that an important factor in assessing future income was the area of potato plantings. The figure used in the budget for 2009/10 – 120,000 ha – was a reasonably prudent assessment. The first statistical estimate would be available in time for the next Board meeting in July. The Board agreed with a suggestion from Mr Rankin that this would be a suitable point to review the rationale for requesting a levy rate increase for 2010/11. All

Mr Tapp left the meeting during the discussion of the finance issues.

09/62 LEVY PAYER RECORDS & COLLECTION REPORT (PCLP/09/36)

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.*

Staff Changes

The Secretary said that the aims of the admin and legal teams had always been to collect the highest possible proportion of levy and returns, as speedily as practicable, whilst keeping support cost down, and maintaining good relationships with levy payers. Those who paid late and failed to submit returns in a reasonable time, paid levy at the higher rate (£44 rather than £39/ha; 19p rather than 17p/tonne), which helped defray the costs of chasing; this was in line with the industry's desire for fairness.

The existing teams would be dispersed at the end of June 2009, as part of the redundancy programme. Levy collection would in future be a centralised function within the AHDB Finance team. The new team of collectors had been recruited, and training on the work related to the potato sector would commence at Oxford during the following week.

Overdue levy debts

The large majority of matters had now been resolved. The legal team had embarked on enforcement and the aggregate of outstanding 2008 levy debts had been reduced to £114K (1.8%). Efforts to collect the balance continued.

In response to a request at the previous Board meeting, the Secretary tabled a list of Growers and Buyers whose levies were overdue, sorted by size group, with details of action taken to date. This report would in future be a regular agenda item for Board meetings. Secretary

A small number of debts older than 2008 (primarily Scottish) remained unpaid and they were being pursued through the Courts.

Area Monitoring

The Board received a final report on the area monitoring programme in 2008. The Field Officers had discovered an area of undisclosed plantings totalling 2,300 hectares (1,900 ha in 2007).

Planting Returns

In terms of outstanding **2008** planting returns, these had now been reduced to five – one in England (Grower already convicted and fined) and four in Scotland (prosecutions ongoing in the Scottish Courts).

The **2009** returns had been issued by the end of April, as planned.

The facility for submitting planting returns **electronically** (see also 09/50) was now open for access and updating. Since the previous report, the number of participants (including those who took part in the previous year) had increased to just under 350. Whilst relatively small in number, these Growers accounted for ca 20% of the total planted area.

Post meeting development: the number of e-returns is growing and now stands at 380, accounting for 22% of total area.

Appeal for Dispensation from paying Area Levy

The Secretary reported that a Grower in Scotland, who had suffered crop loss in 2008, had asked for levy to be waived. The damage had been caused by chemical contamination by a third party. Basic details were presented at the meeting.

The Members, whilst sympathetic with the Grower's situation, felt that he should seek recompense from the other party. They agreed that there was no justification for departing from the agreed PCL policy and the levy was due. Secretary

Thanks to Staff

The Board agreed that the levy payer records and legal teams deserved praise for the way they had continued to carry out their work, achieving their customary high rates of collection, despite being under notice of redundancy. In addition to fulfilling their normal duties they had committed to helping to train their successors. The Secretary would pass on these comments to the staff.

Secretary

09/63 CORPORATE PLANNING PROCESS

The CEO reminded the Board that the main item for its meeting in July would be development of the Corporate Plan for 2010/11. Inputs were required from all PCL Committees, and they had scheduled meetings in order to prepare for this. Members were asked to attend the Board meeting if at all possible and Committee Chairs were asked to encourage good attendance at their meetings. The CEO promised to circulate a document which could be used for the preparation.

CEO

The Chairman mentioned a number of factors which were relevant to the process:

- The AHDB restructuring and relocation;
- Feedback from the previous year's Plan; and
- A new objective from Defra for "a sustainable, secure and healthy food supply".

In response to a question from Mr Vermont, the Chairman said that he had asked for some input from Defra. The CEO undertook to follow that up.

CEO

09/64 PCL: CRITICAL TIMINGS (PCLP/09/35)

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

09/65 PCL MEETING DATES IN 2010

The Board received revised proposals for meeting dates in 2010. Most of these were scheduled for the Thursday following each AHDB meeting (which always took place on a Monday). The Chairman explained that it was useful to have two days of preparation in between, including meetings with senior management. Eight PCL meetings had been timetabled for 2010, which may turn out to be excessive, in which case some could be cancelled.

Mr Bambridge suggested that it might be helpful to draw up a schedule of major issues or themes for each of the meetings, in order to aid planning and time management. The Chairman supported this suggestion and said that he was intending to do this once the new PCL Director was in post.

Chairman

Members asked for the calendar of meetings to be emailed to them through Outlook.

CEO

09/66 “FEEDING BRITAIN”: SMITH INSTITUTE BOOKLET (PCLP/09/44)

The Board received the report. The Chairman said that Mr Tapp had represented PCL at the launch of this project.

09/67 ANY OTHER BUSINESS

There was no further business to discuss.

09/68 DATE OF NEXT MEETING

It was decided that the next Board meeting of Potato Council Ltd would be held in London, at 8.30 AM on Thursday 16 July 2009. This was the day following the AHDB Westminster Barbecue.

Members agreed that, in view of the substantial matters to be discussed, in particular the Corporate Plan, it was appropriate to devote a full day to the meeting.

Meeting 30 April 2009

PCLM0903 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 £10.6K (Growers) and £1.3K (Buyers). Currently we have one defended action.

The outstanding balance in respect of 2008 levy debts is **£114K** (Growers) and **£78K** (Buyers); now includes Quarter 2 (Oct – Dec 08).

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 5 (4 Scots & 1 Eng – already convicted) outstanding planting returns for 2008; the statutory return date was 1 June. The figure at a similar date in the previous year was 13.

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

There are 3 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 ✓
- 30 April 2009
 - Dispatch of planting returns ✓

- April 2009
 - Some central AHDB functions may co-locate.
 - Business Plan for 09/10 commences.
 - Recruitment of levy collection staff (centralised AHDB function) ✓

- May 2009
 - Commence training of levy collection staff

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

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

- July 2009
 - Progress preparation of Corporate Plan 2009/10

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

- Meeting 30 April 2009